EUROPE UNDER HOUSING PRESSURE

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SUMMARY

The report is called *Europe Under Housing Pressure. Housing-Stressed Areas in Europe: Comparative Approaches and a Proposal for a European Housing Stress Index*, examines the identification and use of housing-stressed areas (HSAs) in France, Germany, Scotland, Ireland and Spain. The aim is to determine which elements could inform a common European approach. The comparison focuses on the indicators used to identify housing pressure, territorial scale, data requirements, designation procedures and subsequent measures attached to HSA status.

WHAT THE COMPARISON SHOWS

- **France demonstrates the value of flexible and multi-purpose territorial zoning.** Its different systems combine housing-market indicators with factors such as social-housing demand, tourism and dwellings not used as primary residences, while territorial designation can support measures extending beyond rent regulation.

- **Germany shows the advantages of multidimensional assessment and territorial adaptability.** Federal legislation identifies several possible manifestations of housing stress while allowing the Länder to determine methodology and territorial scale. The trade-off is greater methodological variation and uneven monitoring.

- **Scotland illustrates the limits of territorial flexibility without a sufficiently strong evidential infrastructure.** Its former rent pressure zone (RPZ) framework allowed highly granular designations, but fragmented data and demanding local evidential requirements contributed to the fact that no RPZ was ultimately designated.

- **Ireland provides the clearest example of an operational system based on centralised data and objective thresholds.** Its former RPZ regime demonstrates the practical value of harmonised information, while also showing that quantitative thresholds require adequate justification and periodic reassessment.

- **Spain combines common statutory criteria with significant regional variation.** Its framework incorporates both housing-cost burden and changes in rents or purchase prices and permits territorially granular designations, but implementation shows that common legal thresholds do not necessarily produce methodological comparability.

Taken together, these cases support the development of a **European Housing Stress Index (EHSI), which is based on three dimensions: affordability, availability, and structural pressures.**

The latter include tourism and short-term rentals (STRs), second homes, student demand, insularity, metropolitan concentration, and cross-border or housing-related labour market pressures. Rather than imposing a single EU-wide formula, the EHSI would combine common evidential standards with territorial flexibility. This would provide a shared framework for identifying where housing stress exists, how severe it is, and what is driving it.

KEY POLICY RECOMMENDATIONS

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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