

# Demand for affordable rental housing in Europe, & possible solutions

Andreea Nacu & Edit Lakatos  
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# Different faces of the housing challenge

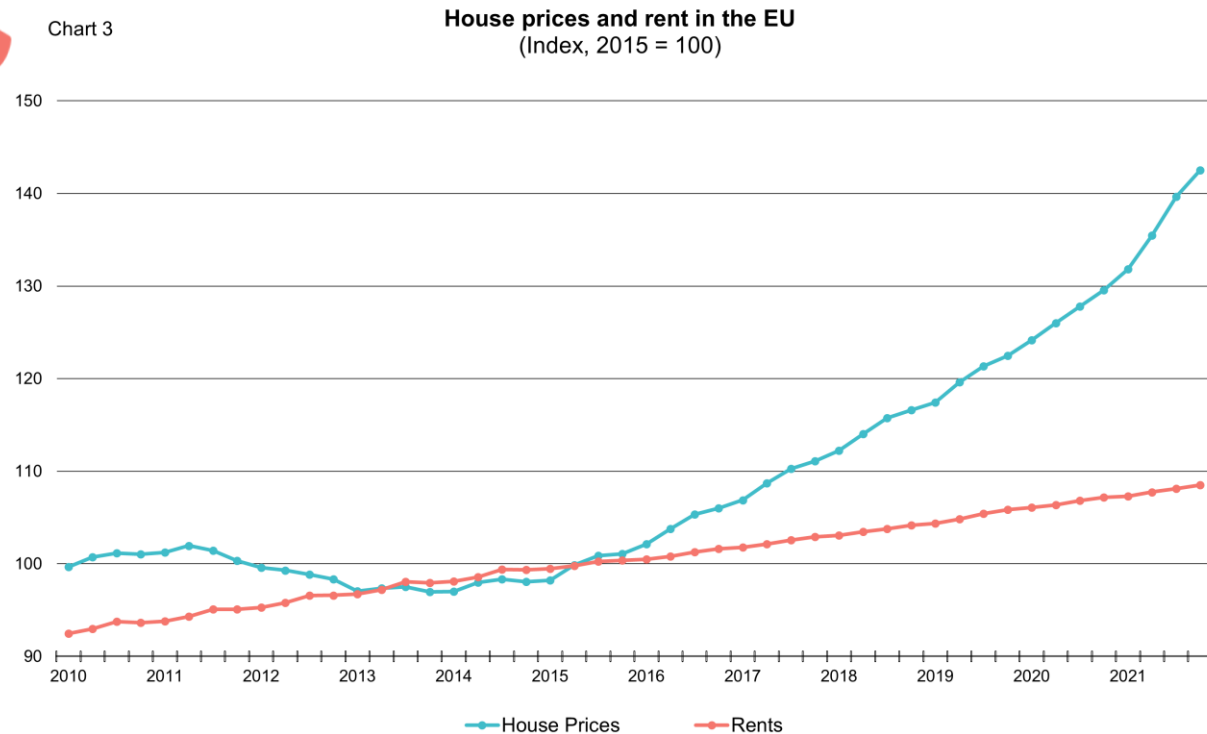


- Increasing social housing waiting lists
- Diversification of demand/needs: elderly, youth, migrants, homeless, key workers...
- A range of housing options (from Housing First to affordable housing) adapted to local needs and social mix
- Housing as social infrastructure (housing + services, trigger for neighbourhood regeneration)
- Social, public & cooperative sector needs to respond to these common challenges but from very different starting points which imply different funding mix.



# Affordability of housing markets

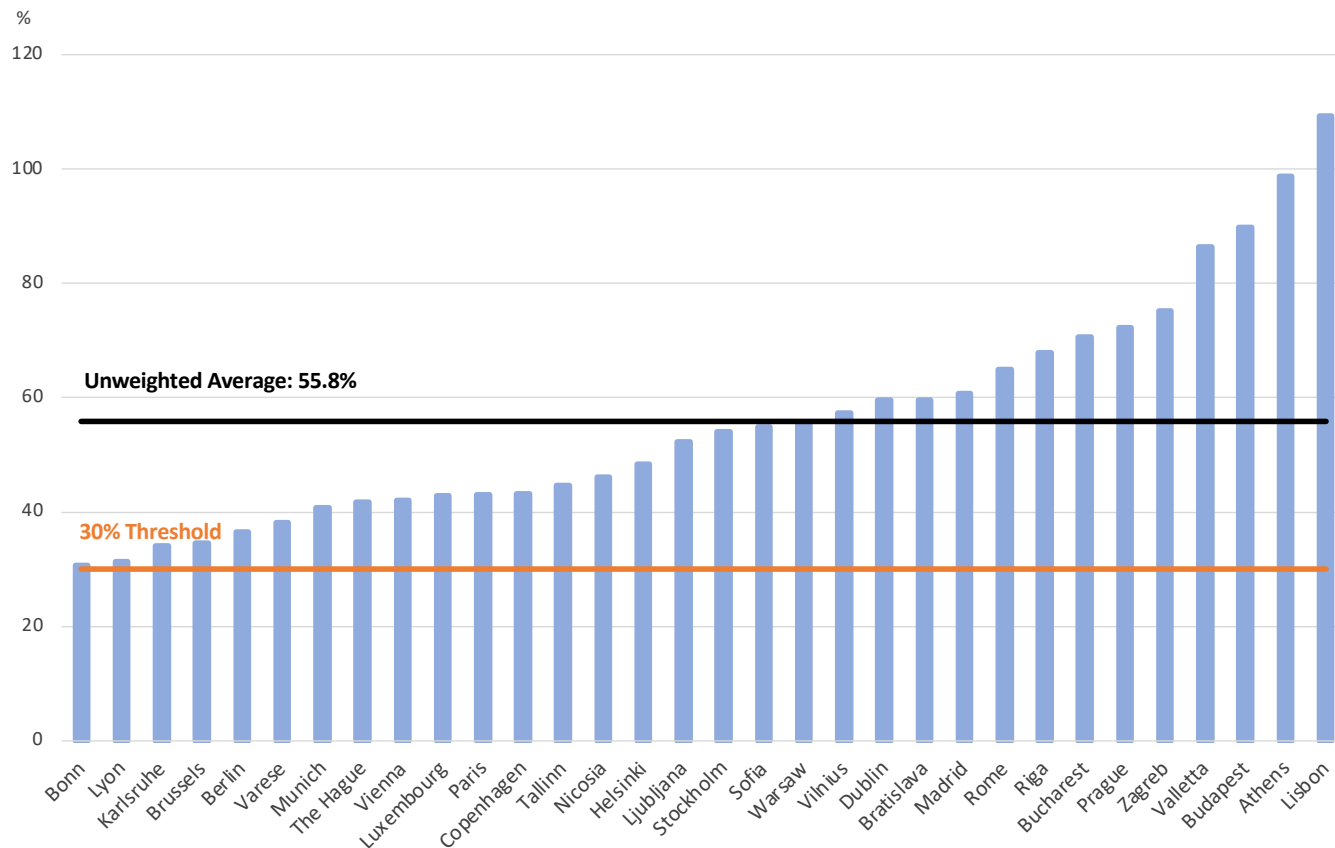
## Recent trends



- House prices growing at their fastest pace in over a decade, especially after COVID pandemic
- Trends in rents less striking at national level (in line with inflation over decade)
- BUT: increasing problem in urban areas – affecting larger share of population

# Affordability of housing markets

## Across EU cities



- Looking at new leases in EU cities
- Most cities way above 30% of net income affordability threshold for average single-earner households

Source: Housing Europe calculations, based on ISRP, Numbeo



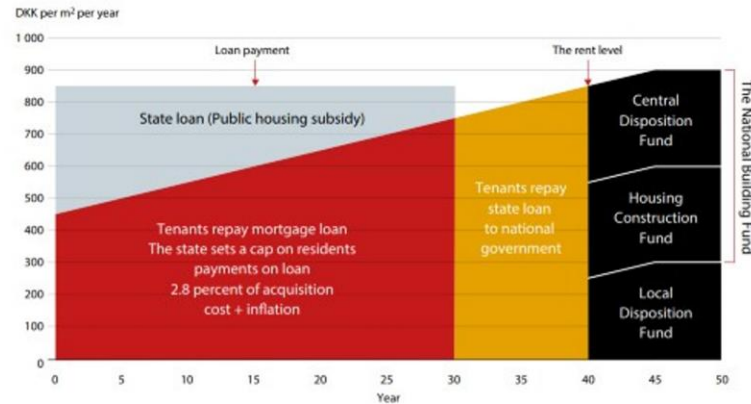
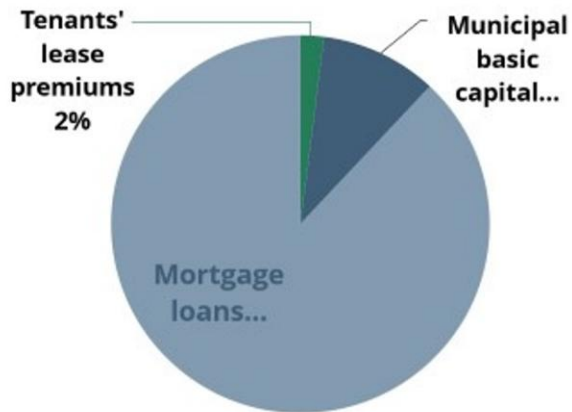
# Growing waiting lists

- France: At the end of 2023, the number of **applications for social housing in France stood at 2,606,700**. However, a third of these households already live in social housing, but they are on the waiting list as they are seeking to move. Since 2013, the number of households successfully applying to be added to the social housing waiting list has increased by almost 50%.
- Brussels, Belgium: The latest figures available from the SLRB show that there are **approximately 54,000 households on the social housing waiting list in Brussels**. The fact that there are currently only a little over 40,000 social housing dwellings in the region puts in perspective the scale of the existing unmet need for social housing. The average time spent on the waiting list is currently **12 years** .
- Wallonia, Belgium: approximately **44,000 households** on social housing waiting lists at the start of 2024
- Luxemburg: households on the waiting list managed by the Fonds du Logement reached **5,500 in 2023** (an increase by 43% from 2021).
- Madrid, Spain: **44,000 households** on the waiting list for social housing. In total 9.200 social housing for 3,4 million habitants. Target: to achieve 19,000 social housing until 2027.
- Berlin, Germany: in total 100,000 social housing for 3,4 million habitants.

# Sustainable models

The Danish case- more than 50 years of success

## The National Building Fund: A revolving fund



Source: Presentation of Solvejg R2berg Tingoy, BI-The Danish Social Housing Association (Denmark), at the occasion of the OECD Expert Workshop on Affordable Housing in Latvia, 5-6 November 2019, Riga, Latvia.



- ✓ **Self-financing instead of market-driven cycles:** ensures stable, long-term financing.
- ✓ **Tenant-funded, solidarity-based:** financed by tenants themselves. Once the mortgage loans used to finance the initial construction of housing estates are repaid, those repayments are reinvested into the sector, creating a circular funding mechanism that ensures ongoing financial sustainability.
- ✓ **Supporting affordable rents and strong communities**



# More on the Danish model

- Around **561,000** non-profit, cost-based social dwellings; **20%** of homes
- Based on universal eligibility, '**allocation right**' (*anvisningsret*) covers 25% of the stock, and helps to make sure most urgent needs can be accommodated more quickly

Three **types** of non-profit housing

- **Family**: General non-profit housing for anyone, regardless of their 'family' status
- **Elderly**: Older people, or people with disabilities. Allocation handled directly by Municipalities, who can also directly build this housing
- **Youth**: Mostly for students, with temporary rental contracts.



# Sustainable models

## The Austrian case – more than 100 years of success

- Housing stock
  - Austria total **rental 48%** - ownership 52%
  - Urban regions rental 70% - ownership 30%
- Structure of rental stock in urban regions
  - For profit market 44%
  - Affordable housing Limited profit **34%**
  - Public housing 22%
- Yearly new production
  - For profit market rental/ownership 50% - 70%
  - Affordable housing cost based **30% - 50%**
  - Public housing 0% - 0.5%



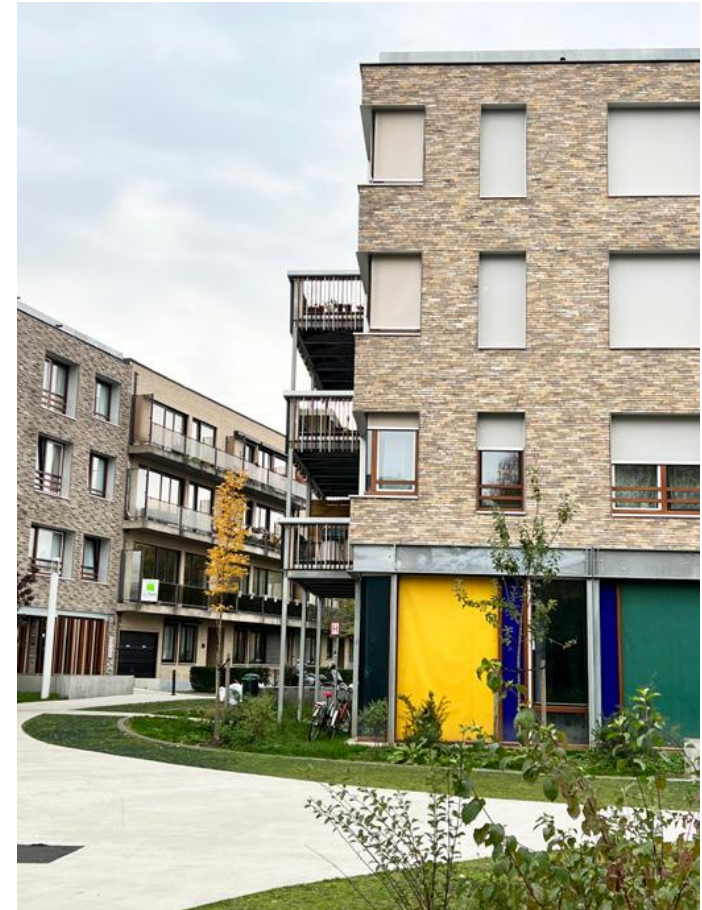


# Rental price effects of limited-profit housing LPH

- 2 recent studies by the Austrian Institute of Economic research show both
- Market effects of cost-based rent on the for-profit rental market
  - Price dampening effect on for profit market: a 10% increase in market share of cost based housing reduces for profit rents by 30 to 40 cents/m<sup>2</sup> and month
  - In the range of market share in Austria urban regions that means 1,7 to 2,2 Euro/m<sup>2</sup>/month
- Price effect out of cost rent of LPH
  - Dampening effect of cost pricing by LPH depending on the year of production: 1.4 to 3.0 Euro/m<sup>2</sup>/month
- Hence a total price effect of: **3 to 5 Euro/m<sup>2</sup>/mo**

# General economic effects of limited-profit housing

- ✓ Saving to the households on average € 160 to € 250 per month
- ✓ Increased private consumption
- ✓ Reduction of state spending for housing allowances
- ✓ Increased total investment
- ✓ Higher GDP



# Instruments to achieve these effects

- **2/3 of newly zoned development land** for housing is reserved for subsidized housing
- **Price limit for these subsidized areas** by € 188 per m<sup>2</sup> gross space
- **Subsidy by public loans** (1% interest) for 30% of construction cost for all market partners duration 35 years
- **Cost rent is required over 40 years, for LPH for ever**
- LP-Housing act defines:
  - cost rent
  - Limited dividend by 10% of profit
  - 90% stay in the company as revolving fund dedicated for new housing production



# A clear need to exchange on these healthy housing ecosystems that are able to provide sustainable, long-term solutions.

- An intensive exchange on **innovative financing schemes and governance**.
- Launched [in June 2023](#), to **develop capacity** across Europe
- **It is fulfilling the goals of the [Liege Declaration](#)** agreed in March 2024 which called for a European platform for exchange on housing systems.



European Responsible Housing  
Finance Working Group

AN INITIATIVE OF HOUSING EUROPE



IMPROVING ACCESS TO  
FINANCE FOR SOCIAL, PUBLIC,  
AND COOPERATIVE HOUSING  
PROVIDERS IN EUROPE

# Two focus points

1

**Exchange on inspiring/replicable initiatives**  
**The Working Group will:**

- ➔ **Provide successful examples from the ground** to help implement integrated projects with a strong social component;
- ➔ **Offer support to the gathering new initiatives**, building upon the Housing Evolutions Hub, the Housing Solutions Platform, the Housing2030 initiative.
- ➔ **Help Member States to deliver the Principle 19 of the EU Social Pillar Action Plan.** Ensuring *'access to social housing for those in need'*.
- ➔ **Build on the Nice Declaration**, in which the Housing Ministers **asked the European Investment Bank Group, which is a major financier of social and affordable housing to continue and develop further its financing and advisory services** for sustainable social and affordable housing.

# Two focus points

## 2 Capacity building to mobilize finance in the sector The Working Group will:

- Organise an annual European Responsible Housing Finance Summit to exchange on housing systems and how to optimise absorption and social impact of EU funding for Housing;
- Complement the work of the newly established European Taskforce on housing by giving feedback to shape better regulation;
- Ensure that **social considerations** are integrated into the *'New European Bauhaus'* & *'Renovation Wave'*, as financing a fair energy transition that does not increase living costs is a challenge that all Member States should deal with.

# Activities 2023-2027

<b>European Responsible Housing Finance Summit</b>	<b>Organised annually</b> Gather 200 stakeholders from 15 countries
<b>Organisation of 4 local workshops in different Member States</b>	2 workshops in 2025 (Prague) 1 workshop in 2026 1 workshop in 2027
<b>Interviews and desk-research on the investment needs in the 27 Member States and preparation of recommendations on how to improve access of social and affordable housing providers to public and private finance</b>	Published in 2026
<b>Project Pitching sessions</b>	<b>Organised annually</b> 20 projects pitched so far

## Next:

- 3 April, Prague- Local workshop
- 18-19 Nov, Prague- European Responsible Housing Finance Summit



For more information, please contact [Andreea.nacu@housingeurope.eu](mailto:Andreea.nacu@housingeurope.eu) or [Johanne.philippe@housingeurope.eu](mailto:Johanne.philippe@housingeurope.eu)

[www.housingeurope.eu](http://www.housingeurope.eu)