Europe Under Housing Stress

Housing-Stressed Areas in Europe: Comparative Approaches and a Proposal for a European Housing Stress Index

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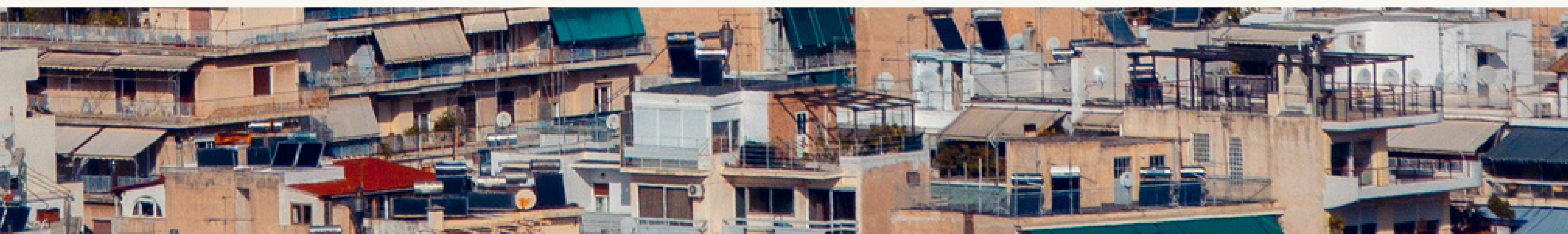

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MAIN ACRONYMS

ASHM — Area with a Strained Housing Market *(Germany)*
ASRM — Area with a Strained Residential Market *(Spain)*
EAHP — European Affordable Housing Plan
EHSI — European Housing Stress Index
ERDF — European Regional Development Fund
ESF+ — European Social Fund Plus
EU — European Union
HICP — Harmonised Index of Consumer Prices
HSA — Housing-Stressed Area *(European framework / general concept)*
JTF — Just Transition Fund
MGTE — Model of General Application with Territorial Exceptions
MSD — Model of Selective Designation
N-SHA — Non-Stressed Housing Area *(proposed EHSI framework)*
RCA — Rent Control Area *(Scotland)*
RPZ — Rent Pressure Zone *(Ireland / former Scottish framework)*
STR — Short-Term Rental
TZ — Tight Zone *(France)*
VTZ — Very Tight Zone *(France)*

1. INTRODUCTION

Housing-stressed areas (HSAs) can be defined, *broadly speaking*, as those geographical areas in which there is significant socio-economic pressure on the population seeking to access housing under stable conditions; and which, in certain legal systems, may be formally identified by the public administration for the purpose of implementing specific regulatory measures. It is worth noting that the term 'housing-stressed areas', in the European context, has appeared in the European Affordable Housing Plan (EAHP)[1] and shows up in various related publications;[2] although it does not currently constitute a harmonised legal category under European Union law. In Spain, the term 'area with a strained residential market' (ASRM) is used;[3] in Scotland, 'rent control area' (RCA), formerly 'rent pressure zone' (RPZ), and, historically, in Ireland, 'rent pressure zone' (RPZ);[4] in Germany, 'area with a strained housing market' (ASHM);[5] and, in France, 'very tight zone' (VTZ) and 'tight zone' (TZ).[6] This classification should not be confused with certain administrative mechanisms in place in other countries, even though these may be of interest at European level. In the Netherlands, municipalities may designate areas in which the *opkoopbescherming* applies —buy-to-let purchase protection—,[7] restricting the letting of certain newly purchased dwellings. Such measures may be introduced where the availability of affordable owner-occupied housing is under pressure or where buy-to-let transactions adversely affect the liveability of a neighbourhood.

Unlike HSAs, however, these areas are not designated on the basis of a broader assessment of housing stress or socio-economic pressure affecting access to housing. Rather, the intervention is specifically aimed at regulating the conversion of owner-occupied dwellings into rental properties and preserving access to the existing housing stock for owner-occupiers. In Sweden, there is the housing market survey *bostadsmarknadsenkäten*,[8] which focuses on gathering information on housing shortages or surpluses in 290 municipalities; whilst this may provide relevant information for housing governance and market assessment, it does not entail the implementation of associated regulatory policies, as is the case in the examples mentioned above. In Denmark, a local council may have the power to designate a municipal area as a

[1] European Commission. (2025). *European Affordable Housing Plan*, p. 11. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC1025

[2] European Commission. (2025). *Understanding the housing crisis: Commission staff working document accompanying the European Affordable Housing Plan*, p. 168. https://housing.ec.europa.eu/document/download/2ad4c9f2-602b-43ba-9ed9-ef2ee059cf97_en?filename=0_1.pdf
https://ec.europa.eu/commission/presscorner/detail/en/ip_25_3048

[3] Zaar, M.-H. (2025). Procesos de gentrificación y turistificación en "áreas tensionadas" de ciudades medias en Catalunya. *Ikara. Revista de Geografías Iberoamericanas*, *6*, 1–23.

[4] Kettunen, H., & Ruonavaara, H. (2021). Rent regulation in 21st-century Europe: Comparative perspectives. *Housing Studies, 36*(9), 1446–1468. https://doi.org/10.1080/02673037.2020.1769564
O'Toole, C. (2023). Exploring rent pressure zones: Ireland's recent rent control regime. *International Journal of Housing Policy, 23*(4), 712–733. https://doi.org/10.1080/19491247.2022.2155338

[5] Thomschke, L. (2019). Über die Evaluierung der Mietpreisbremse. *Zeitschrift für Immobilienökonomie, 5*, 21–36. https://doi.org/10.1365/s41056-019-00032-1

[6] Barois, B., Peres, R., Vignau, M., & Laussucq, F. (2021). Les zones détendues : territoires oubliés porteurs d'attractivité territoriale. *Politiques & Management Public, 38*(1–2), 55–75. https://doi.org/10.3166/pmp.38.2021.0004

[7] De Vries, P., & Hans, L. (2022). Opkoopbescherming vergroot de kansen van jonge huizenkopers. *Economisch Statistische Berichten, 107*(4809S), 50–54.

[8] Berglund-Snodgrass, L., Högström, E., Fjellfeldt, M., & Markström, U. (2021). Organising cross-sectoral housing provision planning: Settings, problems and knowledge. *European Planning Studies, 29*(5), 862–882. https://doi.org/10.1080/09654313.2020.1792416

'regulated municipality',[9] which entails the adoption of measures restricting profit margins and specific rent regulation rules. Although such a decision is taken having regard to housing conditions, it is not based on predefined indicators or thresholds relating to housing affordability or other variables determining a situation of housing pressure. Finally, this is not the case in Vienna either, where rent regulation is not based on the territorial designation of areas under housing pressure, but rather applies differently depending on the characteristics of the housing stock.[10]

Thus, HAS represents a political construct that we shall use to subsume the heterogeneity of categories, and which draws directly on existing 21st-century European examples; although the concept has not yet been codified within the framework of EU law. Furthermore, it should be noted that the EAHP itself indicates that the designation of HSAs, in a manner analogous to possible future European legislation on housing, would be based on a framework grounded in the principle of subsidiarity, with due regard to the regulations that each Member State might implement. Beyond the semantic issue, HSAs have historically been used as territorial categories to determine where certain regulatory housing policies should be applied, particularly those aimed at limiting or influencing the trend in rent prices.

TABLE 1. HSA-TYPE SYSTEMS ACROSS EUROPE

SCOPE	OFFICIAL NAME	OPERATIONAL TRANSLATION	INITIAL LEGAL AND/OR POLICY BASIS	YEAR
EU	*Housing-stressed areas*	Housing-stressed areas (HSAs)	European Affordable Housing Plan, COM(2025) 1025, page 11 [11]	2025
Spain	*Zona de mercado residencial tensionado*	Area with a strained residential market (ASRM)	Ley 12/2023, de 24 de mayo, por el Derecho a la Vivienda, artículo 18 [12]	2023
Ireland	*Rent pressure zone (RPZ)*	—	Planning and Development (Housing) and Residential Tenancies Act 2016, sections 24A and 24B, now repealed [13]	2016
Scotland	*Rent control areas (RCA)*	—	Housing (Scotland) Act 2025, sections 2(5) and 9(1) [14]	2025 2016

[9] Andersen, E., & Rasmussen, L. E. (1997). Huslejereguleringens betydning for huslejer og ejerboligpriser. *Nationaløkonomisk Tidsskrift, 135*(1), 2–15.
[10] Kadi, J. (2025). Layers of commodification in the city of decommodification: The transformation of regulated private renting in Vienna. *Housing, Theory and Society, 42*(2), 212–233. https://doi.org/10.1080/14036096.2024.2382417
[11] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC1025
[12] https://www.boe.es/buscar/act.php?id=BOE-A-2023-12203
[13] https://www.irishstatutebook.ie/eli/2016/act/17/enacted/en/html
[14] https://www.legislation.gov.uk/asp/2025/13/contents

	Rent pressure zone (RPZ)		Private Housing (Tenancies) (Scotland) Act 2016, sections 35 and 37, now repealed [15]	
Germany	*Gebiete mit angespannten Wohnungsmärkten*	Area with a strained housing market (ASHM)	Mietrechtsnovellierungsgesetz (MietNovG) / § 556d BGB [16]	2015
France	*Zone très tendue* *Zone tendue*	Very tight zone (VTZ) Tight Zone (TZ)	Décret nº 2014-890, Article 1er [17] Loi n° 2014-366 du 24 mars 2014 [18]	2014

However, its scope can be —and has been— extended beyond the regulation of rents. Depending on the legal framework, the designation of high-demand areas has been linked to exceptional extensions of tenancy agreements, fiscal policies, or measures aimed at limiting the conversion of residential property for tourist use. From a European perspective, this territorial approach could also serve to underpin other interventions, such as the restriction of *short-term rentals* (STRs) or certain limitations on speculative property transactions, particularly where large property owners or institutional investors are involved. Similarly, a future European category of HSAs could explore its application to other forms of access to and tenure of housing, such as ownership —like in the Spanish case— or the transfer of use in cooperatives. This would, however, require consideration of the specific costs associated with these arrangements, including those arising from mortgage financing, taxation, transfer, maintenance and legal procedures. That said, to determine the application of a HSA, it would be necessary to establish the basis for a set of indicators, as in the available European cases, which would lead us to lay the foundations for a European Housing Stress Index (EHSI) that would take into account aspects such as purchasing power, energy costs, unemployment and other possible territorial, labour and economic specificities.

To this end, and with the aim of providing an initial overview of the elements that could shape a European concept of HSA, the report is structured as follows. The second section examines the European housing context that underpins the need to identify areas of housing strain at a territorial level. The third section sets out the methodology used and the cases selected for analysis. The fourth section compares the main indicators and designation procedures in place across different European territories. The fifth section, based on the results of this comparison, identifies a limited set of criteria that could serve as the basis for a common approach to an EHSI, and the sixth section formulates associated public policy recommendations. Finally, the seventh section summarises the report's main conclusions. Based on this comparison, the

[15] https://www.legislation.gov.uk/asp/2016/19/contents
[16] https://www.gesetze-im-internet.de/bgb/__556d.html
[17] https://www.legifrance.gouv.fr/loda/id/JORFTEXT000029337625/
[18] https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000028772256

report does not aim to establish a single formula for the EHSI or a closed system for declaring HSAs, but rather to identify those minimum elements that could prove useful for a future European methodology.

The report focuses on possible criteria and indicators for identifying housing pressure, the requirements for data collection and harmonisation, the territorial scales at which such assessments could be applied and certain procedural safeguards. Two possible approaches to identifying HSAs are also considered: one based on designating specific territories and another in which a more general framework could apply, subject to territorial exceptions where the relevant conditions are not met. In both cases, the analysis aims to explore how a common evidential basis could coexist with different national, regional, and local approaches. The resulting recommendations therefore take into account the competences and regulatory discretion of the Member States, as well as the diversity of existing housing systems across the European Union.

2. EUROPEAN CONTEXT

This report on HSAs is justified as a subsidiary, albeit central, necessity within housing regulatory policies for two main reasons. On the one hand, the housing crisis is posing a serious socio-economic problem in EU countries. According to Eurostat's own data, house purchase prices increased by 53% and rents by 25% between 2010 and 2024.[19] According to Eurostat's House Price Index (HPI), nominal house prices in the EU rose by approximately 67% between 2013 and 2025.[20] This inflationary rise has resulted in 1.3 million European citizens currently living in precarious housing situations or experiencing homelessness —rough sleeping, night shelters and temporary accommodation—. Based on data from the European Federation of National Organisations Working with the Homeless (FEANTSA), the number of minors without access to stable housing stands at 400,000.[21] On top of that, housing costs came under particular pressure during the inflationary crisis of 2021–2022. In 2022, the costs of housing, water, electricity, gas and other fuels recorded the highest price rise among the main consumer groups in the EU, at nearly 18%.[22] This links the housing crisis to the phenomenon of energy poverty, which affects between 8% and 16% of the population,[23] that is, between 35 and 72 million people.

This problem of lack of access to decent housing is structurally linked to other socio-political issues. The literature on gentrification and residential displacement has documented how rising house prices can limit the housing options available to low-income families and drive them to move to outlying areas, thereby exacerbating processes of socio-spatial segregation. In Amsterdam and Rotterdam, there was a growing trend of low-income households moving

[19] https://ec.europa.eu/eurostat/web/interactive-publications/housing-2025#evolution-of-house-prices-and-rents

[20] Eurostat. (2026). *Housing price statistics – House price index*. Statistics Explained. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_price_statistics_-_house_price_index

[21] Fondation Abbé Pierre & FEANTSA. (2024). *Ninth overview of housing exclusion in Europe 2024*. FEANTSA. https://www.feantsa.org/files/Themes/Overview/2024/Rapport_-_EN.pdf

[22] https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230309-2

[23] https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/whos-energy-poor-eu-its-more-complex-it-seems-2024-09-25_en

to outlying areas between 2004 and 2013. Recent comparative research also recognises forms of displacement that are not only physical but also socio-cultural, linked to the disappearance of community networks, services and housing security.[24] This pressure particularly affects younger generations: in 2024, 27% of people aged between 15 and 29 in the EU were living in overcrowded households, compared with 17% of the total population, and more than 10% of young people aged between 20 and 29 were facing housing costs exceeding 40% of their income.[25] European literature has also linked housing policies to young people's prospects of leaving home, showing a particularly significant association between the availability of social housing, housing benefits and the rates at which young people leave home.[26]

The availability of housing also impacts the economy and demographics. The European Commission acknowledges that rising house prices affect labour mobility and, consequently, the Union's competitiveness and social cohesion.[27] The existing empirical evidence for Spain allows this mechanism to be measured: it is estimated that a 10% increase in house prices in a destination province reduces the inflow of people of working age by approximately 4%, whilst rents have even greater effects; their estimates suggest that around 63,000 additional people of working age could have moved to high-productivity provinces between 2017 and 2023 if house prices had not risen above the rate of inflation.[28] These processes may take on added significance in regions with linguistic minority communities. In Wales, difficulties in accessing housing, second homes and the migration of young people have been linked to the sustainability of some Welsh-speaking communities, although the literature indicates that this relationship is complex and cannot be attributed solely to the second-home market.[29] Recent studies on Gwynedd and Anglesey also show that concerns about the decline in the use of Welsh appear to be geographically linked to house prices, youth emigration and the presence of second homes.[30] In Catalonia, property market pressure on certain rural areas has been linked to processes of gentrification and the displacement of the local population. In the case of the Empordanet region, it has been documented how the arrival of new residents, mainly from urban areas and attracted by properties used as first or second homes, contributed to

[24] Hochstenbach, C., & Musterd, S. (2018). Gentrification and the suburbanisation of poverty: Changing urban geographies through boom and bust periods. *Urban Geography, 39*(1), 26–53. https://doi.org/10.1080/02723638.2016.1276718
Anguelovski, I., Cole, H. V. S., O'Neill, E., Baró, F., Kotsila, P., Sekulova, F., Pérez del Pulgar, C., Shokry, G., García-Lamarca, M., Argüelles, L., Connolly, J. J., Honey-Rosés, J., López-Gay, A., Fontán-Vela, M., Matheney, A., Oscilowicz, E., Binet, A., & Triguero-Mas, M. (2021). Gentrification pathways and their health impacts on historically marginalised residents in Europe and North America: Global qualitative evidence from 14 cities. *Health & Place, 72*, 102698. https://doi.org/10.1016/j.healthplace.2021.102698
[25] https://education-for-climate.ec.europa.eu/topic/youth-access-affordable-and-quality-housing-comparative-analysis-national-policies
[26] Bosch Meda, J. (2016). La relación entre política de vivienda y emancipación residencial de la juventud europea. *Papers. Revista De Sociologia*, *102*(1), 107–141. https://doi.org/10.5565/rev/papers.2238
Breidenbach, A. L. (2018). Constrained from leaving or comfortable at home? Young people's explanations for delayed home-leaving in 28 European countries. *International Journal of Comparative Sociology, 59*(4), 271–300. https://doi.org/10.1177/0020715218807261
[27] https://housing.ec.europa.eu/whats-new/news/commission-takes-action-more-affordable-housing-across-europe-2025-12-16_en
[28] Nguyen, H., Arulrajhan, A., Pizzinelli, C., & Shibata, I. (2026). The impact of house prices on internal migration: The case of Spain (IMF Working Paper No. 2026/065). International Monetary Fund. https://doi.org/10.5089/9798229042475.001
[29] Although the United Kingdom is no longer a member of the European Union, the studies cited here on second homes in Wales draw on data and circumstances predating Brexit in 2020.
Powel, D., Grunhut, S., O'Prey, L., Edwards, C. W., Cunnington Wynn, L., & Griffiths, E. (2021). Research to develop an evidence base on second homes (GSR Report No. 72/2021). Welsh Government.
Gallent, N., Mace, A., & Tewdwr-Jones, M. (2003). Dispelling a myth? Second homes in rural Wales. *Area*, *35*(3), 271–284. https://doi.org/10.1111/1475-4762.00176
[30] Edwards, G., & Jones, R. (2026). Making well-being legible in Wales: The various territorialities of the Well-being of Future Generations Act. *Journal of Environmental Policy & Planning*. Advance online publication. https://doi.org/10.1080/1523908X.2026.2653658

rising prices and made it difficult for the local young population to access housing, encouraging them to leave these municipalities.[31]

Touristification also represents a particularly significant factor of territorial pressure in island destinations. In Mallorca, various studies have documented how the proliferation of holiday rentals and the greater profitability of tourist uses compared to residential ones have reduced housing affordability and increased the risk of displacement of local residents.[32] Similar processes can be observed on other Mediterranean islands within the EU. In Sardinia, recent literature has identified processes of *'blue gentrification'* in coastal towns, characterised by rising house prices and the risk of segregation and displacement of vulnerable groups in favour of investments linked to a tourist demand requiring greater financial resources.[33] In Greece, the pressure of tourism on the residential market is particularly noticeable on islands such as Mykonos, Santorini, Rhodes and Crete, where the growth in tourist properties and external demand can reduce the supply of housing for permanent residence and drive up prices. In Santorini alone, the average density of short-term rental (STR) listings reaches approximately 67 per square kilometre.[34] These dynamics demonstrate that insularity can act as a structural factor exerting pressure on the housing market, as high external tourist and residential demand impacts markets with a relatively limited land supply.

Evictions hold particular significance, as they sever a person's ties to their home and social environment, and can lead to psychological problems such as post-traumatic stress.[35] Although harmonised and up-to-date data on evictions at European level remain limited, existing academic research estimates that around 700,000 people in Europe were forced to leave their homes involuntarily over a five-year period, a figure also reported by the EVICT Project.[36] In Spain, which has been particularly hard hit by the housing crisis, data compiled by the Housing and Land Observatory estimate that more than one million court-ordered evictions have been carried out since 2008.[37] This figure, however, does not include evictions resulting from property-related *harassment* aimed at forcing residents to leave their homes without the need for formal legal proceedings, or the landlord's refusal to renew a tenancy agreement.[38]

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[31] Solana-Solana, M. (2010). Rural gentrification in Catalonia, Spain: A case study of migration, social change and conflicts in the Empordanet area. *Geoforum, 41*(3), 508–517. https://doi.org/10.1016/j.geoforum.2010.01.005

[32] Vives-Miró, S., & Rullan, O. (2017). ¿Desposesión de vivienda por turistización? Revalorización y desplazamientos en el centro histórico de Palma (Mallorca). *Revista de Geografía Norte Grande, 67*, 53–71. https://doi.org/10.4067/S0718-34022017000200004

Yrigoy, I. (2019). Rent gap reloaded: Airbnb and the shift from residential to tourist rental housing in the Old Quarter of Palma, Mallorca, Spain. *Urban Studies, 56*(13), 2709–2726. https://doi.org/10.1177/0042098018803261

Ruca-Mestre, M. L., & Blázquez-Salom, M. (2017 De colònia d'estiueig a resort turisticoresidencial. Gentrificació turística de petits nuclis costaners al litoral d'Artà (Mallorca). *Treballs de la Societat Catalana de Geografia,* (83), 107–133. https://doi.org/10.2436/20.3002.01.126

[33] Di Matteo, D., & Guadagno, E. (2025). Blue gentrification: Sustainably effective, socially regressive, or both? Impacts of coastal housing policies in Sardinia. *Land Use Policy, 157*, 107666. https://doi.org/10.1016/j.landusepol.2025.107666

[34] Chalkidou, S., & Mavridis, A. (2026). Short-term rentals, tourism pressure and spatial externalities in insular destinations: Evidence from Santorini, Greece. *Land*, 15(2), 325. https://doi.org/10.3390/land15020325

[35] *Ramis-Pujol, J. (2014). Una aproximación multidisciplinar al desahucio hipotecario basada en estudios de caso. Fundación Innovación, Acción y Conocimiento & Universitat Ramon Llull*, 1-47.
http://www.fiayc.org/fileserver2/61753948DesahuciosHipotecarios.EstudiosCaso.Ramis.Vcorta.pdf

Sanmartín Cava, L. M. (2019). *PAHWER: Análisis etnográfico de la Plataforma de Afectados por la Hipoteca*. Depósito digital de la Universitat de Barcelona. https://hdl.handle.net/2445/164885

[36] https://www.eviction.eu/

[37] Ministerio de Vivienda y Agenda Urbana, Dirección General de Vivienda y Suelo. (2026). *Observatorio de Vivienda y Suelo: Boletín anual 2025*, p. 83. https://publicaciones.transportes.gob.es/observatorio-de-vivienda-y-suelo-boletin-anual-2025

[38] In the lexicon of social movements, these situations are referred to as 'invisible evictions'. https://www.ub.edu/revista-bcny2424-II-vivienda/2025/04/09/la-lucha-barcelonesa-contra-los-desahucios-invisibles/

TABLE 2. KEY DIMENSIONS OF THE HOUSING CRISIS

DIMENSION	MANIFESTATION	EFFECTS	FACTORS
AFFORDABILITY	Rising prices, speculation on land and housing, financialisation	Excessive financial strain, delayed independence, energy poverty	Rent-to-income ratio; house-price-to-income ratio; housing cost burden rate; energy costs
DISPLACEMENT AND SOCIO-SPATIAL MARGINALISATION	Gentrification, loss of affordable housing and pressure on central neighbourhoods	Departure of low-income households, suburbanisation of poverty, residential segregation and loss of community networks	Changes in residence by income level, socio-economic trends by neighbourhood, segregation indices, loss of resident population
TOURISM	Touristification, second homes and the conversion of housing to tourist uses	Reduction in permanent housing, displacement of residents and increased pressure on islands and tourist destinations	Density of short-term rentals (STRs), proportion of second homes, tourism intensity
YOUTH AND DEMOGRAPHICS	Difficulty in accessing housing	Delayed independence, youth emigration and regional ageing	Age of leaving home, overcrowding amongst young people, migration by age group
LABOUR MARKET	High housing costs near employment centres	Reduced labour mobility and difficulties in attracting or retaining workers	Labour migration flows, the relationship between wages and house prices, job vacancies
SOCIAL & COMMUNITY COHESION	Replacement or outflow of the resident population	Weakening of local networks and, in certain areas, of minority language communities	Demographic changes, residential stability, linguistic composition
HOUSING EXCLUSION	Evictions and involuntary loss of housing	Breakdown of social networks, homelessness and psychological effects	Evictions, forced removals, involuntary loss of housing, homelessness
STRUCTURAL PRESSURE	Land scarcity, insularity and metropolitan concentration	Greater difficulty in adjusting supply and the territorial concentration of development pressure	Vacancy rates, land availability, insularity, population growth

Meanwhile, the European Commission (EC) is responding to this multifaceted crisis through the European Affordable Housing Plan (EAHP).[39] This plan includes measures aimed at increasing supply, mobilising investment, supporting reforms and taking action to help those most affected. The EAHP shows positive signs. For the first time in the EU's history, it recognises the

[39] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC1025

existence of a housing problem that has been affecting European citizens since the 2008 crisis, in a context where approximately 20% of the EU's housing stock stands unoccupied.[40] Furthermore, it promotes sustainable housing, which enables savings on utility costs and reduces environmental impact. And, from a policy perspective, it states that it prioritises the refurbishment and mobilisation of vacant homes, which is linked to the sustainability and affordability of the resulting housing.

However, it is important to note that the EAHP suffers from an empirically flawed approach and certain procedural shortcomings. Regarding the approach, the EC reverts to a construction-based paradigm, considering that the main cause of the housing crisis is a lack of supply or, more specifically, a lack of activity in the construction sector. The EAHP makes it clear that the aim is to provide 650,000 additional homes per year, with national and regional promotional banks aiming to mobilise up to EUR 375 billion by 2029, in the context of a new Pan-European Investment Platform. The platform will support a range of financing instruments, including loans, equity investments, blended finance, housing bonds and revolving funds, with the aim of mobilising additional public and private investment in housing. In this regard, it is worth noting that empirical evidence does not show that a mere increase in housing construction leads to a generalised fall in prices.[41] In fact, prior to the 2007 financial crisis, record levels of construction were reached worldwide, particularly in the US and Spain.[42]

This is because housing is mistakenly conceived as an abstract product within a theoretically perfect market, in which greater supply spontaneously reduces prices. Thus, the EAHP is based on the paradigm that the housing problem is a matter of productivity, in which the role of the public sector must consist, for the most part, of providing financial support and reducing bureaucracy to stimulate this supply, which has been undermined by the economic, social and health crises of the 21st century. However, such a perfect market does not exist for various reasons: supply cannot respond rapidly to demand using current construction technologies and, also, it is based on a naturally scarce resource, namely land. Added to this is the fact that citizens' mobility is partially restricted by their work, family and personal ties, which naturally confine them to a specific area, where the availability of usable land is even more limited.[43]

Moreover, the price of usable land tends to rise gradually as a result of the socio-economic activity in the surrounding area, which creates expectations of higher returns.[44] By extension,

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[40] https://commission.europa.eu/topics/employment-and-social-affairs/affordability/affordable-housing_en

[41] Anenberg, E., & Kung, E. (2020). Can more housing supply solve the affordability crisis? Evidence from a neighbourhood choice model. *Regional Science and Urban Economics, 80*, 103363. https://doi.org/10.1016/j.regsciurbeco.2018.04.012
Glaeser, E. L., Gyourko, J., & Saiz, A. (2008). Housing supply and housing bubbles. *Journal of Urban Economics, 64*(2), 198–217. https://doi.org/10.1016/j.jue.2008.07.007

[42] Naredo, J. M. (2010). El modelo inmobiliario español y sus consecuencias. *Boletín CF+S, 44*, 13–28.
Rolnik, R. (2019). *Urban warfare: Housing under the empire of finance*. Verso.

[43] George, H. (2026). *Progress and poverty.* Independently published.
Grimes, A., & Aitken, A. (2010). Housing supply, land costs and price adjustment. *Real Estate Economics, 38*(2), 325–353. https://doi.org/10.1111/j.1540-6229.2010.00269.x
Harvey, D. (1973). *Social justice and the city*. Edward Arnold.
Paciorek, A. (2013). Supply constraints and housing market dynamics. *Journal of Urban Economics, 77*, 11–26. https://doi.org/10.1016/j.jue.2013.04.001

[44] Gibbons, S., & Machin, S. (2005). Valuing rail access using transport innovations. *Journal of Urban Economics, 57*(1), 148–169. https://doi.org/10.1016/j.jue.2004.10.002
Inurrieta, A. (2021). *Vivienda: La revolución más urgente. Propuesta de acceso universal para un bien de uso esencial*. Alternativas Económicas.
Palomera, J. (2025). *El secuestro de la vivienda: Por qué es tan difícil tener casa y cómo esto puede romper la sociedad*. Ediciones Península.

this phenomenon also applies to properties built on that land. In fact, land value uplift refers, amongst other factors, to increases in the value of land generated by public action —such as new infrastructure, public services and investment— which are ultimately funded by the public purse. Consequently, the housing problem is not solely due to a decline in productive capacity, but primarily to the hoarding of limited essential goods within a given territory, which fuels an inflationary spiral[45] that is disconnected from any reasonable return. This process is exacerbated when housing becomes a financial asset, with investors of all kinds accumulating portfolios of properties in the expectation of reselling them at a higher price within a short period of time. It should be borne in mind, in this regard, that Europol has identified investment in real estate as a widely used method of money laundering, including through schemes involving the under- or overvaluation of property.[46] Therefore, the response to the housing crisis cannot be framed solely in terms of an aggregate increase in supply, but must also take into account the type of housing available and the specific characteristics of residential markets.

It is therefore incorrect to claim that this is a problem confined to 'quantity', and in fact this can intensify the situation, as happened during the property bubble that burst in 2007; at its core, it is a problem of the 'type of supply'. Public, social and co-operative housing help to maintain affordability through price caps; however, given that the private housing stock constitutes the majority in the EU, regulatory measures are also necessary for certain market segments, such as rent control, restrictions on STRs, rights of first refusal and pre-emption, or other measures aimed at curbing speculative trends. Consequently, the issue also has a territorial dimension: the implementation of these measures requires, in any case, a prior determination of when objective conditions of housing pressure exist and the geographical scope within which such conditions should be understood. This issue is particularly relevant, as housing pressure can manifest itself in a localised, regional or even widespread manner, depending on a range of socio-economic variables. Defining this scope appropriately is therefore a prerequisite for designing regulatory policies that are effective and proportionate to the intensity and extent of the problem. However, there is currently no common definition of HSA within the EU, nor a harmonised methodology for identifying it, let alone a basis for generating an EHSI. This report addresses that need.

3. METHODOLOGY

This report employs a methodology of comparative analysis of public policies, alongside a review of territorial indicators of housing pressure. This approach is justified by the nature of the subject under study. Whilst there is a vast and robust body of academic literature on rent regulation, the formal identification of housing-stressed areas (HSAs) represents a comparatively narrower field. There are few legal systems specifically designed to declare

[45] Burón, J. (2025). *El problema de la vivienda: Cómo desactivar la bomba de relojería que amenaza con colapsar España*. Arpa.
[46] Europol. (2015). *The THB financial business model: Assessing the current state of knowledge*. https://www.europol.europa.eu/cms/sites/default/files/documents/europol_thb_finacial_business_model_2015.pdf

situations of housing pressure at a territorial level; consequently, the number of comparative studies and specialised sources on this specific concept is also limited. The comparative study focuses on France, Ireland, Germany and Spain, as these countries have legal or administrative procedures that enable situations of housing pressure to be geographically identified and linked to certain regulatory implications. The Scottish case is also included, as its regulations in this area date back to 2016, four years before the United Kingdom's withdrawal from the European Union. In each case, the study will analyse the legal or administrative definition of the housing pressure situation, the criteria used to identify it, the territorial scope of its application, the declaration process and the key associated measures.

The analysis is limited to the European context for reasons of legal and institutional comparability. Given that the purpose of the report is to assess the possible creation of a common methodology applicable across the European Union, priority is given to systems developed within regulatory and territorial contexts similar to the European framework. Experiences from outside Europe may provide valuable insights, but will not be considered in this analysis. The comparison goes beyond simply describing the various national models; it seeks to analyse which mechanisms have been implemented in practice, what results, benefits and drawbacks they have demonstrated, and which elements could be useful or potentially transferable to a European context. In this way, the analysis will facilitate the identification of differences, similarities and significant experiences that may serve as a basis for a future European methodology for identifying HSAs.

Subsequently, the report lays the foundations for a future European Housing Stress Index (EHSI). The aim is not to create a definitive quantitative index, assign weights to variables or set uniform thresholds for the whole of the Union. The objective is to determine, based on available information, the specialist literature and existing European experiences, which indicators might be most appropriate for identifying and describing situations of housing strain. The indicators are organised into three key dimensions. The first relates to affordability and includes the rent-to-income ratio, house-price-to-income ratio, the housing cost burden ratio and energy costs. The second relates to availability, taking into account factors such as the growth in housing supply, vacancy rates and the proportion of social and affordable housing. The third dimension covers structural pressures, including the intensity of tourism and STRs, second homes, population growth, student demand, insularity, metropolitan concentration and cross-border labour markets.

Within this set, indicators relating to prices, rents and incomes allow for a greater degree of specificity, as they have been effectively incorporated into various models for identifying housing pressure applied across Europe. The evaluation of the selected cases will facilitate the identification of which indicators of this type have been used in practice, how their thresholds have been established, and what limitations they have. On the other hand, aspects such as touristification, insularity, second homes, recruitment difficulties, or certain demographic dynamics exhibit greater territorial diversity and have not generally been incorporated as indicators in previous European models for designating HSAs; they will therefore be addressed primarily as additional variables reflecting structural pressure.

TABLE 3. EHSI DIMENSIONS & INDICATORS

	DIMENSION	INDICATORS CONSIDERED
1	AFFORDABILITY	Rent-to-income ratio; house-price-to-income ratio; housing cost burden rate; energy costs
2	AVAILABILITY	Growth in housing supply; vacancy rates; proportion of social and affordable housing
3	STRUCTURAL PRESSURES	Tourism intensity and density of short-term rentals (STRs); second homes; population growth and student demand; insularity, metropolitan concentration and cross-border labour markets; recruitment difficulties or labour shortages

The analysis is based on a review of European and national legislation, official documents and reports from European Union institutions and national administrations, statistical sources — predominantly Eurostat —, peer-reviewed academic articles, and studies by experts in housing, urban economics and spatial planning. The combined use of legal, institutional and academic sources facilitates a comparison of how HSAs are defined in practice, which indicators may be comparable across different areas, how thresholds are set and designation procedures are structured, which strengths and limitations have been identified, and which social or territorial impacts might not be taken into account in an assessment focused solely on prices. This methodology is appropriate as the aim of the report is not to immediately create a uniform and closed regulatory system for the entire Union, but rather to learn from previous experiences and derive common criteria that could be applicable at European level. The result will thus be an exploratory methodological proposal aimed at identifying the fundamental elements that could form the basis of a future European definition of HSAs and serve as a foundation for the subsequent development of a corresponding EHSI.

4. EUROPEAN COMPARISON

The national cases are presented in chronological order, taking into account the point in time when each set of regulations first implemented a particular system of territorial demarcation for HSAs linked to regulatory measures. This method facilitates an examination of the concept's development, from the initial French territorial zoning framework established in 2013, through the subsequent German, Scottish and Irish models, to its recent introduction in Spain in 2023. The chronological organisation also helps to highlight how later models have produced different solutions in terms of identification criteria, territorial scope, legal effects and methods of intervention.

4.1 France

In France, a distinction should be made between two main categories of HSAs. Firstly, there are the *zones tendues* —tight zone (TZs)— as defined by *Loi n° 2014-366 du 24 mars 2014 pour l'accès au logement et un urbanisme rénové*, known as the loi ALUR.[47] The criteria underlying these zones are set out in article 232 of the Code général des impôts,[48] while Décret n° 2013-392 establishes the corresponding lists of municipalities.[49] The rationale is not to apply a single numerical threshold, but to identify municipalities where there is a marked imbalance between supply and demand[50] which seriously hinders access to housing. To this end, factors such as high levels of rent and property prices are taken into account, as well as, in large conurbations, the pressure of demand for social housing. Since the 2023 reform, municipalities outside continuous urban areas with more than 50,000 inhabitants may also be included where there is significant pressure characterised, amongst other factors, by high prices and a high proportion of dwellings not used as a main residence, thereby allowing for the inclusion of tourist areas. The use of *'unités urbaines'* from the Institut National de la Statistique et des Études Économiques (INSEE) also makes it possible to consider markets that extend beyond a single municipality, as is the case with the Paris conurbation.

In parallel, there is the *ABC* zoning system,[51] which categorises all municipalities, from highest to lowest housing pressure, into A bis, A, B1, B2 and C. The authorities combine territorial dynamics —demographic trends and the functioning of the *'bassins de vie'* (areas of daily life)— with indicators such as property prices and rents. A bis represents the highest level of housing pressure, and *Décret n° 2014-890*[52] expressly designates it as a *'zone très tendue'* (very tight zone, VTZ) for certain purposes; zone C comprises the remainder of the territory and can be

[47] https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000028772256
[48] https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000046872468
[49] https://www.legifrance.gouv.fr/loda/id/JORFTEXT000027399823/
[50] Barois, B., Peres, R., Vignau, M., & Laussucq, F. (2021). Les «zones détendues»: territoires oubliés, porteurs d'attractivité territoriale. *Politiques et Management Public, 38*(1–2), 55–75. https://doi.org/10.3166/pmp.38.2021.0004
[51] Cour des comptes. (2024). *L'aide fiscale à l'investissement locatif Pinel*. https://www.ccomptes.fr/sites/default/files/2024-08/20240905-Aide-fiscale-investissement-locatif-Pinel.pdf
[52] https://www.legifrance.gouv.fr/loda/id/JORFTEXT000029337625/

described as *a* 'zone détendue' (non-tight zone, NTZ). This classification is reviewed periodically, without fixed timeframes, by means of ministerial orders; and it determines, amongst other things, eligibility and income limits for housing programmes, access to home ownership, intermediate housing and certain forms of assistance. The practical implications relate to the type of zoning.[53] In TZs, the rent for a property that is already let cannot be increased at will when the tenant changes or the tenancy agreement is renewed; the current scheme has been extended from 1 August 2026 to 31 July 2027,[54] with limited exceptions for building works or rents that are manifestly undervalued. In some areas, a second, stricter level of control —known as *'encadrement du niveau des loyers'*— is applied, involving administratively set reference rents; this stringent control requires specific activation and does not automatically apply to all 'A bis' areas.

Additionally, Décret n° 2014-890 specifies the fees that may be passed on to the tenant: €12/m² in VTZs, €10/m² in TZs and €8/m² elsewhere, plus €3/m² for drawing up the property condition report and/or inventory.[55] French zoning policy also employs tax measures aimed at mobilising under-utilised housing. In municipalities experiencing high housing pressure, the *tax on vacant properties —taxe sur les logements vacants*— is levied on certain unoccupied dwellings, and surcharges may be imposed on the taxation of second homes. Empirical evidence shows that taxation on empty homes has significantly reduced vacancy rates and encouraged their conversion into main residences,[56] whilst surcharges on second homes appear to reduce their classification for tax purposes as secondary residences.[57] Touristification has gradually become part of this system. Loi n° 2024-1039 du 19 novembre 2024[58] —Law aimed at strengthening local tools for regulating furnished tourist accommodation— enhanced local authorities' powers to intervene and regulate *'meublés de tourisme'*: registration, authorisations for changes of use, possible compensation mechanisms to preserve residential housing, and the possibility of reducing the annual tourist rental period for a main residence from 120 to 90 days by means of a municipal decision, which must be substantiated. This approach is supported by the CJEU judgment in the Cali Apartments case[59] in Joined Cases C-724/18 and C-727/18 (2020),[60] which specifically concerns the Parisian regime. In that case, the Court assessed the compatibility with EU law of the French system requiring prior municipal authorisation to use certain dwellings for STRs. The Court held that this mechanism constitutes an authorisation scheme within the meaning of Directive 2006/123/EC and is therefore

[53] Morin, Y., Regnaud, M., Breuillé, M.-L., & Le Gallo, J. (2025). PARIS2019: The impact of rent control on the Parisian rental market. *Journal of Housing Economics, 70*, 102101. https://doi.org/10.1016/j.jhe.2025.102101
[54] https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000054451221
https://www.legifrance.gouv.fr/loda/article_lc/LEGIARTI000035318986
[55] https://www.legifrance.gouv.fr/loda/id/JORFTEXT000029337625/
[56] Segú, M. (2020). The impact of taxing vacancy on housing markets: Evidence from France. *Journal of Public Economics, 185*, 104079. https://doi.org/10.1016/j.jpubeco.2019.104079
[57] Belgodere, A., & Casamatta, G. (2026). Quantity, price, and compliance effects of a second-home taxation reform in France. *Journal of Urban Economics, 154*, 103887. https://doi.org/10.1016/j.jue.2026.103887
[58] https://www.legifrance.gouv.fr/jorf/article_jo/JORFARTI000050612734
[59] Pantazi, T. (2021). Regulating short-term rentals: Joined cases C-724/18 and C-727/18 *Cali Apartments*. *Maastricht Journal of European and Comparative Law, 28*(4), 573–581. https://doi.org/10.1177/1023263X211014688
Macho Carro, A. (2022). Derecho a la vivienda y ordenación del mercado del alquiler turístico en la Unión Europea: comentarios a raíz de la Sentencia *Cali Apartments* y su recepción en España. *Revista de Estudios Europeos, 79*, 668–686. https://doi.org/10.24197/ree.79.2022.668-686
[60] https://eur-lex.europa.eu/legal-content/ES/TXT/?uri=CELEX%3A62018CA0724

permissible only if it is non-discriminatory, justified by an overriding reason in the public interest, and cannot be replaced by a less restrictive measure.

Moreover, the criteria for granting authorisation must be objective, clear, proportionate, transparent, accessible and known in advance. The CJEU accepted that combating the shortage of long-term residential housing may constitute such an overriding reason in the public interest.[61] Furthermore, recital 4 of Regulation (EU) 2024/1028[62] reflects the case law established in *Cali Apartments* and recognises that combating housing shortages may justify restrictions on STRs, whilst emphasising the need to justify such restrictions on the basis of data and evidence. As regards current coverage, the TZs regime under the ALUR Act, used to limit rent increases, covers 1,434 municipalities grouped into 47 conurbations. Likewise, since 2023, the territorial scope of the zoning established under article 232 of the Code général des impôts has been extended to include municipalities experiencing significant residential pressure of a tourist nature, identified, amongst other factors, by high prices and a high proportion of properties not used as a main residence. These areas, sometimes referred to as *'zones tendues touristiques'* (tourist tight zones, TTZ),[63] may be subject to specific tax and regulatory measures, although they do not necessarily coincide with the historical TZs used to limit rent increases.[64] There are 2,263 municipalities included in this tourist extension of the zoning framework. At the same time, within the *ABC* zoning system, category A bis —VTZ— comprises 134 municipalities: Paris, a further 97 in Île-de-France and 36 in other regions.[65] These figures correspond to different and partially overlapping zoning systems; therefore, they should not be added together or interpreted as two successive levels of the same classification.[66]

4.2 Germany

Section 556d of *the Bürgerliches Gesetzbuch* (BGB) —the German Civil Code— empowers the governments of the *Länder* to designate *Gebiete mit angespannten Wohnungsmärkten* — known as areas with strained housing markets— where it is considered that the supply of rental housing for the population is under threat, based on four indicators: (1) rents are rising significantly more than the national average; (2) the average rent burden on households clearly exceeds the national average; (3) the resident population is growing without construction activity generating sufficient housing; and (4) there is a low vacancy rate coupled with high demand. This measure was introduced through the so-called *Mietpreisbremse* —the 'rent cap'— a reform passed by the Federal Parliament in 2015. Within this legislative framework, it is up to each of the sixteen *state* governments to specify the methodology, the territorial

[61] Kramer, D., & Schaub, M. (2022). EU law and the public regulation of the platform economy: The case of the short-term rental market. *Common Market Law Review, 59*(6), 1633–1668. https://doi.org/10.54648/COLA2022114
[62] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1028
[63] Ministère de la Transition écologique et de la Cohésion des territoires. (2023). ***Lutter contre l'attrition des logements permanents en zone touristique***. https://www.ecologie.gouv.fr/sites/default/files/documents/DP_Lutte_attrition_logements_permanents_zone_touristique.pdf
[64] Observatoire local des loyers privés Bayonne–Pays basque–Sud Landes. (2024). *Les chiffres-clés 2023*. https://www.observatoires-des-loyers.org/fileadmin/www.observatoires-des-loyers.org/MEDIA/observatoires/B6400/publications/Publication_OLL6400_2023.pdf
[65] https://www.ecologie.gouv.fr/politiques-publiques/zonage-b-c
[66] The TZ and TTZ categories derive from the zoning framework associated with article 232 of the Code général des impôts, whereas VTZs correspond to the A bis category of the separate *ABC* zoning system.

scope, the quantitative indicators and the thresholds used to designate HSAs.[67] This means that there is no single methodology or fixed quantitative criteria for the whole of Germany; rather, the *Länder* are granted considerable leeway to determine how the legislation is applied. However, this autonomy must be exercised through duly reasoned regulations, which justify the criteria used to identify housing markets characterised by undersupply. What's more, this methodological decentralisation does not imply absolute discretion on the part of the Länder governments. As the Federal Constitutional Court noted in paragraph 111 of its ruling BVerfG, 1 BvR 1595/18, there may be a legally enforceable duty to adopt such regulations where serious imbalances arise in the housing market and other measures taken prove insufficient.[68]

In Berlin, the declaration of a tight housing market is based on a joint statistical assessment of various indicators, without setting a rigid set of quantitative thresholds or requiring the cumulative fulfilment of all of them.[69] The whole of the Land is viewed as a single housing market, given its polycentric structure and highly interconnected infrastructure and transport network. Among other data, official justifications indicate that asking rents rose by 96.9% between 2015 and 2024, compared with 49.6% for Germany as a whole; that the increase in the number of households exceeded that of completed dwellings; and that the vacancy rate was significantly below a functional threshold of 3%. In contrast, the Bavarian state regulations set out highly stringent criteria for designating municipalities as HSAs.[70] The first criterion was determined by comparing hedonically adjusted median rents. In other words, the median rent —the value separating the lower half from the upper half of the rent distribution— is taken to prevent a few very high or very low prices from distorting the result. Besides, it is adjusted according to housing characteristics, such as size or age, to verify whether rents are actually rising and not simply because better or larger properties are being offered. The first reference period used was 2012–2017, during which the hedonically adjusted median asking rents increased, on average, by 3.1% per annum. To ensure that the first indicator did not encompass ordinary market conditions, but only exceptional increases, it was decided to set the threshold at approximately double that growth rate. Thus, the criterion was deemed to have been met when the annual growth in rents reached or exceeded 6%. The second indicator was calculated using data from the 2014 Microcensus, with the aim of estimating the relationship between household income and the cost of rent.

In this regard, UN-Habitat routinely uses as an operational benchmark for affordability the principle that housing costs should not exceed 30% of household income.[71] The OECD raises this figure to 40%.[72] However, the Bavarian Government set the threshold at 26%, considering

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[67] https://www.gesetze-im-internet.de/bgb/__556d.html
[68] https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/DE/2019/07/lk20190718_1bvl000118.htm
[69] Senatsverwaltung für Stadtentwicklung, Bauen und Wohnen. (2025). *Begründung der Umwandlungsverordnung nach § 250 BauGB vom 11. November 2025*.
https://www.berlin.de/sen/wohnen/_assets/rechtliches/251121_amtsblatt_begruendung__250baugb.pdf
[70] Vaché, M., Weber, I., & von Malottki, C. (2019). *Gutachten zur Identifizierung von Gebieten mit angespannten Wohnungsmärkten in Bayern*. Institut Wohnen und Umwelt.
https://www.justiz.bayern.de/media/pdf/gesetze/gutachten_zur_identifizierung_von_gebieten_mit_angespannten_wohnungsmaerkten_in_bayern_des_instituts_wohnen_und_umwelt__stand_18022019.pdf
[71] https://unhabitat.org/news/31-oct-2020/addressing-the-housing-affordability-challenge-a-shared-responsibility
[72] Salvi del Pero, A., Adema, W., Ferraro, V., & Frey, V. (2016). *Policies to promote access to good-quality affordable housing in OECD countries* (OECD Social, Employment and Migration Working Papers, No. 176). OECD Publishing. https://doi.org/10.1787/5jm3p5gl4djd-en https://www.oecd.org/en/topics/affordable-housing.html

that, above this average rent burden, a significant proportion of households —particularly those on lower incomes— could face considerable financial strain. With regard to the third indicator, the trend in the number of available dwellings was compared with that of households in need of housing. The report noted that, in the 10% of local authorities with the worst performance, the shortfall had increased by around 5.6 percentage points between 2011 and 2016. Based on this finding, and taking into account the local authorities' capacity to address this shortfall through new-build housing, a rounded threshold of 6 percentage points was set.

For the fourth indicator, an assessment was carried out, based on censuses and other sources of information, to determine what proportion of dwellings remained naturally vacant due to people moving house, changes in tenants, renovations or maintenance work. The report estimated that a housing market requires approximately 3% of dwellings to be vacant in order to function normally. Therefore, a vacancy rate of 3% or less was considered a sign of housing scarcity. Bavaria does not require a municipality to meet a fixed number of the indicators reviewed. It must show at least one direct sign of a housing shortage under indicator 4 —either a low vacancy rate or a low housing surplus/high housing deficit— and, in addition, a sign of pressure on affordability, either through a high rental burden (indicator 2) or through a combination of insufficient new-build housing (indicator 3) and strong growth in rents (indicator 1). It should be noted that rent control already existed in Germany, but applied only to rent increases within existing tenancy agreements. This restriction prevented rents from rising by more than 20% over three years, or by 15% in certain municipalities.[73]

The main innovation of the *Mietpreisbremse* was that, within the HSAs, the initial rent for new tenancy agreements was also capped. As a general rule, this could not exceed the local reference rent (*ortsübliche Vergleichsmiete*) by more than 10%. This reference rent could be determined using a *Mietspiegel*, a municipal index usually presented in tabular form which sets reference values based on the property's characteristics, such as size, location, fittings, age, state of repair and certain energy-related features. However, the federal legal framework provides for various exceptions. These include newly built properties let for the first time after 1 October 2014 and, in certain cases, properties actually intended for temporary use. Furthermore, if the rent under the previous tenancy agreement already legitimately exceeded the limit resulting from the local reference rent plus 10%, the landlord could retain that amount in the new tenancy agreement.[74] In addition, certain modernisation works carried out during the preceding three years could justify a rent exceeding the general limit. As regards their duration, the original legislation allowed these declarations to be approved within a framework initially set to run until 2020, subsequently extended to 2025 and, finally, to 31 December 2029. Until the 2025 reform, each declaration could have a maximum duration of five years and be renewed by means of a new designation. Since 2025, this individual five-year limit has been abolished and replaced by a common expiry date: the designation regulations and, by extension, the HSAs currently in force must expire no later than 31 December 2029.[75] In 2025,

[73] Deschermeier, P., Haas, H., Hude, M., & Voigtländer, M. (2016). A first analysis of the new German rent regulation. *International Journal of Housing Policy, 16*(3), 293–315. https://doi.org/10.1080/14616718.2015.1135858
[74] Thomschke, L. (2019). Über die Evaluierung der Mietpreisbremse. *Zeitschrift für Immobilienökonomie, 5*, 21–36. https://doi.org/10.1365/s41056-019-00032-1
[75] https://www.bmjv.de/SharedDocs/Gesetzgebungsverfahren/DE/2025_Mietpreisbremse.html

13 of the 16 Länder[76] had regulations in force designating HSAs, covering 492 municipalities and protecting 32 million of Germany's 83.5 million inhabitants (38% of the population).[77]

In terms of coverage, the German model has demonstrated a high degree of flexibility and broad territorial application, with the federal level establishing a common framework within which the *Länder* are granted considerable —though not absolute— autonomy to determine how it is implemented. This structure has enabled the development of regulations tailored to regional specificities, underpinned both by statistical comparisons and by methodologies based on defined indicators and thresholds. However, the implementation of the *Mietpreisbremse* has faced challenges, particularly because many tenants were unaware of their rights, as well as problems relating to the monitoring of legal exceptions.[78]

4.3 Scotland

Compared to the German model, the Scottish model combined a heavy reliance on ministerial approval with a poorly defined procedure, which created uncertainty about how to justify the designations and contributed to their lack of practical implementation. In 2016, the possibility was established for local authorities in Scotland to apply for an HSA declaration. This took place against a backdrop of high tourist pressure, high housing demand and sharp rises in rents.[79] Specifically, the *Private Housing (Tenancies) (Scotland) Act 2016* provided in section 35 that a local authority could apply for the designation of a *rent pressure zone* (RPZ) — subject to the criteria set out in section 40 of the same Act: (1) that rents in the area had risen significantly; (2) that such increases caused undue hardship to tenants; and (3) that, as a result of those increases, pressure on the local authority to provide housing or subsidise its costs had increased.[80] These declarations could cover an entire municipality, part of it, a street or even a postcode, which theoretically afforded considerable territorial flexibility. HSAs could remain in force for a maximum of five years and, once declared, limited annual rent increases in existing tenancy agreements according to a formula of *CPI*[81] *+ 1% + a percentage proposed by the local authority*,[82] without affecting the initial rent in new tenancy agreements. In this way, the system sought to protect existing tenants without imposing a general cap on new rents, with the aim of continuing to attract property investment. To apply for an HSA, local authorities had to submit a justification to the Scottish Government, accompanied by sufficient evidence,[83] with final approval resting with the Scottish Ministers. However, the procedure presented significant difficulties and loopholes.

[76] Deutscher Bundestag. (2025). ***Wortprotokoll der 3. öffentlichen Sitzung des Ausschusses für Recht und Verbraucherschutz*** (Protokoll-Nr. 21/3). https://www.bundestag.de/resource/blob/1103556/003_prot.pdf
[77] https://mieterbund.de/aktuelles/meldungen/verlaengerung-der-mietpreisbremse-beschlossen/
[78] Michelsen, C. (2024). ***Wohnungsmarktregulierung: Transparenz, Fairness, Sicherheit***. Friedrich-Ebert-Stiftung. https://library.fes.de/pdf-files/a-p-b/21631-20241204.pdf
[79] Farnood, F., & Jones, C. (2023). Has the revival in the Scottish private rented sector since the millennium achieved maturity? *Housing Studies, 38*(6), 963–984. https://doi.org/10.1080/02673037.2021.1928006
[80] Scottish Parliament. (2016). *Private Housing (Tenancies) (Scotland) Act 2016* (asp 19). https://www.legislation.gov.uk/asp/2016/19/pdfs/asp_20160019_en.pdf
[81] Consumer Prices Index.
[82] The percentage proposed by the local authority had to be justified.
[83] https://www.gov.scot/publications/rent-pressure-zone-rpz-application-requirements-local-authorities/pages/2/

Although a guide was published in 2017[84] detailing the type of information to be provided — data on existing tenants, time series, housing characteristics, sample design, potential biases and evidence of the difficulties faced by households— the substantive criteria were not translated into fixed quantitative thresholds, nor were local authorities permitted to determine these themselves. It was therefore up to the Government to assess, on a case-by-case basis, whether the evidence presented was sufficiently 'robust'. Added to this was the absence of a harmonised local database capable of directly providing the required information. Local authorities had to collect and analyse their own data, despite having limited resources and technical capabilities. It has been estimated that it could take up to three years to build a statistical database that was sufficiently representative of rent increases within the new tenancies. Moreover, the main official database available had significant methodological limitations: according to data published in 2017, 97% of its records came from advertised rentals, which did not necessarily reflect the rents actually paid by tenants.[85]

Added to this was the requirement that the evidence had to correspond exactly to the area for which the report was requested, which made it particularly difficult to define small-scale areas; for example, a neighbourhood or a postcode. Finally, the entire procedure also depended on the voluntary initiative of local authorities.[86] Ultimately, many local authorities failed to develop tools capable of collecting and analysing the information needed to build a body of evidence considered sufficiently robust, whilst others did not even undertake specific work to assess a potential designation. In 2020, of the 32 Scottish local authorities, only 4 were collecting local data and were able to provide information regarding the consideration of an HSA; a further 10 had carried out some form of data collection or analysis, but without progressing towards an application or discussions with the Scottish Government; and the remaining 18 had no specific information or procedures in place regarding this matter. This means that only 12.5% of local authorities had made relatively significant progress in the study and application for a potential HSA. However, the evidential requirements and the lack of adequate data prevented a single formal application from being submitted and, consequently, no HSA was ever designated in Scotland.[87]

Criticism has also been levelled at the fact that this approach was overly focused on rent increases, neglecting other aspects linked to affordability and housing characteristics, such as tenants' need for subsidies and grants, the quality of properties, or energy performance.[88] In 2022, the *Cost of Living (Tenant Protection) (Scotland) Act 2022*[89] came into force, which temporarily set limits on rent increases in existing tenancies —initially a 0% freeze and, from

[84] Ibid.
[85] Robertson, D., & Young, G. (2018). *An evaluation of rent regulation measures within Scotland's private rented sector*. Shelter Scotland. https://scotland.shelter.org.uk/professional_resources/policy_library/an_evaluation_of_rent_regulation_measures_within_scotlands_private_rented_sector
[86] Ibid.
[87] Wightman, A. (2020). *Rent Pressure Zones: A failed policy* [Policy briefing]. https://andywightman.scot/wp-content/uploads/2020/11/Rent-Pressure-Zones.pdf
Okara, G. C. (2024). Scotland in the forefront of property law reforms in the UK: Potential implications for the Scottish people. *Statute Law Review, 45*(2), hmae037. https://doi.org/10.1093/slr/hmae037
[88] Common Weal, & Living Rent. (2019). *The rent controls Scotland needs*. Common Weal. https://www.scottishhousingnews.com/uploads/documents/Rent%20Controls%20%282%29.pdf
[89] https://www.legislation.gov.uk/asp/2022/10/contents

April 2023, a general cap of 3% in the private sector— as well as temporary restrictions on the enforcement of certain evictions. These extraordinary measures expired definitively on 31 March 2024. It is important to note that they were applied nationwide and therefore did not depend on the prior designation of an HSA. Subsequently, and following the difficulties encountered with the 2016 Act, the *Housing (Scotland) Act 2025*[90] introduced a new system of *rent control areas* (RCAs). Unlike the 2016 framework, the new legislation requires local authorities to carry out periodic assessments of rental market conditions and to submit a report to the Scottish Ministers at least once every five years. Additionally, it provides for the possibility of carrying out additional assessments when significant changes occur in market conditions. In this way, the reform seeks to address one of the main weaknesses of the previous model by making the periodic assessment of the local market an institutional obligation and by strengthening the powers to gather information.

However, the new system continues to be based on an assessment of the available evidence and on criteria of necessity and proportionality, without establishing a fixed set of indicators and quantitative thresholds that automatically determine when an area should be declared under pressure. To date, Scotland has not had any effective HSA: neither in the form of an RPZ under the 2016 Act[91] nor as an RCA under the 2025 legislation.[92] However, this absence does not mean the new model should be considered a failure, as its system of mandatory assessments is still in the early stages of implementation, and the first local authority assessment reports on rent conditions are not due to be submitted until 31 May 2027.[93]

4.4 Ireland

In contrast to the Scottish model, various studies have highlighted the Irish system as being more objective and operational. In 2016, the *Planning and Development (Housing) and Residential Tenancies Act 2016* introduced the category of *rent pressure zone* (RPZ),[94] the designation of which could be proposed by the Housing Agency in consultation with the relevant local authority. This legislation was enacted against a backdrop of soaring prices: the national average rent for new tenancies had risen from €761 in 2011 to €1,031 in 2016, an increase of 35.5%.[95]

Unlike the Scottish framework, Irish legislation established two quantitative criteria that had to be met simultaneously, as set out in sections 24A(4)(a) and 24A(4)(b) of the 2016 Act: (1) that the annual rate of rent growth exceeded 7% in at least four of the previous six quarters; (2) that the average rent in the area was above the national reference average rent. This second

[90] https://www.legislation.gov.uk/asp/2025/13/contents
[91] Marsh, A., Gibb, K., & Soaita, A. M. (2023). Rent regulation: Unpacking the debates. *International Journal of Housing Policy, 23*(4), 734–757. https://doi.org/10.1080/19491247.2022.2089079
[92] Scottish Government. (2026). *The Private Housing Rent Control (Exempt Property) (Scotland) Regulations 2026: Business and regulatory impact assessment*. https://www.gov.scot/publications/private-housing-rent-control-exempt-property-scotland-regulations-2026-business-regulatory-impact-assessment/pages/5/
[93] https://www.gov.scot/publications/private-housing-rent-control-exempt-property-scotland-regulations-2026-business-regulatory-impact-assessment/pages/7/
[94] https://www.irishstatutebook.ie/eli/2016/act/17/enacted/en/html
[95] The Housing Agency. (2025). *Review of rent pressure zones and consideration of potential policy options for rent controls in the private rented sector*. https://www.housingagency.ie/sites/default/files/2025-06/Final%20Review%20RPZ%20and%20Policy%20Options%20for%20Rent%20Controls%20in%20PRS.pdf

criterion was amended in section 8 of the Residential Tenancies (Amendment) Act 2019[96] to prevent high prices in Dublin and its surrounding areas from distorting the regional comparison and preventing other areas under pressure from being designated as HSAs. For certain territories, the average reference rent was henceforth calculated excluding the *Greater Dublin Area*, which comprised the Irish capital together with the areas of Dún Laoghaire-Rathdown, Fingal, South Dublin, Kildare, Meath and Wicklow. The reform thus maintained a system based on objective thresholds, but adapted the reference territory to correct for biases arising from exceptionally expensive markets. At the territorial level, the administrative units that could be designated as HSAs were the 166 Local Electoral Areas (LEAs) in Ireland. Each area forms part of a local authority and groups together a part of its territory —for example, several neighbourhoods in a city or several towns in a county— to elect the councillors of that authority.

The rationale behind the Irish system was to combine two types of indicators. On the one hand, it required rents to be rising sharply and continuously. On the other hand, rent levels had to be high in comparison with the rest of the country. The aim was to ensure that a short-term, temporary rise in prices was not sufficient to trigger the designation of a HSA, whilst also preventing the inclusion of areas where rents were rising rapidly, even if they remained relatively low. For this reason, both criteria had to be met simultaneously. The first criterion made it possible to detect growing pressure on the market, whilst the second served to verify that this pressure was occurring in an area where rents had already reached high levels. However, whilst the 2016 parliamentary debate provided a thorough explanation of why it was necessary to combine both criteria, the reasons for setting the 7% threshold —the quantification of which was even questioned during the parliamentary process— are far less well justified.[97] Where the legal requirements were met, the declaration was far less discretionary in nature than in Scotland, and unlike that model, it was based on a harmonised data collection system.[98]

Verification was carried out using the *RTB/ESRI Rent Index*, a centralised statistical source based on data from the Residential Tenancies Board (RTB), the public body responsible for regulating the residential rental market. The legislation required new tenancies to be registered with the RTB, including information such as rent, address, number of bedrooms, number of tenants and other characteristics of the property. Between 2007 and 2018, this database came to contain approximately 1.3 million registered tenancy agreements, providing a significant statistical infrastructure for the identification of HSAs. HSAs could initially be maintained for a maximum of three years and set a general annual cap of 4%[99] on rent increases, applicable both to existing tenancies and to the setting of rent between successive tenancies —as in the German case and unlike the Scottish one—. The 4% cap was defended during the parliamentary debate as a balance between two objectives: moderating sharp rent

[96] https://www.irishstatutebook.ie/eli/2019/act/14/section/8/enacted/en/html#sec8
[97] https://www.oireachtas.ie/en/debates/debate/dail/2016-12-15/50/
[98] Coffey, C., Hogan, P. J., McQuinn, K., O'Toole, C., & Slaymaker, R. (2022). ***Rental inflation and stabilisation policies: International evidence and the Irish experience*** (Research Series No. 136). Economic and Social Research Institute. https://doi.org/10.26504/rs136
[99] O'Toole, C. (2023). Exploring rent pressure zones: Ireland's recent rent control regime. *International Journal of Housing Policy, 23*(4), 712–733. https://doi.org/10.1080/19491247.2022.2155338

rises and maintaining sufficient returns so as not to discourage investment and the supply of housing.[100]

As a further measure to moderate prices, during 2021 there was a transition to a system whereby rent increases could not ultimately exceed either 2% or the Harmonised Index of Consumer Prices (HICP), whichever was lower.[101] The cap was not applied across the board. Exemptions were granted, amongst others, to properties that had not been on the rental market for two years and those undergoing substantial alterations. These exceptions were intended to prevent the regulation from discouraging the entry of new supply or investment in improving the existing housing stock.[102] In terms of coverage, by 2020 there were 54 active HSAs covering up to 65% of tenancy agreements. This meant that, of every two tenancy agreements, at least one was protected by the regulatory framework.[103] By 2023, there were approximately 100 designated HSAs, representing 60% of local electoral areas, 70% of the housing stock and 80% of the rental market. This changed in 2025 when the whole of Ireland was designated as a rent pressure zone under the *Residential Tenancies (Amendment) Act 2025*.[104] In 2026, the method for designating RPZs was replaced by a national rent control system to ensure uniform protection for tenants. Even so, the new 2026 regime introduced broader possibilities for rents to be reset to market rates with the aim of continuing to attract investment; it allows such adjustments in certain new tenancies, particularly where the previous tenant voluntarily vacated the property, breached their obligations or the property no longer suited their needs, as well as at the end of six-year cycles. Such an adjustment is not permitted where the previous tenancy ended through a no-fault termination.[105]

4.5 Spain

We now come to the final case, concerning Spain, where the territorial roll-out has been limited and uneven, with relatively sparse coverage at national level. Since the national framework entered into force in 2023, only Catalonia, Asturias, the Basque Country, Navarre and Galicia have made use of this mechanism. In other words, the system has been implemented in only five of the 17 autonomous communities that make up the Spanish State —just under one-third of the total. The main weakness of the model lies in the disconnect between the existence of relatively objective national criteria and their implementation at regional level, compounded by the highly complex division of powers between the State and the autonomous communities.[106] Turning to the Spanish framework, la Ley 12/2023 de 24 de mayo, por el derecho a la vivienda, allows the competent housing authorities to declare *zonas de mercado residencial tensionado*

[100] https://www.oireachtas.ie/en/debates/debate/dail/2016-12-15/50/
[101] Gillespie, T., Kren, J., Lyons, R. C., & O'Toole, C. (2025). The supply-side effects of rent controls: Evidence from Ireland. *Journal of Housing Economics, 70*, 102099. https://doi.org/10.1016/j.jhe.2025.102099
[102] O'Toole, C., Martinez-Cillero, M., & Ahrens, A. (2021). Price regulation, inflation, and nominal rigidity in housing rents. *Journal of Housing Economics, 52*, 101769. https://doi.org/10.1016/j.jhe.2021.101769
[103] Wightman, A. (2020). *Rent Pressure Zones: A failed policy* [Policy briefing]. https://andywightman.scot/wp-content/uploads/2020/11/Rent-Pressure-Zones.pdf
[104] https://www.irishstatutebook.ie/eli/2025/act/5/enacted/en/html
[105] https://rtb.ie/renting/setting-and-reviewing-private-rents
[106] Velasco Caballero, F. (2023). Complejidad competencial y diversidad de formas normativas: el caso de la Ley por el Derecho a la Vivienda. *Revista de Derecho Público: Teoría y Método, 8*, 71–94. https://www.revistasmarcialpons.es/revistaderechopublico/article/view/velasco-complejidad-competencial-diversidad-formas-normativa/2374

—areas with a strained residential market (ASRM)— in areas where there is a particular risk of an insufficient supply of affordable housing for the resident population. The declaration is not automatic; rather, it must be initiated by the competent administration and requires a preliminary procedure based on information concerning housing prices, household incomes and the financial effort required to access adequate housing.

As set out in Articles 18.3.a and 18.3.b of the aforementioned law, at least one of the following circumstances must apply: (1) the average cost of a mortgage or rent, plus basic expenses and utilities, exceeds 30% of average household income; or (2) the purchase price or rent has risen, over the previous five years, by at least three percentage points more than the cumulative Consumer Price Index (CPI) for the relevant autonomous community. The designation remains valid for three years and may subsequently be extended on an annual basis, following the same procedure, where the circumstances that justified the original declaration persist.

The designation of an HSA primarily triggers rent control measures. In new tenancy agreements, the rent is generally linked to that of the previous agreement and, where the landlord is a large landlord, it may also be capped by the State Reference System for Housing Rent Prices (SERPAVI). The rent limitation may also be extended to properties that have not been let in the previous five years, where this is provided for in the designation. Tenancy agreements may benefit from exceptional extensions of up to three years. The declaration may also adapt the definition of a 'large landlord' by reducing the threshold from more than ten to five or more residential properties within the area. Moreover, the declaration requires the preparation of a specific plan to address the imbalances causing market tension. SERPAVI calculates an individualised rent range for each property, rather than a single price per municipality. It draws primarily on rental information reported for tax purposes within the census district where the property is located, combined with cadastral information on the characteristics of the dwelling. On this basis, a reference range is established, which is then adjusted according to factors such as floor area, state of repair, lift, parking, age or energy efficiency. When SERPAVI acts as the legal limit within an HSA, the upper bound of the range calculated for that property is taken as the reference.

Although la Ley 12/2023 does not establish a single territorial scale, in practice declarations have mainly been made for entire municipalities, particularly in Catalonia[107] , Galicia[108] and Navarre[109] . However, there are also sub-municipal cases. In Asturias, examples include specific urban centres within Cabrales and Llanes, the La Magdalena neighbourhood in Avilés, and the La Arena and Cimadevilla neighbourhoods in Gijón.[110] In the Basque Country, this is the case with District 2 of Galdakao.[111] In procedural terms, the competent housing authorities — generally the autonomous communities— are responsible for declaring HSAs, on the basis of

[107] https://www.boe.es/diario_boe/txt.php?id=BOE-A-2024-20576
[108] https://www.boe.es/diario_boe/txt.php?id=BOE-A-2025-15728
[109] https://www.boe.es/diario_boe/txt.php?id=BOE-A-2025-15728
[110] https://www.boe.es/diario_boe/txt.php?id=BOE-A-2026-16532
[111] https://www.boe.es/diario_boe/txt.php?id=BOE-A-2025-15728

objective data and supporting technical reports. Once declared, the designation is communicated to the Ministry of Housing, which publishes a quarterly official list of designated areas.[112]

Nonetheless the Ley 12/2023 defines common thresholds for identifying areas with a strained residential market, its statistical application shows a degree of methodological heterogeneity across the autonomous communities: the sources, reference years and specific methodologies used to compile certain indicators vary. Navarre sets out its own methodology in the explanatory report; Galicia incorporates both national and regional sources;[113] the Basque Housing Observatory in the Basque Country has created a protocol and specific reports to adapt the criteria to the availability of regional data;[114] and analyses in Asturias have shown that applying the same criteria can produce different results depending on whether a municipal or sub-municipal scale is used.[115]

Catalonia therefore stands out as a particularly valuable case,[116] not because it necessarily represents the whole of Spain, but because its report provides a uniquely detailed and traceable operationalisation of the national criteria, clarifying the sources used, the reference periods and the steps taken to verify compliance with each requirement. This highlights both an advantage of the Spanish model —the existence of shared thresholds— and one of its most significant limitations: the same national criteria may be operationalised using different statistical methodologies across areas, thereby reducing the comparability of the results. In Catalonia, the 30% criterion for rent as a cost burden is determined by comparing the annual expenditure on housing with the average annual net income of households in each municipality; that is, the average income a household has after tax and social security contributions. These data come from the National Institute of Statistics' (INE) Atlas of Household Income Distribution, which provides geographical information on household incomes. For rental properties, the Catalan Government takes the average contractual rent recorded by INCASÒL (the Catalan Land Institute) —a public body that administers rental deposits—, converts it to an annual figure, and adds basic expenses and utilities —electricity, gas, water, telecommunications and any community charges. In 2021, these basic expenses and utilities were estimated at 3,093€ per year. If the resulting total annual housing cost represents at least 30% of the household's average net income, the requirement is deemed to have been met.[117]

A similar approach applies to owner-occupied property, but with the rent replaced by an estimated mortgage repayment based on the relevant property sale prices. The report takes

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112 https://www.mivau.gob.es/vivienda/alquila-bien-es-tu-derecho/serpavi/consultar-zonas-de-mercado-residencial-tensionado

113 https://cdn.mivau.gob.es/portal-web-mivau/vivienda/alquila/ZRMT_MEMORIA_XUSTIFICATIVA_DEFINITIVA_Coru%C3%B1a.pdf

114 https://observatoriovivienda.euskadi.eus/contenidos/informacion/ovv_tensionadas/es_ovv_admi/adjuntos/modelo_plan.pdf

115 Álvarez-Fernández, E., Lasarte-Navamuel, E., & Rubiera-Morollón, F. (2025). Análisis espacial de las "zonas tensionadas" recogidas en la Ley por el derecho a la vivienda: análisis del caso asturiano. *Ciudad y Territorio Estudios Territoriales, 57*(226), 984–1001. https://doi.org/10.37230/CyTET.2025.226.21

116 Pinto Hernández, F., Rodríguez Iglesias, I., & Moreno Adalid, A. M. (2026). The impact of the 2023 housing law on rental prices in Catalonia: An empirical analysis using differences-in-differences. *International Journal of Housing Markets and Analysis, 19*(3), 619–636. https://doi.org/10.1108/IJHMA-10-2024-0160

117 Generalitat de Catalunya, Departament de Territori, Secretaria d'Habitatge. (2024). *Memòria per a la declaració de 131 municipis de Catalunya com a zona de mercat residencial tensionat d'acord amb la Llei 12/2023, de 24 de maig, pel dret a l'habitatge*. Departament de Territori, Habitatge i Transició Ecològica. https://habitatge.gencat.cat/web/.content/home/normativa/Zones-mercat-tensionat/20240701-Memoria-ASRM-CAT-CA.pdf

the average sale price as a reference and estimates a mortgage equivalent to 80% of the property's value, with the remaining 20% assumed to come from the household's prior savings. The mortgage is calculated over a 25-year term and at an average interest rate of 1.508%, using 2021 figures from the INE and the Bank of Spain, respectively. Essential expenses and utilities are then added to the annual figure obtained, and the total is compared with the average annual net household income. The formula incorporates the purchase price, the mortgage repayment, utilities and the household's net income, but does not explicitly include secondary acquisition costs such as taxes, notary fees, registration fees or stamp duty. Furthermore, in the case of both renting and home ownership, maintenance costs are not taken into account, which may distort the total residential cost of the property relative to the household's income.[118]

The second criterion is determined by comparing the increase in rental or sale prices in each municipality over the previous five years with the increase in Catalonia's Consumer Price Index (CPI) over the same period. The report again distinguishes between rentals and property sales. For rentals, it uses the average contractual rent recorded by the Housing Secretariat based on the INCASÒL security deposit register; for property sales, it uses the average prices obtained from the property market registers held by the Association of Registrars. Cumulative growth is calculated by comparing the average values for the fourth quarter of 2018 with those for the fourth quarter of 2023. This growth is then compared with the general CPI for Catalonia, obtained from IDESCAT, Catalonia's official statistics institute. The cumulative CPI between January 2019 and December 2023 was 17.01%. Therefore, to meet the criterion, the average rental or sale price in the municipality must have increased by at least 20.01% over those five years; that is, three percentage points more than the CPI. Finally, across Spain as a whole, 317 municipalities are currently wholly or partly covered by recognised HSAs.[119] Unfortunately, however, there is no consolidated figure for the number of tenancy agreements protected by this legislation.

TABLE 4. COMPARATIVE OVERVIEW OF HSAs FRAMEWORKS

COUNTRY	YEAR	SCALE	AUTHORITY	CRITERIA	DATA	EFFECTS	COVERAGE	STRENGTH / WEAKNESS
FRANCE	2013–14	Municipalities / conurbations; parallel ABC zoning	Mainly central government; some local activation	Supply–demand imbalance; rents/prices; social-housing demand; tourist pressure	National statistical and administrative zoning	Rent-increase limits; reference rents; vacancy/second-home taxation; STRs controls	1,434 TZ municipalities; 2,263 tourist-extension municipalities; 134 A bis, with overlap	**Strength:** flexible, multi-layered targeting. **Weakness:** overlapping classifications increase complexity.

[118] Ibid.
[119] https://www.mivau.gob.es/vivienda/alquila-bien-es-tu-derecho/serpavi/consultar-zonas-de-mercado-residencial-tensionado

GERMANY	2015	Flexible: municipalities to entire Länder	*Länder* governments	Rent growth; rent burden; population/supply imbalance; vacancy/demand	Decentralised; *Länder* choose methodology and thresholds	New rents generally capped at local reference rent +10%	13/16 *Länder*, 492 municipalities; ~38% of population in 2025	**Strength:** regional adaptability. **Weakness:** uneven implementation and monitoring.
SCOTLAND	2016; 2025 reform	Municipality to postcode/street level	Local authorities + Scottish Ministers	Rent increases; tenant hardship; pressure on housing assistance	Local evidence; historically weak harmonisation	Existing-rent increases capped at CPI + 1% + proposed percentage; no initial-rent cap	No RPZ ever designated; RCA system still emerging	**Strength:** fine territorial flexibility. **Weakness:** evidential burden and poor data blocked implementation.
IRELAND	2016; nationalised 2025–26	LEAs initially; nationwide later	Housing Agency/local authorities; later national framework	Rapid rent growth **+** rent above reference average	Centralised RTB/ESRI data	Initially 4% cap; later lower of 2% **or** HICP; some market-rent resets from 2026	~65% of tenancies in 2020; ~80% of rental market by 2023; nationwide thereafter	**Strength:** objective thresholds and harmonised data. **Weakness:** some thresholds weakly justified.
SPAIN	2023	Mainly municipalities; some sub-municipal areas	Autonomous communities	Housing costs >30% of income **or** rent/sale-price growth ≥ CPI +3 pp	Shared thresholds; regional methodologies vary	Previous-rent linkage; SERPAVI caps; exceptional extensions	Five of 17 autonomous communities; 317 municipalities wholly or partly covered	**Strength:** common national thresholds. **Weakness:** methodological heterogeneity and complex competences.

5. PROPOSAL FOR A EUROPEAN HOUSING STRESS INDEX (EHSI)

Based on a comparison of the five national models, it can be concluded that the effectiveness of systems for identifying HSAs depends not only on the existence of legal criteria, but also on the quality and availability of data, the clarity of the indicators used, the chosen territorial scale, and the relationship between the assessment and the measures subsequently implemented. Scotland's experience highlights the limitations of a system based on criteria that are difficult to measure and on a fragmented data collection process, whilst Ireland's model emphasises the benefits of combining objective thresholds with a centralised and comparable statistical framework. This points to the need for mechanisms and institutions capable of harmonising statistical data at European level, whilst requiring Member States to provide data on a regular basis. Furthermore, the examples of France, Germany and Spain show that housing pressure can have various causes —high housing costs, a shortage of supply, tourism, population growth or specific territorial characteristics— and that, therefore, its identification should not be limited to a single indicator.

On this basis, it is suggested that a European Housing Stress Index (EHSI) be created to serve as a unified territorial diagnostic framework, whilst remaining adaptable to the diverse territorial realities of the European Union and capable of identifying the areas experiencing the greatest housing pressure, the intensity of this pressure, and the structural factors underpinning it. The EHSI would be organised around three interrelated dimensions: affordability, availability and structural pressure. Each addresses a different aspect of how the housing market functions at a territorial level. The first examines whether households can afford housing without facing an excessive financial burden; the second assesses whether there is sufficient housing supply to meet demand; and the third identifies territorial factors that may cause or exacerbate structural imbalances. This final dimension extends the analysis beyond conventional price and income indicators, incorporating pressures arising from tourism and short-term rentals, second homes, population growth, student demand, insularity, urban concentration, cross-border labour markets and labour shortages.

As reviewed in Section 4, the comparative experience shows that housing stress is a multidimensional phenomenon that cannot be reliably captured by a single indicator. Affordability, availability and structural pressures all capture different aspects of housing stress, which may interact in various ways across different territories. Although affordability remains a key factor in assessing access to housing, constraints in availability and structural pressures can help to explain why affordability problems persist, how intense they are, and what drives them in different areas.

5.1 Affordability

The affordability dimension should incorporate various complementary indicators. The rent-to-income ratio would reflect the financial burden on the tenant household, including, in addition to the rent, ancillary costs legally payable by the tenant under local regulations, such as utilities, service charges and certain taxes or fees. The purchase price-to-income ratio would reflect the difficulty in accessing home ownership, but the assessment should also incorporate acquisition and financing costs —interest, taxes, notary fees, stamp duty and initial savings—. Additionally, for both purchase and rental, the recurring costs of maintenance, repairs and insurance should be included. Finally, the housing cost burden rate would help to determine what percentage of households face an excessive housing burden, taking into account all costs associated with the use of the dwelling. Within the affordability dimension, energy costs should be clearly specified, as they can significantly affect the housing burden, particularly in areas with high energy prices, an energy-inefficient housing stock, or both. The Spanish case already provides a methodological approach that takes a partial step in this direction by including in the calculation of the housing cost not only rent or mortgage payments, but also certain basic expenses and utilities. However, it remains incomplete, as it does not systematically incorporate other relevant expenses.

The EHSI could extend this approach to better reflect the total housing cost actually borne by households. When interpreting these indicators, it is advisable to avoid inflexible thresholds that are disconnected from income levels. The literature on housing affordability has questioned fixed ratios precisely because they do not reflect how much income remains after housing costs have been paid.[120] Comparative experience also reveals more stringent benchmarks: in Bavaria, an average rent burden threshold of 26% was set within the HSA identification methodology, whilst Catalan Law 24/2015 of 29 July on urgent measures to tackle the housing and energy poverty crisis sets, for certain social rents, limits of 10%, 12% and 18% of income weighted according to the household's economic situation.[121]

Taken together, these benchmarks suggest that the EHSI could use a figure of around 20% as an indicative preventive reference point, rather than as a universal affordability threshold. This reference point could be adjusted to income levels and, where appropriate, reduced in particularly deprived or very low-income areas. The rationale would be preventive: to identify pressure before the cost of housing absorbs a substantial portion of the resources needed to meet other basic needs, and to ensure that public authorities are not compelled to act only once the population's purchasing power has already been severely eroded. Furthermore, housing pressure could be assessed through a complementary indicator based on the Harmonised Index of Consumer Prices (HICP), which would indicate housing strain when the cumulative increase in purchase prices or rents over the previous five years exceeds the cumulative change in the HICP of the relevant Member State by at least 2 percentage points. This threshold is proposed for preventive purposes and is set slightly below the Spanish benchmark of 3 percentage points.

5.2 Availability

The availability dimension would assess the extent to which a region's housing stock can meet actual housing needs. Therefore, it would not be sufficient to analyse the aggregate increase in the housing stock, since having a greater number of dwellings does not necessarily imply a proportional improvement in the supply of affordable housing for the resident population. The literature has shown that construction trends can become decoupled from demographic trends and even coexist with processes of population decline or regional oversupply, as has been observed in some Spanish cities.[122] For this reason, this dimension should combine the evolution of supply in relation to the number of households, residential vacancy rates, and the availability of social and affordable housing. However, the inclusion of supply as an indicator does not imply that growth in private construction is, in itself, an adequate response to housing pressure. As noted in the second section in relation to the EAHP, such growth could even exacerbate the problem of unaffordable housing and contribute to the formation of a housing bubble.

Depending on their origins, the solution may require new public, social or co-operative housing supply, the prioritisation of the refurbishment and revitalisation of the existing stock, and regulatory measures focused on maintaining its residential use so that the type of supply

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[120] Stone, M. E. (2006). A housing affordability standard for the UK. *Housing Studies, 21*(4), 453–476. https://doi.org/10.1080/02673030600708886
Stone, M. E. (2006). What is housing affordability? The case for the residual income approach. *Housing Policy Debate, 17*(1), 151–184. https://doi.org/10.1080/10511482.2006.9521564
[121] https://www.boe.es/buscar/act.php?id=BOE-A-2015-9725
[122] Fernandez, B., & Hartt, M. (2022). Growing shrinking cities. *Regional Studies, 56*(8), 1308–1319. https://doi.org/10.1080/00343404.2021.1975032

generated does not lead to price increases. Firstly, to measure this dimension, the growth in the housing stock should be analysed in relation to the evolution of households over a sufficiently long period to detect lasting imbalances. Germany's experience provides a valuable reference: the federal system identifies population growth without adequate housing development as an indication of strain, whilst Bavaria has applied this criterion by comparing the evolution of households with the number of dwellings.

For the EHSI, a moving window of 3 to 5 years could be implemented, drawing on previous European experience; this would help to reduce the impact of temporary fluctuations whilst maintaining sensitivity to recent market changes. This methodology is also consistent with recent European studies, which calculate housing needs based on the regional mismatch between growth in the number of households and the existing housing stock.[123] Secondly, the vacancy rate should be included, although it should be considered in relation to the extent to which vacant housing can actually contribute to alleviating scarcity. Every market requires a certain level of temporarily unoccupied dwellings to facilitate moves, refurbishments and turnover; for this reason, approaches such as the Berlin model have used low vacancy rates as indicators of a particularly tight market. A high rate, however, does not in itself indicate a surplus. Spain clearly illustrates this point: in 2021, there were 3,837,328 unoccupied homes, accounting for 14.4% of the total, but the figure rose to 33.3% in towns with fewer than 1,000 inhabitants and fell to 7.5% in those with more than 250,000 inhabitants.[124] These variations suggest that vacancy may result from geographical imbalances between supply and demand, and that not every unoccupied dwelling represents a viable housing option in areas under the greatest pressure. Therefore, the EHSI should consider vacancy from a territorial perspective and, where the data allow, also take into account its duration, location and the actual feasibility of returning it to normal residential use. Thus, a distinction should be made between completely vacant housing, vacant housing available for residential use and mobilisable vacant housing —which can be returned to residential use through regulatory or tax measures, as in the case of France.

Thirdly, consideration should be given to the proportion of social housing, understood as housing intended to guarantee access to accommodation under regulated conditions, at below-market rates and normally in accordance with criteria of need or social eligibility. This is because this housing stock provides a response capacity that is less dependent on current upward pressures in the private market. A comparison across Europe allows us to identify a benchmark. According to the European Commission, social housing accounts for more than 20% of the housing stock only in the Netherlands (34.1%), Austria (23.6%) and Denmark (21.3%), whilst France, Ireland and Finland range between 10% and 20%.[125] The OECD specifically characterises the systems in Austria, Denmark and the Netherlands —where the sector accounts for approximately one-fifth of the housing stock— as markets in which social housing

[123] https://publications.jrc.ec.europa.eu/repository/handle/JRC144419
https://publications.jrc.ec.europa.eu/repository/handle/JRC144703
[124] https://www.ine.es/prensa/censo_2021_jun.pdf
[125] https://op.europa.eu/webpub/empl/esde-2024/chapters/chapter-3-4.html

takes on the status of a third sector, alongside owner-occupied and private rental housing.[126] This distinction is also supported by comparative literature on European housing systems, which highlights the structural nature and historical resilience of the social sector in these countries.[127]

Consequently, the EHSI could use the proportion of social housing within the total housing stock as an indicator of a region's structural capacity for social provision, setting 20% as the benchmark. For comparative purposes, indicative bands could be established —for example, less than 5%, between 5% and 10%, between 10% and 20%, and at least 20% —to distinguish, respectively, between very limited, limited, intermediate and high levels of capacity. In this regard, the proportion of social housing should serve as an indicator of structural capacity, whilst waiting lists[128] and unmet demand would act as indicators of pressure on that capacity. Thus, reaching or exceeding 20% would not imply that demand for social housing is satisfied —and therefore that there is no housing pressure— but merely that social housing plays a significant structural role within the housing system. The final assessment should therefore combine both elements: the relative volume of the social housing stock and the degree of pressure exerted upon it.

Finally, the EHSI could take into account other forms of regulated affordable housing, understood as those whose rent, sale price or access conditions are subject to mechanisms designed to preserve their affordability over time.[129] These could include, amongst others, non-profit co-operative housing,[130] cost-rental or cost-price rental schemes, and other rental or ownership schemes with price caps or resale restrictions. These schemes should be recorded separately from social housing and treated, at least initially, as a complementary indicator, given that their definition and scope vary between Member States;[131] furthermore, their measurement should be statistically harmonised to identify overlaps with social housing.

5.3 Structural Pressures

The third dimension of the EHSI would analyse structural pressures that may exacerbate housing strain and which are not fully reflected in the indicators of affordability and availability. To this end, it would incorporate variables relating to tourism pressure, non-standard uses of housing, and certain demographic and territorial dynamics. Firstly, tourism pressure could be measured using two complementary indicators. On the one hand, tourism intensity would be measured as the number of overnight stays in tourist accommodation per 1,000 inhabitants, following Eurostat's methodology. In 2023, the EU average was 6,574 overnight stays per 1,000

[126] OECD (2021), Brick by Brick: Building Better Housing Policies, OECD Publishing, Paris, https://doi.org/10.1787/b453b043-en
[127] Kholodilin, K. A., Kohl, S., & Müller, F. (2024). The rise and fall of social housing? Housing decommodification in a long-run comparison. *Journal of Social Policy, 53*(4), 970–996. https://doi.org/10.1017/S0047279422000770
Scanlon, K., Whitehead, C., & Fernández Arrigoitia, M. (Eds.). (2014). *Social housing in Europe*. Wiley-Blackwell. https://doi.org/10.1002/9781118412367
[128] OECD (2026), OECD Economic Surveys: Austria 2026, OECD Publishing, Paris, https://doi.org/10.1787/7cea027b-en
OECD (2025), OECD Economic Surveys: Netherlands 2025, OECD Publishing, Paris, https://doi.org/10.1787/2dd1f4aa-en
[129] van Bortel, G., & Gruis, V. (2019). Innovative arrangements between public and private actors in affordable housing provision: Examples from Austria, England and Italy. *Urban Science, 3*(2), 52, 1–14. https://doi.org/10.3390/urbansci3020052
[130] Saegert, S., & Benítez, L. (2005). Limited equity housing cooperatives: Defining a niche in the low-income housing market. *Journal of Planning Literature, 19*(4), 427–439. https://doi.org/10.1177/0885412204274169
[131] Czischke, D., & van Bortel, G. (2023). An exploration of concepts and policies on 'affordable housing' in England, Italy, Poland and the Netherlands. *Journal of Housing and the Built Environment, 38*, 283–303. https://doi.org/10.1007/s10901-018-9598-1

inhabitants, but the territorial distribution was highly uneven: 40 NUTS 3 sub-regions exceeded 40,000 and nine exceeded 100,000, mainly island and tourist territories.[132] At the same time, the EHSI could measure the penetration of STRs by calculating the proportion of entire dwellings used for this purpose within the total housing stock. The European Commission's Joint Research Centre (JRC) uses this same ratio to examine the relationship between STR penetration and the residential market and indicates that a greater presence may be associated with lower availability of long-term rentals (LTRs) and higher prices, although it warns that these effects are not uniform across all territories.[133]

For operational purposes, taking as a reference the distribution observed by the JRC, five levels could be distinguished across local authority areas: less than 1%, low pressure; between 1% and 2.5%, moderate; between 2.5% and 5%, high; between 5% and 10%, very high; and more than 10%, exceptional. The proposal is based on the fact that STRs account for approximately 1.2% of the EU's housing stock, whilst only around 3.7% of the population lives in municipalities where STRs exceed 5% of the housing stock, although in certain tourist destinations and urban or metropolitan areas they can account for close to 20%.[134]

Secondly, the proportion of second homes represents another important indicator of structural pressure,[135] particularly in tourist, rural or coastal areas where a considerable proportion of the housing stock is not used as a main residence. A high number of second homes may coexist with access problems for local residents and contribute to a reduction in the actual supply of housing, although the implications vary depending on factors such as seasonality, location and the intensity of external demand. In France, for example, the identification of certain high-pressure areas specifically includes a high proportion of dwellings not used as a main residence, and local taxation allows for the application of surcharges on second homes in areas under intense residential pressure. For the EHSI, this indicator could be measured as the percentage of second homes out of the total housing stock, distinguishing them from empty dwellings and STRs to avoid double counting. Given the high territorial variability of this phenomenon,[136] the EHSI would not establish a single absolute threshold applicable across the whole of the EU. Its intensity could be quantified based on the distribution observed in a harmonised European statistical database —identifying, for example, territories in the top percentiles— and assessed in conjunction with other indicators of pressure, particularly tourism pressure, housing availability and labour demand.

[132] Eurostat. (2025). *Eurostat Regional Yearbook: 2025 edition*. Publications Office of the European Union. https://doi.org/10.2785/5478134
[133] Iodice, S., van Heerden, S., Ribeiro Barranco, R., Bertoni, E., Curtale, R., Gabrielli, L., Signorelli, S., Sulis, P., & Timbeau, X. (2025). *Exploring the nexus of housing, tourism, and local liveability: Insights from Paris, Milan, and Rome*. Publications Office of the European Union. https://doi.org/10.2760/8602103
[134] Batista, F., Curtale, R., Ribeiro Barranco, R., Marconi, M., & Tucci, M. (2025). *Place-based determinants of housing prices in Europe*. Publications Office of the European Union. https://doi.org/10.2760/6985372
[135] European Commission. (2025). *Understanding the housing crisis: Staff working document accompanying the European Affordable Housing Plan* (SWD(2025) 1053 final). Publications Office of the European Union. https://eur-lex.europa.eu/resource.html?uri=cellar:da79dcfa-dbdd-11f0-8da2-01aa75ed71a1.0001.02/DOC_1&format=PDF
[136] Back, A., Marjavaara, R., & Müller, D. K. (2022). The invisible hand of an invisible population: Dynamics and heterogeneity of second-home housing markets. *International Journal of Tourism Research, 24*(4), 536–549. https://doi.org/10.1002/jtr.2520
Back, A. (2022). Endemic and diverse: Planning perspectives on second-home tourism's heterogeneous impact on Swedish housing markets. *Housing, Theory and Society, 39*(3), 317–340.. https://doi.org/10.1080/14036096.2021.1944906

Thirdly, insularity could be included in the EHSI as a factor that may amplify other housing pressures. Its mere existence would not automatically imply a situation of tension, but it would increase the relevance of indicators such as tourism intensity, STRs, second homes or mismatches between household growth and the available housing stock when these factors are present in an island territory. The European Commission recognises that housing pressures on many islands are heightened by limited land availability, demographic changes, growth in tourism, STRs, second homes and other forms of demand not linked to the main residence.[137] Academic evidence on island and tourist destinations also shows that these dynamics can reduce housing affordability and contribute to the displacement of the local population, as has been documented in Mallorca and other European island destinations.[138]

Fourthly, student demand can place specific pressure on local rental markets, particularly in university towns where student enrolment growth outstrips the capacity of dedicated student accommodation. Studies on *'studentification'*[139] show that this demand can be concentrated in certain neighbourhoods and segments of the private housing stock, amplifying competition for shared or smaller-sized accommodation. Recent evidence also indicates that student inflows can rapidly feed through to rental prices when the specific supply is insufficient.[140] The EHSI could approximate this pressure by calculating the number of students requiring accommodation per 1,000 inhabitants, supplemented, where possible, by the ratio of this demand to the number of places available in university halls of residence or other accommodation specifically intended for students. However, its comparative application would require the development of a harmonised statistical framework that allows for the consistent identification of which students actually generate additional housing demand.

Fifthly, metropolitan agglomeration and cross-border labour markets can increase pressure on housing, as employment, services and opportunities are concentrated in certain areas, whilst demand for housing extends to neighbouring municipalities or surrounding areas. OECD data indicate that in 2023 the cost of housing in major functional urban areas was, on average, 86% higher than in very small towns,[141] and that in border regions such as Luxembourg, labour mobility has an impact on neighbouring housing markets.[142]

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[137] European Commission. (2026). *EU strategy for islands* (COM(2026) 520 final). https://ec.europa.eu/regional_policy/sources/policy/themes/islands/COM_2026_520_1_EN_ACT_part1_v6.pdf

[138] Yrigoy, I. (2019). Rent gap reloaded: Airbnb and the shift from residential to tourist rental housing in the Old Quarter of Palma, Mallorca, Spain. *Urban Studies, 56*(13), 2709–2726. https://doi.org/10.1177/0042098018803261

Mikulić, J., Vizek, M., Stojčić, N., Payne, J. E., Čeh Časni, A., & Barbić, T. (2021). The effect of tourism activity on housing affordability. *Annals of Tourism Research, 90*, 103264. https://doi.org/10.1016/j.annals.2021.103264

[139] Wilkinson, C., & Greenhalgh, P. (2024). Exploring student housing demand, supply side and planning policy responses in a small university city: Studentification in Durham, UK. *Housing Policy Debate, 34*(5), 746–768. https://doi.org/10.1080/10511482.2022.2137379

[140] Herold, T. (2025). Dynamics of subletting: Evidence from Swedish university students. *Journal of Housing Economics, 68*, 102049. https://doi.org/10.1016/j.jhe.2025.102049

[141] Organisation for Economic Co-operation and Development. (2024). *OECD regions and cities at a glance 2024*. OECD Publishing. https://doi.org/10.1787/f42db3bf-en

[142] Claveres, G., Mathä, T. Y., Pulina, G., Stráský, J., Woloszko, N., & Ziegelmeyer, M. (2020). *Housing and inequality: The case of Luxembourg and its cross-border workers* (OECD Economics Department Working Papers, No. 1608). OECD Publishing. https://doi.org/10.1787/666babc1-en

Dumeignil, C. (2022). The impact of cross-border labour mobility on real estate price trends: A natural experiment. *International Regional Science Review, 45*(1), 108–132. https://doi.org/10.1177/0160017621989394

TABLE 5. PROPOSED INDICATORS & TREATMENT FOR THE EHSI

	INDICATOR	PROPOSED OPERATIONAL TREATMENT
AFFORDABILITY	1.1 Rent-to-income ratio	Measure the financial burden on a tenant household by taking into account, in addition to the rent, the expenses legally attributable to the tenant.
	1.2 Purchase price to income ratio	Measure the financial burden of home ownership by taking into account the purchase price, financing and acquisition costs, and initial savings.
	1.3 Housing cost burden and price pressure	Measure housing affordability through two indicators. First, the percentage of households whose total housing costs —including energy, maintenance and other recurring expenses— exceed a level considered affordable, using around **20% of income** as an indicative threshold rather than a universal limit. Second, whether the cumulative increase in purchase prices or rents over the previous 5 years exceeds the cumulative change in the HICP of the relevant Member State by at least **2 percentage points.**
AVAILABILITY	2.1 Growth in housing supply relative to household growth	Compare the trend in the housing stock with the trend in the number of households using a **3–5-year moving window**, in order to identify persistent imbalances between new housing needs and available supply.
	2.2 Vacancy rate	Calculate, for each region, the **functional vacancy level** required to allow for house moves, refurbishments and normal market turnover, distinguishing this from structurally vacant or non-marketable housing. Pressure would arise when the actual vacancy rate falls below this functional level.
	2.3 Proportion of social and affordable housing	Use social housing as an indicator of structural capacity. Indicative ranges: **<5% very limited capacity; 5–10% limited; 10–20% intermediate; ≥20% high**. Other forms of regulated affordable housing should be recorded separately as a complementary indicator.
STRUCTURAL PRESSURES	3.1 Tourism intensity	Measure the number of **tourist overnight stays per 1,000 inhabitants**. This would serve as a direct indicator of regional tourism pressure.
	3.2 Density of *short-term rentals* (STRs)	Measure the proportion of whole dwellings used for STRs out of the total housing stock. Indicative scale: **<1% low; 1–2.5% moderate; 2.5–5% high; 5–10% very high; >10% exceptional**.
	3.3 Second homes	Measure the percentage of **second homes out of the total housing stock**, distinguishing them from vacant properties and STRs. Given their regional variability, no common absolute threshold is initially proposed for the whole of the EU.
	3.4 Student demand	Measure the number of students requiring accommodation **per 1,000 inhabitants**, supplemented by the ratio of this demand to the number of available specialised accommodation places. Harmonised European data are required before common thresholds can be set.
	3.5 Insularity	This would not in itself create pressure, but would act as **an amplifying factor** when it coincides with other pressures, such as tourism, STRs, second homes or mismatches between households and the available housing stock.
	3.6 Metropolitan concentration and cross-border labour markets	These would act as an **aggravating factor** when high metropolitan concentration, heavy reliance on cross-border labour flows, or significant wage and housing price differentials intensify existing pressures on the local market.
	3.7 Recruitment difficulties or labour shortages	This would primarily serve as **a complementary indicator of impact**, based on persistent **job vacancies**, staff turnover or difficulties in recruitment and retention, provided that it can be demonstrated that housing is a relevant factor.

In the EHSI, these factors could reinforce other forms of pressure already identified, particularly those relating to affordability and availability, in areas with a significant concentration of employment or a high dependence on cross-border labour flows. Finally, labour shortages linked to access to housing could be interpreted as a sign that housing pressure is already affecting the region's economic and social performance. The European Commission notes that a lack of affordable housing can limit labour mobility and exacerbate labour shortages, particularly shortages of crucial workers.[143] In operational terms, the EHSI could employ an additional labour market impact indicator based on long-term job vacancies, recruitment difficulties, staff turnover rates or retention challenges in the public and private sectors —particularly in socio-economically essential sectors— provided there is evidence that housing is a significant causal factor. This indicator would not represent a source of housing pressure in its own right, but would instead capture the extent to which existing affordability or availability problems are affecting the labour market.

5.4 EHSI Implementation

Once the EHSI indicators have been defined, their usefulness would depend on the interpretation rule adopted. Based on the European comparison, two models can be distinguished. In either model, the EHSI would serve primarily as a territorial diagnostic instrument and would not, in itself, determine the adoption, maintenance or withdrawal of any specific measure. Under a *selective designation model*, it would identify the areas in which intervention may be justified; under a model of *general application with territorial exceptions*, it would identify those areas in which the general regime could be relaxed or partially disapplied. In both cases, any specific regulatory measure should be subject to a separate assessment of its causal connection with the identified housing pressures, as well as its necessity and proportionality in light of the circumstances of the territory concerned.

On the one hand, under a *model of selective designation* (MSD), it would be the responsibility of the competent administration to demonstrate that the appropriate conditions exist to support the designation of a specific zone as an HSA. Based on the European comparison, the EHSI could, as a general rule, require the presence of two indicators of pressure, at least one of which would necessarily have to stem from the dimensions of affordability or availability, during the previous 3-5 years. This restricted requirement would be explained by the heterogeneity of the causes of the housing crisis: whilst certain areas face, above all, problems of excessive financial strain, others may be affected by a lack of housing, pressure from tourism, student demand or specific local dynamics. Requiring a greater accumulation of criteria could result in an overly restrictive activation threshold, limiting designation to only the most severe cases and excluding areas which, although characterised by a different combination of causes, require intervention. The experience in Scotland highlights the dangers of models that make it excessively difficult to verify housing pressure: the absence of precise

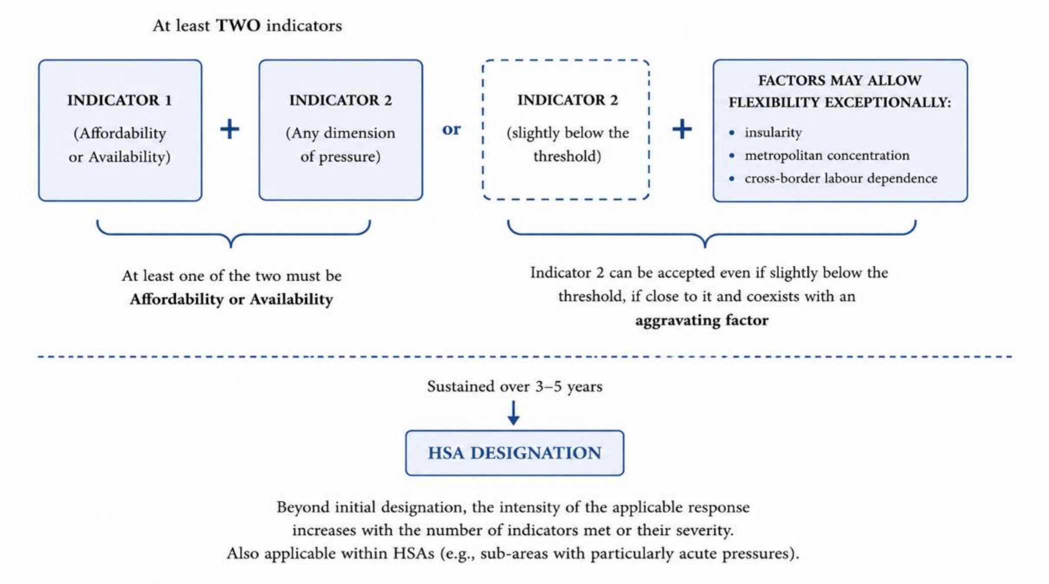
[143] European Commission. (2025). *The European Affordable Housing Plan* (COM(2025) 1025 final). https://housing.ec.europa.eu/document/download/756915b5-d1b1-4bde-ac82-03532d2d3d90_en?filename=0.pdf

quantitative criteria, evidential hurdles and a complicated process meant that no area was ever designated under the original system.

A comparison across Europe also reveals more adaptable and flexible solutions: Ireland combined two concurrent criteria, whilst Germany allows for a joint assessment of various indicators without necessarily requiring that all of them be met simultaneously. Aggravating indicators would allow for a degree of territorial flexibility without negating the existence of genuine housing pressure. As a general rule, at least one indicator of affordability or availability should fully meet the relevant pressure criterion. The second indicator could, exceptionally, be considered to meet the criterion even if it fell slightly short of the relevant threshold, provided it was close to it and coexisted with a directly associated aggravating factor —such as insularity, metropolitan concentration or dependence on cross-border labour markets— which could objectively intensify its effects. For example, a penetration of STRs slightly below the anticipated level might carry greater significance in an island area with a limited housing supply.

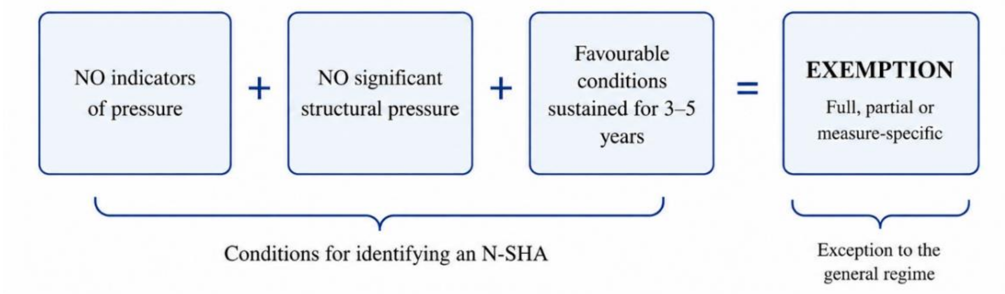
This adjustment must be based on a statistical comparison with similar areas and on the temporal continuity of the phenomenon, preventing a mere territorial peculiarity or a discretionary assessment by the administration from being used as a substitute for evidence of housing pressure. Beyond the initial designation of an HSA, a graduated approach could be envisaged whereby the intensity of the applicable public-policy response increases as a broader set of housing-stress indicators is met or as the severity of those indicators increases. Importantly, this scalability should also operate within designated HSAs themselves, allowing sub-areas experiencing particularly acute pressures to be identified and subject to more targeted interventions. This would enhance the territorial precision and proportionality of housing policies, avoiding the treatment of heterogeneous housing markets as uniformly stressed.

Model of selective designation (MSD)



On the other hand, under a *model of general application with territorial exceptions*, the EU as a whole would be subject to a common presumption of protection against housing pressure. In this model, the EHSI would perform the reverse function: rather than being used primarily to identify HSAs, it would serve to identify *non-stressed housing areas* (N-SHAs), understood as territories displaying sufficiently favourable and sustained conditions to justify their full or partial exemption from the general regime. The concept is inspired by the academic use of the French *zone détendue* —or non-tight zone— as the counterpart to areas characterised by greater housing pressure; in the French ABC zoning system, zone C represents the least pressured category and can be described as a *zone détendue*. Operationally, the identification of an N-SHA would require a more demanding assessment than the mere absence of an individual pressure indicator. A territory should demonstrate sufficiently favourable conditions in both affordability and availability, while no indicator in either dimension should reveal severe housing pressure in a period of 3-5 years. Structural pressures would operate as an additional safeguard: significant tourism intensity, STRs penetration, second-home concentration or other relevant structural factors would have to be taken into account before an exemption could be granted, particularly where the affordability or availability indicators were close to their respective pressure thresholds.

Model of general application with territorial exceptions (MGTE)



Moreover, favourable conditions should be sustained over time rather than reflect a temporary improvement. Where all these requirements were satisfied, the territory could qualify for a full exemption from the general regime; where only the conditions relevant to a particular intervention were satisfied, a partial or measure-specific exemption could instead be considered. This approach could give rise to objections based on the principles of subsidiarity and proportionality, as it would establish a presumption applying across the Union. However, this presumption would not entail the uniform application of all measures typically associated with an HSA. What would apply by default would be the common safeguard and assessment framework, whilst the scale and type of specific measures would continue to be tailored to local conditions and would have to comply with the principles of necessity and proportionality. Article 5 TEU does not preclude Union action, but requires, in areas which do not fall within its exclusive competence, that the objectives of the proposed action cannot be sufficiently achieved by the Member States and can, by reason of the scale or effects of the proposed action, be better achieved at Union level; moreover, the content and form of Union action must not exceed what is necessary to achieve the objectives of the Treaties.[144]

This interpretation is also consistent with recent developments in EU State aid policy concerning social and affordable housing, which seek to widen the scope for public intervention whilst requiring measures to respond to specific housing needs and avoiding undue distortions of competition.[145] As regards duration, a designation period of three to five years is recommended for both HSAs (under the MSD) and N-HSAs (under the MGTE). The cases examined in Section 4 suggest that time windows of this kind are sufficiently long to capture meaningful market trends, while remaining short enough to allow authorities to react when conditions change. Longer periods could delay necessary intervention and, more generally, reduce the responsiveness and practical effectiveness of the model. Periodic reassessment would also require Member States and competent authorities to collect and update relevant housing data on a regular basis, thereby strengthening the evidence base not

[144] European Union. (2008). *Consolidated version of the Treaty on European Union, Article 5. Official Journal of the European Union, C 115*, 18. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008M005

[145] European Commission. (2025). *Revision of the State aid rules for services of general economic interest (SGEI) applicable to social and affordable housing*. Directorate-General for Competition. https://competition-policy.ec.europa.eu/public-consultations/2025-sgei_en

only for the operation of the EHSI framework but also for other housing and related public policies. Concerning territorial scalability, the French and German approaches illustrate the value of preserving sufficient flexibility to respond to different types and intensities of housing pressure. The framework should therefore allow designation and intervention at supramunicipal, municipal and submunicipal levels, depending on the geography of the pressures identified. It should also permit different degrees of housing stress to be recognised within the same territory, so that both the intensity of the designation and the measures adopted can be calibrated to the specific circumstances of each case. Such flexibility would improve territorial precision, proportionality and the capacity of the framework to respond to heterogeneous housing-market conditions.

TABLE 6. ALTERNATIVE APPROACHES TO THE DESIGNATION OF HSAs

	SELECTIVE DESIGNATION (MSD)	GENERAL APPLICATION WITH TERRITORIAL EXCEPTIONS (MGTE)
INITIAL SITUATION	The territory is presumed not to be under housing stress.	The EU framework operates on the basis of a general presumption of protection.
ROLE OF THE EHSI	To identify the areas that should be designated as areas under housing stress.	To identify the areas that may be considered not to be under housing stress.
MAIN RULE	**Two indicators**, at least one of which must relate to affordability or availability.	Favourable results in terms of **affordability** and **availability**, together with the absence of significant structural pressures.
AGGRAVATING FACTORS	These may strengthen the case where a second indicator is close to the relevant threshold.	They may make it more difficult to conclude that housing pressure has sufficiently eased.
BURDEN OF PROOF	The competent authority must justify the declaration of stress.	The competent authority must justify the lifting of HSA status or any reduction in the applicable protective measures.
MAIN STRENGTH	It allows intervention to be targeted at areas where housing stress has been demonstrated.	It reduces the risk of under-coverage and allows protection to be tailored to the local situation.
MAIN LIMITATION	It may place an excessive burden of proof on authorities and exclude areas that require protection.	It may be perceived as overly interventionist if the general presumption is mistaken for a uniform application of restrictions.
LEGAL FRAMEWORK	The declaration and the measures must be justified in accordance with the criteria of necessity and proportionality.	The general presumption is combined with territorially graduated measures that respect subsidiarity, necessity and proportionality.

5.5 EHSI Data Framework

However, for the EHSI to operate effectively, territorial flexibility should not be confused with methodological decentralisation. As discussed in Section 4, the Scottish experience demonstrates the vulnerability of systems that rely heavily on local initiative, administrative capacity, and non-harmonised data. Only a few local authorities made significant progress in seeking an HSA designation, and none ultimately obtained one. Therefore, a European index would require a coordinated evidential framework that combines harmonised core data and definitions with national or regional information where greater territorial detail is necessary. This coordination would not imply the harmonisation of substantive housing policy. Article 114 TFEU[146] provides a possible legal basis for aligning national rules where differences impact the establishment or operation of the internal market.

A relevant precedent is Regulation (EU) 2024/1028 on STRs,[147] which is also based on Article 114 TFEU and harmonises the collection and sharing of data while expressly preserving national, regional, and local rules governing housing and access to STR services. A similar distinction could therefore be applied to the EHSI: common criteria and evidential standards at a European level and territorially adapted substantive measures. This approach could be supplemented by the Union's statistical competence under Article 338 of the Treaty on the Functioning of the European Union (TFEU),[148] which permits the adoption of measures necessary for the production of statistics for Union activities. Regulation (EC) No 223/2009[149] already establishes the institutional framework for European statistics, giving Eurostat a coordinating role in ensuring consistency and data quality. Consequently, the EHSI could operate through a two-tier structure comprising a harmonised European statistical core to ensure comparability, supplemented by national, regional or local data produced according to common definitions, territorial standards, periodicity and quality requirements where necessary.

6. EHSI & EU POLICIES

The practical value of the EHSI would extend beyond merely identifying HSAs. By providing a shared analysis of the presence, severity and root causes of housing stress across different territories, it could inform the targeting of EU housing policies, regulations and investments. This function is particularly relevant in the context of the European Affordable Housing Plan

[146] European Union. (2016). *Consolidated version of the Treaty on the Functioning of the European Union, Article 114*. *Official Journal of the European Union, C 202*, 94–95. https://eur-lex.europa.eu/eli/treaty/tfeu_2016/art_114/oj/eng

[147] European Parliament & Council of the European Union. (2024). *Regulation (EU) 2024/1028 of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724*. *Official Journal of the European Union, L, 2024/1028*. https://eur-lex.europa.eu/eli/reg/2024/1028/oj

[148] European Union. (2016). *Consolidated version of the Treaty on the Functioning of the European Union, Article 338*. *Official Journal of the European Union, C 202*, 192–193. https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016E338

[149] European Parliament & Council of the European Union. (2009). *Regulation (EC) No 223/2009 of 11 March 2009 on European statistics*. *Official Journal of the European Union, L 87*, 164–173. https://eur-lex.europa.eu/eli/reg/2009/223/oj/eng

(EAHP), which envisages further action on STRs and the identification of HSAs. The EHSI could provide a common basis of evidence for these initiatives, while avoiding the assumption that all HSAs require the same response. The measures attached to an HSA should instead reflect the indicators responsible for its designation, their severity, and the territorial conditions in which they operate.[150]

Firstly, the EHSI could improve the way Cohesion Policy funding is targeted at specific regions. This is particularly relevant for the European Regional Development Fund (ERDF),[151] the current framework of which expressly permits investment in affordable and sustainable housing, including new and renovated properties. The European Social Fund Plus (ESF+)[152] could complement such physical investment by providing housing retention schemes, preventing homelessness and offering associated social support measures. In territories affected by the transition towards climate neutrality, the Just Transition Fund (JTF)[153] can support access to affordable, sustainable housing. Other instruments have more specific roles: the Cohesion Fund[154] may support housing investment only where it is linked to energy efficiency or renewable energy, and Interreg[155] can facilitate cross-border cooperation in areas where housing pressures affect more than one region or country.[156] The EHSI could complement conventional cohesion indicators by identifying areas where housing stress is hindering territorial development, thereby informing the type of intervention required. For example, areas with insufficient affordable housing supply could prioritise public, social or co-operative housing, while areas with significant mobilisable vacancy could focus on refurbishing and activating existing properties. In areas where housing pressures affect recruitment and retention, support could target essential-worker housing.

While the EHSI should not automatically grant access to funding, it could provide a common basis of evidence for territorial prioritisation and proportionality. Where Cohesion Policy resources are invested in affordable housing, EHSI-based funding conditions could help to ensure long-term affordability by imposing restrictions on rent or sale prices, ensuring continued residential use, and promoting public, social, co-operative, or limited-profit ownership and governance arrangements where appropriate. The EHSI could also inform the Pan-European Investment Platform for Affordable and Sustainable Housing.[157] However, the mobilisation of private capital should not be treated as a housing policy objective in itself. Where EU guarantees, blended finance or other financial instruments are used, public support should be conditional upon demonstrable additionality and long-term affordability. Projects

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150 European Commission. (2025). *The European Affordable Housing Plan* (COM(2025) 1025 final). https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC1025

151 https://commission.europa.eu/funding-and-tenders/find-funding/eu-funding-programmes/european-regional-development-fund-erdf_en

152 https://commission.europa.eu/funding-and-tenders/find-funding/eu-funding-programmes/european-social-fund_en

153 https://commission.europa.eu/funding-and-tenders/find-funding/eu-funding-programmes/just-transition-fund_en

154 https://commission.europa.eu/funding-and-tenders/find-funding/eu-funding-programmes/cohesion-fund-cf_en

155 https://interreg.eu/about/what-is-interreg/

156 European Parliament & Council of the European Union. (2021). *Regulation (EU) 2021/1058 of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund*. *Official Journal of the European Union, L 231*, 60–93. https://eur-lex.europa.eu/eli/reg/2021/1058/oj/eng
European Parliament & Council of the European Union. (2025). *Regulation (EU) 2025/1914 of 18 September 2025 amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review*. *Official Journal of the European Union, L, 2025/1914*. https://eur-lex.europa.eu/eli/reg/2025/1914/oj/eng

157 European Commission, Directorate-General for Energy. (n.d.). *Pan-European Housing Investment Platform*. Retrieved September 4, 2026, from https://housing.ec.europa.eu/pan-european-housing-investment-platform_en

receiving such support could therefore be subject to transparent rent or sale price limits, long-term affordability requirements, and restrictions to prevent conversion to short-term rentals (STRs) or other non-residential uses.

They would also have to meet minimum quality, accessibility, and environmental standards. These conditions could be accompanied by monitoring and recovery mechanisms in the event of a breach of the affordability obligations. This approach would align with the safeguards already incorporated into the revised EU SGEI framework for affordable housing, which generally stipulates below-market prices or rents and a minimum 20-year designation as affordable housing.[158] However, permanent protection would be particularly appropriate where public land, grants or subsidised finance are involved, since time-limited affordability may ultimately allow part of the public subsidy to be capitalised into private asset values once restrictions expire.[159]

Secondly, the EHSI could provide a more systematic territorial basis for EU action concerning STRs, housing market transparency, and speculative pressures. While Regulation (EU) 2024/1028[160] already establishes a common framework for generating and sharing STRs data, the EAHP envisages further measures that would allow authorities to respond to housing shortages related to STRs in stressed areas. The EHSI could incorporate these data into a broader assessment of tourism, availability and affordability. This would distinguish territories where STRs activity contributes to a demonstrable housing imbalance from those where it does not. The same principle could be applied to transaction and ownership data. Price dynamics, ownership concentration, second homes, vacancy rates and investment activity should be considered collectively rather than in isolation to provide a stronger basis of evidence for targeted regulatory intervention. The EHSI could contribute to the market transparency objectives of the EAHP, which aims to make residential property markets more transparent and provide EU-level access to housing market data and analysis. While existing European statistics provide harmonised information on house prices and transaction volumes, the EHSI could also combine this with territorially disaggregated data on ownership concentration, second homes, vacancies, and investment activity. This would operationalise market transparency for housing policy, helping authorities to distinguish ordinary investment activity from patterns associated with demonstrable housing stress in specific areas.

Thirdly, a particularly significant opportunity lies in the definancialisation of housing. Although HSA-type systems have traditionally been associated primarily with rent regulation, the European cases reviewed in this report demonstrate that they can also support taxation, STRs controls, and other forms of intervention. A future European framework could extend this logic

[158] European Commission. (2025). *Commission Decision (EU) 2025/2630 of 16 December 2025 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest and repealing Decision 2012/21/EU*. *Official Journal of the European Union, L, 2025/2630*. https://eur-lex.europa.eu/eli/dec/2025/2630/oj/eng
[159] Bossuyt, D. (2022). Who owns collaborative housing? A conceptual typology of property regimes. *Housing, Theory and Society, 39*(2), 200–216. https://doi.org/10.1080/14036096.2021.1888788
Burón Cuadrado, J. (2008). Una política de vivienda alternativa. *Ciudad y Territorio Estudios Territoriales, 40*(155), 9–40. https://recyt.fecyt.es/index.php/CyTET/article/view/75835
[160] European Parliament & Council of the European Union. (2024). *Regulation (EU) 2024/1028 of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724*. *Official Journal of the European Union, L, 2024/1028*. https://eur-lex.europa.eu/eli/reg/2024/1028/oj

to the accumulation and financial use of residential property itself. This is important because the term 'investment' can obscure the difference between capital that creates, renovates or preserves affordable housing, and strategies that focus predominantly on acquiring existing residential assets to extract higher returns and subsequently realise capital gains. Research on the financialisation of housing has documented how private equity, distressed funds, hedge funds, REITs —Real Estate Investment Trusts— and large corporate landlords have transformed existing rental housing into an asset class.[161] This has had consequences for affordability, housing stability and gentrification in cities such as Berlin and Barcelona.[162] A recent study commissioned by the European Parliament's HOUS Committee also distinguishes between valuation-driven speculation centred on asset appreciation and landlord practices that undermine housing security. The study concludes that stronger EU coordination is needed to address financialisation.[163]

Where the EHSI demonstrated that such dynamics were contributing to severe housing stress, HSA status could provide an evidential basis for a graduated anti-speculative policy response. This could include measures such as strengthening municipal rights of first refusal and pre-emption, greater scrutiny or restrictions on bulk residential acquisitions by institutional or distressed-asset funds where these acquisitions contribute to market concentration, and progressive fiscal measures targeting the accumulation or prolonged non-residential use of multiple dwellings. These measures would protect social, co-operative and genuinely affordable providers. Several European legal systems already include municipal pre-emption rights, which can be designed with safeguards for both the public interest and property owners. Comparative European experience shows that municipal pre-emption rights can be designed to pursue public-interest objectives while incorporating procedural and property-owner safeguards. Moreover, empirical evidence from France suggests that taxation can influence the incentives surrounding the non-use of housing.[164] For example, the French vacancy tax reduced vacancy rates by around 13%, with much of the affected property becoming primary residences.[165]

For particularly HSAs, owner-occupancy requirements could be introduced to discourage speculative acquisitions and protect access to housing for permanent residents. A relevant

[161] Christophers, B. (2023). *Our lives in their portfolios: Why asset managers own the world*. Verso.
Fields, D., & Uffer, S. (2016). The financialisation of rental housing: A comparative analysis of New York City and Berlin. *Urban Studies, 53*(7), 1486–1502. https://doi.org/10.1177/0042098014543704
Gabor, D., & Kohl, S. (2022). *"My home is an asset class": The financialization of housing in Europe*. Greens/EFA. https://www.greens-efa.eu/en/article/document/my-home-is-an-asset-class
Gabarre, M. (2019). *Tocar fondo: La mano invisible detrás de la subida del alquiler*. Traficantes de Sueños.
[162] D'Adda, G., & Kusiak, J. (2025). Striking back with the law: Legal struggles against corporate landlords in Barcelona and Berlin. *Urban Studies, 62*(16), 3205–3222. https://doi.org/10.1177/00420980241300417
Taylor, Z. J., & Aalbers, M. B. (2024). The restless urban landscape of housing financialization: Geographies of residential real estate investment trust expansion in Germany and the United States. *Urban Geography, 45*(10), 1822–1842. https://doi.org/10.1080/02723638.2024.2337570
[163] Aalbers, M. B., Böhmer, F., & Fernandez, R. (2026). *Housing speculation in the EU: Corporate landlords, real estate trusts, abusive speculative behaviour and impacts on prices and transactions*. European Parliament. https://www.europarl.europa.eu/RegData/etudes/STUD/2026/783542/CASP_STU(2026)783542_EN.pdf
[164] Schuite, S., & Sluysmans, J. A. M. A. (2024). A comparative analysis of municipal pre-emption rights across Europe: Calibrating Dutch law with European insights. *European Property Law Journal, 13*(2), 191–218. https://doi.org/10.1515/eplj-2024-0011
[165] Segú, M. (2020). The impact of taxing vacancy on housing markets: Evidence from France. *Journal of Public Economics, 185*, 104079. https://doi.org/10.1016/j.jpubeco.2019.104079

precedent exists in Amsterdam, where the *opkoopbescherming*[166] legislation —buy-to-let purchase protection— requires purchasers of certain low- and middle-value properties to live in them for the first four years after purchase. During this period, the property generally cannot be rented out, except in limited circumstances. In Case C-370/05, Criminal proceedings against Uwe Kay Festersen,[167] the CJEU accepted that preventing purely speculative acquisitions may constitute a legitimate public-interest objective, while requiring that residence obligations remain proportionate. The EHSI could provide the territorial evidence needed to support such a justification. However, definancialisation should not be understood exclusively in restrictive terms. It should also involve redirecting investment towards permanently or structurally affordable housing.

A European or EU-supported revolving public investment facility could help municipalities to finance public, social and co-operative housing, subject to long-term price restrictions. It could also help them to acquire existing dwellings and purchase or mobilise strategically located idle land. Rather than selling public land outright, it could be made available to non-profit, co-operative or regulated private projects through long-term surface rights, preserving public control of the land and allowing it and the constructed buildings to ultimately return to the public authority. Barcelona provides a well-established example of this: cooperative developments on municipal land have used *dret de superfície*[168] arrangements lasting 75 years, extendable by 15 years,[169] after which the land and buildings return to the municipality. These kinds of projects are known as public-community collaborations because the competent administration teams up with democratically managed projects, such as cooperatives. This is in contrast to public-private partnerships, where management and profits are exclusive.[170]

Fourthly, territorial targeting would be particularly valuable in areas where national averages mask concentrated housing stress at a local level. By incorporating different territorial pressures within a common framework, the EHSI could identify the underlying causes of these pressures and adjust the type and intensity of EU support accordingly. In metropolitan regions, this may require an assessment that extends beyond the boundaries of individual municipalities, since employment concentration, commuting patterns, and housing demand can operate across wider functional housing markets.[171] The EHSI could therefore support metropolitan-

[166] Francke, M., Hans, L., Korevaar, M., & van Bekkum, S. (2025). *Buy-to-live vs. buy-to-let: Homeownership and residential sorting in housing markets* [Working paper]. https://doi.org/10.2139/ssrn.4480261
https://www.amsterdam.nl/wonen-bouwen-verbouwen/regels-huiseigenaren/vergunning-ontheffing-opkoopbescherming/
[167] Court of Justice of the European Union. (2007, January 25). *Criminal proceedings against Uwe Kay Festersen, Case C-370/05*, ECLI:EU:C:2007:59.
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62005CJ0370
[168] Article 171 of Decret Legislatiu 1/2020 de Catalunya, de 3 d'agost.
https://portaljuridic.gencat.cat/ca/document-del-pjur/?documentId=546114
Articles 53 and 54 of Real Decreto Legislativo 7/2015, de 30 de octubre. https://boe.es/buscar/act.php?id=BOE-A-2015-11723&p=20180117&tn=0
[169] Avilla-Royo, R., Jacoby, S., & Bilbao, I. (2021). The building as a home: Housing cooperatives in Barcelona. *Buildings, 11*(4), 137. https://doi.org/10.3390/buildings11040137
[170] Ferreri, M., & Vidal, L. (2022). Public-cooperative policy mechanisms for housing commons. *International Journal of Housing Policy, 22*(2), 149–173.
https://doi.org/10.1080/19491247.2021.1877888
Lira, M., March, H., & Ribera-Fumaz, R. (2026). How far can collaborative housing go? Limits to the expansion of the grant of use model in Barcelona 2015–2019. *International Journal of Housing Policy*. Advance online publication. https://doi.org/10.1080/19491247.2026.2673652
[171] Moreno-Monroy, A. I., Schiavina, M., & Veneri, P. (2021). Metropolitan areas in the world: Delineation and population trends. *Journal of Urban Economics, 125*, 103242. https://doi.org/10.1016/j.jue.2020.103242

scale targeting where housing pressures in core cities spill over into surrounding municipalities, constraining labour mobility and access to employment. Islands and peripheral territories also require particular attention, as housing supply may be less responsive to demand due to physical constraints, smaller construction markets, limited infrastructure and higher development or transport costs. Where these constraints coincide with tourism, demand for second homes or limited labour-market capacity, relatively small changes in housing availability may disproportionately affect permanent residents and essential workers. [172]

While insularity or peripherality should not determine HSA status in themselves, the EHSI could recognise them as territorial factors capable of amplifying otherwise measurable pressures on affordability and availability. This territorial approach would also strengthen the link between housing and European territorial cohesion, demographic resilience, and access to employment. The report shows that housing shortages can contribute to youth displacement and delayed independence, while limiting labour mobility and making it more difficult to attract or retain workers. These dynamics are particularly relevant in territories where resident populations are already disadvantaged. This relationship aligns with Article 174 TFEU, [173] which requires the Union to strengthen economic, social and territorial cohesion. The article expressly refers to regions affected by severe and permanent natural or demographic disadvantages, including island, cross-border and mountain regions.

Finally, the EHSI could contribute to the development of a more coherent EU housing governance framework. Rather than transferring substantive housing competences to the Union, its role would be to create a common diagnostic and evidential language that links different levels of government and different EU instruments.[174] At the European level, common definitions, indicators and data standards, as well as periodic assessments, could provide comparability. Member States and regions could then incorporate these results into their regulatory and funding frameworks, while municipalities could use them to demonstrate territorial need and design locally appropriate interventions.

Institutions such as the European Commission and the European Investment Bank (EIB) could also use this evidence when prioritising investment. This would help to overcome the current fragmentation whereby housing, Cohesion Policy, STRs regulation, state aid, investment and territorial policy operate through separate evidential frameworks. The EHSI could therefore function as a common territorial layer of EU housing governance, coordinating evidence and objectives while preserving the subsidiarity of the choice and implementation of substantive measures. This approach is also consistent with the report's broader design, which combines

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[172] Mikulić, J., Vizek, M., Stojčić, N., Payne, J. E., Čeh Časni, A., & Barbić, T. (2021). The effect of tourism activity on housing affordability. *Annals of Tourism Research, 90*, 103264. https://doi.org/10.1016/j.annals.2021.103264
Walsh, C., Piper, L., Bomble, L., & Thomsen, S. (2025). Dealing with island particularity: Place-based governance for small North Sea islands. *Maritime Studies, 24*, Article 36.
https://doi.org/10.1007/s40152-025-00430-3
Witt, G., & Bernzen, A. (2026). Solving space-related conflicts through degrowth approaches? Navigating tourism-driven housing challenges on the East Frisian islands. *Geoforum, 174*, 104679. https://doi.org/10.1016/j.geoforum.2026.104679
[173] https://eur-lex.europa.eu/eli/treaty/tfeu_2016/art_174/oj/eng
[174] Allegra, M., Tulumello, S., Colombo, A., & Ferrão, J. (2020). The (hidden) role of the EU in housing policy: The Portuguese case in multi-scalar perspective. *European Planning Studies, 28*(12), 2307–2329.
https://doi.org/10.1080/09654313.2020.1719474
Doling, J. (2006). A European housing policy? *European Journal of Housing Policy, 6*(3), 335–349.
https://doi.org/10.1080/14616710600973169

common European standards with territorial scalability and measure-specific assessments of necessity and proportionality.

Additionally, the EHSI could inform ongoing EU discussions on housing governance by explicitly linking housing policy to territorial cohesion, demographic stability, and access to employment.[175] As discussed throughout this report, housing stress can delay young people's ability to live independently, encourage youth migration[176] and restrict labour mobility,[177] as well as hindering the ability of high-pressure territories to attract and retain essential workers. These effects should not be considered merely as secondary consequences of housing markets, but as territorial outcomes that are important when planning EU regulatory and financial interventions. The EHSI could translate these concerns into comparable territorial evidence, enabling Member States, regions and municipalities to calibrate regulatory and funding responses, and allowing EU institutions to target Cohesion Policy[178] and housing investment more effectively.

In this way, the EHSI could provide a common territorial basis for EU housing governance while preserving subsidiarity over substantive measures. Housing policy would therefore be considered not only in terms of supply, but also as part of demographic and territorial resilience, particularly in areas where housing stress threatens the ability of younger generations and essential workers to remain in their communities. Housing governance would thereby become part of territorial governance, addressing not only housing supply but also ensuring that younger generations and essential workers can afford to live in their communities, establish households and participate in social and economic life.

TABLE 7. EXPECTED POLICY OUTCOMES & EHSI CONTRIBUTIONS

EXPECTED POLICY OUTCOMES	EHSI CONTRIBUTION
EUROPEAN AFFORDABLE HOUSING PLAN (EAHP)	The EHSI could provide a common evidential basis for identifying HSAs and tailoring EAHP interventions to the causes and severity of housing stress.
COHESION POLICY AND STRUCTURAL FUNDS	The EHSI could improve territorial targeting of Cohesion Policy funding, including the ERDF for affordable and sustainable housing, the ESF+ for housing retention and homelessness prevention, and the JTF in eligible transition territories.
SHORT-TERM RENTALS (STRS)	The EHSI could combine STR data with tourism, affordability and availability indicators to identify where STR activity contributes to demonstrable housing stress.

[175] Mulder, C. H. (2006). Population and housing: A two-sided relationship. *Demographic Research, 15*, 401–412. https://doi.org/10.4054/DemRes.2006.15.13
[176] Lennartz, C., Arundel, R., & Ronald, R. (2016). Younger adults and homeownership in Europe through the global financial crisis. *Population, Space and Place, 22*(8), 823–835. https://doi.org/10.1002/psp.1961
Mandič, S. (2008). Home-leaving and its structural determinants in Western and Eastern Europe: An exploratory study. *Housing Studies, 23*(4), 615–637. https://doi.org/10.1080/02673030802112754
[177] Lux, M., & Sunega, P. (2012). Labour mobility and housing: The impact of housing tenure and housing affordability on labour migration in the Czech Republic. *Urban Studies, 49*(3), 489–504. https://doi.org/10.1177/0042098011405693
[178] European Parliament. (2025). *Report on the role of cohesion policy investment in resolving the current housing crisis* (A10-0139/2025, 2024/2120(INI)). https://www.europarl.europa.eu/doceo/document/A-10-2025-0139_EN.html

HOUSING INVESTMENT	The EHSI could help target EU housing investment and support affordability conditions concerning prices, residential use and long-term protection where public resources are involved.
HOUSING-MARKET TRANSPARENCY	The EHSI could complement existing European price and transaction statistics with territorial data on ownership concentration, second homes, vacancy and investment activity.
DEFINANCIALISATION OF HOUSING	Where financialisation contributes to housing stress, the EHSI could provide evidence for measures such as municipal pre-emption rights and greater scrutiny or restrictions on bulk residential acquisitions by institutional or distressed-asset funds, while supporting investment in permanently affordable housing.
METROPOLITAN REGIONS	The EHSI could enable assessment beyond municipal boundaries where housing demand, employment and commuting operate across wider functional housing markets.
ISLANDS AND PERIPHERAL TERRITORIES	The EHSI could recognise insularity and peripherality as factors capable of amplifying measurable affordability and availability pressures.
TOURIST DESTINATIONS WITH STRONG HOUSING DEMAND	The EHSI could identify where tourism, STRs and second-home demand place additional pressure on housing availability for permanent residents.
TERRITORIAL COHESION	The EHSI could identify where housing stress is beginning to undermine territorial development, access to employment and the ability of residents to remain in their communities.
DEMOGRAPHIC STABILITY	The EHSI could incorporate territorial evidence of youth displacement, delayed household formation and difficulties in retaining resident populations.
YOUNGER GENERATIONS AND ESSENTIAL WORKERS	The EHSI could identify territories where housing stress delays independent living, encourages youth migration or creates difficulties in attracting and retaining essential workers.
EU HOUSING GOVERNANCE	The EHSI could provide a common territorial and evidential basis linking EU institutions, Member States, regions and municipalities, while preserving subsidiarity over substantive housing measures.

7. CONCLUSION & KEY POLICY RECOMMENDATIONS

The comparative analysis presented in this report demonstrates that identifying HSAs involves more than just determining whether housing is expensive; it requires translating affordability issues into a precise, evidence-based and legally feasible territorial framework. The European cases examined suggest that affordability should remain the central concern, while indicators of availability and structural pressure can help to explain the persistence, intensity, and territorial causes of housing stress. However, the comparison also reveals the limitations of thresholds that are too rigid and criteria that are too open-ended to be applied consistently. Against this background, the EHSI has been developed as a common assessment framework that can clearly designate HSAs while retaining sufficient flexibility to reflect different housing market conditions. It combines a limited set of comparable indicators with aggravating factors, periodic reassessment, and territorial scalability. This preserves transparency and comparability while acknowledging that similar affordability outcomes may arise from different underlying causes. Designating a territory as an HSA would therefore indicate that it requires specific policy attention, but would not determine the content of the measures to be adopted.

This distinction is important for designing public policy. Any measures implemented should respond to the specific pressures identified, taking into account their severity and territorial expression. These measures should also be subject to separate assessments of necessity and proportionality. A harmonised European statistical core, supplemented by national, regional and local data where necessary, could provide a comparable evidentiary basis across Member States without the need to harmonise substantive housing policy. In this sense, the EHSI offers a means of transitioning from fragmented national approaches to a unified method of identifying instances of housing stress that warrant differentiated territorial treatment, while allowing the selection and intensity of the response to be tailored to each situation. Ultimately, Europe's common future depends on its ability to remain a shared home for present and future generations, offering them access to decent, affordable, available and environmentally sustainable housing, and enabling them to build their lives and participate fully in the social and economic life of their communities. Based on this, the report sets out the following key recommendations for developing and applying a European framework for housing-stressed areas:

1. Establish a Common European Housing Stress Index

The EHSI would provide a common framework based on three dimensions — affordability, availability, and structural pressures— rather than relying on a single price, rent, or supply indicator. It would identify the intensity of housing stress and its underlying causes. In terms of availability, an indicative benchmark for a well-established social housing sector would be a social housing share of around 20% of the total housing stock. Lower shares would suggest more limited structural capacity.

2. Harmonise EHSI Methodology and Data While Preserving Territorial Flexibility

The EHSI should combine common EU definitions, indicators and data standards with national, regional and local information where greater territorial detail is required. This would improve comparability without preventing the framework from operating at a territorial scale that best reflects housing market conditions. HSA designations should normally remain in force for three to five years before being reassessed on the basis of regularly updated data —long enough to capture meaningful housing market trends, but short enough to avoid delaying necessary intervention as conditions change.

3. Assess Both Selective Designation and General Application

The EHSI could support either selective designation, where protection follows demonstrated housing stress, or a general application with territorial exceptions, where protection is applied presumptively and territories with favourable, sustained conditions may qualify for full or measure-specific exemptions. Both models could recognise different degrees of housing stress, enabling the level of protection or exemption to be adjusted accordingly. The choice between the two should be based on proportionality, subsidiarity, administrative capacity, and the risk of under-coverage.

4. Tailor Measures to the Causes and Severity of Housing Stress

HSA status would not automatically trigger the same measures everywhere. The EHSI would remain a diagnostic framework, enabling interventions to address the specific indicators of housing stress and their severity in different territories. Affordability assessments could also operate preventatively, before housing conditions deteriorate to crisis levels. An affordability assessment could use around 20% of a household's income as an indicative, preventive reference point. This could be adjusted according to income levels and lowered in areas of particular deprivation or where incomes are very low.

5. Use the EHSI to Target EU Housing and Cohesion Policy Instruments

The EHSI could support the European Affordable Housing Plan (EAHP) and improve the territorial targeting of ERDF, ESF+ and JTF funding. Different housing issues could inform different types of intervention: insufficient affordable housing supply could encourage investment in public, social or cooperative housing; mobilisable vacant dwellings could be refurbished and brought back into residential use; and areas where housing pressure affects recruitment and retention could support housing for essential workers. The same framework could inform EU action on STRs, housing investment and market transparency, combining price and transaction data with information on tourism, second homes, vacancy rates, ownership concentration and investment activity. This would enable EU support to address the specific causes of housing stress in each territory more effectively.

6. Make Long-Term Affordability a Condition of Publicly Supported Housing

Housing investment supported by the European Affordable Housing Plan (EAHP), EU funding, guarantees, subsidised finance or public land should be subject to safeguards that ensure long-term affordability and continued residential use, as well as imposing limits on rent or sale prices. Where substantial public support is involved, particularly where significant public funding or land is provided, those safeguards should generally be permanent. This would help to ensure that any value created by the public sector remains tied to affordable housing in the long term, rather than subsequently being converted into unrestricted, market-rate private assets.

7. Target Definancialisation and Permanent Affordability

Where severe housing stress is caused by speculative acquisition, ownership concentration or prolonged non-residential use, evidence from the EHSI could support right of first refusal, pre-emption rights, scrutiny or restrictions on bulk acquisitions, progressive fiscal measures and targeted owner-occupancy requirements. At the same time, investment could be redirected towards public, social and co-operative housing that is permanently affordable, including through the long-term use of public land and revolving public finance. This would distinguish productive housing investment from strategies mainly focused on extracting returns from existing residential assets.

8. Target Intervention to Actual Housing Markets

The EHSI could look beyond national averages and rigid administrative boundaries. In metropolitan regions, assessments could be based on functional housing markets shaped by commuting and employment. In island and peripheral territories, assessments could account for insularity, infrastructure constraints, and limited supply responsiveness. In tourist destinations, assessments could consider tourism intensity, short-term rental (STR) penetration, and second-home demand. Therefore, the territorial scale of intervention should follow the actual pattern of housing stress.

9. Link Housing Stress to Territorial Cohesion

The EHSI could capture the broader consequences of housing stress, such as youth displacement, delayed residential independence, reduced labour mobility, and difficulties in attracting or retaining essential workers. While substantive measures would remain the responsibility of the relevant European, national, regional and local authorities, this evidence could inform Cohesion Policy, demographic resilience and access to employment.

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