Habitat for Humanity® | Empty Spaces to Homes

Report

Financial Instruments for Renovation of Vacant Spaces in Europe

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Abbreviations

Abbreviation	Full Term
AEC	Architecture, Engineering and Construction
AHF	Affordable Housing Finance Plc (UK)
APN	Agencija za pravni promet i posredovanje nekretninama (Croatian Real Estate Agency/APN Affordable Rental Program)
APROP	Allotjaments de Proximitat Provisionals (Barcelona modular temporary housing)
BGK	Bank Gospodarstwa Krajowego (Poland's state development bank)
BIM	Building Information Modelling
CEB	Council of Europe Development Bank
CHAP	Council Homes Acquisition Program (London)
CLH	Community-Led Housing
CLT	Community Land Trust
CPO	Compulsory Purchase Order
CT	Council Tax
EDMO	Empty Dwelling Management Order
EHG	Empty Homes Grant (Wales)
EIB	European Investment Bank
EIGE	European Institute for Gender Equality
ELENA	European Local ENergy Assistance (EIB technical assistance)
EPBD	Energy Performance of Buildings Directive
ERDF	European Regional Development Fund
FTE	Full-Time Equivalent
GLA	Greater London Authority
HBA	Housing Bonds Alliance
ICO	Instituto de Crédito Oficial (Spain's state credit institution)
IMHAB	Institut Municipal de l'Habitatge i Rehabilitació de Barcelona
IBI	Impuesto sobre Bienes Inmuebles (Spanish property tax)

Abbreviation	Full Term
IUT	International Union of Tenants
JESSICA	Joint European Support for Sustainable Investment in City Areas
KCC	Kent County Council
KfW	Kreditanstalt für Wiederaufbau (Germany's development bank)
LHA	Local Housing Allowance (UK)
LPHA	Limited-Profit Housing Association (Austria)
LTI	Loan-to-Income
LTV	Loan-to-Value
MHCLG	Ministry of Housing, Communities and Local Government (UK)
MOBA	MOBA Housing Network (CEE cooperative housing network)
NEB	New European Bauhaus
NUE	No Use Empty (Kent County Council program)
nZEB	Nearly Zero-Energy Building
OECD	Organization for Economic Co-operation and Development
PPP	Public-Private Partnership
RCTCBC	Rhondda Cynon Taf County Borough Council (Wales)
RRF	Recovery and Resilience Facility (EU)
RTBB	Right to Buy-back (London)
SIM	Społeczne Inicjatywy Mieszkaniowe (Social Housing Initiatives, Poland)
SME	Small and Medium-Sized Enterprise
SPV	Special Purpose Vehicle
STR	Short-Term Rental
SVn	Stimuleringsfonds Volkshuisvesting Nederlandse Gemeenten (Dutch Municipal Housing Incentive Fund)
TA	Temporary Accommodation
THFC	The Housing Finance Corporation (UK)
WGG	Wohnungsgemeinnützigkeitsgesetz (Austrian Non-Profit Housing Act)
ZEB	Zero-Emission Building

Glossary

Term	Definition
Affordable housing	Housing for which the associated costs (rent or mortgage, utilities, maintenance) are manageable for households on low to moderate incomes, typically defined as not exceeding 30% of disposable household income. The precise definition varies by jurisdiction.
Antiparochi (Αντιπαροχή)	A Greek land-exchange development mechanism, prevalent from the 1950s to 1980s, in which a landowner provides a building plot to a developer in exchange for completed apartments in the resulting building. It contributed to extreme property fragmentation and high homeownership rates in Greece.
Baugruppen	German term for 'building groups': a collective housing development model where a group of future residents jointly commissions and designs a residential building, often resulting in lower costs and community-oriented design. Used in Vienna and other German-speaking cities.
Blended finance	A financing approach combining public or concessional funds (grants, subsidized loans, guarantees) with private or commercial capital to de-risk investments and mobilize additional resources for projects not viable through market financing alone.
Bond aggregator	A financial intermediary that pools borrowing needs from multiple smaller organizations (e.g. housing associations) to issue larger bonds on capital markets, achieving lower interest rates and reducing transaction costs. THFC in the UK is a leading example.
Borsa de Lloguer	Barcelona's Rental Housing Pool - a public intermediation service through which private owners voluntarily lease properties to the municipality at below-market rents in exchange for guaranteed rental income, insurance, and maintenance support.
Cost-rent principle (Kostenmiete)	A regulated rent-setting mechanism used in Austria in which rent charged to tenants is calculated to cover only actual costs of construction, financing, management, and maintenance - excluding profit. Produces structurally lower rents than market rent and ensures long-term affordability.
Dachbodenausbau	German term for conversion of unused attic space into residential units - a common form of building densification in Vienna with social allocation requirements (every 2nd, 6th, 10th, 14th new unit allocated to the city).
Deep renovation	A comprehensive building renovation achieving high energy performance improvement (typically 60%+ energy demand reduction), involving insulation, window replacement, heating system upgrades, and renewable energy

Term	Definition
	installations. Distinguished from shallow or staged renovation addressing only individual components.
Energiesprong	A Dutch-originated model for industrialized, net-zero energy renovation using prefabricated building components (facades, roofs, energy modules) manufactured off-site and installed rapidly on existing buildings. Replicated in Germany, France, Italy, and the UK.
Gender mainstreaming	A strategy for integrating a gender perspective into the preparation, design, implementation, monitoring, and evaluation of policies, regulatory measures, and spending programs. In housing, this means assessing how policies differently affect women and men in terms of access, affordability, safety, and spatial design.
Grant of use (Cessió d'ús)	A cooperative housing tenure model used in Catalonia in which cooperative members hold an indefinite right to use their dwelling in exchange for an initial entry fee and monthly payments. The cooperative retains building ownership, making the model permanently non-speculative.
Hauskunft	Vienna's free advisory service for building owners and residents on energy-efficient renovation, subsidies, legal requirements, and technical options. Conducted over 7,500 consultations in 2024.
InvestEU	The EU's investment program (2021–2027) providing an EU budget guarantee to mobilize public and private investment. It consolidates previous EU financial instruments including EFSI. InvestEU guarantees enable EIB and CEB to take higher-risk lending for social infrastructure including affordable housing.
Limited-profit housing (Gemeinnütziger Wohnbau)	In Austria, a housing sector comprising approximately 900,000 dwellings managed by limited-profit housing associations (LPHAs) legally required to operate on a cost-recovery basis, reinvest surpluses in housing, and charge cost-based rents. Regulated by the Austrian Non-Profit Housing Act (WGG).
Nomination rights	An arrangement under which a local authority or housing body has the right to select or 'nominate' tenants for a property in exchange for providing funding (such as a renovation grant or interest-free loan) to the property owner. Common in UK empty homes programs.
One-stop-shop (renovation)	A single point of contact providing integrated advisory services covering technical, financial, legal, and administrative aspects of building renovation. Examples include Vienna's Hauskunft and the Basque Country's Opengela.
Polykatoikia (Πολυκατοικία)	The Greek multi-story apartment building (typically 4–7 floors) that became the dominant urban building type from the 1950s through the antiparochi system. Characterized by mixed use, fragmented ownership, and often ageing infrastructure with poor energy performance.

Term	Definition
Promotional bank	A public or publicly backed financial institution whose mandate is to support public policy objectives (affordable housing, energy efficiency, regional development) through subsidized lending, guarantees, and technical assistance. Examples: KfW (Germany), BGK (Poland), CEB, Development Bank of Wales.
Revolving fund	A financing mechanism in which capital is lent, repaid, and then re-lent to new borrowers, creating a self-sustaining cycle of investment. Unlike grants, which are consumed upon disbursement, revolving funds recycle capital over time. Kent's No Use Empty program is a prominent example.
Right of first refusal (Tanteo y retracto)	A legal mechanism giving a public authority or designated entity a preferential right to purchase a property before it can be sold on the open market. Used in Barcelona and Catalonia to acquire buildings for affordable housing purposes.
Sockelsanierung	German term (literally 'base renovation') used in Vienna for comprehensive renovation of older residential buildings (typically pre-1945 Gründerzeit stock) involving structural, energy, and habitability improvements, funded through state loans (1% interest, 20 years) and non-repayable grants.
Social Consideration (Koinoniki Antiparochi)	A Greek PPP framework introduced in 2025, modelled on the historic antiparochi land-exchange system, in which private developers partner with the state to develop public land, with at least 30% of resulting units reserved for social housing allocation.
Wohnfonds Wien	Vienna's Housing Fund - a quasi-governmental limited-profit organization founded in 1984 that acquires land for subsidized housing construction and supervises renovation of older residential buildings. Has facilitated renovation of approximately 340,000 apartments in 7,500 buildings over four decades.

Executive summary

This report analyses financial instruments used across Europe to renovate vacant buildings into affordable housing, covering six primary case studies—Vienna, Barcelona, Athens, Greater London, Kent (No Use Empty), and Wales—alongside Central and Eastern European (CEE) comparators (Croatia, Poland, Hungary). It assesses how different financing approaches perform in delivering affordability, energy efficiency, gender inclusion, and scalability.

The Core Challenge

Europe faces a structural housing paradox: over 47 million dwellings remain vacant, while approximately 1.2 million people experience homelessness and millions more face unaffordable or inadequate housing. This mismatch reflects not a lack of physical assets, but systemic failures in financing, regulation, and institutional coordination that prevent the activation of existing stock.

Key Findings

The comparative analysis reveals five systemic insights:

- **Financial ecosystems determine outcomes.** Cities such as Vienna and Barcelona demonstrate that multi-layered financing systems—combining subsidized loans, grants, revolving funds, and regulatory frameworks—are significantly more effective than standalone instruments.

- **Revolving finance outperforms one-off subsidies.** Kent's No Use Empty program illustrates the efficiency of recyclable capital, achieving high leverage and sustained reinvestment compared to grant-based approaches.

- **Affordability requires structural embedding.** Only models integrated within cost-rent or social housing systems ensure long-term affordability. Time-bound subsidies without rent regulation fail to prevent reversion to market pricing.

- **Gender integration is uneven but critical.** While Vienna applies systematic gender mainstreaming, most models lack structured approaches, despite clear evidence of gender-based barriers in housing access.

- **Renovation is cost-effective but underutilized.** Deep renovation (800–1,500 €/m²) is significantly cheaper than new construction (~2,400 €/m²) yet financing and delivery systems are not aligned to scale it.

Comparative Insight

Across all cases, effectiveness depends on **alignment between finance, policy, and institutions**. High-performing models combine:

- long-term, low-cost capital
- clear affordability conditions
- strong public or non-profit intermediaries
- regulatory mechanisms that prevent speculation

In contrast, fragmented systems—common in CEE and some Western contexts—struggle to scale or sustain affordability outcomes.

Strategic Recommendations

The report proposes ten interlinked recommendations, grouped into financial and non-financial actions:

Recommendations

FI-1 – Develop blended finance models

Blended finance models should combine EU grants (such as ERDF and RRF) as first-loss capital with subsidized public loans and private equity or bond financing to reduce the effective cost of capital and distribute risk across actors. This multi-layered approach, inspired by examples from Vienna, Barcelona and Spain's ICO program, is particularly important in CEE countries, where dedicated blended structures for vacant space activation are currently absent but urgently needed.

FI-2 – Establish adequate funding institutions and instruments

New financial architecture is required, centered on development banks, municipal and community banks, specialized non-profit intermediaries and revolving renovation funds that recycle repaid capital into new projects. Building on precedents such as KfW, JESSICA II and Kent's No Use Empty, CEE countries should capitalize revolving funds with EU structural funds and create dedicated community financial institutions to achieve high leverage while maintaining long-term affordability.

FI-3 – Introduce guarantee and risk-sharing mechanisms

Guarantee and risk-sharing schemes are essential to crowd in private investment for renovating vacant buildings, especially where legal encumbrances and affordability requirements are perceived as high risk. National guarantee programs backed by EIB/EIF and InvestEU should cover a significant share of potential losses on renovation and acquisition loans, with eligibility strictly tied to affordability and energy performance conditions to secure lasting public benefit.

FI-4 – Leverage EU funds and international finance platforms

EU-level instruments such as InvestEU, ERDF, RRF, ELENA, and the EIB pan-European Housing Investment Platform must be strategically aligned to prioritize vacant space activation as a distinct asset class. Member States and national promotional banks should replicate successful models like Spain’s 676 million ICO call, deploy ultra-long-term lending for non-profit and community actors, and use technical assistance to overcome capacity gaps in CEE countries.

FI-5 – Implement progressive taxation as a financial incentive

Progressive taxation should both penalize speculative long-term vacancy and reward deep renovation and affordable rental, using escalating vacancy surcharges and generous income tax deductions for landlords who provide below-market, socially targeted tenancies. Fiscal measures need to be linked to renovation depth, affordability conditions and gender-responsive lending outcomes to redirect underused stock into affordable, energy-efficient homes rather than speculative or short-term rental uses.

NF-1 – Develop, replicate and scale innovative renovation technologies

Industrialized renovation technologies – including prefabricated facades, modular building services and deep retrofit packages – are needed to cut renovation costs from around 1,000 to 600–700 per square meter and shorten construction times. EU initiatives such as HousingTechEU, NEB Academy and national demonstration centers should support SMEs in adopting digital tools and circular materials so that vacant building activation becomes cost-competitive at scale.

NF-2 – Design optimal public procurement and framework contracts

Reforming public procurement from one-off, project-by-project tenders to multi-year, multi-building framework contracts is crucial to create predictable demand and justify investment in industrialized renovation supply chains. Authorities should use innovation partnerships, MEAT criteria focused on lifecycle and social outcomes, social clauses, energy performance contracting, and aggregation of smaller projects to unlock economies of scale in vacant building renovation.

NF-3 – Strengthen institutional and regulatory architecture

Dedicated institutional frameworks are a prerequisite for effective activation, including comprehensive digital registries of vacant property, municipal one-stop-shops for technical and financial advice, and specialized housing finance intermediaries modelled on Wohnfonds Wien or Barcelona’s IMHAB. These need to be complemented by improved multi-level coordination, regulatory sandboxes for renovation innovation, and fast-track planning routes to convert vacant commercial and industrial buildings into housing.

NF-4 – Reform land acquisition policies for permanent affordability

Land policy must ensure that public investment in renovation translates into permanent affordability through tools such as Community Land Trusts, right-of-use cooperatives and long-term public ground leases instead of freehold sales. Municipal rights of first refusal strengthened compulsory purchase and administrative leasing powers, community “Right to Regenerate” mechanisms, and resale price or cost-rent conditions on publicly supported projects are key to preventing speculative capture of renovated stock.

NF-5 – Embed affordability safeguards, social inclusion and rent policy integration

Long-term affordability requires that vacant space activation be nested in cost-rent or social housing regimes, with rent levels tied to construction and management costs and capped at around 25 percent of disposable income in line with IUT standards. Programs should mandate minimum shares of affordable units, integrate rent regulation with access to financial instruments, and apply gender-responsive frameworks such as Vienna’s 4-R method so that renovated homes remain accessible to lower-income and structurally disadvantaged groups over time.

Conclusion

Vacant space activation represents one of Europe’s most immediate and scalable opportunities to address the housing crisis while advancing climate and social goals. However, success depends on moving beyond isolated interventions toward integrated systems that combine finance, regulation, and institutional capacity.

The evidence from leading European models demonstrates that when these elements are aligned, vacant buildings can be transformed into a durable source of affordable, inclusive, and energy-efficient housing at scale.

Methodology

This study applies a **mixed-methods approach** combining qualitative and quantitative analysis to assess financial instruments for the renovation of vacant spaces into affordable housing.

1. Desk Research

A comprehensive review of:

- EU and national policy frameworks (e.g., EPBD, Renovation Wave, national housing strategies)
- Institutional reports (EIB, CEB, OECD, European Commission)
- Academic literature and grey literature on housing finance and vacancy activation
- Program documentation from selected case studies

This enabled the identification and classification of **financial instruments**, governance models, and affordability mechanisms.

2. Case Study Selection

Six primary case studies (Vienna, Barcelona, Athens, Greater London, Kent, Wales) were selected based on:

- Diversity of financial instruments
- Geographic balance (Western, Southern, and CEE contexts)
- Demonstrated innovation or scale
- Data availability

Additional comparator countries (Poland, Croatia, Hungary) were included to assess **transferability to CEE contexts**.

3. Stakeholder Consultations

The study draws on:

- Interviews with public authorities, housing agencies, and financial actors
- Program evaluations and expert insights
- Practitioner perspectives embedded in case study narratives

These inputs helped validate findings on implementation barriers and effectiveness.

4. Analytical Framework

All financial instruments were assessed using a common framework:

- **Affordability impact** (ability to deliver below-market housing)
- **Financial sustainability** (one-off vs revolving funding)
- **Scalability** (replicability across contexts)
- **Leverage effect** (capacity to mobilize private capital)
- **Inclusiveness** (impact on low-income and vulnerable groups)

5. Limitations

- Data availability varies significantly across countries
- Some financial instruments lack standardized evaluation metrics
- Informal housing markets (especially in CEE) limit comparability

Despite these constraints, the study provides a robust comparative analysis of financial instruments and their effectiveness.

Introduction

The transformation of Europe's vacant real estate into affordable homes represents one of the most pressing challenges and opportunities in contemporary urban development. Across European cities, millions of square meters of vacant buildings and underutilized spaces stand empty while housing affordability crises intensify and climate targets demand urgent action to reduce the building sector's carbon footprint.

This report identifies, analyses, and systematizes financial instruments that are funding the renovation of vacant spaces into affordable housing. The study operates within a context of accelerating policy initiatives at multiple governance levels - from the European Commission's Affordable Housing Task Force and Green Deal objectives to national housing strategies across studied Member States.

The Vacant Space Challenge

Urban vacancy represents a paradox of simultaneous abundance and scarcity. While there are over 47 million unoccupied dwellings across the EU [1], approximately 1.2 million people face homelessness [2], over 36 million of EU citizens spend more than 40% of their income on housing and over 70 million people struggle with unfit housing. This mismatch highlights not merely a supply problem, but a complex web of regulatory, financial, and institutional barriers that prevent the effective mobilization of existing built assets.

The causes of vacancy are multifaceted, ranging from demographic shifts and deindustrialization to regulatory constraints, ownership fragmentation, rampaging financialization, and the economic viability of renovation projects. Traditional market mechanisms often fail to address these challenges due to high upfront costs, uncertain returns, split incentives between owners and tenants, and the social (rather than purely commercial) objectives of affordable housing provision.

Table 1 - Roots of vacancy

Driver of Vacancy	Primary Mechanism	Affected Contexts
Demographic shifts	Population decline, ageing, household fragmentation	Rural areas, deindustrialized cities
Deindustrialization	Factory closures, loss of employment base	Post-industrial urban cores, coastal towns

Ownership fragmentation	Inheritance, co-ownership, absentee heirs	Athens polykatoikia, UK probate cases
Financialization	Properties as capital assets, not homes	London luxury market, Golden Visa cities
Regulatory constraints	Heritage protection, building codes, permits	Historic centers across Europe
Short-term rentals	Airbnb/STR platforms capture residential supply	Barcelona, London, Athens tourist areas

CEE context

Central and Eastern European (CEE) and broader post-socialist countries share a structurally distinctive housing condition with few equivalents in the developed world: hyper-high homeownership rates built not on wealth accumulation but on mass give-away privatization, a market-first paradigm adopted wholesale after 1990, and the near-total absence of the non-profit housing associations, national guarantee funds, and revolving finance mechanisms that underpin affordable housing systems in Western Europe. The result is a compounding affordability crisis that disproportionately damages younger generations and low-to-middle income households, a "missing middle" too wealthy for residual social housing yet too precarious for commercial mortgage finance, and a structural Catch-22 that blocks cooperative and community-led housing from scaling.

Under the socialist system, housing in CEE was almost entirely de-commodified: rents were set at negligible levels, the state-controlled land access and building materials, housing allocation occurred through workplace and municipal bureaucracies, and cooperative ownership existed alongside state ownership, primarily in urban areas. By the late socialist period a significant share of the urban population lived in publicly or cooperatively managed housing, at rents that formed only a small fraction of household income.

The transition of the early 1990s brought a decisive and rapid transformation. New governments across CEE were ideologically committed to private property and market economy, and broadly equating collective ownership with communist legacy, hence opted for mass give-away privatization of the public housing stock. Sitting tenants obtained the right to purchase their dwellings at heavily discounted prices, often at a fraction of market value, in some countries effectively for free creating "nations of homeowners" almost overnight. This created a peculiar situation: a statistically high-ownership society that was simultaneously asset-rich and income-poor, with no developed mortgage market, no housing finance infrastructure, and no institutional memory of neither public housing (except for socially deprivileged groups) neither non-profit nor cooperative housing that operated independently of the state.

Table 2 - Homeownership rates in selected countries

Country	Homeownership Rate	Notes
Romania	~96%	Highest in EU; ownership without mortgage ~95%
Croatia	~91%	IMF data (2024); 30% of housing stock vacant
Lithuania	~90%	Minimal social rental sector (<2% of stock)
Bulgaria	~85%	High but falling due to mortgage expansion
Slovakia	~90%	Despite having a dedicated housing fund
Hungary	~90%+	Mass privatization + post-2015 subsidized mortgages
Czech Republic	~75%	Highest rental share in CEE (~19%)
Romania	~96%	Highest in EU; ownership without mortgage ~95%
Spain	~74%	Gradually declining in recent years
United Kingdom	~64%	Mid-range EU level, gradually declining
Greece	~69%	Historically high for EU standards but falling post-crisis

The mass privatization was accompanied by a broader state withdrawal from housing provision and consequently by pronouncedly low levels of public policy interest in housing. The state's role was effectively reduced to managing a residual social housing stock serving only the most marginalized households and, increasingly, to subsidizing homeownership through mortgage interest relief and construction assistance benefiting commercial developers, financialization and speculation.

A further structural problem was decentralization. Responsibility for social housing was **transferred from central to local governments**, **but financial resources did not follow at equivalent scale**. Municipalities, especially smaller ones, found themselves legally responsible for the residual social housing stock and land but without the financial means to maintain, upgrade, or expand it. This decentralization paradox meant that new social housing policies introduced after 1995 were largely unsustainable: financially unviable, poorly targeted, and often resulting in further homeownership promotion through speculative development rather than rental sector development while at the same time there was no strategy for the housing affordability.

A persistent complicating factor is the role of the informal economy in CEE housing. A substantial proportion of private rental activity occurs entirely outside formal legal and fiscal frameworks, with unregistered landlord-tenant relationships and no rent receipts or contracts. This has two perverse effects: it makes the formal private rental market appear even smaller than it is (suppressing political pressure for rental reform), and it provides no data foundation for evidence-based rental policy.

Gender and Affordability Dimension

In line with Habitat for Humanity International's emphasis on inclusive housing policy research, this study integrates a gender and social affordability perspective. This examines how financial instruments for the renovation of vacant spaces translate into affordability outcomes for lower-income and structurally disadvantaged groups, and how they may differently affect women and men in terms of access, targeting, and outcomes. This lens follows the framework recommended by EIGE and the OECD for gender-responsive policy analysis.
Key structural inequalities shaping housing access for women include:

- Gender pay gap: approximately 13% EU-wide, 14% in the UK (2025 data)
- Employment: 28% of women vs 8% of men work part-time in the EU, reducing mortgage eligibility
- Credit scoring: women receive scores 6–8 points lower than men on average when controlling for identical payment histories
- Guarantor requirements: human loan officers are 26% more likely to require a guarantor for women with identical financial profiles
- Deposit gap: in London, it takes single women 8–10 years longer to save a home deposit than single men
- FTE employment: only 43% of women in Barcelona hold FTE roles, limiting dual-income mortgage access

Construction Sector Challenges

Redevelopment of vacant buildings in Europe is typically more expensive and less streamlined than new construction because the construction sector is structurally set up around conservative, fragmented, low-margin business models that make it hard and unattractive to industrialize and digitalize renovation processes.

Deep renovations involve tailoring solutions to each existing building, dealing with unknown structural conditions, legacy materials, and constraints such as heritage protection, which makes standardization and predictable pricing much harder than in new build. Studies estimating the investment need for deep renovation in the EU show around €243 billion per year until 2050 with wide cost variability by building type and region.

Table 3 - Renovations and Construction Sector

Sector Challenge	Description	Impact on Activation
SME Dominance	99.9% of AEC sector are SMEs; thin margins	Risk-averse; reluctant to adopt new technologies

Sector Challenge	Description	Impact on Activation
Fragmented Supply Chains	Design, engineering, construction procured separately	Higher coordination costs; no portfolio scale
Skills Shortages	Insufficient certified nZEB renovation specialists	Delays, cost overruns in deep renovation projects
Digital Gap	BIM/3D scanning mainly used by large companies	SMEs dominate renovation but lack digital tools
Regulatory Inertia	Standards revised every 10 years; prescriptive rules	Slows innovation in renovation systems
Pilot-Scale Costs	€50,000–250,000 per batch for testing new materials	Discourages SMEs from adopting new methods

Policy Momentum and Opportunity

EU housing renovation has moved to the center of EU climate, social, and industrial policy. The Renovation Wave sets a target to renovate 35 million buildings by 2030 [4] and at least double the annual rate of energy renovations. The Energy Performance of Buildings Directive (EPBD), currently in transposition, introduces minimum energy performance standards and long-term renovation trajectories to 2050. The European Affordable Housing Plan, presented in December 2025 [6], is the first EU-wide framework specifically aimed at boosting affordable, sustainable, and quality housing.
At the national level, key policy developments include:

- UK 'Right to Regenerate' initiative enabling community acquisition of vacant public land
- Poland's 'Clean Air' program and BGK/SIM institutional infrastructure for affordable rental
- Croatia's Affordable Housing Act targeting 9,000 new affordable units by 2030
- Hungary's Recovery and Resilience Facility allocating €6.5 billion in grants
- Greece's RRF-funded €400M Renovate-Rent program and Social Consideration PPP framework
- Spain's ICO €676M call (March 2026) targeting €4.5B mobilization and 15,000 homes/year

Comparative Case Study Analysis

This section analyses six primary European case studies - Vienna, Barcelona, Athens, Greater London, Kent (No Use Empty), and Wales - examining their financial instruments, governance models, affordability outcomes, and gender integration. The analysis draws on original interviews, policy documents, program evaluations, and financial reports.

Case Study Overview

Table 4 - Key data in studied cities

City/Region	Country	Population	Vacant Units (est.)	Primary Challenge	Key Institution	Model Type
Vienna	Austria	2M	~10,000	Aging Gründerzeit stock, vacancy regulation	Wohnfonds Wien	Social housing/cost-rent
Barcelona	Spain	1.6M	~10,000	Corporate vacancy, financialization	IMHAB	Public acquisition/cooperative
Athens	Greece	3.8M (Attica)	~190,000	Crisis-legacy, fragmented ownership	Municipality + national	Crisis-to-activation
Greater London	UK	9M	~94,000	Investor economy, short-term lets	GLA + boroughs	Enforcement/acquisition
Kent	UK	1.6M	~7,500	Rural/coastal dereliction	KCC (No Use Empty)	Revolving loan
Wales	UK	3.1M	~23,000	Low-demand areas, probate issues	RCTCBC + Welsh Gov	State grant/enforcement

Vienna Model

Vienna represents the gold standard for European vacant space activation, operating a century-old non-profit housing regime that has made affordable housing the dominant form of tenure. Approximately 62% of Vienna's housing stock is rental, with 22% social/municipal and 18% limited profit. The cost-rent principle - where rents are legally tied to construction and management costs - underpins structural affordability that persists for the useful life of buildings.

Quantitative Analysis

Wohnfonds Wien has overseen one of Europe's largest and most sustained renovation programs:

Table 5 - Key data for Vienna

Metric	Value	Context
Total Housing Stock	1M+ units	Vienna city-wide
Rental Share	62%	Of total housing stock
Municipal/Social Share	22%	City-owned stock
Limited-Profit Share	18%	LPHA-managed stock
Buildings Renovated (40 years)	7,500 buildings	Total Wohnfonds Wien program
Apartments Renovated (40 years)	~340,000 units	Cumulative since 1984
New Residential Authorizations (2024)	7,112 units	In existing buildings
Annual Subsidies	€500–650M/year	Housing promotion budget
Tenant Savings vs Market Rents	€1.2B/year	LPHA sector total Austria
GDP Contribution (LPHA sector)	€640–980M/year	Annual economic impact

Key Policy Framework

Vienna's activation framework rests on several interlocking legislative and institutional elements:

- Wiener Wohnbauförderungs- und Wohnhaussanierungsgesetz (WWFSG): The Vienna Housing Promotion and Renovation Act providing the legal basis for subsidized housing development and renovation
- Cost-rent principle (Kostenmiete): Rents tied to construction and management costs, not market rates. Net rent during cost-rent phase: €5.99/m² (gross ~€8.78/m²); falls to €5.06/m² after loan repayment
- Limited-Profit Housing Act (WGG): Requires LPHAs to reinvest all surpluses in affordable housing; manages approximately 660,000 rented homes nationwide (17% of all households)
- Vacancy and Airbnb restrictions: Municipal regulations limiting short-term rental platforms and addressing Zweckentfremdung (misuse of residential space)
- WieNeu+ neighborhood program: Integrated area-based renewal combining energy renovation with social services and public realm improvements

Key Financial Tools

Table 6 - List of financial tools in Vienna

Tool	Description	Financial Parameters	Affordability Condition
Sockelsanierung	Base renovation of occupied/partially vacant Gründerzeit buildings	State loans at 1%, 20yr + grants; total up to €1,400/m²	Cost-rent for loan term; stock stays in regulated sector
Totalsanierung	Complete renovation of empty buildings (deep retrofit)	Long-term subsidized loans + non-repayable grants	Enters limited-profit sector; permanent cost-rent
Dachbodenausbau	Attic conversion adding new residential units	Developer bears costs; social allocation: every 2nd, 6th, 10th, 14th unit to city	City allocates nominated units to social housing list
Wohnbauförderung	General housing promotion subsidies including renovation	€500–650M/year; loan + grant mix via LPHA	All funded units remain in regulated, cost-rent sector
Circular Economy Bonus	Non-repayable grant for ecological/bio-based insulation materials	Up to €400/m² of floor space for sustainable materials	Reduces embodied carbon; stimulates innovative supply chains
Kreative Räume Wien	Interim use of vacant commercial and non-residential spaces	Subsidised lease rates; cultural/creative sector priority	Prevents long-term vacancy; activates commercial stock
Hauskunft Advisory	Free one-stop-shop for building owners on renovation, subsidies, permits	Publicly funded; 7,500+ consultations in 2024	No direct affordability condition; enables renovation access

Quote: Employee of the municipal housing agency

“With 220,000 municipal flats and a further 200,000 non or limited-profit housing units, and the model that has been created and was improving for over a century, Vienna now has a unique structure that guarantees social diversity, security and a high quality of life. (…) This model makes us the largest municipal housing company in Europe and an international role model for socially, ecologically and economically sustainable urban development. (…) We treat housing as a basic social service, not as a commodity. ”

Gender Integration

Vienna is a global pioneer of gender mainstreaming in housing and urban development. A mandatory city-wide gender mainstreaming strategy since 2000 evaluates all urban development projects - including housing refurbishment - through the '4-R method': Representation (who participates), Resources (how funds and space are distributed), Reality (how policies affect daily life), and Legal situation (rights and obligations).

Women-centered pilot estates developed from the early 1990s (including Frauen-Werk-Stadt I and II) have become standard references for subsidized refurbishments. Design features mandated include non-hierarchical room layouts, safe circulation paths, visible care spaces, dual entrances, and ground-floor community facilities. Despite these achievements, Austria has one of the highest genders pay gaps in the EU (~18%), making social housing the primary refuge for single-income female households.

Quote: Resident of Vienna

“There is no neighborhood in Vienna where, as a woman, you are afraid to go when it's dark.

Structural Barriers and Future Outlook

Key constraints on scale-up include: the lack of a generalized vacancy tax (Leerstandsabgabe - under political debate but not enacted), heritage protection costs for Gründerzeit buildings, land cost inflation in high-demand areas, and the pace of Airbnb/STR market growth outstripping regulatory enforcement. The 2024 Renovation and Decarbonization Ordinance introduce climate-linked renovation subsidies but faces implementation capacity constraints given the volume of pre-1945 stock requiring treatment.

Barcelona Model

Barcelona has developed a sophisticated multi-instrument approach to vacant space activation combining public acquisition, compulsory leasing, cooperative housing models, and EU-backed financing. The city's vacancy level is relatively low (1.22% of stock, 10,052 units) but concentrated in corporate ownership, making targeted legal and financial intervention both feasible and politically supported.

Quantitative Analysis

Table 7 - Key data for Barcelona

Metric	Value	Context
Vacant Dwellings (census 2016–2019)	10,052 units	1.22% of total city stock - lower than perceived
Units Visited for Census	103,864 flats	12.6% of all homes in Barcelona
Public Housing Stock (2015 baseline)	7,500 units	Before 2016–2025 Right to Housing Plan
Public Housing Stock (Feb 2022)	11,600 units	Growth through acquisition and construction

Metric	Value	Context
Investment in Acquisitions (2016–2022)	€189,037,938	Focus on single buildings and units by IMHAB
Borsa de Lloguer Pool	1,787 units	Temporary mobilization of private units
Rental Price/m² (Barcelona, 2021)	€14.82/m²	Second most expensive city in Spain
Energy Certificate A or B Rating	1.18% of homes	84.4% rated E, F, or G - urgent retrofit need
IBI Vacancy Surcharge (max)	150%	Applied to properties of large landlords vacant 2+ years
30% Inclusionary Zoning	Applied to developments of 600m²+	Catalan Decree 17/2019

Key Financial Tools

Table 8 - List of financial tools in Barcelona

Tool	Mechanism	Scale	Affordability Outcome
Municipal Acquisition (IMHAB)	City buys vacant units from private/corporate owners	€189M (2016–2022); ongoing via IMHAB	Permanent social housing - below-market allocation rents
Borsa de Lloguer	Rental Housing Pool: rent guarantee + renovation aid for private owners who accept social tenants	1,787 units mobilized; renovation subsidies up to €30,000	20–30% below market; multi-year obligation
Sostre Cívic / CEB Cooperative Loan	€31M CEB loan (InvestEU-guaranteed) for cooperative housing; cessió d'ús model	350+ units; part of €62M program (largest EU cooperative loan)	10–40% below market rents; permanently non-speculative
EIB Loan (2026–2030)	€113M EIB financing for 640 new affordable housing units	New construction 2026–2030	Social/HPO rent in public stock
IBI Vacancy Surcharge	Increased property tax up to 150% on corporate-owned vacant dwellings	Applied to large landlords (10+ dwellings) with 2+ years vacancy	Fiscal disincentive; drives stock to market/social sector

Tool	Mechanism	Scale	Affordability Outcome
Right of First Refusal (Tanteo y retracto)	Municipality can preempt sale of buildings in target areas	Expanded by Decree 2/2025 to more properties/areas	Enables acquisition at market price for social allocation
APROP Modular Housing	Factory-built modular units on vacant municipal plots (temporary/permanent)	Multiple plots across Barcelona; ~100 units per site	Social housing allocation; cost-effective rapid deployment
30% Inclusionary Zoning	30% of new development or major renovation must be affordable	All developments >600m²; Catalan legislation	Structural supply increase; permanent affordability in 30% of units

Community-Led Initiatives

Barcelona has one of Europe's most vibrant cooperative housing sectors. Sostre Cívic's work with La Dinamo and Coop57 shows how cooperative housing can move from a small-scale experiment to a financeable, policy-relevant model. The collaboration combines development expertise, advocacy, and ethical finance to make long-term, non-speculative housing possible in Catalonia. Sostre Cívic is a Catalan housing cooperative built around the right-of-use model, where the cooperative retains collective ownership and residents pay an affordable monthly fee instead of buying a unit on the market. This structure protects homes from speculation and keeps them permanently affordable over time.

La Dinamo has played a key role in strengthening the wider ecosystem for cooperative housing by helping frame the model as a public-policy and collective-finance solution, not just a housing project. In that context, Coop57's role is crucial: it provides ethical financing for social-economy projects and channels member savings into initiatives that create social value. Together, these organizations address three common barriers in cooperative housing: access to capital, access to land, and institutional legitimacy. Their approach helps cooperatives secure financing, develop new projects on public land, and demonstrate that housing can be managed democratically while remaining affordable. For housing-policy debates, the key lesson is that cooperative housing needs an enabling ecosystem, not just enthusiastic residents. Sostre Cívic, La Dinamo, and Coop57 show how movement-building, technical support, and ethical finance can reinforce one another to create durable affordable housing.

Case Study: Sostre Civic – CEB collaboration

The Sostre Cívic model operates on the right-to-use principle: the cooperative retains building ownership while members hold indefinite use rights at 10–40% below market rents. This permanently de-commodifies housing and eliminates speculative turnover. Sostre Cívic's collaboration with the Council of Europe Development Bank (CEB) is a strong case of how cooperative housing can be scaled when mission-driven finance backs a proven model. The CEB approved a €31 million loan (the largest to cooperative housing in Europe), backed by the InvestEU guarantee, to help Sostre Cívic build more than 350 cooperative homes across Catalonia.

The CEB financing is being used on publicly owned land in several Catalan municipalities, including Barcelona, Lleida, Manresa, Granollers, and Vilafranca del Penedès. The first phase was described as a major expansion of Sostre Cívic's capacity, adding to an already large portfolio of nearly 1,200 right-of-use homes in Catalonia. The partnership solves a classic bottleneck in cooperative housing: access to long-term, affordable capital. It also aligns public land, local authorities, and cooperative governance so that the project can deliver stable homes without transferring ownership to private markets.

The model is especially relevant because it combines affordability with social value. Some of the new homes are designed for specific needs, including older residents and people with learning disabilities, showing how cooperative housing can support mixed and inclusive communities.
This collaboration shows that cooperative housing becomes scalable when public institutions and development banks treat it as infrastructure, not as an exception. The CEB support also signals that cooperative housing can fit within mainstream European financing frameworks when the project has clear social impact and strong governance.

Quote: Co-founder of Sostre Civic

(The Sostre Civic model) It offers indefinite stability, affordable payments, and democratic participation. Unlike market rent, there's no risk of rent increases or eviction. Unlike ownership, there's no personal debt or speculation on property.

Gender Integration

Barcelona explicitly embeds gender justice in housing activation policy. The city applies 'urban planning with a gender perspective' to reactivated housing layouts: non-hierarchical room arrangements, visible care spaces (nursing areas, children's play), integration of productive and reproductive spaces, and neighborhood-scale safety planning around reactivated stock. The 2016–2025 Right to Housing Plan explicitly addresses gendered housing precarity, with 43% of women in FTE employment creating mortgage access barriers that position social/cooperative housing as the primary route to stable tenure for single women.

Outlook

The 2025 Decree 2/2025 expanded the right of first refusal to a broader range of property types and areas, significantly strengthening the city's capacity for strategic acquisition. The EIB €113M loan (2026–2030) will finance 640 new units in addition to continued acquisition activity. Spain's ICO €676M call in March 2026 - targeting €4.5B total mobilization and 15,000 homes/year nationwide - represents the most significant scaling of social rental finance in Spanish history and will directly benefit Barcelona's implementation capacity.

Quote: Co-founder of Sostre Civic

The main barriers are financing and land availability, which require active public policies. Ultimately, housing policy is a state competency that has long been delegated to the market. (…) Public administrations must protect the right to housing outside the market and without profit motives, rather than treating us as just another private actor. Non-profit entities should be prioritized over private operators in publicly supported housing

projects. To achieve this, we need a paradigm shift - to recognize housing as a right, not a commodity.

Athens Model

Athens presents a distinct challenge: extreme vacancy (approximately 190,000 units in Attica, with 35% vacancy rates in some central areas) combined with almost no tradition of social rental housing, extreme ownership fragmentation through the "antiparochi" system, and crisis-legacy economic conditions. Activation is transitioning from ad-hoc pilot programs to nationally scaled instruments backed by EU Recovery and Resilience Facility (RRF) funding.

Quantitative Analysis

Table 9 - Key data for Athens

Metric	Value	Context
Vacant Units in Attica	~190,000	~35% vacancy rate in some central districts
Total Chargeable Vacants	~120,000	Polykatoikia stock, 1950s–1980s
Antiparochi Legacy	Extreme fragmentation	Often 20–50 co-owners per building
Renovate-Rent National Budget	€400M (scaling to €400–500M)	EU/national co-financed program
Renovate-Rent Subsidy per Unit	Up to €36,000 (90% of renovation costs)	Owner must rent for 3–9 years
Social Consideration PPP Allocation	30% social units per development	State land + private developer model
Target Social Housing Units	10,000 by 2027	Via Social Consideration tenders
First Social Consideration Tender	2026 launch	10 initial state properties

Metric	Value	Context
Female Unemployment Rate	12.8%	vs 8% for men - structural exclusion from formal economy
State-Owned Properties (Ministry)	70,000+ assets	In varying states of neglect/unclear management

Table 10 - Activation Programs in Athens

Program	Mechanism	Financial Terms	Affordability Condition
Renovate and Rent	Grants up to €36,000 (90% of costs) for vacant building renovation	€400M national budget; RRF-co-financed	Must rent to eligible households for 3–9 years; no generalized rent cap
Social Consideration PPP (Koinoniki Antiparochi)	Private developer renovates/develops state land; 30% of units returned to state for social allocation	Developer finances; state provides land + regulatory benefit	30% social units at social rent; remaining 70% at market rates
RRF Pilot Social Housing	Direct RRF-funded social housing in Athens and Thessaloniki	EU Recovery and Resilience Facility	Social rent for vulnerable groups; targeted allocation
ENFIA Surcharge on Bank-Owned Vacancies	Additional property tax on banks holding vacant properties post-foreclosure	Fiscal penalty; not a renovation subsidy	Incentivizes banks to release foreclosed stock to market
AI-Assisted Inheritance Detection	Government program using AI to identify heirless/dormant properties for state acquisition	State budget; digital cadaster investment	State acquisition enables social housing allocation

Table 11 - Structural Barriers in Athens

Barrier Category	Specific Constraint	Operational Impact
Legal	Horizontal Property Law (1929)	Paralysis of building-wide renovation decisions (50%+ consensus required)
Financial	'The Market Gap'	Unprofitable renovation in low-rent zones - renovation cost exceeds market value
Ownership	Multiple/Absentee Heirs	Stagnant estates trapped in legal limbo; no single party can authorize renovation

Barrier Category	Specific Constraint	Operational Impact
Regulatory	Antiquated Building Codes	High cost of seismic/energy compliance for pre-1980 polykatoikia stock
Market	Speculative Holding / Golden Visa	Units kept empty to preserve Golden Visa investment rights or capital appreciation
Governance	No national housing authority	Fragmented program-based initiatives; no coordinated activation architecture

Gender Integration

Athens presents acute gender-specific housing vulnerabilities rooted in the 'familistic' welfare model where housing is provided through family networks rather than state provision. This structure is heavily gendered: women are primary providers of care within family networks, and their housing is frequently conditional on fulfilling caregiving roles. LGBTQ+ individuals face vulnerability when family support is withdrawn, often leading to precarious living conditions or 'the closet' as a housing survival strategy.
Targeted interventions include: 'Community House Damaris' providing safe housing for survivors of sexual exploitation and trafficking; 'A Step Forward' housing structure offering 44 beds for vulnerable women asylum seekers and mothers with children; the 'Safe Refugee' program by SolidarityNow for LGBTQ+ refugees. However, these remain project-based rather than systemic.

Outlook

The Athens Resilience Strategy 2030 views vacant buildings as resources for vulnerable populations. The government's goal to utilize AI for inheritance detection is expected to return thousands of 'asleep' units to the market by 2027. Social Consideration tenders launching in 2026 are projected to yield approximately 10,000 social housing units within the decade, with the first 2,000 operational around 2027. The path forward depends on enacting a national housing framework law providing clear definitions of social housing and delegating authority to local levels.

Quote: Bank representative

“Lengthy and complex bureaucratic procedures… and lack of coordination. (…) National regulations are obstacles to providing affordable housing. (…) Fragmented ownership and governance. (…) Absence of a unified housing authority or standardized approach. Persistent “market gap” where renovation is economically unviable (…) lack of public subsidies and guarantees.”

Greater London

London's chronic housing shortage has driven the Greater London Authority (GLA) to develop multiple programs to unlock old or underused buildings for housing. The capital recorded 93,602 vacant properties in 2024 - a record high - despite decades of interventions. The evolution of London's strategy has shifted from the centralized, grant-heavy models of the early 2010s to a multi-faceted approach combining fiscal disincentives, strategic acquisitions, and calls for enhanced legislative powers.

Quantitative Analysis

Table 12 - Key data for London

Metric	Value	Context
Total Vacant Properties (2024)	93,602	Record high since records began in 2004
Long-Term Vacant (MHCLG definition)	36,210	Unoccupied for 6+ months (2023)
Empty Council Homes	~11,000	One-third of national total; estate regeneration voids
Vacancy at Historic Low (2021)	32,800 (0.9%)	Before reversal of declining trend
1993 Vacancy (historic high)	160,500 (5.4%)	Benchmark for comparison
2012–2015 Empty Homes Program	£156M national + £60M clusters	Drove vacancy to 10-year low by 2014
CHAP Target	10,000 homes / decade	Council Homes Acquisition Program ambition
CHAP TA Cost Savings Projection	£1.5 billion over 20 years	Compared to temporary accommodation spend
Right to Buy-back (2021–2023)	1,200+ homes acquired	Boroughs buying back former council homes
Under-used Properties (£1–5M range)	39% under-used	Investor economy - capital gains priority
Under-used Properties (£5M+)	64% under-used	High-value vacancy driven by wealth preservation

Table 13 - List of vacant space programs in London

Program	Launch	Focus/Target	Key Outcomes
Empty Homes Initiative	~2012 (to 2015)	Long-term vacant homes (all types)	£15.7M allocated; dozens returned to use
Housing Zones	June 2014	Underused/brownfield land (≥1,000 homes)	20 zones; ~£9.4B investment leveraged
London Land Commission	July 2015	Publicly owned surplus land/buildings	40,000 public sites mapped; 130,000 home capacity
Community Housing Fund	Jan 2019	Community-led housing on disused sites/buildings	£38M fund; CLTs and co-ops delivering permanent affordability
PLACE (Pan-London)	2018	Meanwhile sites for modular temporary homes	£11M GLA Innovation Fund; ~200 modular units
High Streets for All	2020	Vacant high street buildings (upper floors, shops)	22 exemplar projects; mixed-use including housing
Right to Buy-back Fund	July 2021	Former public housing lost to Right to Buy	~1,577 homes back into council ownership
CHAP (Council Homes Acquisition)	2024 ongoing	Long-term empties and private stock for social rent	10,000 target; at least 60% social rent under 2026–36 Program

Table 14 - Council Tax Premium Evolution

Length of Vacancy	Maximum Premium (Pre-2024)	Maximum Premium (Post-2024)	Total Council Tax Charge
1 to 2 Years	0%	100%	200%
2 to 5 Years	100%	100%	200%
5 to 10 Years	200%	200%	300%
10+ Years	300%	300%	400%

Despite progressive tightening - the Levelling-up and Regeneration Act 2023 allows a 100% premium after just one year of vacancy from April 2024 - evidence suggests the number of long-term empty properties in London increased by 62% since 2018 when powers were strengthened. For high-wealth owners, the premium represents a marginal cost compared to capital appreciation, particularly for properties in the £1M+ range.

Structural Barriers

The 'Investor Economy' is the primary structural constraint: 39% of properties worth £1–5M are under-used; 64% for properties over £5M. For these owners, rental yield is secondary to capital gains. The Airbnb/STR loophole allows properties available for 140+ days/year to pay business rates rather than council tax, removing them from vacancy statistics. Approximately 11,000 empty council homes - one-third of the national total - represent a contradiction: most are held empty for estate regeneration schemes which have been delayed for years by post-Grenfell safety evaluations.

Economic Case for Acquisitions

The financial rationale for CHAP is predicated on the high cost of temporary accommodation. London boroughs currently spend approximately £60 million per month on temporary accommodation for homeless families. Acquiring properties and letting at social rent can significantly reduce this cost, with projections showing the program 'pays for itself' by year 25.

Kent - No Use Empty

Kent's 'No Use Empty' (NUE) initiative, established in 2005, is widely recognized as the longest-running and most successful empty property program in the United Kingdom. Originally launched as a pilot targeting four districts in East Kent, it was expanded to all 12 Kent districts by 2008. Over two decades, NUE has evolved from a localized regeneration effort into a sophisticated financial model combining recyclable loans, strategic partnerships, and proactive enforcement.

Table 15 - Key data for Kent

Metric	Achievement (2005–2025)
Total Properties Activated	8,901 units
Loans Awarded (Residential)	520 loans (creating 1,622 homes)
New Build Homes (Derelict Land)	313 units
Direct Financial Support (KCC)	£66.7 million
Private/Public Sector Leverage	£51.6 million leveraged
People Housed	~8,000 individuals
Jobs Created/Safeguarded	~1,800 jobs
Leverage Ratio	£1 KCC spend → £20 local economy
Total Recyclable Loans (by 2024)	Surpassed £100 million
Annual Council Tax Generated	~£1.6 million from new homes

Metric	Achievement (2005–2025)
Average Renovation Cost per Unit	£73,376
Remaining Long-term Empties	~7,000–7,500 eligible units

The Revolving Loan Mechanism

The 'engine' of NUE's success is its recyclable loan fund. Unlike grant-based systems requiring constant replenishment from central government, the NUE model operates as a revolving fund:

- Loan Parameters: £25,000 per unit, maximum £175,000 per applicant
- Incentivization: Interest-free for first-time applicants
- Security: Loans secured as first or second charge on the property; owner must make available for sale or rent upon completion
- Sustainability: As loans are repaid, capital is immediately re-lent to new projects - the fund surpassed £100M in total recyclable loans administered by 2024

Diversification Beyond Residential

Table 16 - Key instruments of Kent model

NUE Strand	Target	Scale	Outcomes
NUE Residential (Core)	Empty homes in Kent's 12 districts	£66.7M KCC support; 520 loans	8,901 units activated; 1,622 new homes from loans
NUE Commercial	Long-term empty shops/offices for residential conversion	Supported by Growing Places Fund	Conversion of vacant town-center units; coastal regeneration
NUE New Build	Derelict sites for new residential construction	£12M KCC Treasury Management (2020); £51.7M approved	313 new homes on previously unproductive land
Affordable Housing Loan Scheme	Linking loans to nomination rights and HA rent levels	Jointly financed with housing association; ~45 units	Social/Affordable Rent allocation; small fraction of total NUE

Partnership Model and National Replication

NUE's success is rooted in its 'virtual team' structure: KCC acts as central fund manager and legal facilitator while 12 district councils serve as local 'foot soldiers' with direct access to empty property owners. This has cultivated a culture change where legal, planning, and housing officers deploy a full spectrum of interventions from informal advice to CPO threat.
The Kent Model has been replicated by Wales (National Empty Homes Grant based on Kent structure), Scotland (Empty Homes Partnership), and West of England (including Bristol). However, from an affordability perspective, NUE loans facilitate renovation without imposing rent caps or long-term affordability obligations - most units re-enter the general market at market rates. Only the small Affordable Housing Loan Scheme sub-program (~45 units) secures social rent levels.

Structural Challenges

Despite 20 years of continuous success, challenges remain: approximately 7,000–7,500 eligible long-term empty properties still exist in Kent; rising renovation costs (averaging £73,376 per unit) threaten the financial sustainability of the revolving fund model; and the interest-free loan structure may become unsustainable if interest rates remain elevated for extended periods.

Quote: Analyst on Kent model

“NUE can’t solve the housing crisis entirely, but it’s making a significant contribution to reducing waiting lists. Empty commercial and residential properties can negatively impact an area, but with a little investment and encouragement, these properties can be revitalized, creating a ripple effect that attracts more inward investment to the area.”

Wales

Wales operates a nationally coordinated state-led strategy for vacant building activation, centered on the National Empty Homes Grant (EHG) Scheme (£50M, January 2023) and complementary tools including 'Houses into Homes' loans and Council Tax premiums up to 300%. The model is characterized by centralized administration (RCTCBC acts as administrator for 17 participating local authorities) and treats vacant buildings as 'living public infrastructure'.

Quantitative Analysis

Table 17 - Key data for Wales

Metric	Value	Context
Chargeable Empty Homes (2025)	22,558 properties	Unoccupied 6+ months; Council Tax liable
Total Unoccupied Dwellings (Census 2021)	120,450	Includes second homes and exempt properties
Vacancy Rate Increase	44% since 2021	Per council; post-pandemic shifts in work/shopping patterns
EHG Approval Rate	2.6% of long-term empties approved	582 properties approved out of 22,558 by April 2025
EHG Completion Rate	1.1% completed	241 properties brought back into use via EHG by mid-2025
EHG Fund Size	£50 million	National budget 2023; target 2,000 properties
EHG Max Grant per Property	£25,000	15% owner contribution required (max £3,750)
Houses into Homes Loan Fund	£10 million	Interest-free loans for renovation to sell or rent
Council Tax Premium (max)	300%	Applied to homes empty for specified periods
Social Housing Grant (2025 budget)	£354 million	Conversion of disused buildings listed as top priority

Financial Tools

Table 18 - Financial instruments in Wales

Tool / Mechanism	Details	Source
Empty Homes Grant (EHG)	Up to £25,000 for repairs; 15% owner contribution (max £3,750); must occupy as sole residence for 5 years	£50M National Fund
Houses into Homes	Interest-free loans for renovation to sell or rent; short loan periods	£10M Welsh Government Fund
Safe Warm and Secure	Interest-free loans specifically for home improvements in cities like Newport	Local Authority
Enforcement Fund	£15.2M loan fund for LAs to undertake CPOs or management orders	Transforming Towns
Leasing Scheme Wales	Empty properties = 60% of stock; guaranteed rent to owners who lease to council for social housing	Welsh Government

Tool / Mechanism	Details	Source
VAT Relief	Reduction from 20% to 5% for renovations on homes empty for 2+ years	UK Tax Policy
Social Housing Grant	£354M budget; conversion of disused buildings as top priority	Welsh Government/LA

Structural Barriers

The Wales model faces significant structural constraints despite robust funding:

- Unregistered Land: ~12% of land in England and Wales unregistered; proving ownership for pre-1990 properties can collapse transactions
- Staffing Deficits: Many authorities have only a 'Lone Officer' responsible for thousands of units, creating reactive rather than proactive approaches
- Viability Gap: In low-market-value regions, renovation cost to remove Category 1 hazards exceeds building market value
- Procedural Rigidity: EHG applicants must complete works within 9 months - cited as significant barrier given post-pandemic labor/material shortages
- Limited Community Housing Expertise: Only 14% of Welsh LAs currently have experience with CLH solutions

Gender Integration

Welsh housing policy addresses gender from an equality and safety perspective: women represent 67% of statutorily homeless individuals (despite men dominating rough sleeping at 84%); single mothers comprise two-thirds of homeless families with children; hidden homelessness disproportionately affects women ('sofa surfing'). The Wales model's response focuses on ensuring supply is 'safe, secure, and affordable' with allocation in the gender people identify with but does not integrate gender into financial instrument design or building typology.

Outlook

Non-residential repurposing is a key growth area: Habitat for Humanity research (2025) estimates converting vacant local authority-owned offices and shops could create 25,000 new homes. The proposed 'Unnos' national body would accelerate social housing supply and drive innovation in building reactivation. The 2026 Senedd election is expected to prioritize a national all-tenure target and extension of Help to Buy Wales beyond September 2026.

Cross-Cutting Comparison

The following comparative analyses synthesize findings across all six case studies, identifying patterns in financial mechanisms, policy tools, affordability outcomes, and governance models.

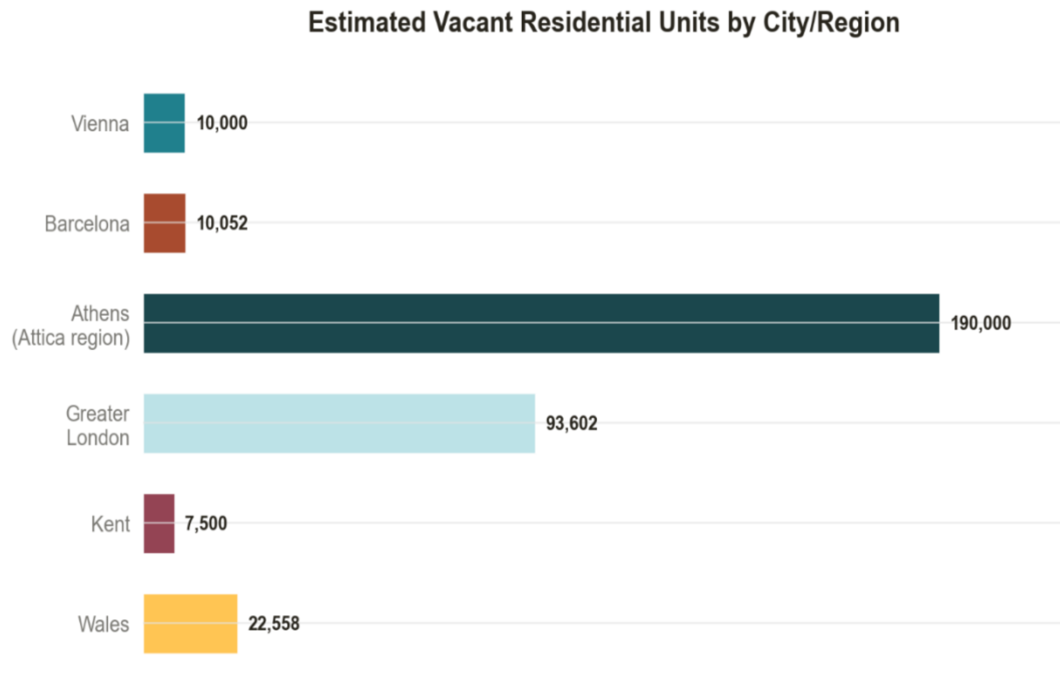


Figure 1 - Scale of Vacancy: Vacant Units by City/Region

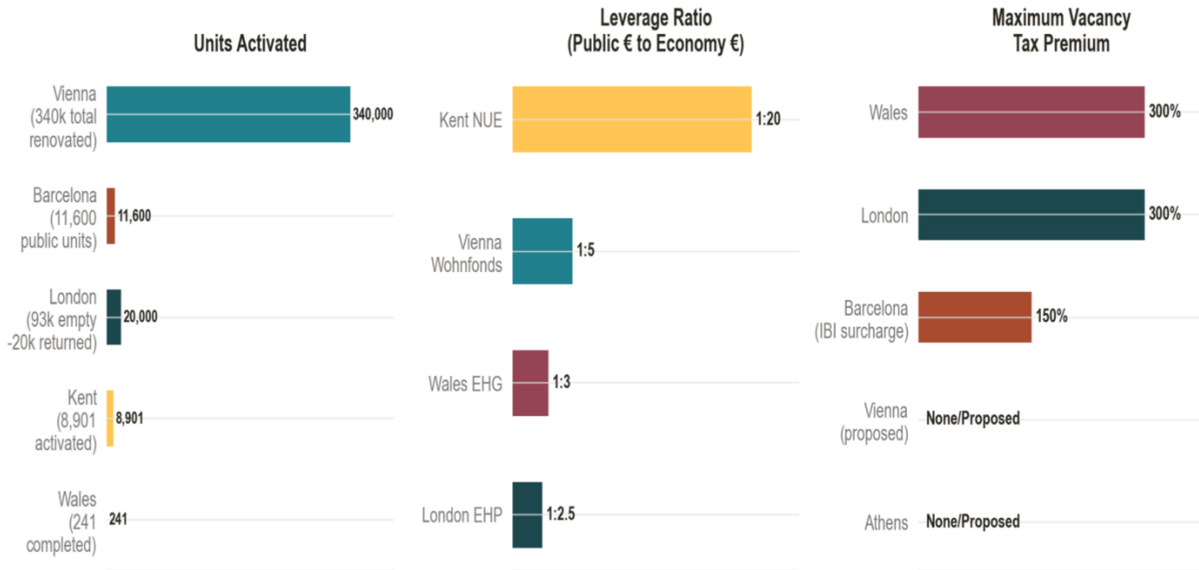


Figure 2 - Key Metrics: Units Activated, Leverage Ratio, and Vacancy Tax Premiums

Table 19 - Comprehensive Cross-Case Comparison

Feature	Vienna	Barcelona	Athens	London	Kent	Wales
Primary Driver	Regulated housing sector policy	Corporate vacancy, financialization	Crisis legacy + RRF opportunity	Investor economy, housing shortage	Rural/coastal dereliction	Housing supply targets
Governance Level	City (with national legal framework)	Municipal (with Catalan/national law)	National (with municipal pilots)	Mayor + 32 boroughs	County Council + 12 districts	National + 17 LAs (RCTCBC centralized)
Key Financial Mechanism	Public loans + grants (Wohnbauförderung); cost-rent	Municipal acquisition + EIB/CEB cooperative loans	RRF grants (up to €36K/unit, 90% costs)	Council acquisitions (CHAP); council tax premiums	Revolving interest-free loans (NUE)	State grants (EHG, £25K max) + loans
Affordability Guarantee	Structural - cost-rent for building life	Medium-high - public stock + Borsa 20–30% below market	Weak - no generalized rent cap; PPP social allocation only	Mixed - 60%+ social rent in GLA-funded acquisitions; none in loan-only schemes	Absent - no rent cap; market rates after renovation	Use-value only - 5-year occupation, no price cap

Feature	Vienna	Barcelona	Athens	London	Kent	Wales
Vacancy Tax/Penalty	Airbnb restrictions; no generalized Leerstandsabgabe yet	IBI surcharge up to 150% on corporate-held vacancies	ENFIA surcharge on bank-owned vacancies	Council Tax premiums up to 300% (from 2024)	No specific vacancy levy	Council Tax premiums up to 300%
Community-Led Role	Baugruppen and co-ops within LPHA framework; WieNeu+ community	Sostre Cívic (€31M EU loan); APROP modular; thriving co-op sector	CoHab Athens; Reactivate Athens 101 Ideas; City Plaza occupation	Action on Empty Homes; CLTs; Community Housing Fund	Minimal community-led element in NUE	14% of LAs have CLH experience; Communities Creating Homes
Gender Integration	High, systemic - mandatory 4-R method since 2000	High, operational - gender shapes typologies and public realm	High in analysis/pilots; moderate in systems - LGBTQ+ shelters	Low/implicit - no systematic gender criteria in activation	Absent - no gender lens in program design	Moderate - equality focus; gendered homelessness statistics used
Key Weakness	No vacancy tax; land costs rising; pace of Airbnb growth	Still relatively small public sector; most private stock lacks affordability conditions	No social rental tradition; ownership fragmentation; governance fragmentation	Investor economy absorbs tax premiums; 11,000 council voids; Airbnb loophole	No affordability conditions on most loans; market-rate re-entry	Viability gap in low-value areas; 9-month completion rule; lone officers
Scale of Impact	340,000 apts renovated (40yr); €500–650M/yr subsidy	11,600 public units (2022); €189M acquisitions; 1,787 Borsa units	~190,000 vacant; €400M program scaling; 10,000 social units target	93,602 total vacant; 10,000 CHAP target; £1.5B TA savings projected	8,901 units activated; £67M KCC support; 1:20 leverage	582 EHG approved; 241 completed; 22,558 chargeables vacant

Table 20 - Policy Tool Matrix - Tool Presence by City

Policy Tool	Vienna	Barcelona	Athens	London	Kent	Wales
Grants for renovation	✓ Strong	✓ Strong	✓ Strong	✓ Moderate	✗ Loans only	✓ Strong

Policy Tool	Vienna	Barcelona	Athens	London	Kent	Wales
Subsidised public loans	✓ Strong (1%, 35yr)	✓ Moderate (EIB/CEB)	✗ Limited	✗ Limited	✓ Core (interest-free)	✓ Moderate
Revolving loan funds	✓ Strong (LPHA system)	✗ Emerging	✗ Not present	✗ Limited	✓ Core mechanism	✓ Moderate (HiH)
Tax incentives / vacancy surcharge	✗ Limited (no Leerstandsabgabe)	✓ Strong (IBI 150%)	✓ Moderate (ENFIA)	✓ Strong (CT up to 300%)	✗ Not applicable	✓ Strong (CT up to 300%)
Enforcement / CPO powers	✓ Strong (Zweckentfremdung)	✓ Strong (compulsory leasing)	✗ Limited	✓ Moderate (rarely used)	✓ Moderate (threat of CPO)	✓ Moderate (EDMOs, enforced sale)
Leasing / rental pool schemes	✓ Strong (Borsa-equivalent in LPHA)	✓ Strong (Borsa de Lloguer)	✓ Emerging (social leasing PPP)	✓ Moderate (leasing to councils)	✗ Not present	✓ Moderate (Leasing Scheme Wales)
Inclusionary zoning	✓ Moderate (Dachbodenausbau allocation)	✓ Strong (30%)	✗ Emerging	✓ Moderate (London Plan)	✗ Not applicable	✗ Limited
Right of first refusal	✗ Limited	✓ Strong (Tanteo y retracto)	✗ Not present	✓ Moderate (CPO/compulsory purchase)	✗ Not present	✗ Not present
Bond/guarantee instruments	✓ Structural (WGG LPHA guarantee framework)	✓ Strong (CEB/InvestEU €31M)	✗ Emerging (PPP)	✓ Strong (THFC £8B loan book)	✗ Not present	✗ Limited
Community/co-op housing support	✓ Strong (Baugruppen, WieNeu+)	✓ Strong (cessió d'ús, Sostre Cívic)	✓ Moderate (CoHab, grassroots)	✓ Moderate (Community Housing Fund)	✗ Minimal	✓ Moderate (Communities Creating Homes)

Thematic Analysis

Housing Affordability

Table 21 - Comparative analysis

City / Region	Main Activation Instrument(s)	Explicit Affordability Rule	Target Group	Duration of Condition	Overall Assessment
Vienna	Sockelsanierung, Totalsanierung, attic conversions, climate-linked grants, vacancy restrictions	Cost-rent principle: rents in LPHA/municipal sector significantly below private market (~€5.99/m² net)	Broad low- and middle-income households; priority groups via allocation rules	Typically, 20+ years (loan term); in practice often permanent as stock remains in non-profit sector	HIGH, STRUCTURAL: activated buildings mostly stay in regulated, cost-rent system with long-term affordability and strong tenant protection
Barcelona	Municipal acquisitions, compulsory leasing/purchase of vacant corporate stock, Borsa de Lloguer, tax incentives	Social/HPO rent in public stock; Borsa rents 20–30% below market; tax relief tied to rent reductions	Low- and middle-income; young people; vulnerable groups; NGOs	Long-term for public stock; multi-year obligations in Borsa and tax-incentive contracts	MEDIUM-HIGH, SEGMENTED: strong affordability in public and pool units; limited/no rent control where owners renovate outside these channels
Athens	Renovate and Rent; RRF renovation grants; social leasing PPPs	Obligatory long-term letting and primary-residence use; no generalized rent cap; specific PPP projects set social rents	General population (Renovate and Rent); vulnerable groups (social leasing)	Typically, 3–10 years depending on program; some PPP projects longer	MEDIUM-LOW: programs bring units back to long-term rental and curb short-term rentals, but systematic below-market rent is only ensured in minority of social-leasing projects
Greater London	Borough-level empty homes work (EDMOs, CPOs, loans) plus GLA Social and Affordable Homes Program acquisitions	GLA-funded acquisitions: social rent, Affordable Rent or intermediate (London Living Rent); pure enforcement/loan schemes: often no price cap	Households on social-housing waiting lists; low- to middle-income accessing intermediate products	30+ years for grant-funded affordable units; shorter or none for loan-only schemes	MIXED: where acquisitions funded through GLA programs, affordability is strong (majority social rent); for standard empty-homes loans, not guaranteed

City / Region	Main Activation Instrument(s)	Explicit Affordability Rule	Target Group	Duration of Condition	Overall Assessment
Wales	National Empty Homes Grant Scheme (renovate-to-occupy)	No rent/sale cap; grant recipient must live in home for 5 years as sole/main residence	Individual owners/households; additional local criteria possible	5-year occupation requirement; after that, no restriction	USE-VALUE BUT WEAK PRICE CONTROL: improves access for individual households and reduces speculative vacancy but does not create permanently affordable units
Kent	No Use Empty loans; Affordable Housing Loan Scheme sub-program	Standard loans: no cap on rent or sale price; AH Loan Scheme: nomination rights and HA rent levels	Owners/investors (main scheme); households in need via housing association (AH scheme)	Loan period (short term); AH units follow HA rent regime long term	LOW OVERALL, SMALL HIGH-AFFORDABILITY NICHE: thousands of units brought back into use, but only small fraction secured as long-term housing

One of the primary challenges in activating vacant buildings for housing is maintaining affordability levels accessible to the widest groups of citizens, preventing gentrification. Our research demonstrates that the strongest, structurally embedded affordability is achieved where activation is nested in a cost-rent or social housing regime. Programs relying mainly on recyclable loans or generic renovation grants tend to re-use units without any hard guarantee that post-renovation rents or sale prices will be below market.

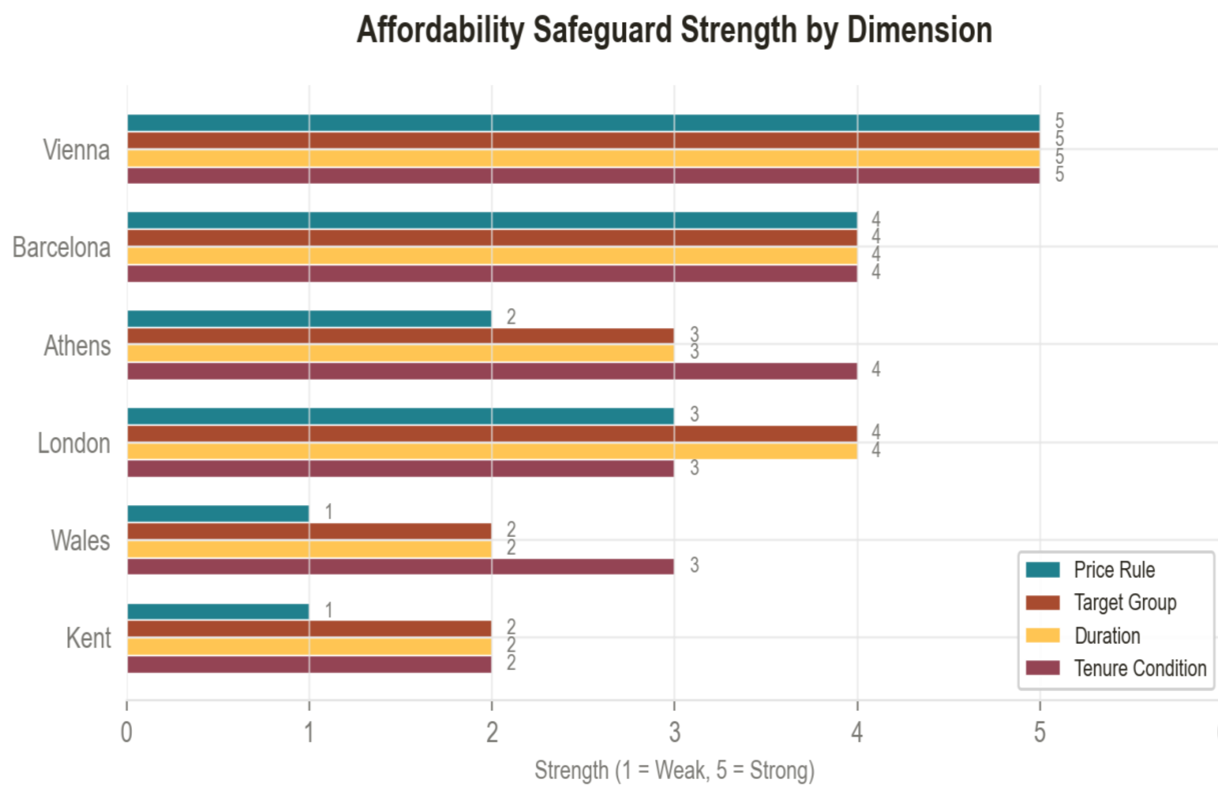


Figure 3 - Affordability Safeguard Strength by City and Instrument Type

Affordability is assessed across four dimensions: (1) Price rule - explicit caps on rents or sale prices; (2) Target income group - income ceilings or social criteria; (3) Duration - how long the affordability condition lasts; (4) Tenure/use condition - obligations on primary residence or renting vs speculative vacancy.

Policy Implications for Affordability

The analysis leads us to three key policy findings:

- Structural versus time-limited affordability: The distinction between permanent cost-rent/public ownership and instrument-based, time-limited conditions (e.g., 5-year occupancy) is fundamental. Policy should systematically favor permanent mechanisms: CLT structures, limited-profit housing associations, public acquisition.

- The cost-rent principle as gold standard: Vienna's model, where rents are legally tied to construction and management costs with net rents at approximately €5.99/m² (gross ~€8.78/m²), falling to €5.06/m² after loan repayment, provides the benchmark. Programs receiving public subsidy should be required to apply cost-rent principles for a minimum period equal to the loan term.

- Market-rate re-entry risk: Kent's experience - where loan-supported units re-enter the general market at market rates - illustrates that financial activation without affordability conditions produces no long-term affordable housing, however effective the activation may be in technical terms.

Energy Efficiency

Energy efficiency renovation of vacant buildings is a critical component of both climate policy (EPBD transposition, Renovation Wave) and activation economics [5]. Deep renovation to nearly-zero-energy building (nZEB) standard costs significantly less than demolition and new construction at the same energy performance level, yet costs and skills constraints remain major barriers to scale-up.

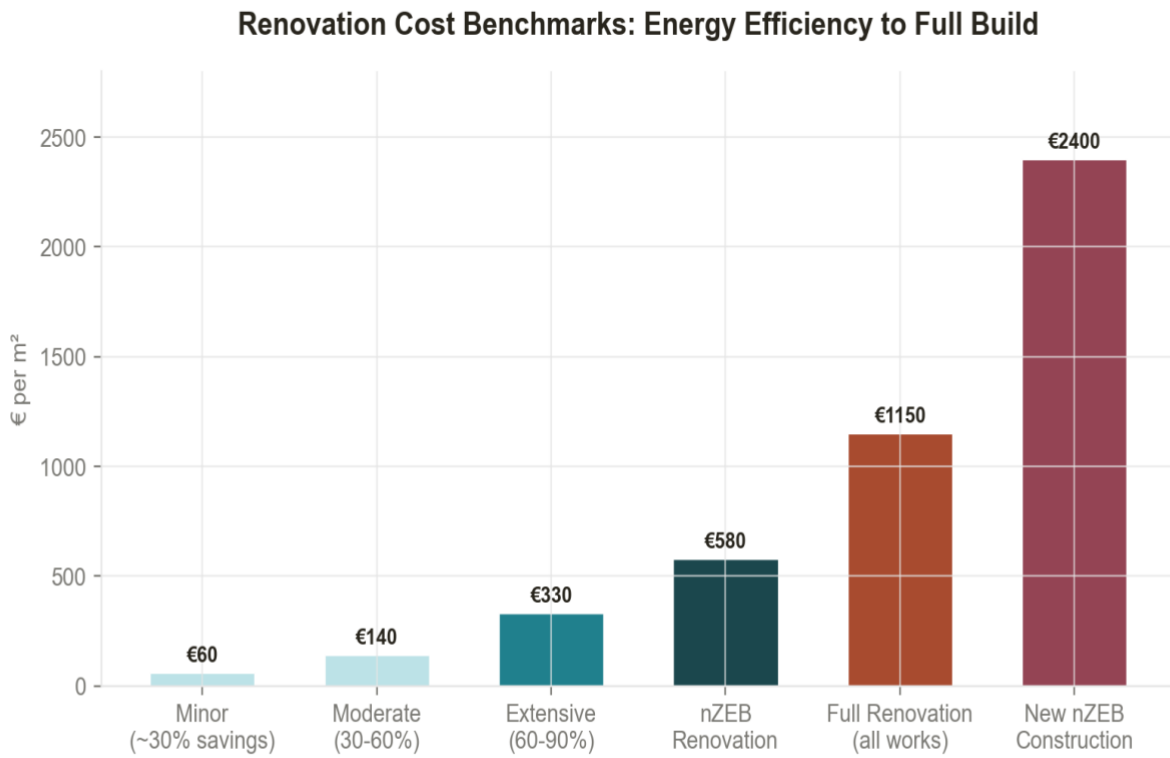


Figure 4 - Renovation Cost Benchmarks by Depth of Intervention (€/m²)

Table 22 - Energy Efficiency Cost Benchmarks

Renovation Type	Energy Efficiency Package Cost	Total Renovation Cost	New Build Reference
Minor renovation (up to ~30% energy savings)	~60 €/m²	Additional structural/interior works	N/A - partial intervention only
Moderate renovation (30–60% savings)	~140 €/m²	Plus structural, finishes, accessibility	N/A - partial intervention only
Extensive renovation (60–90% savings)	~330 €/m²	Plus structural, finishes, accessibility	N/A - deep but below nZEB

Renovation Type	Energy Efficiency Package Cost	Total Renovation Cost	New Build Reference
nZEB renovation (matching new-build standard)	~580 €/m²	800–1,500 €/m² total for 100yr building	New nZEB construction: ~2,400 €/m²
Estonian benchmark (major renovation to EE)	100–120 €/m²	Varies by standard target	Lower cost due to smaller building size norms
Industrialized Energiesprong (target)	Currently ~1,000 €/m² total; target 600–700 €/m²	On-site as low as 9 days in Belgian pilot	Cost advantage grows with volume

Key finding: If you compare total project costs, demolition and new build at nZEB standard generally comes out clearly more expensive than deep renovation to the same performance, because demolition adds the full cost of new structure and land. The cost advantage of renovation over new construction is the economic foundation for the vacant building activation agenda.

A bit outdated but most comprehensive and influential EU-level study for the European Parliament (2017) provides the cost breakdown shown above for EU-28 averages. Case studies in northern and central Europe confirm similar magnitudes: Swedish multi-family building studies find demolition and new construction more expensive in life-cycle cost than energy renovation to the same energy performance. The most recent studies:

- Pro-GET-onE / "Circular deep renovation versus demolition with reconstruction" (Italy, 2025).
- A 2024–2025 Ghent/Belgium LCA comparing deep renovation vs reconstruction in social housing.
- A 2025 "state-of-the-art" review on renovation vs demolition by Fasciolo et al. (Politecnico di Milano).
- Multiple conference and journal papers on Pro-GET-onE and similar cases (Italy, Switzerland, etc.).

demonstrate that real cost comparison is very context specific but all of them find deep renovation lowest in life-cycle cost and/or carbon or, at worst, find reconstruction slightly cheaper and lower-carbon in most except in specific cases e.g. when existing structures are very inefficient or seismically weak and need structural strengthening.

Table 23 - Barriers to nZEB Renovation Scale-Up

Barrier Category	Specific Constraint	Evidence/Impact
Skills Shortages	Insufficient certified nZEB renovation specialists across EU	BUILD UP Skills aims to upskill 3.8M workers by 2030; current deficit is acute

Barrier Category	Specific Constraint	Evidence/Impact
SME Dominance	99.9% of AEC sector are SMEs with thin margins	Risk-averse to adopt new renovation technologies; pilot costs €50–250K per batch
Fragmented Supply Chains	Design, engineering, construction separately procured	No portfolio-scale efficiency; bespoke costs for each building
Prescriptive Standardization	Standards revised every 10 years; inconsistent national interpretations	JRC identifies as 'systemic rather than technical' barrier to advanced materials/methods
Production Scale	Industrial renovation (prefabricated facades, modular services) at small scale	Current average 1,000 €/m²; expected to fall only with volume increases
Digital Adoption Gap	BIM/3D scanning mainly used by large companies	SMEs which dominate renovation work show limited uptake of digital tools
Heritage Constraints	Heritage protection in historic city centers	Limits standard approaches; requires bespoke, often more expensive solutions
Finance Perception	Small energy-efficiency projects seen as risky by investors	Short payback preference reinforces shallow renovation over deep nZEB

Quote: Senior Social Housing Developer (Germany, Croatia)

“Greed is a major problem, especially in CEE countries. Nobody in the commercial sector there cares to invest in changing suppliers, educating its workers and systemically started introducing new, better and cleaner technologies while business-as-usual brings higher profit-margins and less initial troubles in adopting new technologies. Contracts are done individually for each building separately; there is no long-term pipeline that would make this process attractive on a long-term as in Germany and Western countries.”

Table 24 - Promising Solutions

Solution	Mechanism	Current Status / Scale
Energiesprong (Belgian/Dutch model)	Industrialized net-zero renovation using prefabricated facades + modular services; on-site completion in ~9 days	Belgian pilot; Established in NL, Germany, France, UK; scaling needed
BUILD UP Skills Initiative	EU program targeting upskilling of ~3.8M construction workers for energy-efficient renovation by 2030	Multiple Train-to-NZEB and Fit-to-nZEB centers in CEE; needs acceleration
NEB Academy	New European Bauhaus Academy for reskilling workers in sustainable/circular/bio-based construction [7]	Established 2025; prioritizing industrialized renovation competences
BIM4REN	BIM-based approaches to overcome cultural/knowledge barriers in energy renovation	Proven concept; 50–70% SME digital tool subsidy recommended
Vienna Circular Economy Bonus	Non-repayable contribution up to €400/m² floor space for ecological/bio-based insulation materials	Operational in Vienna; reduces embodied carbon; stimulates innovative supply chains
Demand Aggregation (Bottrop model)	District-level renovation projects bundled into coordinated programs	Innovation City Ruhr Bottrop as reference; creates pipeline for industrial production

Financial Instruments

Below is provided a comparative analysis of financial instruments facilitating the renovation and activation of vacant residential spaces across studied European cities and national jurisdictions. The analysis maps fiscal incentives, rent subsidies, government investments, guarantees, revolving funds, bond schemes, and housing allowances, evaluating their effectiveness in converting vacant stock into affordable housing.

Central finding: Vienna and Barcelona operate the most mature, multi-layered financial ecosystems for vacant space activation, combining subsidized loans, revolving funds, rent regulation, and dedicated intermediaries. Greater London has a well-developed bond and guarantee market but relies on fragmented borough-level schemes. Athens is rapidly scaling from pilots to national programs. Among CEE comparators, Poland has the most sophisticated institutional infrastructure (BGK/SIM), Croatia has launched an ambitious Affordable Housing Act with APN rental program, while Hungary relies primarily on family-targeted grants with the weakest institutional framework for vacant-space-specific activation.

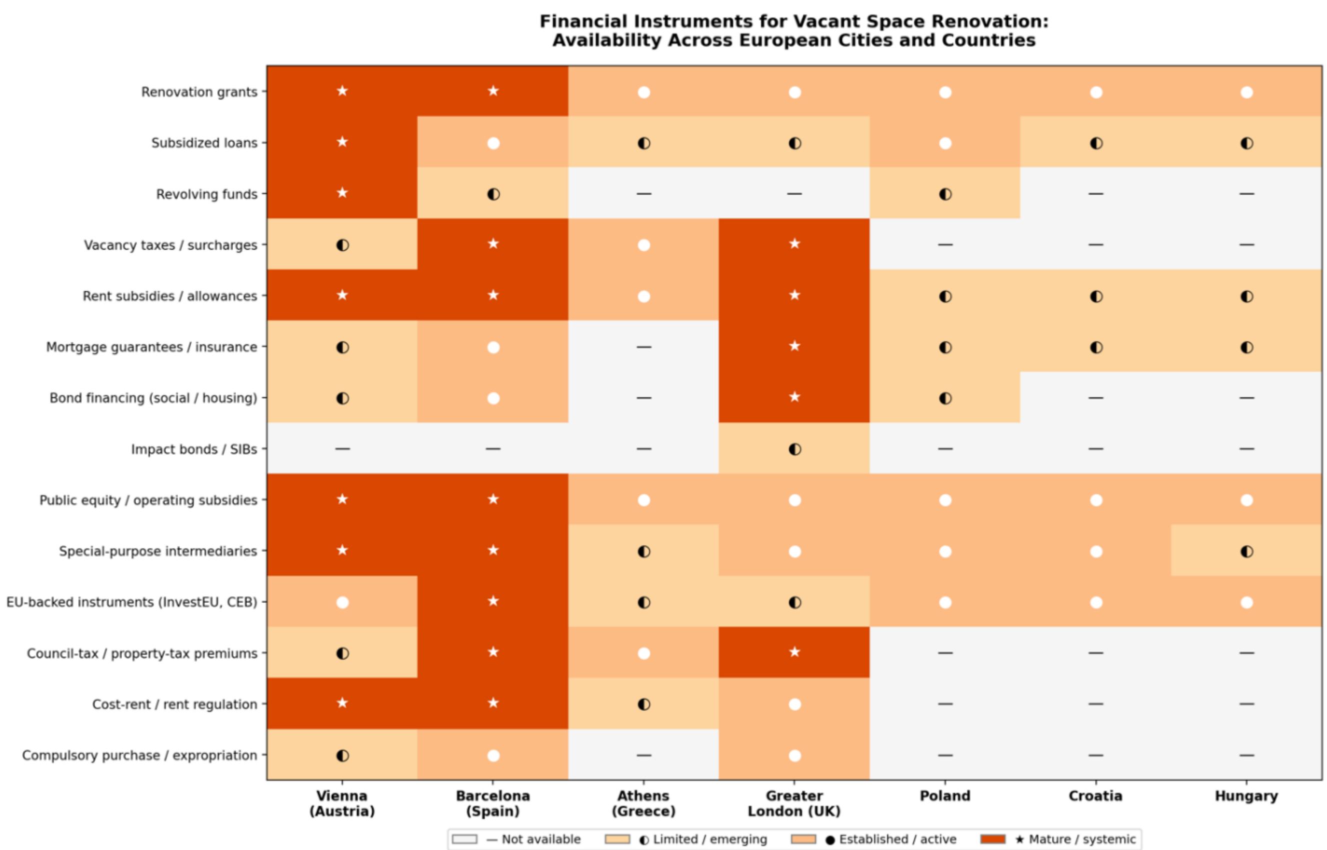


Figure 5 - Financial Instrument Utilisation: 9 Cities × 8 Instrument Types

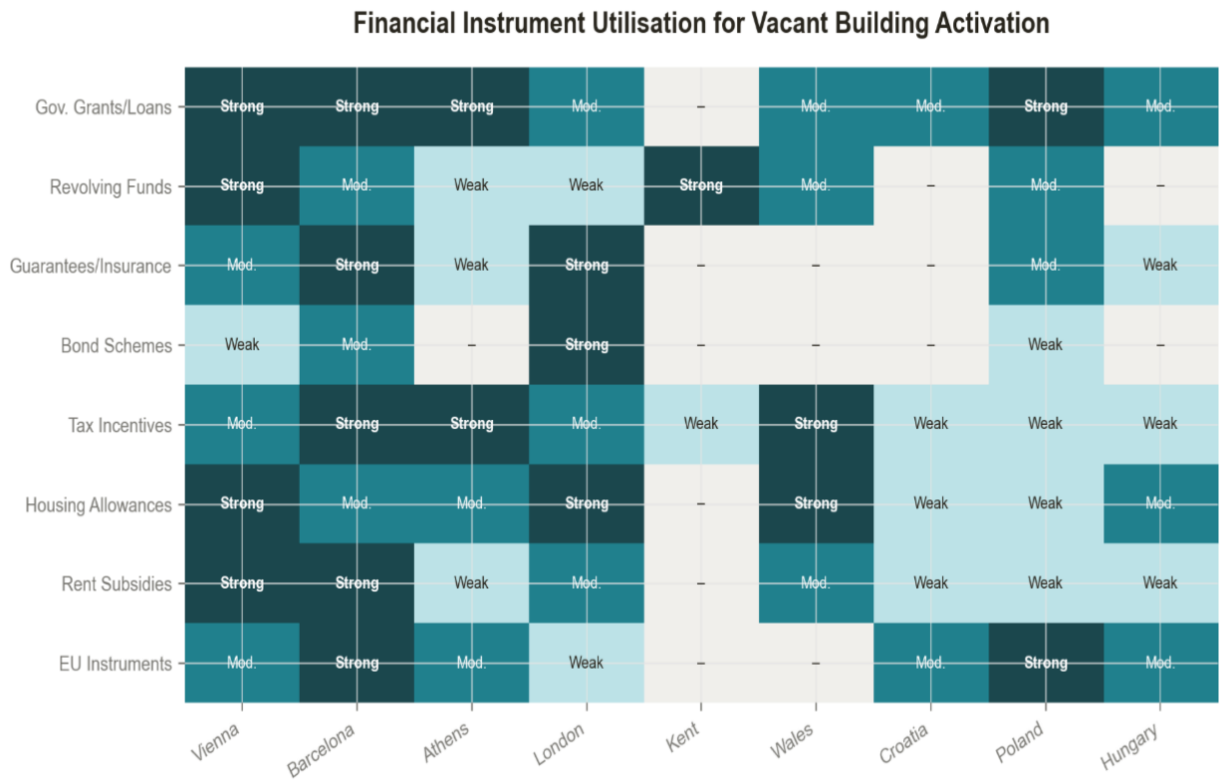


Figure 6 - Comparison of financial tools utilisation for vacant buildings activation

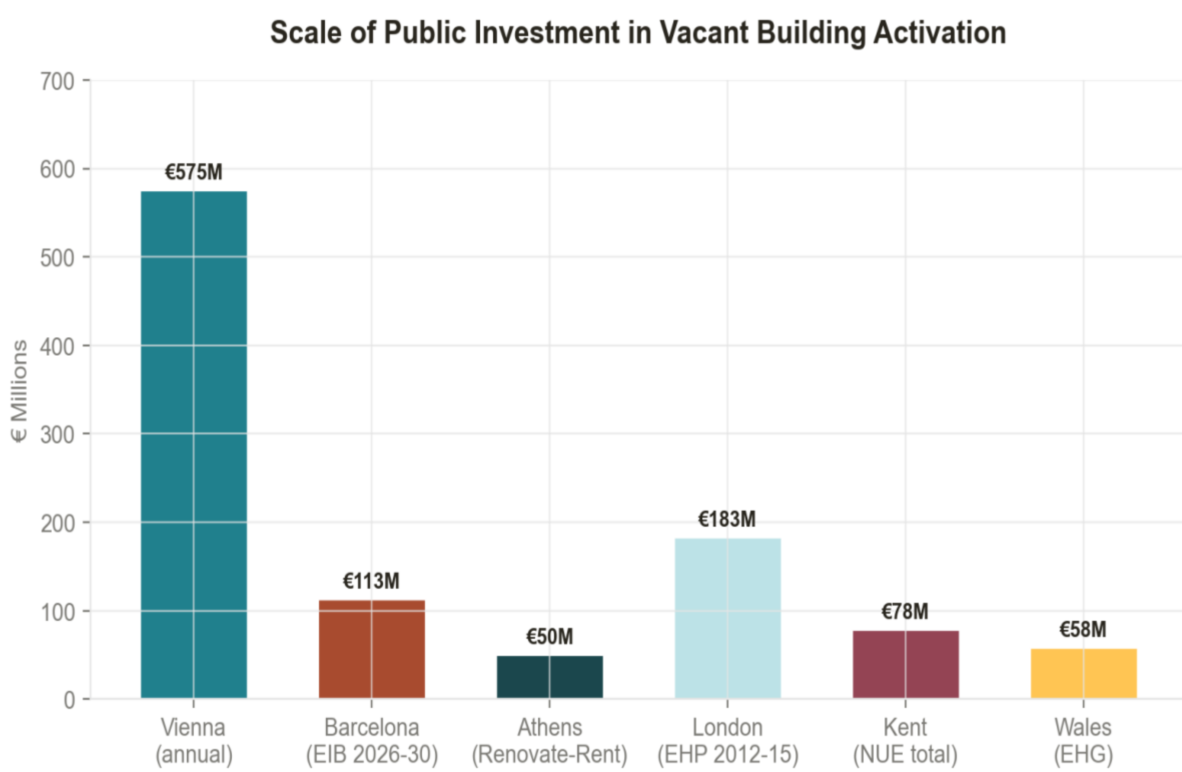


Figure 7 - Public Funding Scale by City (€M)

Table 25 - Typology and Comparative Overview of Financial Instruments

Instrument Type	Description	Countries Applied	Example	Affordability Impact	Strengths	Limitations
Grants	Non-repayable funding for renovation	Athens, Wales, Vienna	Renovate & Rent (GR)	Medium (conditional)	Reduces upfront cost	Weak long-term affordability
Public Loans (Subsidized)	Low-interest loans for renovation	Vienna, Barcelona	Sockelsanierung	High (if linked to rent control)	Scalable, recyclable	Requires governance capacity
Revolving Funds	Loans repaid and reinvested	Kent	No Use Empty	Low–Medium	High leverage (1:20)	No inherent affordability
Guarantees	Risk-sharing instruments	EU-wide	InvestEU, CEB	Indirect	Mobilizes private finance	Complex structuring
Equity/Public Investment	Direct state investment	Barcelona	IMHAB acquisition	High	Permanent affordability	High fiscal cost
Rent Subsidies	Support to tenants or landlords	Various	Housing allowances	Medium	Supports access	Does not increase supply
Rent Regulation	Price control / cost-rent systems	Vienna, Barcelona	Cost-rent model	Very High	Structural affordability	Requires strong institutions
Housing Allowances	Income-based support	UK, EU	Housing benefit	Medium	Protects vulnerable groups	Can inflate rents
Bond Schemes	Capital market financing	Spain, EU	Social housing bonds	Medium–High	Large-scale financing	Requires maturity of markets
Tax Incentives	Fiscal measures (e.g., vacancy tax)	Barcelona, London	IBI surcharge	Indirect	Activates supply	Limited if weak enforcement

Government Grants, Equity, Public Loans, Operating Subsidies

Vienna and Barcelona/Catalonia lean heavily on long-term public loans plus smaller grants, recycling capital and using regulation to lock in affordability. Greece currently favors high-rate grants and tax breaks to rapidly shift owner behavior. England has relied on one-off grants, reduced VAT, and benefit-funded leasing rather than large public loan programs.

Table 26 - Types and Scale of Primary Instruments

Dimension	Vienna	Barcelona	Athens	Greater London
Annual public housing subsidy	~€500–650M/year	Growing; EIB €113M (2026–30) for 640 units	€50M (Renovate-Rent); scaling to €400–500M nationally	£160M (EHP, one-off 2012–15); fragmented borough grants
Primary instrument	Long-term public loans + grants via Wohnbauförderung	Grants + EIB/CEB loans + InvestEU	High-rate grants + tax breaks	One-off grants + benefit-funded leasing
Equity participation	LPHA equity reinvestment model	Municipal equity via IMHAB; ICO equity in investment vehicles	Emerging 'social exchange' PPPs	Limited; some council equity in regeneration schemes
Operating subsidies	Cost-rent system covers operating costs structurally	Income-related co-payments; municipality subsidizes remainder	Housing allowance (€70–210/month)	Housing Benefit/Universal Credit (LHA-based)

New Development - Spain ICO (March 2026): Spain's Instituto de Crédito Oficial launched a landmark €676 million call to invest in specialized investment vehicles for social and affordable rental housing, backed by InvestEU guarantees. ICO will take stakes of €10–100M per operation (maximum 49% of each fund), aiming to mobilize up to €4.5 billion in total project equity and funding, targeting 15,000 homes per year. This is the most significant social housing financing initiative in Spanish history.

Role of Guarantees, Mortgage Insurance, and Blended Finance

Financial guarantees and risk-sharing mechanisms play a critical role in **unlocking private capital** for housing renovation.

Key Instruments:

- **EU Guarantees (InvestEU)**: Reduce lender risk and enable long-term financing
- **National Guarantees:** Support certain types of providers in accordance with policies
- **Development Bank Loans (EIB, CEB)**: Provide low-cost capital backed by guarantees
- **Blended Finance Models**: Combine grants, loans, and guarantees

Capital Stack Example:

- Public grant → reduces project cost
- Subsidized loan → finances renovation
- Guarantee → reduces risk → attracts private investors

Key Finding:

Guarantees are highly effective for scaling, but:

- Require strong institutional capacity
- Do not automatically ensure affordability unless linked to conditions
- Do not fully resolve issue of eligibility criteria for loans

Table 27 - Guarantees, Mortgage Insurance, and Financial Intermediaries

City/Country	Guarantee/Intermediary Mechanism	Scale	Key Feature
Vienna (Austria)	Limited-Profit Housing Associations (LPHAs) act as 'built-in financial intermediary' - tightly regulated, audited, mission-locked	660,000 rented homes nationally (17% of all households)	Structural risk absorption without separate rental-income guarantees
Barcelona	Borsa de Lloguer provides rent-guarantee and multi-risk home insurance to owners who lease vacant flats for affordable rental	1,787 units mobilized; renovation subsidies up to €30,000	Incentivizes private owners to enter social rental pool
Sostre Cívic (Barcelona)	€31M CEB loan guaranteed under InvestEU - largest European cooperative housing loan	Part of €62M program; 350+ units at cessió d'ús	Permanently non-speculative; 10–40% below market rents

City/Country	Guarantee/Intermediary Mechanism	Scale	Key Feature
Greece	Emerging 'social exchange' PPPs (Koinoniki Antiparochi); no robust guarantees framework yet	30% social allocation per development; 10,000 units target	Private developer + state land; partial social outcome
UK (national)	Permanent Mortgage Guarantee Scheme (from July 2025): 91–95% LTV guarantees	53,000+ mortgages completed under previous iterations	General homeownership; not specific to vacant activation
THFC (UK)	Housing Finance Corporation: leading affordable housing bond aggregator	~£8B loan book; 150+ housing associations; Blend Funding £2B to 33 HAs	Feb 2025: £150M partnership with National Wealth Fund for retrofit

Table 28 - Revolving Funds and Subsidized Loans

Program/Model	Country	Structure	Scale	Leverage/Impact
Vienna LPHA System	Austria	Public loans (1%, 35yr) → cost-rent → loan repayment → base-rent surplus → equity reinvestment in new affordable housing	€500–650M/year; 660,000 rented homes Austria-wide	€1.2B/year tenant savings vs market rent; 1:12+ leverage
Kent No Use Empty (NUE)	UK	£25K/unit interest-free revolving loans; repaid capital immediately re-lent	£66.7M KCC; £100M+ total recyclable loans by 2024	1:20 leverage (£1 spend → £20 local economy)
Houses into Homes (Wales)	UK/Wales	Interest-free renovation loans; loan pot replenished as loans repaid	£10M Welsh Government fund	Oversubscribed; demand regularly exceeds supply
Lithuania JESSICA II	Lithuania	€150M ESIF fund; 3% fixed interest, 20yr maturity for energy renovation	1,000+ buildings; 47,000 households; 81,000 tCO_2/yr saved	€180M from commercial banks via innovative pre-financing
KfW (Germany)	Germany	Soft loans + grants for energy-efficient	€1.8B/year average (2012–2014); ~€16 per	1:12 leverage (€1 public → €12

Program/Model	Country	Structure	Scale	Leverage/Impact
		construction/refurbishment via commercial banks	capita (largest EU per-capita support)	private investment)
SVn Netherlands	Netherlands	Stimuleringsfonds Volkshuisvesting Nederlandse Gemeenten - Dutch Municipal Housing Incentive Fund	National revolving fund for affordable housing and renovation	Multiple municipalities; sustainable capital recycling

Table 29 - Housing Allowances and Rent Subsidies

Country/City	Main Allowance	Maximum Amount	Key Features
Austria (Vienna)	Wohnbeihilfe	Varies by income/household composition	Available to low-income residents; covers part of rent; income and household-size dependent
Spain (Barcelona)	Bo Lloguer Jove + General rent subsidies	Up to €250/month (youth); income-based (general)	Youth bonus 2 years; 29,814 households receiving rental subsidies in Barcelona (June 2022) - 17.3% of renters
Greece (Athens)	Epidoma Stegasis	€70–210/month	€70 single person + €35 per additional member; income/asset criteria; centrally processed
UK (London)	Housing Benefit / Universal Credit housing element	LHA rates (30th percentile local market rents)	Varies by household size and Broad Rental Market Area; most borough empty-homes schemes require letting at or below LHA rates
Poland	Municipal housing (no general housing allowance)	Limited; housing benefit through social assistance	Municipalities provide low-rent housing; SIM rental requires participation fee up to 30% of construction costs
Croatia	Limited (emerging via APN program)	APN-managed rents at affordable levels	New Affordable Rental Program; no general national housing allowance

Country/City	Main Allowance	Maximum Amount	Key Features
Hungary	Home Renovation Support; employer housing benefit	Up to HUF 3M (~€7,200) renovation grant; HUF 150,000/month employer benefit	Grant covers 50% of renovation costs; employer benefit for under-35s for rent/mortgage

Table 30 - Rent Setting, Indexing, and Affordability Mechanisms

City/Country	Rent System	Affordability Duration	Mechanism	Effectiveness
Vienna	Cost-rent (Kostenmiete)	Permanent	Rent linked to costs	High
Barcelona	Mixed (regulated + market)	Medium–Long	Inclusionary zoning, cooperatives	High
Athens	Market-based	Short-term	Conditional subsidies (3–9 yrs)	Can improve
London	Market + limited regulation	Low	Housing benefits, acquisitions	Can improve
Kent	Market-based	None	No rent controls	Low
Wales	Conditional affordability	Medium	Grant-linked conditions	Moderate

Key Insight

- Only cost-rent and social housing systems ensure long-term affordability
- Subsidies without rent regulation led to temporary or weak affordability outcomes

Bond Schemes and Impact Bonds

The UK has the most mature social housing bond market in Europe. The Housing Finance Corporation (THFC) operates as the leading aggregator with a loan book approaching £8 billion, lending to over 150 housing associations. Key THFC vehicles include:

- Affordable Housing Finance Plc (AHF): Oversaw the government's initial Affordable Housing Guarantee Scheme - funded 32,000+ homes
- Blend Funding Plc: Launched 2018; ~£2B lent to 33 borrowers; £350M new lending announced November 2025
- THFC Sustainable Finance Plc (TSF): £150M partnership with National Wealth Fund for retrofitting affordable homes (February 2025)

The French Hémisphère Social Impact Fund represents one of Europe's largest social impact bonds: blending €100M social impact investment from seven French institutional investors with a €100M CEB loan. Used to purchase and renovate 62 hotels into 6,000 units of emergency accommodation for homeless people and asylum seekers. Returns tied to social outcomes: school enrolment (95% target), personal support plans (90%), social security access (80%), and placement into permanent accommodation (70%). Performance improved from 43% (2017) to 80% (2018).

Table 31 - EU-Level Instruments

EU Instrument	Mechanism	Relevance to Vacant Activation	Recent Developments
InvestEU	EU budget guarantee (2021–27) mobilizing public and private investment; consolidates EFSI	Social housing window enables EIB/CEB to take higher-risk lending; used for Barcelona cooperative loan	Spain ICO backed by InvestEU guarantees for €676M social rental call (March 2026)
ERDF (European Regional Development Fund)	Structural Fund for regional convergence; urban regeneration component	Renovation seed capital for vacant building activation; supports social housing construction	JESSICA II Lithuania: €150M ERDF-funded revolving fund for energy renovation
RRF (Recovery and Resilience Facility)	€672.5B EU instrument (grants + loans) for COVID recovery and green/digital transition	Athens Renovate-Rent program (€400M); national programs in Croatia/Hungary/Poland	Greece RRF: pilot social housing + €400M renovation grants scaling to national program
ELENA (European Local ENergy Assistance)	EIB technical assistance facility for energy renovation project development	Supports cities preparing bankable renovation portfolios	Active in multiple EU cities for energy renovation pipeline development
EIB/CEB Housing Finance	European Investment Bank and Council of Europe Development Bank direct lending	Barcelona €113M EIB (2026–30); Sostre Cívic €31M CEB/InvestEU cooperative loan	EU Affordable Housing Plan (2025) calls for pan-European housing investment platform (2026)
EU Affordable Housing Plan (2025)	First EU-wide framework for affordable, sustainable housing; calls for blended finance + housing bonds	Pan-European Investment Platform to connect stakeholders with advice, funding, financing	EU Bond and Guarantee Instruments envisioned; Affordable Housing Act planned 2026

Comparing affordable housing finance infrastructure: Western Europe vs. CEE

Comparing the enabling ecosystems for non-profit housing and vacant building activation in Western Europe versus CEE illustrates the magnitude of what is absent:

Table 32 - Financial instruments Western vs. Eastern Europe

Component	Western Europe (AT, NL, DK)	CEE (typical)
Non-profit/limited-profit housing associations	Decades-old, large-scale institutions	Nascent, small-scale, ad hoc
National Development Banks or Public Banks involved in Housing	**Regularly, treat housing as a part of public infrastructure**	**Do not exist or are not involved in housing, treat housing as financial asset left to commercial banks**
National guarantee fund for social housing loans	Yes (WSW, NL; LGF, DK; similar in AT)	No (exceptions: parts of Slovakia)
Dedicated affordable housing fund	Yes, often revolving	Mostly absent; Slovenia and Slovakia partial exceptions
State guarantees reducing cost of capital	Yes	No
Long-term (30-40yr) social housing finance	Institutional infrastructure exists	Not available to non-profit actors
Community land trusts / land lease frameworks	Established in many countries	Near absent; pilot attempts
Tax treatment favoring non-profit rental	Yes (GBN status in AT, L-shaped deductions etc.)	Generally absent
EU fund access for social housing operators	Channeled through established institutions	Limited; operator capacity absent
Municipal land policy for affordable housing	Established frameworks	Limited; discretionary, opaque
Legal framework for cooperative housing	Mature, purpose-built legislation	Mixed; cooperative law generally present but housing-specific provisions absent

The CEE and post-socialist housing condition can be summarized as a triple structural deficit: a deficit of affordable rental housing, a deficit of non-profit housing institutions, and a deficit of the financial infrastructure that would allow such institutions to develop. These deficits are not accidental — they are the direct consequence of three decades of market-first ideology applied to housing after 1990, the mass give-away privatization that eliminated the public housing stock, and the financialization driven by

Western bank penetration that converted the mortgage market into a channel for value extraction from semi-peripheral households.

High homeownership rates instead of showing the stable and adequate housing situation, in fact conceal multiple forms of housing stress - quality poverty, high percentage of vacant buildings, overcrowding, intergenerational, and the growing "missing middle" that markets leave unserved. [3] The social rental sector remains tiny by any international comparison, and the non-profit housing associations that have built and maintained the bulk of social housing in Western Europe do not exist at meaningful scale in CEE.

Gender Perspective

Gender perspective is generally deeply underrepresented in research on housing issues and is almost non-existent in the planning of vacant building activation. Awareness of gender-related issues is uneven across studied cities: strong and explicit in Vienna, Barcelona, and Athens; more partial and data-driven in Wales; and largely implicit or absent in London and Kent.

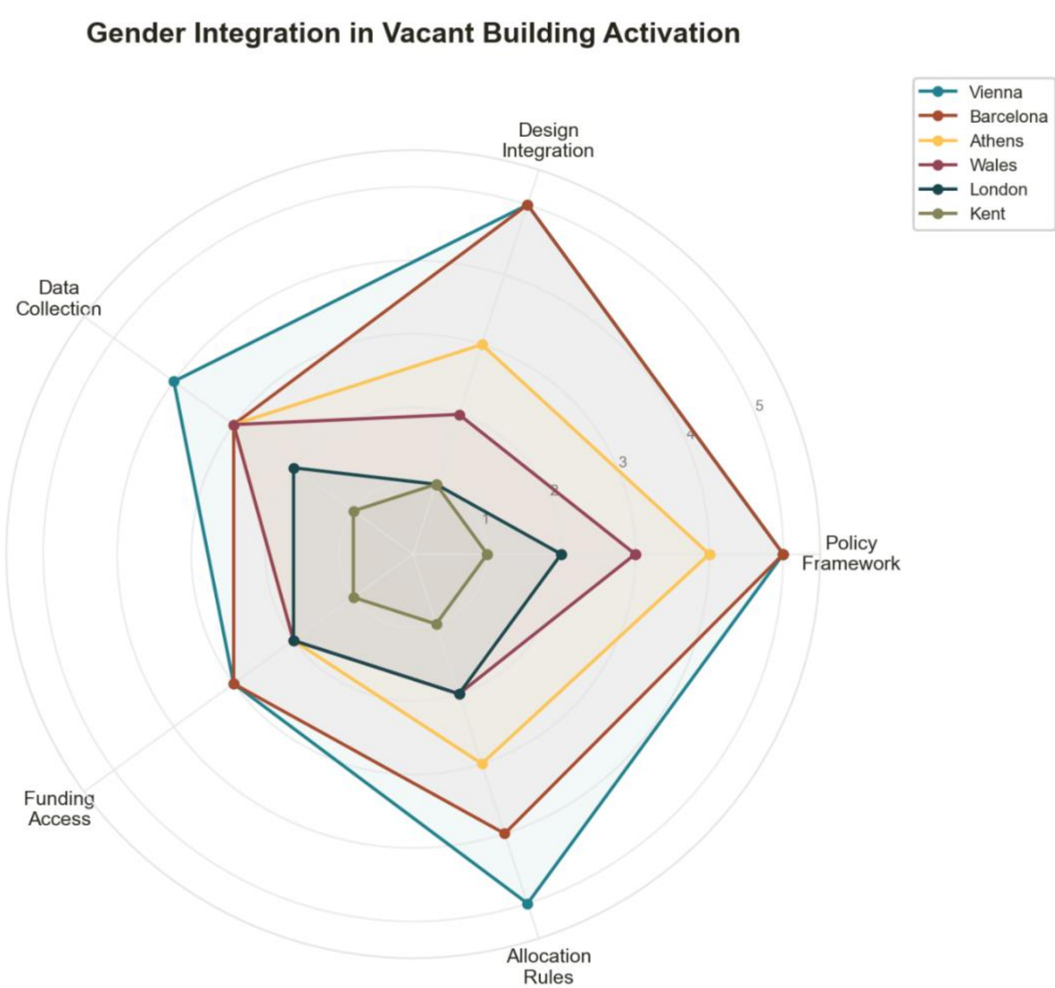


Figure 8 - Gender Integration Across 5 Dimensions by City

Table 33 - Gender Awareness in Activation Policies

City / Model	Evidence of Gender Lens in Activation Policies	Overall Assessment
Vienna	Long-standing, city-wide gender mainstreaming in urban planning and housing; women-centered pilot estates have become standard for subsidised refurbishments; activation tools (Sockelsanierung, Dachbodenausbau) operate within this framework; mandatory 4-R method (Representation, Resources, Reality, Legal) since 2000	HIGH, SYSTEMIC - gender considerations embedded in the policy and design framework governing activation
Barcelona	Explicit 'Gender Aspect' section in housing strategy; gender-justice plans and 'urban planning with a gender perspective' applied to reactivated housing layouts (non-hierarchical rooms, visible care spaces) and neighborhood-scale safety around reactivated stock	HIGH, OPERATIONAL - gender shapes both housing typologies and surrounding public realm in reactivation
Athens	Intersectional analysis of how crisis and familistic welfare model affect women and LGBTQ+ people; documented use of reactivated buildings as women's shelters and LGBTQ+ safe houses; within generally fragmented, project-based activation regime	HIGH IN ANALYSIS AND PILOTS, MODERATE IN SYSTEMS - strong awareness but partial institutionalization
Wales (National EHG)	Dedicated gender section focused on equality and safety; recognizes gendered patterns of homelessness and single-mother households; some implications for unit types and access in the gender people identify with	MODERATE - gender is recognized in targeting and statistics, less in design/financial architecture
Greater London	Extensive toolkit of activation measures, but documentation focuses on units, costs, and market dysfunction with no explicit gender or intersectionality criteria for identifying, acquiring, or repurposing stock	LOW / IMPLICIT - gender impacts are indirect and not systematically addressed
Kent 'No Use Empty'	Program framed as a revolving-loan and regeneration success story, with metrics on units and finance but no mention of gendered needs, safety, or care patterns	LOW - activation treated as tenure/market issue without explicit gender lens

Gender Gap in Housing Finance

Statistically, women are better at repaying loans than men (lower default rates), yet they consistently face higher hurdles to obtain approval. The primary reason women are often flagged as 'less creditworthy' is not a lack of financial responsibility but a byproduct of structural labor market instability: mortgage eligibility is heavily tied to Loan-to-Income (LTI) ratios, and with a persistent gender pay gap (~13% EU, ~14% UK in 2025), women simply have less 'income leverage'.

Table 34 - Gender discrimination - access to finance

Factor	Algorithmic/Human Bias Observation (2025/2026 Data)	Policy Implication
Credit Scores	Women receive scores 6–8 points lower than men on average, even when controlling for identical payment histories	Credit scoring models need gender-audit requirements; proactive correction mechanisms
Guarantor Requirements	Human loan officers are 26% more likely to require a guarantor for a woman than a man with the exact same profile	Algorithmic decision-making standards; blind application processes for initial screening
Proxy Discrimination	AI models use 'mobility constraints' (e.g., shorter commutes, specific shopping patterns) to indirectly penalize female applicants	Regulatory prohibition on gender-correlated proxies; algorithmic transparency requirements
Interest Rates	In some Fintech environments, women are charged slightly higher rates because they are statistically less likely to negotiate or switch providers	Financial literacy programs; price transparency mandates
Career Interruptions	Motherhood/care gaps in pension contributions and employment history interpreted as 'risk' by scoring models	Alternative creditworthiness frameworks recognizing caregiving periods as non-risk factors

Table 35 - City-Specific Gender Finance Findings

City	Primary Gender Finance Barrier	Evidence	Recommended Intervention
London	Deposit gap - single women take 8–10 years longer to save a home deposit than single men	50th anniversary of Sex Discrimination Act 2025 focus; property price growth outpacing female incomes	Gender-specific shared equity schemes; deposit guarantee for single-person female households
Barcelona	FTE employment barrier - only 43% of women in FTE roles; mortgages predominantly dual-income or male-led	High part-time share for women; cooperative housing (cessió d'ús) as primary accessible route	Cooperative housing expansion; income support for part-time workers entering housing schemes
Vienna	Despite high quality of life, Austria has highest gender pay gap in EU (~18%);	Private mortgages out of reach for single-income female households; gender	Maintain and expand social housing supply; gender pay equity

City	Primary Gender Finance Barrier	Evidence	Recommended Intervention
	social housing primary refuge for single women	pay gap compounding over career	enforcement as housing-adjacent policy
Athens	Female unemployment 12.8% vs 8% for men - systemic exclusion from formal economy	Familistic welfare model; LGBTQ+ youth disproportionately affected when family support withdrawn	Social housing allocation with gender/LGBTQ+ priority; dedicated shelters and transition housing

The key overarching finding is that only Vienna, Barcelona, and partially Athens have moved from generic equality commitments to a genuinely gender-responsive approach to vacant-building activation. Where this has happened, gender is treated as a structural organizing principle for both policy and design, not just a downstream distributional concern. The irony documented in 2025 banking reports is that by filtering out women, banks are increasing their own risk - women-led households prioritize mortgage payments above almost all other spending, making them the 'gold standard' of low-risk borrowers.

Conclusions and Recommendations

The comparative analysis of financial instruments across six European case studies demonstrates that systemic change requires two distinct but complementary types of action. Financial Instrument Recommendations address the design, deployment and scaling of specific funding tools. Non-Financial Recommendations address the institutional, regulatory, technological and social architecture that determines whether financial instruments can operate effectively at scale. Affordability is structurally embedded only where measures are nested in a cost-controlled or social housing regime. Gender perspective, when considered, transforms both the design of buildings and the accessibility of financial instruments. Energy renovation to nZEB standard is economically justified compared to new construction but requires industrialized approaches and workforce development to scale effectively. Research also clearly shows the gap in Central and East Europe (CEE) countries - where most financial instruments remain absent, fragmented or untested which should put focus on the development of the underlying infrastructure for the financial instrument establishment to implement other recommended measures.

Table 36 - Key Findings by Theme

Theme	Key Finding	Strongest Example	Gap / Risk
Vacancy Scale	47M+ unoccupied EU dwellings vs 1.2M homeless - structural market failure	Athens: 190,000 vacant in Attica; London: 93,602 (2024 record)	Without dedicated activation frameworks, vacancy persists even with tax penalties
Financial Ecosystem Maturity	Vienna and Barcelona operate most mature multi-layered systems combining loans, grants, rent regulation, intermediaries	Vienna: €500–650M/yr; 340,000 units renovated over 40yr	Most EU countries lack permanent institutional intermediaries
Leverage Ratio	Revolving loan models outperform grant-only models on leverage and sustainability	Kent NUE: 1:20 public-to-economy leverage; £100M+ recyclable loan capital	Grant-dependent models require constant replenishment; fragile when funding lapses
Structural Affordability	Only cost-rent/social housing regimes embed long-term affordability	Vienna cost-rent: ~€5.99/m² net; structural for building lifetime	Kent, Athens, Wales: market-rate re-entry after loan/grant condition expires
Gender Integration	Ranges from systemic (Vienna) to absent (Kent)	Vienna mandatory 4-R method; design standards for care spaces	Gender gap in credit scoring (6–8 points lower for women) unaddressed by most programs

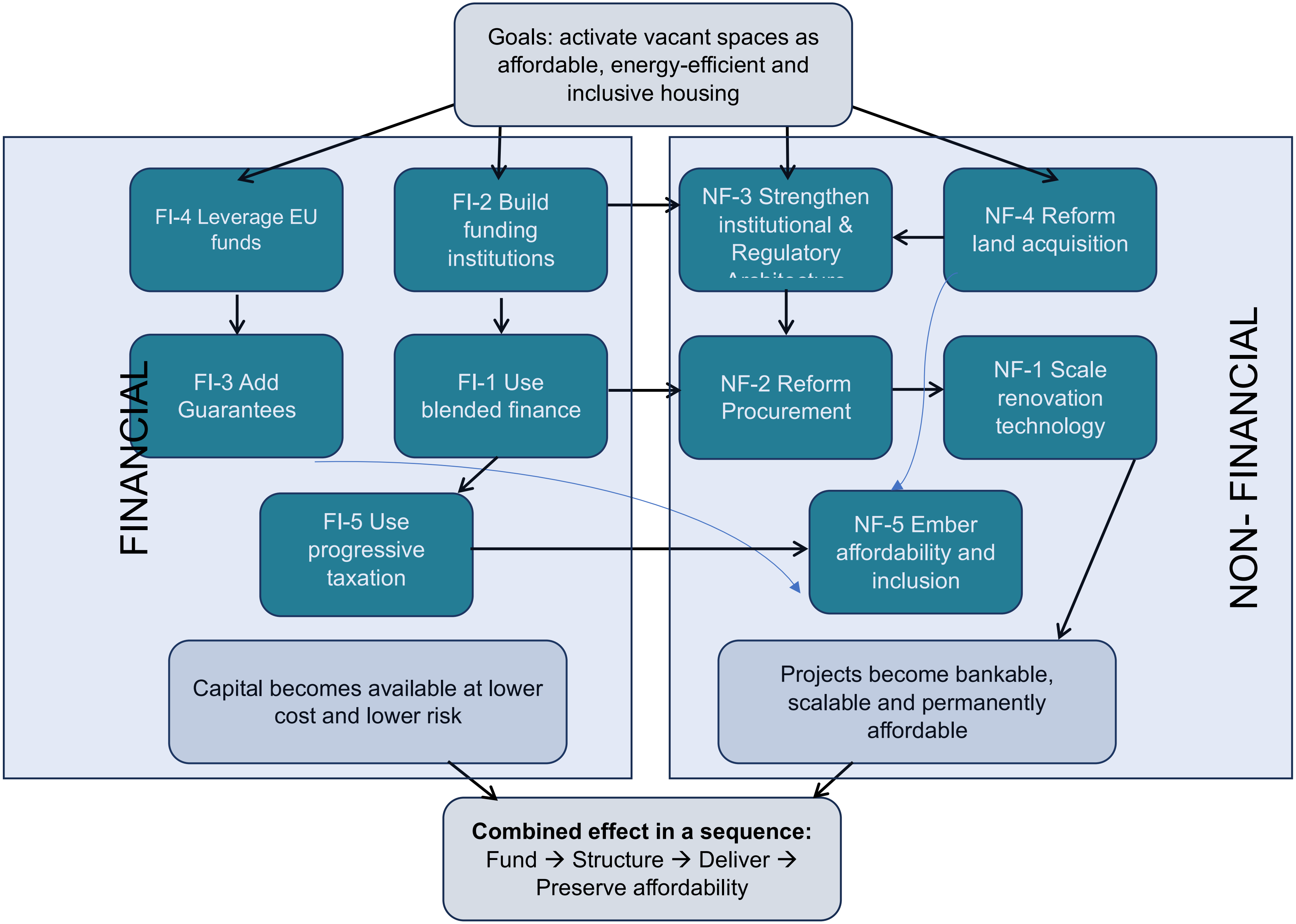
Theme	Key Finding	Strongest Example	Gap / Risk
Energy Costs	nZEB renovation ~580 €/m² energy package; total 800–1,500 €/m² - significantly below new build	New nZEB construction ~2,400 €/m² - renovation 40–60% cheaper	Skills shortages and fragmented supply chains constrain scale-up
EU Instruments	InvestEU, ERDF, RRF increasingly critical for blended finance	Spain ICO €676M call (March 2026); Barcelona CEB €31M cooperative loan	EU instruments underutilized in CEE due to capacity constraints and lack of financial infrastructure

Table 37 - Summary of Recommendations

#	Category	Recommendation	Lead Actor(s)	Estimated Impact
FI-1	Financial Instrument	Develop Blended Finance Models	EIB, NPBIs, Member States, European Long Term Investors Association (ELTI), Pension Funds, Foundations, Family Offices	Mobilize €10B+ p.a.; 3:1 catalytic private leverage
FI-2	Financial Instrument	Establish New Financial Architecture (community public banks, revolving funds, financial intermediaries)	Member States, municipalities, non-profit housing actors	Catalytic capital base, gradually increase leverage
FI-3	Financial Instrument	Introduce Guarantee and Risk-Sharing Mechanisms	EC (InvestEU), EIB, NPBIs	Unlock private investment in CEE markets, especially during the (re)construction phase
FI-4	Financial Instrument	Leverage EU Funds and International Finance Platforms	EC, EIB, NPBIs, Member States	Channel EIB €15.6B to vacant space activation
FI-5	Financial Instrument	Implement Progressive Taxation as Financial Incentive	Member States, municipalities	Return thousands of units to rental market
NF-1	Non-Financial	Develop Innovative Renovation Technologies	EC (HousingTechEU), Member States, EIB	Reduce costs to 600–700 €/m²
NF-2	Non-Financial	Design Optimal Public Procurement	Member States, municipalities	Economies of scale across 50–200 unit bundles

#	Category	Recommendation	Lead Actor(s)	Estimated Impact
NF-3	Non-Financial	Strengthen Institutional and Regulatory Architecture	EC, Member States, municipalities	Dedicated agencies; streamlined processes
NF-4	Non-Financial	Reform Land Acquisition Policies	Member States, municipalities	Permanent affordability in 30–50% of activated units
NF-5	Non-Financial	Embed Affordability Safeguards and Rent Policy Integration	All levels of government	Structural affordability across activated stock

Figure 9 - Interconnectedness of recommendations



Case Study: MOBA Accelerator and collaborative financing for community-led housing

MOBA Accelerator is a cooperatively owned revolving financing instrument launched by MOBA Housing SCE to kickstart permanently affordable, non-speculative community-led housing across Central and Southeastern Europe, with a first pilot in Budapest and a broader pipeline across Croatia, Czechia, Hungary, Slovenia and Serbia.

Core financing arrangement

MOBA Accelerator is designed as a revolving credit pool that provides short-term, high-volume bridge loans to community-led housing projects, allowing them to move from concept to implementation and later refinance into long-term finance. Its initial capitalisation target is EUR 1 million, with a longer-term ambition to reach EUR 15 million or more, combining donations, withdrawable shares and bonds as the main funding layers.

Housing model and affordability

The Accelerator supports housing projects that remain collectively owned and non-speculative, with membership in MOBA linking access to finance with cooperative governance and long-term social purpose. Supported projects are meant to deliver permanently affordable homes for the “missing middle” excluded from both social housing and mortgage markets, including students, young adults, precarious workers, elderly people, single parents and households caring for persons with disabilities. Affordability is reinforced through project structures that keep assets out of the market and recycle capital into new projects rather than private gain.

Territorial focus and pilot project

MOBA’s current pilot is the TEC student housing cooperative in Budapest, which is described as the first full bridge loan deployment for the Accelerator. Over 5 years, the instrument is expected to enable 57 community-led projects and benefit roughly 300–500 residents across the region. The broader operational base already includes member organisations and mature initiatives in Croatia, Czechia, Hungary, Slovenia and Serbia, positioning the Accelerator as a regional platform rather than a single-city initiative.

Social targeting and inclusion

The project is explicitly aimed at groups underserved by mainstream housing finance, especially people who need secure tenure and long-term affordability rather than market-rate ownership. MOBA frames impact through secure tenure, below-market rents and the length of affordability guarantees, rather than only through the number of units delivered.

Environmental and technological standards

MOBA's impact framework includes environmental criteria covering resource use, emissions, efficient space use and life-cycle impacts, with a focus on reducing material extraction and operational footprints. The project highlights retrofitting and adaptive reuse, including the NestEd pilot's use of an existing industrial building to preserve embodied carbon and reduce waste.

Strategic significance

MOBA Accelerator is the first multinational, CLH owned and governed financial instrument in Europe, designed to be able to bridge the funding gap between projects and development-grade funding. The instrument is meant to create a repeatable pathway: bridge finance first, operational stabilisation next, and refinancing by impact-oriented financial institutions once projects reach stable cash flow. For the wider sector, MOBA positions the Accelerator as a scalable model that can help community-led housing move from isolated pilots to a structured regional ecosystem.

Financial Instruments Recommendations

The five recommendations below target the design and deployment of specific financing tools. Each recommendation is grounded in identified gaps between best-practice countries and CEE focus countries (Poland, Croatia, Hungary), as mapped in the comparative analysis. The gap table above provides the evidential basis for prioritization.

FI-1: Develop Blended Finance Models

The most effective renovation ecosystems combine grants, subsidized loans and private capital in a single project structure. No individual instrument is sufficient. Vienna's model (35–40% grants + 40–50% capital market loans), the CEB €31M loan to Sostre Cívic cooperative, and Spain's ICO €676M dedicated renovation call (March 2026) all demonstrate that multi-layered finance substantially outperforms standalone instruments. Blended finance reduces the effective cost of capital while distributing risk across public and private actors — a critical feature in CEE markets where private investment in affordable housing is minimal.

Recommended measures:

- Structure blended finance packages combining EU grants (ERDF, RRF) as first-loss capital with subsidized public loans and private equity or bond financing.
- Deploy InvestEU risk-sharing guarantees to attract private co-financing for non-traditional housing models, including cooperatives, CLTs and limited-profit associations.
- Replicate the "house bank principle" (KfW, BNG Bank, NRW.BANK model) where promotional banks on-lend through commercial banks, reducing transaction costs for smaller projects.

- Develop pilot blended finance programs targeting vacant space activation specifically in CEE focus countries (Croatia, Poland, Hungary), where blended models are currently absent.
- Align supply-side financing (construction loans, grants) with demand-side instruments (housing allowances, rent subsidies) within coherent project packages.
- Incorporate embodied carbon and lifecycle cost criteria as eligibility conditions for blended finance to incentivize circular and low-carbon renovation.

FI-2: Establish Adequate Funding Institutions and Instruments

One-off grant programs cannot deliver systemic change. Existing financial architecture cannot engage large enough volumes of long-term funding needed for the task. New financial architecture consisted of multinational development banks (e.g. EIB), national development banks and municipal/community development banks supported by specialized non-profit financial intermediaries and a range of equity, revolving loan and guarantee instruments is needed. Development banks can provide long-term funding. Local public banks can establish commons-public partnerships and help engage private long-term capital. Jointly they can derisk the investment through national and EU-level guarantee schemes. Operationally, non-profit intermediary organizations support bringing projects to the ready-to-fund phase and streamline the projects for easier risk assessment and analysis.

Revolving funds — where repaid loan capital is recycled into new projects — are the most scalable model for sustained vacancy activation. Kent's "No Use Empty" has surpassed £100 million in recyclable loans at a 1:20 public-to-economy leverage ratio, however at the expense of the housing affordability. To reach comparable level of leverage on the invested public funds, new community financial institutions with long-term investment horizon need to be established as the current market players cannot fulfill this task.

Lithuania's JESSICA II and the emerging MOBA Accelerator (targeting EUR 15M for community-led housing across CEE/SEE) provide comparable regional precedents. Despite proven effectiveness, revolving funds remain largely absent or pilot-scale only in focus countries — representing the single most transferable gap to close.

Recommended measures:

- Capitalize revolving renovation funds using EU structural funds (ERDF, JTF) as seed grants, converting one-off transfers into recyclable loan pools.
- Offer interest-free or low-interest bridge loans for community-led housing, cooperatives and CLTs, modelled on the MOBA Accelerator and the Sostre Cívic bridge financing structure.
- Establish dedicated regional or municipal banks, revolving funds and financial intermediaries in CEE countries where this instrument is currently absent — at minimum, one pilot per country by 2028.
- Link revolving fund eligibility to long-term affordability conditions: cost-rent principles must apply for a period at minimum equal to the loan term or indefinitely.
- Increase leverage ratio targets by involving pension funds, long-term maturity social impact bonds and catalytic capital providers.

Quote: Tenant in Sostre Civic project

"It is necessary that the state and the municipal and regional administrations finance or endorse cooperative housing. With the support of Barcelona City Council [...] Private entities are not giving us money for this type of project, the banks want to know absolutely nothing about us. We are accessing loans from the Catalan Institute of Finance (public fund) or cooperative banks such as Fiare or Coop57, but beyond that it is difficult to finance."

FI-3: Introduce Guarantee and Risk-Sharing Mechanisms

Guarantees and risk-sharing instruments represent the largest single financial instrument gap across all focus countries. Private investment in renovation remains minimal not because developers are uninterested, but because perceived risk — legal encumbrances on vacant properties, unresolved ownership, and unpredictable returns in affordable housing regimes — is unmitigated. Development bank guarantees (EIB, CEB, EIF, NPBIs) can absorb first-loss risk without requiring equivalent direct public expenditure on project costs. This instrument category is virtually absent across Poland, Croatia and Hungary.

Recommended measures:

- Develop national-level guarantee schemes for renovation loans, covering 50–80% of principal loss risk for participating commercial lenders, with EIB/EIF counter-guarantee backing.
- Deploy InvestEU guarantees for non-traditional and community-led housing models, replicating the approach used for the Barcelona Sostre Cívic cooperative (€31M CEB loan).
- Create partial credit guarantees for private investors converting vacant commercial or industrial buildings into affordable residential use, subject to affordability and energy conditions.
- Establish government-backed acquisition insurance for vacant properties with unresolved legal ownership or pending enforcement proceedings, reducing the barrier to entry for public and social landlords.
- Develop counter-guarantee arrangements at EU level (via EIB/EIF) to enable smaller Member States without national promotional banks (NPBIs) to access risk-sharing instruments.
- Link guarantee eligibility to affordability and energy performance conditions to ensure sustained public benefit from risk absorption.

FI-4: Leverage EU Funds and International Finance Platforms

EU instruments — InvestEU, ERDF, RRF, CEB, EIB — are increasingly critical for closing the financing gap, particularly in lower-income Member States. The EIB pan-European Housing Investment Platform (launched 2025) commits €15.6 billion over five years for 265,000 new homes and 400,000 renovations, with a new one-stop-shop portal. National Promotional Banks and

Institutions (NPBIs via ELTI/EAPB) invested €75 billion in housing in 2024, targeting €375 billion by 2029. Despite this scale, CEE countries systematically underutilize these instruments due to weak pipeline development, low institutional absorption capacity, and insufficient technical assistance.

Recommended measures:

- Prioritize vacant building activation as a distinct asset class within the EIB pan-European Housing Investment Platform and its 2025 one-stop-shop portal.
- Align national ERDF and RRF investment programs with dedicated vacant space activation targets and mandatory reporting indicators, enabling performance tracking across funding cycles.
- Use the ELENA technical assistance facility to develop project pipelines, prepare blended finance proposals, and build institutional capacity in CEE focus countries.
- Replicate Spain's ICO model (€676M dedicated renovation call, March 2026) through national promotional banks in each focus country, establishing a dedicated vacant space activation lending window.
- Establish European-level or regional housing investment banks in Member States lacking specialized financial intermediaries, modelled on Dutch BNG Bank or NRW.BANK.
- Offer ultra-long-term lending (40–80 years) for Community Land Trusts and limited-profit housing associations, matching their multi-generational affordability commitments.
- Reference the UK Mansion House reforms as a policy precedent: require pension funds and institutional investors to allocate a minimum share of assets to unlisted instruments including social housing bonds.

FI-5: Implement Progressive Taxation as a Financial Incentive

Taxation instruments serve a dual function: penalizing speculative vacancy to release supply and incentivizing affordable conversion to direct that supply toward social outcomes. Barcelona's 50–150% vacancy surcharge system, England's council tax premiums (up to 300%), and Spain's 60–90% income tax deductions for affordable landlords demonstrate that fiscal tools can substantially alter ownership behavior. Tax policy is most effective when linked to renovation depth and affordability conditions — not merely to occupancy status.

Recommended measures:

- Implement escalating vacancy surcharges on property taxes (50–150% after two years vacant; 300% after five years), modelled on Barcelona and England's council tax premium regime.
- Introduce graduated income tax deductions for landlords who rent at affordable rates or to priority groups (young people, single parents, persons with disabilities), modelled on Spain's 60–90% deduction framework.
- Adopt the "social function of property" doctrine to provide a constitutional and legal basis for strong public intervention against speculative long-term vacancy.
- Link tax incentives to renovation depth, aligning with EPBD obligations and programs such as Vienna's "Raus aus Gas" fossil-fuel replacement scheme.

- Provide tax credits for financial institutions that achieve gender parity in renovation loan approvals, addressing structural credit scoring biases.
- Reform property taxation to penalize speculative holding: apply preferential rates to primary residences and highest rates to properties used exclusively as short-term rentals or left intentionally vacant.

Non-Financial Recommendations

The five recommendations below address the structural conditions without which financial instruments cannot operate at scale: technology and procurement (supply-side efficiency), institutional architecture (capacity and coordination), land policy (long-term value capture) and affordability safeguards (social outcomes). These are not secondary to the financial recommendations as in most CEE focus countries, institutional and regulatory gaps are the binding constraint.

NF-1: Develop, Replicate and Scale Up Price-Competitive Innovative Renovation Technologies

Industrialized renovation technologies — prefabricated facades, modular building services, Energiesprong-type deep retrofit packages — can dramatically reduce costs and construction time. Current projects average 1,000 €/m²; this must fall to 600–700 €/m² through volume-driven cost reductions to make vacant building activation economically viable at scale. The Belgian Energiesprong model has demonstrated that on-site renovations can be completed in as little as nine days. Renovation also costs 40–60% less than equivalent new construction (nZEB standard), making the economic case compelling — but scale requires industrial production and workforce development.

Recommended measures:

- Structure the €400M HousingTechEU initiative to require demand aggregation, clustering projects at district level to create pipeline certainty for industrial production.
- Support BIM and digital twin adoption for SMEs through targeted training and co-financing of tool acquisition at 50–70% for contracts above a minimum threshold.
- Prioritize industrialized renovation competences within the NEB Academy to accelerate the reskilling of the 3.8 million construction workers targeted by the BUILD UP Skills initiative.
- Shift to performance-based standardization specifying desired outcomes (energy performance, safety, air quality) rather than prescribing specific materials, unlocking innovation across supply chains.
- Establish renovation technology demonstration centers across at least ten Member States to test, iterate and showcase industrialized systems across different climate zones.
- Incentivize bio-based and circular materials through grants like Vienna's Circular Economy Bonus (up to €400/m² for ecological insulation).

NF-2: Design Optimal Public Tendering and Framework Contracts

Current procurement practices treat renovations as bespoke one-off engagements, preventing economies of scale and penalizing the complexity of vacant building redevelopments. Transitioning from individual tenders to multi-building framework contracts is essential to justify contractor investment in prefabrication lines and specialized training. This reform is primarily institutional in nature: it requires national and municipal procurement authorities to adopt new approaches, rather than new financial instruments.

Recommended measures:

- Establish multi-year, multi-building framework contracts (5+ years) to provide contractors with the pipeline visibility needed for supply chain investment and workforce development.
- Utilize "Innovation Partnerships" under Article 31 of the EU Procurement Directive to allow public authorities and industry to jointly develop guaranteed-performance renovation packages.
- Systematically weight MEAT criteria toward lifecycle costs and social outcomes rather than lowest initial price, rewarding long-term value over labor-intensive conventional methods.
- Include social clauses in procurement requiring local employment and training, modelled on Sweden's Vivalla project, which transformed renovation into community development.
- Adopt Energy Performance Contracting (EPC) as a procurement model to transfer performance risk to contractors and use energy savings to finance upfront renovation investment.
- Assume the role of "aggregator of last resort": bundle private renovation projects within defined districts into single procurement packages to attract specialized contractors.

NF-3: Strengthen Institutional and Regulatory Architecture

The success of activation depends on dedicated institutional frameworks. Organizations focused solely on vacancy develop the expertise — such as Athens' AI-driven audit of abandoned estates, or Wohnfonds Wien's 40-year track record — that generic agencies cannot replicate. Esther's feedback identifies this as the binding non-financial constraint in CEE: the absence of dedicated housing finance institutions, weak public-private coordination, and insufficient technical assistance undermine the effectiveness of every financial instrument that is deployed. Institutional reform is a prerequisite, not an add-on.

Recommended measures:

- Mandate comprehensive vacant property registries with digital GIS and AI integration to document ownership, structural status and legal encumbrances — a prerequisite for any activation program.
- Operate One-Stop-Shops for renovation in every municipality over 50,000 inhabitants, providing free technical, financial and legal guidance to property owners, developers and community groups.
- Create or empower dedicated housing finance intermediaries in CEE focus countries where currently absent (modelled on Wohnfonds Wien or Barcelona's IMHAB), with clear statutory mandates and long-term public funding.

- Improve cross-level coordination (national, regional, municipal) and cross-sectoral coordination (fiscal, housing, planning, environmental policy), eliminating siloed implementation of what are necessarily integrated programs.
- Establish regulatory sandboxes for renovation innovation, allowing temporary derogations from building codes to test novel energy or material approaches at neighborhood scale.
- Introduce fast-track permitted development rights for converting vacant commercial or industrial properties into residential use, subject to minimum habitability standards.
- Implement "Altbau protection" rules preventing owners from using intentional neglect to justify demolition of repairable pre-war buildings.
- Designate a lead national institution for vacancy activation in each focus country with clear targets, dedicated multi-year funding and inter-ministerial authority.

NF-4: Reform Land Acquisition Policies

Permanent affordability is only achievable when land is held in structures that prevent speculative extraction. Without addressing land value, public investment in renovation is eventually dissipated: once loan or grant conditions expire, properties revert to market rates. Land reform is the structural complement to cost-rent financing — it ensures that financial instruments deliver lasting outcomes rather than time-limited ones.

Recommended measures:

- Institutionalize Community Land Trusts (CLTs) and "right of use" cooperative models to remove the speculative land component from housing costs permanently.
- Reserve a dedicated share of public land for affordable housing using long-term ground leases (75+ years) instead of freehold sales, ensuring land value remains in public hands.
- Adopt municipal "right of first refusal" for buildings in high-vacancy or gentrifying areas, as demonstrated by Barcelona's priority purchase rights regime.
- Reform Compulsory Purchase (CPO) and administrative leasing procedures to allow cities to take control of properties vacant for more than two years for social housing use.
- Establish a "Right to Regenerate," granting communities and housing associations the power to request the purchase of vacant public assets for bottom-up activation.
- Mandate resale price restrictions and cost-rent principles as standard conditions for any activation program receiving public funding, preventing speculative exit.

NF-5: Embed Affordability Safeguards, Social Inclusion and Rent Policy Integration

Activation must be nested in cost-rent or social housing regimes to ensure long-term affordability. Vienna's cost-rent model — rents legally tied to construction and management costs, not market rates — provides the gold standard. Esther's feedback identifies rent policy disconnection as a key structural weakness in CEE focus countries: subsidies, financing tools and rent regulation operate in separate silos, undermining the affordability impact of every individual instrument. The IUT standard (maximum 25% of disposable income) provides an income-based affordability definition that should replace market-rate benchmarks in all publicly supported activation programs.

Recommended measures:

- Require cost-rent principles for a minimum period equal to the loan term for any project receiving public activation subsidies — rents tied to construction and management costs, not market indices.
- Mandate minimum shares of social or affordable units (e.g. 30%) in renovated buildings as a standard condition for public investment, modelled on Barcelona's 30% inclusionary zoning requirement.
- Adopt an income-based affordability definition (maximum 25% of disposable income, per IUT standard) as the eligibility and performance threshold for all publicly supported affordable units.
- Integrate rent regulation and financial instrument eligibility: properties subject to cost-rent regimes or rent control should receive preferential loan terms and priority access to revolving fund drawdowns.
- Require rent policy frameworks as a prerequisite for EU-funded renovation programs in focus countries — financing conditions must be matched by regulatory conditions.
- Apply the "4-R method" (Representation, Resources, Reality, Legal Situation) to evaluate all renovation projects against diverse gender needs, as mandated in Vienna.
- Adopt care-aware design criteria: non-hierarchical rooms, visible kitchen placements for shared housework, dedicated laundry spaces and accessible common areas.
- Enforce algorithmic bias auditing in credit scoring and develop gender-responsive lending products that do not penalize care-related career interruptions or non-standard income profiles.
- Establish mandatory tenant protection for all renovations involving occupied buildings: temporary accommodation networks, rent freeze guarantees during construction, and right of return.
- Create dedicated funding streams for community-led housing (cooperatives, CLTs), which evidence across case studies shows achieve lower void rates and more stable long-term affordability outcomes.

Policy Toolkit for Vacant Space Activation

An effective policy toolkit for vacant space activation is best understood as a single ecosystem rather than a list of disconnected instruments. Grants, loans, guarantees, public acquisition, progressive taxation and rent regulation work together to convert underused buildings into permanently affordable, energy-efficient homes; no single measure can deliver this on its own.

Overall design logic:

- Use **progressive taxation**, **grants** and **public acquisition**, combined with **technology development and mainstreaming** to open difficult markets and secure affordability where private actors will not go.
- Develop **local financial institutions** and specialized **intermediaries** able to use, provide and manage **loans/revolving funds** and **guarantees** to move from one-off projects to a scalable investment pipeline.
- Use **ownership lock, rent regulation and affordability conditions** to ensure that every euro of public or blended finance results in long-term below-market housing, not short-term subsidies.

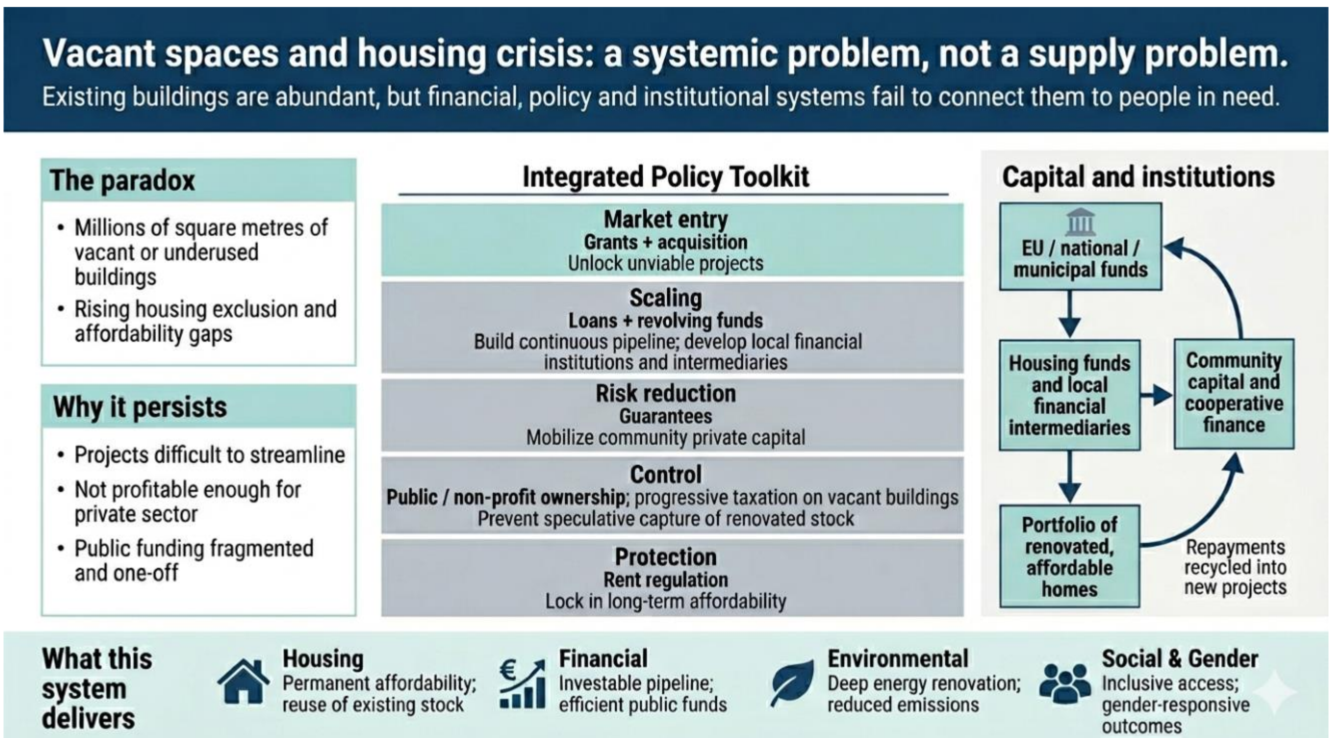


Figure 10 - Policy toolkit for activation of Vacant Spaces

This policy framework/toolkit understands systemic nature of the vacant spaces and housing affordability issues. It shifts the focus from new construction to the **systemic activation of existing assets**. By addressing the financial and institutional barriers that render renovation "unviable" for the private sector, we can reconnect abundant physical infrastructure with urgent social needs.

To bridge the gap between vacancy and occupancy, this policy implements a five-tier intervention ladder designed to de-risk and scale social renovations:

Market Entry & Scaling: The state will provide initial grants and acquisition support to unlock unviable projects, transitioning these into long-term pipelines through revolving funds and loans managed by local financial intermediaries.

Risk Mitigation & Control: To mobilize community private capital, the framework offers public guarantees. Simultaneously, **progressive taxation on vacant buildings** will be leveraged to discourage speculative holding, while public or non-profit ownership models will prevent the "capture" of renovated stock by the speculative market.

Long-term Protection: The final tier ensures permanent affordability through rent regulation, locking in the social value created by public and community investment.

Central to this policy is the move away from "one-off" public spending toward a **circular financial ecosystem**. EU, national, and municipal funds will not be exhausted upon first use; instead, they will be channeled through housing funds and community public or cooperative banks. By blending institutional funding with community-led finance, we create a robust portfolio of affordable homes. As projects mature, repayments are recycled back into the fund, creating a self-sustaining engine for continuous urban renewal.

This systemic approach delivers benefits beyond mere square footage. Environmentally, it prioritizes **deep energy renovation** of existing stock, significantly reducing the carbon footprint associated with new builds. Socially, it ensures inclusive, gender-responsive housing access. Economically, it transforms fragmented public spending into an efficient, investable pipeline that stabilizes local markets and provides long-term housing security for the most vulnerable populations.

Final Word

Housing must be treated and governed as a public service and a common good, not as a speculative commodity. This means redefining the purpose of housing policy from maximizing asset returns to guaranteeing secure, affordable, climate-responsible homes as a matter of rights and collective welfare. International and European human rights frameworks are explicit that access to adequate housing is a fundamental right, placing clear duties on public authorities to ensure it, rather than leaving it to market discretion. Framing housing as a service of general interest and a pillar of social protection is incompatible with strategies that primarily treat dwellings as financial products for rent extraction and speculative gain. Public policy must therefore be anchored in the social function of housing — security, dignity, community — and constrain financialization wherever it undermines those goals.

Decades of experience show that deregulation, privatization and speculative, investor-led development have not delivered affordability for low- and increasingly middle-income households, even where overall supply has increased. Empirical studies from multiple cities demonstrate that construction booms dominated by high-end, capital-driven projects mainly stabilize or improve options for affluent groups, while rents and housing cost burdens for low-income households continue to rise and shortages of adequate, family-sized units persist. In such conditions, "building more" within a speculative framework function as a pricing experiment that inflates asset values and deepens segregation, rather than structurally improving price-to-income ratios and access to decent housing.

From the perspective of climate and resource constraints, refurbishing and repurposing existing — including vacant and underused — buildings for housing is systematically more sustainable than demolition and new construction. Life-cycle assessments and policy guidance for cities consistently show that reuse strategies significantly cut embodied carbon, reduce construction waste and make use of existing infrastructure, while still allowing deep retrofits that meet contemporary efficiency and comfort standards. When oriented toward non-speculative, affordable housing, activating vacant stock directly links decarbonization with social goals: it creates homes faster, with a lower ecological footprint, while revitalizing neighborhoods and preserving urban fabric.

This rights-based, reuse-centered model cannot become the norm if it is forced to operate inside financial, legal and organizational architectures designed around speculation and short-term profit. It requires:

- Financial infrastructure: public, cooperative and social-impact funds and guarantee schemes that accept low financial returns in exchange for long-term affordability, security of tenure and climate benefits.
- Legal infrastructure: tenure regimes and regulatory tools that lock housing into public and common-good uses - through social and cooperative housing frameworks, community land trusts, public-interest asset locks, anti-vacancy measures and restrictions on purely speculative ownership and short-term tourist rentals.
- Organizational and technical infrastructure: dedicated public or public-interest entities with the mandate and capacity to identify, acquire, refurbish and manage vacant and underused buildings, using robust refurbishment-first standards and life-cycle carbon accounting
- Social infrastructure: strong participation rights, community organizing and support services that ensure activated buildings serve diverse households, prevent displacement and strengthen local communities in line with human-rights-based housing strategies.

Only by building this full ecosystem — financial, legal, organizational, technical and social — around the principle that housing is a public service, and common good can societies move beyond the proven limits of market instruments and deliver housing systems that are affordable, accessible and climate-responsible for current and future generations.

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Note: All URLs verified as of April 2026. Some program data (particularly Kent NUE cumulative figures and London vacancy statistics) are drawn from the most recent available official publications and may be subject to periodic updates.

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