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The housing crisis in Europe must be solved locally

Affordable and needs-oriented housing is one of the most pressing social challenges of our time – in urban zones as well as in rural areas of Europe. The European Union has recognised this problem and is currently working on a ‘European Affordable Housing Plan’. The associations of local authorities of Bavaria and Baden-Württemberg¹ emphasise that housing policy is made in the individual Member States. The EU must therefore adhere to the principle of subsidiarity.

Local authorities – i.e. the municipalities, cities, counties and districts in Bavaria and Baden-Württemberg – are key players in establishing framework conditions for the supply of residential housing at the local level. They know the local conditions, challenges and needs and shape their own development. Urban development and the creation of housing are competences of the local authorities. It is therefore essential that they are actively involved in the design of any European measures from the outset. This position paper outlines key requirements and limits for a housing policy in Europe that serves the people and respects local competences.

Principles for an effective housing policy in Europe

1. Subsidiarity and regional characteristics

- Responsibility for construction and housing lies with the Member States and their regions.
- The EU should limit itself exclusively to measures aimed at reducing administrative burdens and removing existing obstacles resulting from EU law. However, we reject the establishment of a permanent governance structure at EU level, e.g. in the form of special committees in the European Parliament or a dedicated Commissioner for Housing.
- All regions in the EU, both urban and rural, must continue to be supported by cohesion policy. Only attractive rural areas can provide immediate relief for urban centres, where the housing crisis is becoming increasingly acute across the EU. In this context, instruments for regional development and the promotion of rural areas must be strengthened.

¹ Bayerischer Gemeindetag, Bayerischer Städtetag, Bayerischer Landkreistag, Bayerischer Bezirkstag; Gemeindetag Baden-Württemberg, Städtetag Baden-Württemberg, Landkreistag Baden-Württemberg

- We strictly reject a uniform EU-wide definition of 'affordable housing'. A uniform, binding definition that would have to be adhered to when public funds are used cannot possibly do justice to the diversity of local housing markets between and within the 27 EU Member States.

2. Impact assessment for EU regulations

- All EU projects – including cross-sectoral ones – should be assessed by the EU itself to determine their impact on affordable construction and housing.

3. Reform of state aid law

- Existing EU state aid rules make it difficult to promote affordable housing due to excessive bureaucracy, e. g. when proving the absence of overcompensation.
- A forward-looking, far-reaching scope for action to promote affordable housing should be created in order to give Member States more flexibility in designing their support measures.

4. Reducing bureaucracy and speeding up procedures

- EU thresholds for construction, supply, service and freelance services must be raised to €10 million and €750,000 respectively.
- We call for faster procedures in species and nature conservation law, particularly by waiving the requirement to anticipate compensation measures under the CEF and by enabling population-based species protection management for infrastructure projects. In addition, material law should be simplified to facilitate housing construction.

A sustainable housing policy in Europe requires trust in local self-government. Only if the principles of subsidiarity and local self-government are consistently respected, Europe can fulfil its role as a supportive partner – not through centralisation, but by enabling action. Successful housing policy begins at local level – and can only succeed with a Europe that listens, supports and strengthens local initiative.

The European Offices of the Bavarian and Baden-Württemberg Local Authorities are available for any further enquiries.