

MANIFESTO

HOUSING : THE EUROPEAN CHALLENGE

A NEW STRATEGY



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FOREWORD

Housing is at the heart of the concerns of European citizens, who aspire to a better daily quality of life. This often means not merely having housing, but being better housed. It also means that the cost of housing should not be too heavy a burden. Unfortunately, changes in the pricing of European real estate have created a sense of downward social pressure, given the growing percentage of income that needs to be allocated to housing costs.

We all understand the need to benefit from a decent standard of living.

Affordable housing also plays a crucial role in delivering an inclusive and just society.

Our experience as promoters, developers, managers and constructors across the vast majority of European territory, both of housing and office buildings, legitimises our point of view. It is the perspective of men and women who are in constant contact with policy makers, of course, but also – and more importantly – with the millions of householders who come to them with their aspirations, expectations and anxieties about housing. Our views are thoughtful and well-formed ones, given that our privately financed profession represents more than 60% of the home-building capacities of Europe.

After a brief overview of the current situation, this manifesto presents, through political objectives, a summary of the obstacles that are currently preventing the development of a satisfactory housing supply in the EU. It not only presents a range of proposals, but also highlights the best practices of different European countries, to tackle the central issue : **How can we build sufficient housing that both meets the aspirations of European citizens and is compatible with their income?**

Marc PIGEON
Build Europe President



1/ THE CONTRADICTIONS IN THE EUROPEAN HOUSING MARKET

Contradictions abound in European housing policies, because the growing need of affordable housing clashes with insufficient supply and is conflated by construction delays.

To create a proper and complete definition of affordable housing, we must define it in space and time :

- **In space**, because affordable housing already exists in EU member states, but not where needed, both quantitatively and qualitatively. The attraction of major cities, economic changes, migrations from rural areas, etc., move people from areas where housing is cheap to where it is expensive. In fact, the notion of **“adequate” housing** better conveys what is needed : reasonably priced housing that meets the need and of quality construction, and that allows households to meet the other social needs in their lives. This is the concept we will have in mind throughout this document, but we will nonetheless, for convenience, continue using the term **“affordable” housing**.
- **Over time**, housing needs change according to income, career development, marital status, age, etc. In order to meet the need for affordable housing, we must consider the entire housing and residential process. Indeed, all constructed dwellings have a social role in the sense of the service they perform for the community. Each unit built in the intermediate category, for example, allows households in social housing to move on and out, leaving room for a family of lesser means. The response to the need for affordable housing is therefore not just found in the construction of social housing.

A. HOUSING, AN ESSENTIAL COMPONENT OF THE RIGHT TO A DECENT STANDARD OF LIVING

Every citizen of each EU Member State deserves the right to a decent standard of living, including the key element of comfortable housing. Affordable housing is recognised by the United Nations as a fundamental human right: “citizens should be able to expect to enjoy affordable housing, such that the cost of sheltering themselves from the elements does not compromise other human rights”.¹ The European Social Charter also directs Member States “to promote access to housing of an adequate standard” and “to make the price of housing accessible to those without adequate resources”.²

Affordable housing is a term subject to different interpretations and has a scope that varies from person to person, and country to country.

1. United Nations, Universal Declaration of Human Rights, article 25.
2. Council of Europe, European Social Charter (revised), 1996, article 31.

- For some, this means that housing does not cost more than 30% of a household's gross annual earnings, either as owner or tenant.
- For others, it means social housing or other types of subsidised housing that are made available to specific groups of households that could otherwise not find housing on the private market.
- Others might also consider this to be housing sold or let at a price below that of the market.
- There are others who also impose a criterion of quality.

Accordingly, it seems the definition should take into account the weight of housing in relation to household income. It must enable the household to live in secure and healthy conditions, and should leave enough budget for them to play a full role in society.

The definition of affordable housing is therefore not only limited to “social” housing – which only makes up a part of housing supply, thus rendering this expression inadequate. Housing is housing. The “social” aspect emanates from the person who lives in it – not merely from its physical roof and walls – and the rich tapestry of issues, interconnections, perceptions and agendas that a householder has with the environment he or she daily experiences and interacts with.

B. ACCOMMODATION IS LESS AND LESS AFFORDABLE

The percentage of total income of households to cover the cost of housing is becoming disproportionate—on average, it is now around 25% of income—and is constantly increasing (it was 21.7% in 2000, and 22.5% in 2015).³ In this context, young people who enter the labour market often struggle to find housing and many have been forced to move in with their parents again.

« For me, I think a container would make me happy. »⁴

More than one European citizen in ten is now classified by the European Union as being overburdened by the cost of housing. That means a situation where more than 40% of their personal income (“net” of housing allowance) is spent on housing.⁵



3. *Ibid.*

4. Celine Sarah, 33 years old, Germany. *Le monde économique* 25/10/2018.

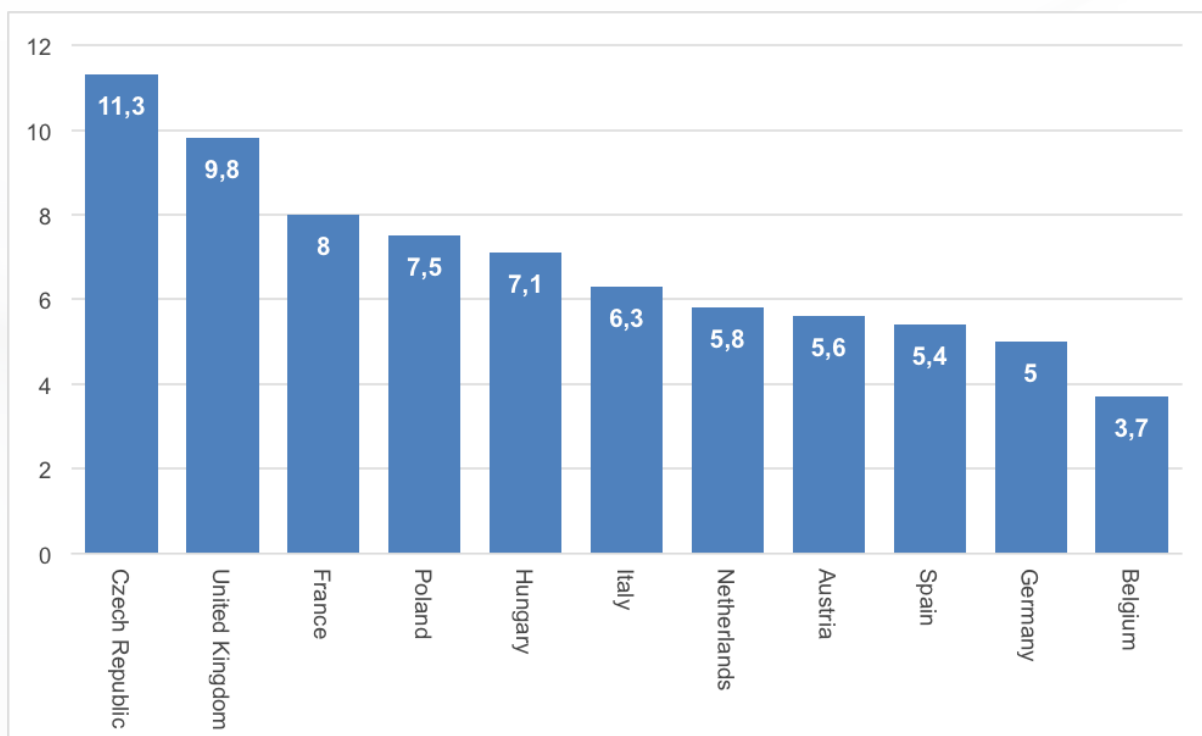
5. Eurostat, 'Housing costs – an excessive burden for 11 % of Europeans', March 2017.

This statistic is even more alarming if, to determine net disposable income, we add related constrictive expenditure to the cost of housing, such as transport, utilities and taxes.

One in 20 citizens is considered to be suffering from severe housing deprivation, meaning that they live in an over-occupied home lacking basic necessities.⁶

“One third of Europeans who are not property owners cannot imagine being able to do so, as 56% of them do not expect to have enough income”.⁷ The barriers that we describe below are creating a situation where housing is increasingly unaffordable for citizens throughout the European Union. Citizens of Member States can expect to pay up to 11 years of salary for a mid-sized flat⁸. In the Netherlands, 40% of consumers wish to move in the short or medium term, but are unable to do so because of financial constraints.⁹

*Affordability of Own Housing – Number of years of income of households to acquire new standardised housing (70 m²), 2017.*¹⁰



6. Eurostat, 'Statistics explained: housing statistics', February 2017.

7. ING, ING International Survey Homes and Mortgages – Home Costs and Prices, September 2018.

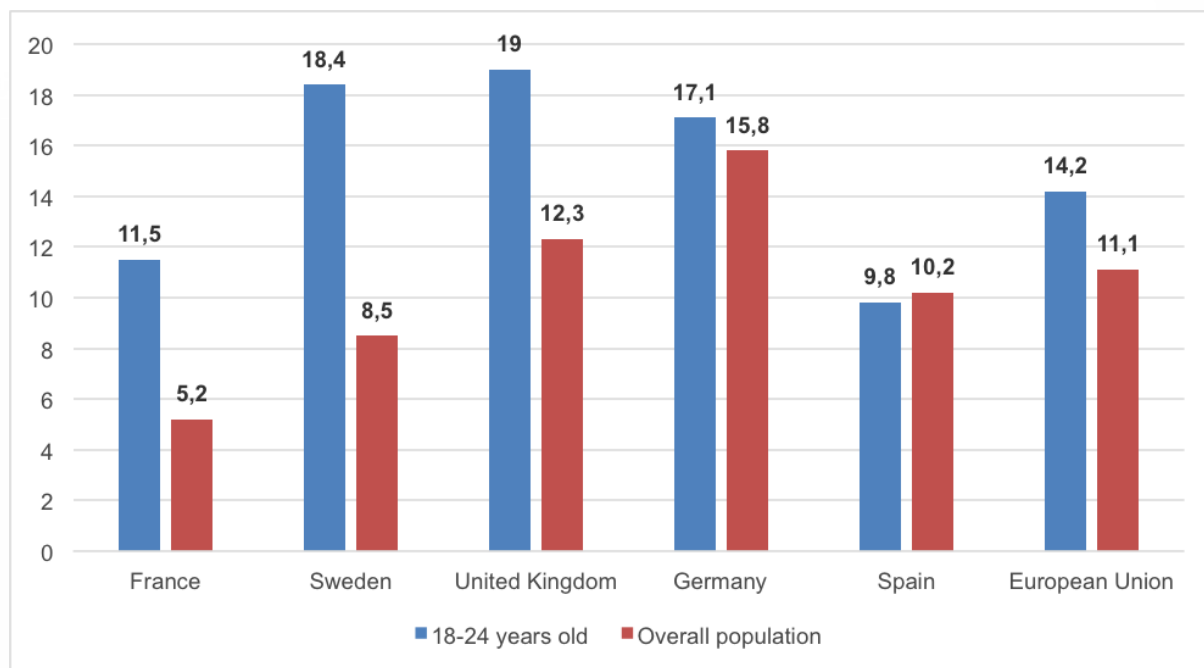
8. Deloitte, Property Index: Overview of European Residential Markets, July 2017.

9. BPD Marignan, 2016 Outlook On The Housing Markets, September 2016, pg. 58.

10. National Statistical Authorities, Deloitte data calculations in Property Index: Overview of European Residential Markets, September 2018.

Housing is consuming a significant percentage of young people's budgets

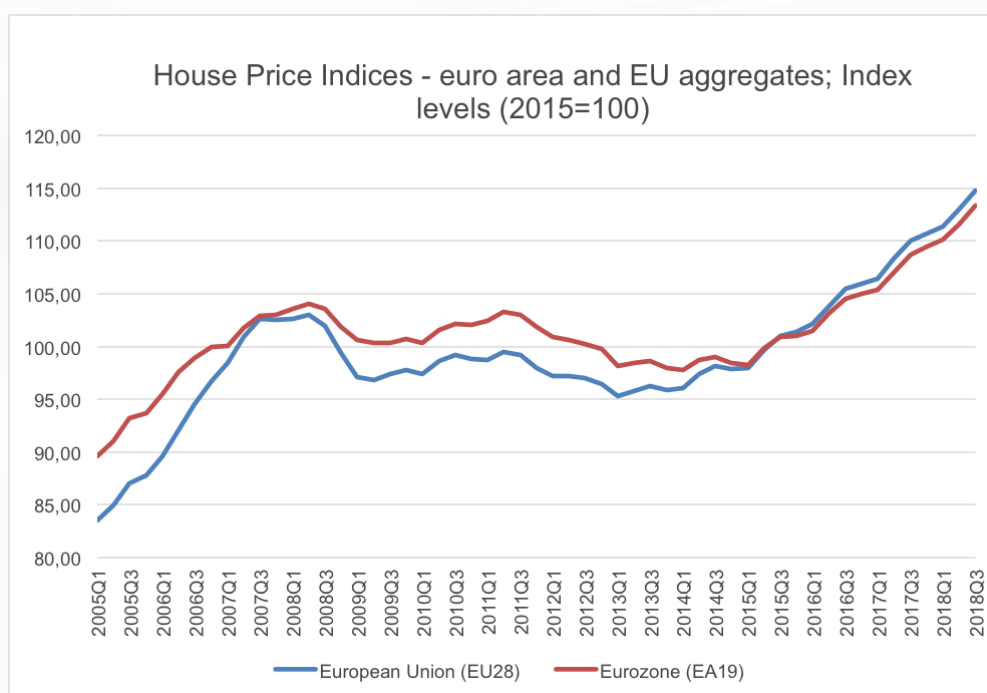
(the part of the population who spends more 40% of its budget on housing in 2016).¹¹



THIS IS NOT AN ACCEPTABLE SITUATION.

AND prices continue to go up... as shown in the chart below :

Increase in housing costs in the European Union.¹²



11. Infographic: Le Monde. Sources: Eurostat, OECD, Abbé Pierre Foundation.

12. House price indices - euro area and EU aggregates; index levels (2015 = 100), 18 January 2019 - Source : Eurostat.

Housing prices increased by **4,5 %** in the Eurozone and 4.7% in the EU in the first quarter of 2018, compared to the same quarter of 2017. Income rose only **2,7%** during the same period.¹³

Analytical house prices indicators: Price to income ratio (2015=100).¹⁴

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Austria	74,0	74,2	73,0	76,0	82,7	85,9	89,1	94,2	95,6	100,0	105,8	109,7
Belgium	90,1	93,2	93,1	91,9	95,2	98,1	99,2	99,9	98,6	100,0	100,0	100,9
Czech Republic	..	..	113,0	106,0	103,6	103,3	100,9	101,0	100,1	100,0	103,2	110,8
Denmark	127,5	130,3	122,2	104,2	101,3	96,6	92,3	94,3	97,1	100,0	100,8	102,5
Estonia	153,0	154,3	121,7	84,1	89,2	88,1	87,6	91,4	97,9	100,0	100,0	97,8
Finland	105,6	106,4	102,0	101,0	103,3	102,7	103,0	101,8	101,3	100,0	99,0	99,0
France	107,7	109,7	108,0	100,5	103,3	107,9	106,7	105,5	102,7	100,0	99,6	100,3
Germany	97,7	93,8	92,7	94,1	92,7	93,1	94,2	96,1	97,1	100,0	103,7	105,2
Greece	121,2	121,1	116,9	110,1	115,1	119,6	116,0	112,5	102,4	100,0	99,5	97,1
Hungary	..	129,2	128,1	121,9	116,7	104,0	97,3	90,9	90,2	100,0	106,8	105,9
Ireland	155,7	158,0	138,5	120,3	107,7	94,1	79,2	80,6	93,2	100,0	103,4	109,7
Italy	115,1	117,5	118,5	118,0	118,4	117,6	118,9	111,3	105,6	100,0	98,8	96,0
Latvia	157,5	173,9	146,5	109,0	101,1	113,7	108,5	109,7	110,1	100,0	100,6	102,4
Lithuania	152,9	178,0	160,4	120,4	108,1	106,9	101,8	96,3	99,9	100,0	98,5	100,4
Luxembourg	..	84,9	85,1	83,2	85,5	88,8	89,4	92,6	95,6	100,0	105,6	109,0
Netherlands	126,9	128,1	127,5	123,0	119,8	114,9	106,6	99,4	98,0	100,0	102,9	108,5
Norway	94,8	100,5	94,1	91,8	96,3	100,2	102,7	102,0	100,7	100,0	106,6	108,9
Poland	..	..	..	..	124,7	118,4	109,4	102,7	100,9	100,0	96,5	96,5
Portugal	122,0	117,2	105,8	106,7	104,6	103,5	99,2	96,9	100,9	100,0	103,7	109,5
Slovak Republic	107,4	123,1	132,7	114,3	108,2	105,0	99,5	99,3	98,5	100,0	104,3	106,2
Slovenia	..	130,7	129,1	118,5	118,0	119,3	114,9	108,9	100,4	100,0	98,9	102,2
Spain	143,1	154,5	146,8	135,4	135,7	124,4	109,7	100,0	98,8	100,0	102,9	108,0
Sweden	81,0	85,9	82,1	82,0	85,7	84,3	82,5	85,1	90,5	100,0	105,1	109,4
United Kingdom	108,7	114,7	106,3	94,8	100,0	97,7	93,9	93,7	99,1	100,0	106,5	110,0
Euro area	107,7	109,0	108,1	105,1	105,2	104,6	103,1	100,9	99,8	100,0	101,5	102,7

13. Trading Economics, European Union Wage Growth.

14. OECD, Analytical house prices indicators, January 2019.

C. UNDERLYING TRENDS WILL FURTHER BOOST HOUSING COSTS

NEEDS WILL CONTINUE TO GROW, ESPECIALLY IN MAJOR CITIES, WHERE HOUSING IS THE MOST EXPENSIVE

Increased life expectancy, along with social changes (the fragility of households, individualised living, migration) slowly but surely raise the demand for quality housing at affordable prices. This demand is not currently met.



Clearly, another global phenomenon means that the growing populations of EU Member States are increasingly concentrated in urban areas, where employment, entertainment and services are located. Urbanisation is a movement that continues to radically change the traditional balance of our society. This trend is not surprising as, together, towns and cities make up 60% of GDP growth.

- In 1950, half of Europe's population lived in cities. Today, it is at almost three quarters, and estimates put that figure at 80% by 2050.¹⁵
- Almost 80% of French citizens now state that they see themselves as urban dwellers, and 43% of German citizens simply wouldn't consider the idea of living in rural areas.¹⁶
- **In Germany**, many citizens say they would spend up to 40% of their disposable income on housing in order to be able to live in an urban area. Across the entire European Union, almost 40% of consumers say that they would not want to live on the outskirts of an urban centre, and instead prefer to live in city centres.¹⁸ Unfortunately, that is where land is at its most scarce, most constrained (demolitions, pollution, etc.) and therefore most expensive.

At the current rate of housing construction, which is too low, this polarisation of demand in cities may have the effect of boosting house prices, reducing the number of owner occupants and increasing the share of the rental sector, itself subject to increased rental prices.

Simultaneously, small towns and villages are seeing their populations reduce which, in turn, has the effect of seeing local real estate prices drop. Housing is more affordable in these areas, but the supply of jobs, equipment, services and infrastructure is inadequate.

15. Eurostat, *Urban Europe: Statistics on Cities, Towns, and Suburbs*, September 2016, pg. 8.

16. BPD Marignan, *2016 Outlook On The Housing Markets*, September 2016, pg. 62.

17. *Ibid.*

18. *Ibid.*, pg. 60. https://www8.project-free-tv.ag/watch/?aff_id=4013502

FACED WITH THIS GROWING DEMAND, THE NEW SUPPLY IS INSUFFICIENT

Overall, the number of new homes in Europe is well below the current level of consumer demand.

- **In France**, where the government's objective is to build 500,000 new units per year, only 420,000 moved into the construction phase in 2017, and 400,000 in 2018.
- **In Ireland**, housing demand estimates for the 2015–2017 period, based on various assumptions on the make-up of households, require an average production of 21,000 units per year. However, according to the available figures for this period, only about 15,623 new projects have been finished per year on average, which is 26% below the required number of completed constructions to fulfil the existing demand for housing.
- **In Germany**, 284,000 units were built against an estimated need of 400,000.
- **In England**, the government estimates and targets have varied over the last 10 years, but the requirement has been in the range of 230,000 to 250,000 homes a year. In future, the government wants to achieve 300,000 net additional properties per year. Net additional dwellings have been consistently under that target, with an annual average of 174,968 net additions since 2006.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
France	410,579	458,039	470,976	395,103	347,166	381,620	399,056	404,355	413,627	399,564	n/a	418 900
Germany	249,436	210,739	175,927	158,987	159,832	183,110	200,466	214,817	245,325	247,722	277,691	284,816
Ireland	93,419	78,027	51,724	26,420	14,602	10,480	8,488	8,301	11,016	12,666	14,932	19,271
Poland	115,187	133,778	165,192	160,019	135,818	131,148	152,904	145,388	143,235	148,821	163,394	178,460
Romania	39,638	47,299	67,255	62,520	48,862	45,419	44,016	43,587	44,984	47,017	52,206	53,301
Spain	585,583	641,419	615,072	366,887	240,920	157,405	114,991	64,817	46,822	45,152	40,119	54,610
UK	208,970	223,590	187,330	157,130	135,960	140,680	141,550	135,430	154,100	171,920	170,880	n/a

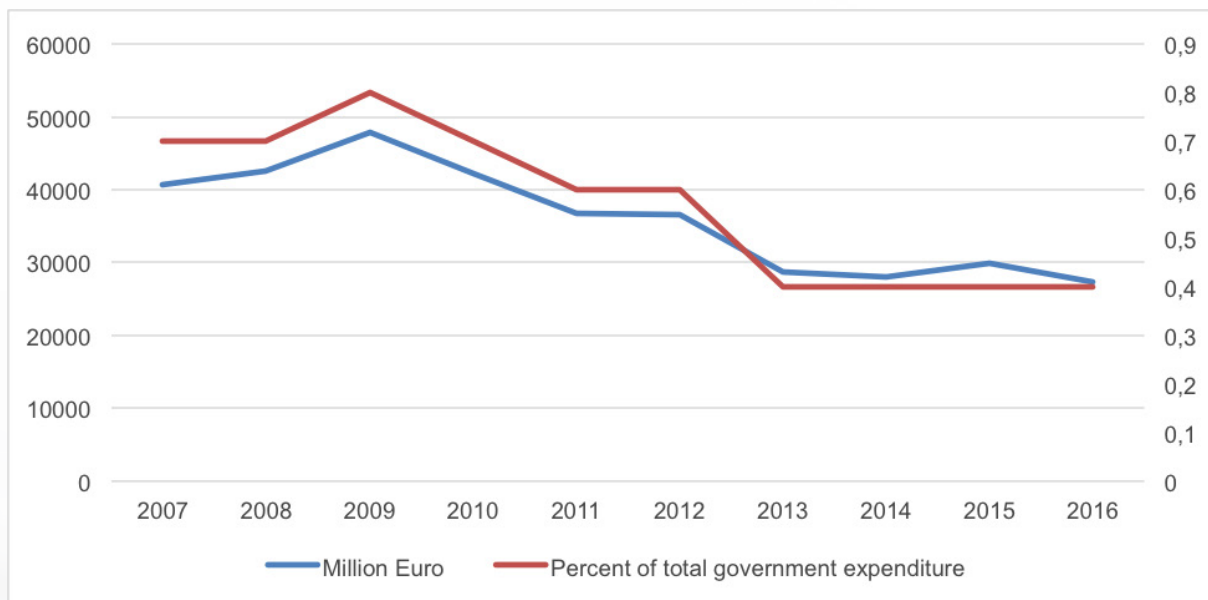
Number of projects completed per year– EMF Hypostat 2018.

D. THE RESPONSE OF THE PUBLIC AUTHORITIES HAS NOT RISEN TO THE CHALLENGE

THE PUBLIC FINANCIAL EFFORT FOR HOUSING IS DECREASING

The housing market is not homogeneous, and each EU Member State's market has its own characteristics. However, across the board, against the backdrop of a growing demand for affordable housing, public funds allocated to its development are constantly decreasing, and by significant proportions, as demonstrated in the graphs below.

General government expenditure for housing development.¹⁹

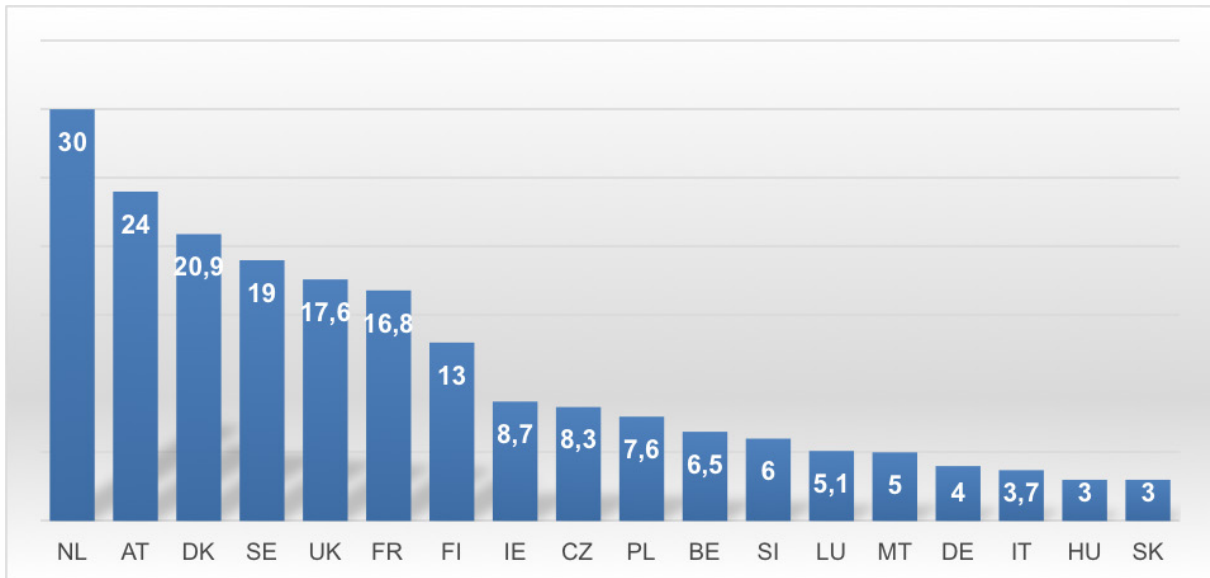


Indeed, public investment in construction within the EU as a percentage of public spending has been cut almost two-fold.

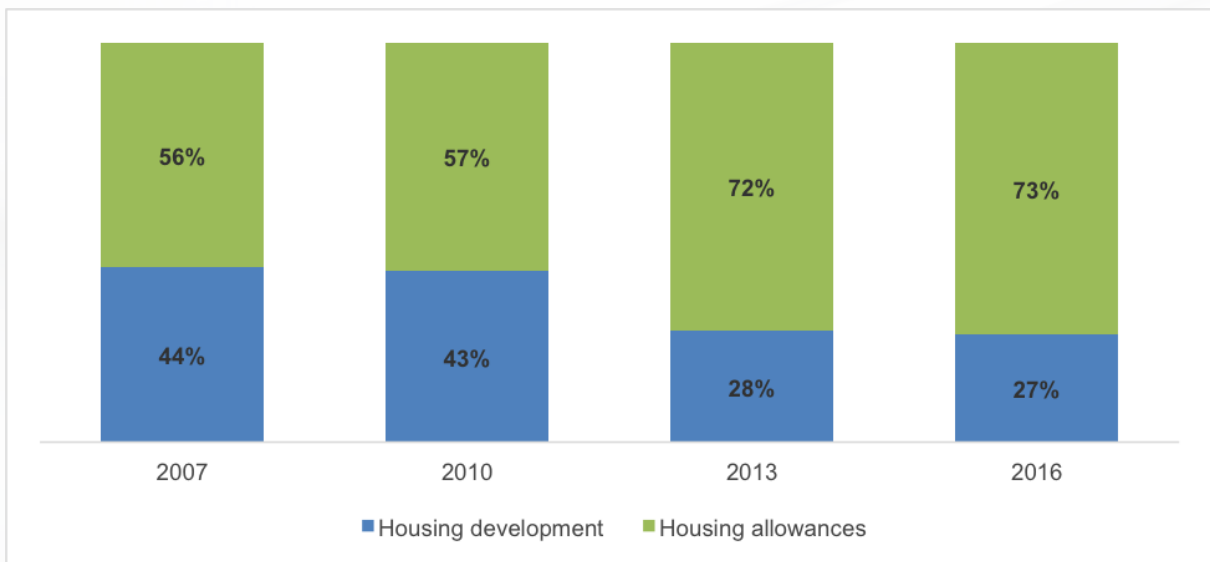
And the stress placed on public coffers is not decreasing, which risks leading governments to further lower their investment in the housing sector. This trend has been particularly pronounced in countries that devote more financial commitment to social rental housing; this includes Denmark, France, the Netherlands and Sweden.

19. Eurostat, General government expenditure by function (COFOG), September 2018.

Social rental housing as a share of total housing stock, EU28 (2017).²⁰



Public funding towards capital spend on housing development and housing allowance in the EU, 2007 to 2016.²¹



20. Housing Europe, State of Housing in the EU 2017.

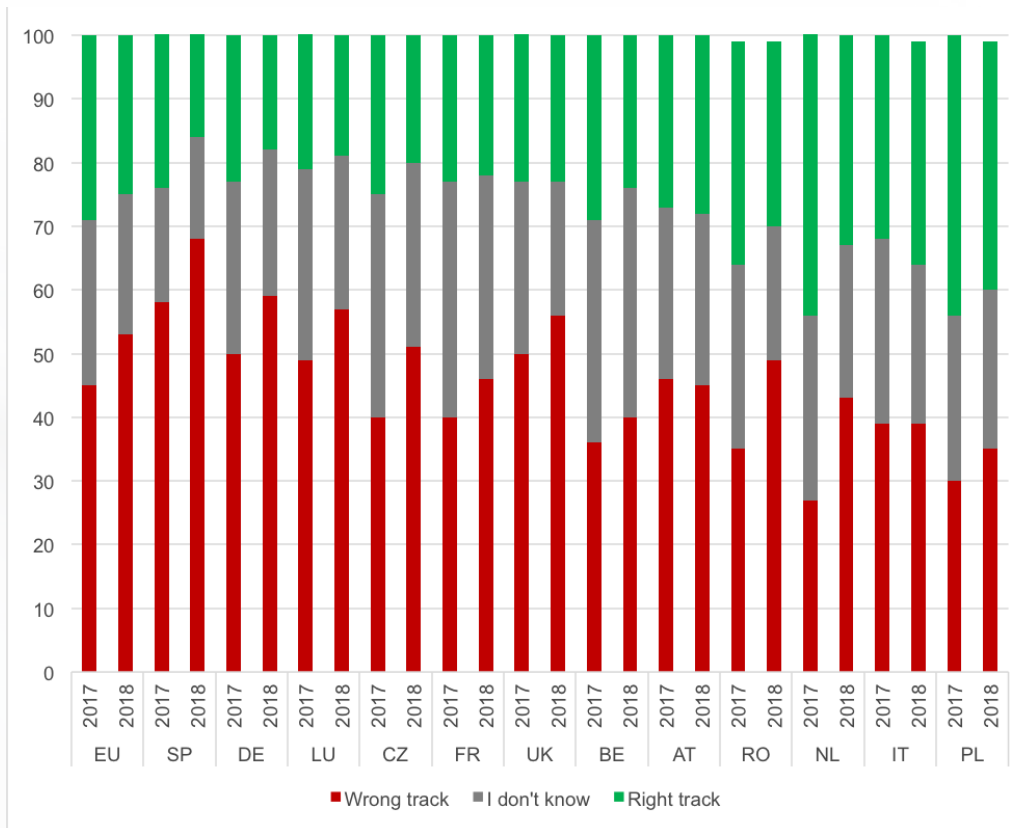
21. Eurostat, General government expenditure by function (COFOG), September 2018.

EUROPEANS DO NOT AGREE WITH THE CURRENT HOUSING POLICIES

Housing has become an increasingly sensitive political topic for governments of the EU Member States. Countless initiatives have been undertaken to make housing more affordable, but people struggle to see discernible benefits.

In 2018, on average, 53% of Europe’s population believed that their countries were on the wrong path regarding housing, up 8 points compared to 2017 (45%). However, this pattern varies from country to country. For example, in Poland, one third of the population believes that the country is on the wrong track regarding its housing policy, and that figure rises to almost 70% in Spain. Overall, there is a serious disconnect between the viewpoint of renters and owners. A larger proportion of owners believe that their countries are on the right track (30%), when compared to tenants (18%). Conversely, 61% of tenants have stated that their countries are on the wrong track, compared to 49% of owners.

In general, do you think that your country is on the right or wrong track in terms of housing?²²



22. ING, 'ING International Survey: Homes and Mortgages 2018', September 2018.

Housing is a subject that cannot be treated independently of issues regarding employment, mobility, the environment, safety, culture, community life, etc. A more expansive approach to housing is therefore required, as it is not just another asset to be traded. Housing is no longer just a material good; it has become a deliverer of social cohesion. We must therefore ensure it does not become a source of division in our society.



2/ THE OBJECTIVES TO PURSUE IN HOUSING POLICIES IN EUROPE

Housing policy, from our point of view, must pursue three main objectives: Building sufficient housing stock, at an affordable price, and with a level of quality that provides a living environment conducive to a thriving population.

A. BUILDING ENOUGH HOUSING

If the housing market were based exclusively on the law of supply and demand, it would be sufficient to build heavily in the most critical areas in order to see prices fall. In reality, the price of housing, new or old, depends on a large number of parameters, the foremost of these being the attractiveness of the location and the services in the immediate vicinity: nearby jobs, good schools, hospitals, public transport network, etc.

That said, this does not invalidate the objective of building more, because even if additional housing does not always cause a drop in prices, insufficient housing always results in an increase.

We must therefore build more, but especially in places of particular need. However, the urban phenomenon of concentration makes the challenge even more difficult to address. It is in dense urban areas and in cities that land is most scarce, and therefore the most expensive, given demographic pressures.

For this challenge, we propose **two solutions** :

- **Move demand** to medium-sized cities and the areas surrounding large cities in order to create a new urban development model.
- In more tightly populated areas, **deploy an active planning and development policy** in order to cut the costs of reconstructing the city within the city.

B. BUILD AT AN AFFORDABLE PRICE

The objective is to give all European citizens the option of acquiring or renting comfortable housing, that meet their aspirations. We all need a place to call home. Housing provides a sense of security, reassurance, belonging, identity and privacy. Access to quality affordable housing is a global problem and plays a major role in developing sustainable communities, as evidenced by Goal 11 of the UN Sustainable Development Goals: Sustainable cities and communities. Access to affordable housing results in a fall in the incidence of crime and a better quality of life, as decent housing is the foundation of a healthy life.

Housing is considered affordable if it limits the economic stress on households. It therefore calls for two types of response from the public authorities, which can be complementary, namely, **to improve the solvency of households and/or lower prices and rents.**

C. BUILDING ENOUGH QUALITY HOUSING TO PROVIDE A LIVING ENVIRONMENT FAVOURABLE TO A THRIVING POPULATION

The first priority is to support the appropriate densification of neighbourhoods via urban planning that is considered, sustainable and respectful of citizens and their needs. A balance must be found between restructuring and the creation of new housing with breathing space and infrastructure vital to daily life. Administrative complexity must be eliminated. A city policy that maintains the multi-dimensional nature of urban areas must be developed, and, in particular, one that actively encourages an appropriate mix of functions and services, including shops, offices, green areas, housing, schools, childhood centres, cultural centres and sports areas.

D. BUILDING THE NEW WITH THE OLD

Improvement of urban centres cannot be achieved through an approach simply of demolition and construction. Heritage, atmosphere and landscape need to be preserved. The answer to this preservation can, however, not consist in solely renovating facades or the interior. It requires an in-depth restructuring of existing housing, to allow it to meet the current and future standards of new housing, and therefore the expectations of households. Otherwise, those properties could remain second-class housing that would contribute to the **impoverishment of the old urban centres.**

Testimony :

European developers believe that classic condominium models are no longer appropriate to the lifestyles and demands of today's tenants – especially the young – as a result of rapid ongoing developments in technology.

Furthermore, recent studies show that the typical market value of homes built in this traditional style is out of reach to most young people. This may cause them to delay marriage, and hinder their professional mobility – all while the real estate industry is in stagnation globally.

Concerned about the quality of housing and the renewal of the industry, European developers are therefore proposing a series of measures to address this in the long term, encouraging, for instance, innovation in the physical and economic modelling of real estate developments. There should be greater use of mixed development, with residential and commercial uses in the same locations, and local public authorities should be involved in providing the necessary infrastructure.

This approach will help to bring a number of major objectives closer. It would increase accessibility of housing, increase social inclusion, reduce congestion in crowded urban areas, and allow an increase overall in the quality of life and professional mobility of European citizens.

3/ THE OBSTACLES FACING THE AFFORDABLE HOUSING MARKET IN EUROPE

Even though housing conditions and policies are far from uniform across Europe, it is remarkable to see that almost all EU countries suffer the same affordable housing problems, and that, unsurprisingly, professionals face the same obstacles in relation to housing construction, namely the following :

- **The physical lack of land at affordable prices**
- **Social attitudes**
- **The continuous increase in construction costs**
- **The burden posed by of taxation and financing difficulties and competitive distortions**

A. THE PHYSICAL LACK OF LAND AT AFFORDABLE PRICES

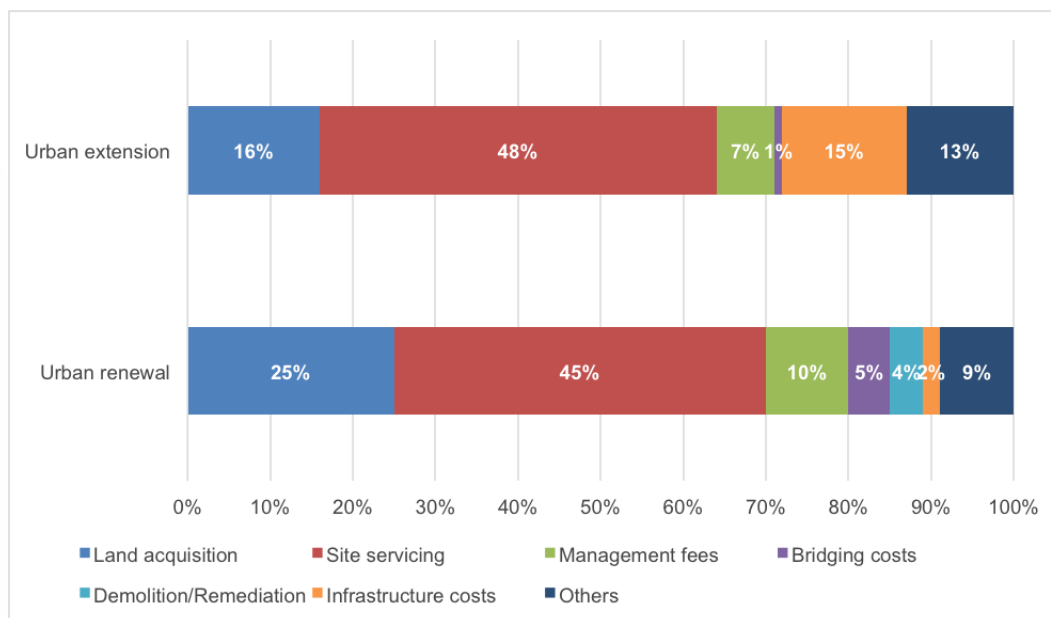
Some structural problems in the sector are a result of decisions taken in and by the European Union.

Build Europe shares the ethical belief in the need to be more sparing regarding land take, as expressed in the EU's goal of "no net land take" by 2050. There is a concern, however, that an overly stringent and overly literal implementation of this principle by Member States would further hike land prices and create a stronghold in the property market. Some countries have already set and even committed to delivering this goal through regulatory and tax measures.



This objective can only be sustainable if conditions are created that can deliver a credible alternative to land take, ie if the reconstruction of the city within the city and densification are made easier, in particular by planning and regulating the use of land.

However, Build Europe members have noted a growing reticence among local elected representatives, such as at the local community level, in relation to construction and urban density. Correlatively, the prices of constructible property are rising, along with the difficulty of finding housing.

Division of development costs in different urban areas (France, 2015).²³

The example of the United Kingdom

The biggest problem is the physical lack of land designated for residential development.

Only 11% of the land in England has been built on, but even a 1% increase in land use would allow the country to address its housing needs for the next 50 years. For almost three decades, the planning system has made it extremely difficult to allocate land for the legitimate purposes of meeting housing needs.

The continued restriction of land supply within the planning system raises the price of land and progressively makes housing less affordable, to the extent that housing is routinely viewed as one of the country's most important policy issues. Improving land supply would drastically alter the financial equation.

Indeed, in the United Kingdom, up to 60% of the sale price stems from the price of the land.

All efforts currently focused on acquiring land could be reallocated to other vital objectives, including the quality and accessibility of housing for all the UK's citizens.

23. ORF, "Reducing property costs: with what leverage?", Report working group, April 2016.

B. SOCIAL ATTITUDES

This point refers, of course, to the acceptability of housing to the immediate neighbourhood and to the phenomenon known as NIMBYism (“Not in my backyard”). Nonetheless, it is not only citizens who may embrace an attitude that may militate against the development of housing, which meets local needs. We all bear a collective responsibility : as citizens, policy makers and as administrations.

CITIZENS

At the same time that they demand from locally elected representatives more housing for their children, citizens very often also react negatively to construction proposals in their vicinity. They often share the view that new housing needs to be built, but oppose new developments close to where they live.

This phenomenon occurs both for housing development, renovation and infrastructure projects (public transit, power lines, waste treatment sites, etc.).

The NIMBY phenomenon penalises housing projects by impacting adversely on both upstream and downstream factors :

- Upstream, when residents put pressure on elected officials for building permits not to be issued
- Downstream, when they add a legal aspect to their objection and introduce litigation in their local courts.



Although some litigation may have a legitimate basis, other litigation may often be frivolous, and will intentionally affect the development process. The table on the following page shows that all European countries allow third parties to file a court challenge against a building permit: in some countries, these third parties do not even need to have a legal interest in the project in order for the challenge to be capable of being heard.

3/ THE OBSTACLES FACING THE AFFORDABLE HOUSING MARKET IN EUROPE

The procedural process in selected EU countries (Build Europe research).

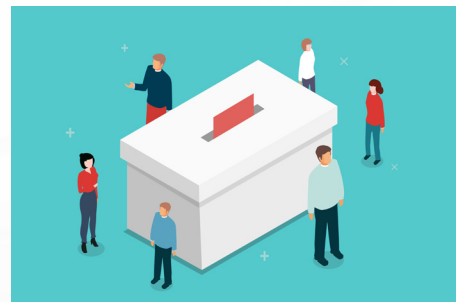
	Belgium											
	BXL	FL	WAL	France	Germany	Malta	Norway	Poland	Romania	Spain	UK	Ireland
Appeal possibility against permit refusal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Deadline authority decision (in days)	90	210	95	60	No	60	90	No	30	-	No	No
Third person's right to appeal against granted permit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Proven interest	Legal interest	Legal interest	Legal interest	Legal interest	Legal interest	No	Legal interest	Legal interest	Legal interest	No	Legal interest	No
Deadline (in days)	60	30	60	60	30	30	21	14	30		90	28
Duration procedure (in months)	> 12	18	> 12	24	Non	Up to 6	3	Open-ended	Urgently	1-2	Open-ended	3
Compensation (maximum in €)	2.500	2.500	2.500	3.000	No	Minor fee	No	No	No	Yes	No	No

The French Federation of Developers (FPI, Fédération des Promoteurs Immobiliers), recorded the number of housing units blocked by administrative appeals or litigation. In June 2017, this amounted to more than 34,000 housing units, being equivalent to 25% of the annual production output of French builders. But this figure underestimates the magnitude of the problem because, in reality, almost all production is affected by these cases: few real estate programmes proceed without having been stopped for several months by challenges, and when one blockage ends, too often another begins.

This calls into question the basis on which the general objective of the European Union to develop social cohesion and solidarity is currently premised. The interests of a minority, who disregard the affordable housing needs of the majority, should not be able to suspend, and possibly cause the abandonment, of construction projects that meet urgent local need. The NIMBY principle challenges social cohesion and solidarity in our neighbourhoods and cities, and also the ability for market participants to create sufficient affordable housing.

POLICY MAKERS

It is clear that a major contradiction exists between the aim of national housing policies and the barriers that can militate against their implementation at all levels of political decision making.



- **At the local level :**

For local elected officials subject to a range of increasingly significant constraints, housing remains one of the few remaining policy areas in which they feel they can exert a discernible influence on their constituents' quality of life. It is therefore a highly politicised subject, and Build Europe members have found that it is often used as a tool, to the detriment of those in need of affordable housing. Majority and opposition parties alike, as they alternate their mandates, crystallise their differences on property projects, whose developers suffer the consequences: pauses, delays, cancellations etc.

Unlike a car, a telephone or a TV, housing is both an economic and a political object, and it is often more advantageous for policy makers to oppose its construction than to seek to facilitate it.

- **At the national level :**

Governments generally support the goal of building more, but in practice, daily decisions can have the opposite effect. This concerns policies within their own jurisdiction, including the taxation on building or construction standards, but also EU policies, which are also transposed. A French Senate report on the subject from June 2018 concluded that **“over-implementation is a negative occurrence that should be fought with determination.”** In effect, the habitual consequence is additional new costs that make housing much less affordable.

ADMINISTRATION

The administration damages the objective to build more when it restrictively and excessively applies the law, and when it constrains and objects instead of offering support. European legislation, when ambiguous or imprecise, specifically lend themselves to conflicts in their national implementation. Build Europe members see it, for example, in weighing environmental effects, or where excessive requirements quickly generate unsustainable costs for project developers. Members of Build Europe share the common goals of these texts, but they are too often implemented with excessive zeal. The above French Senate report itself highlights these conclusions : **“our administration should both revisit its approach, which is often too finicky and often gives weight to the liability of economic operators”**.

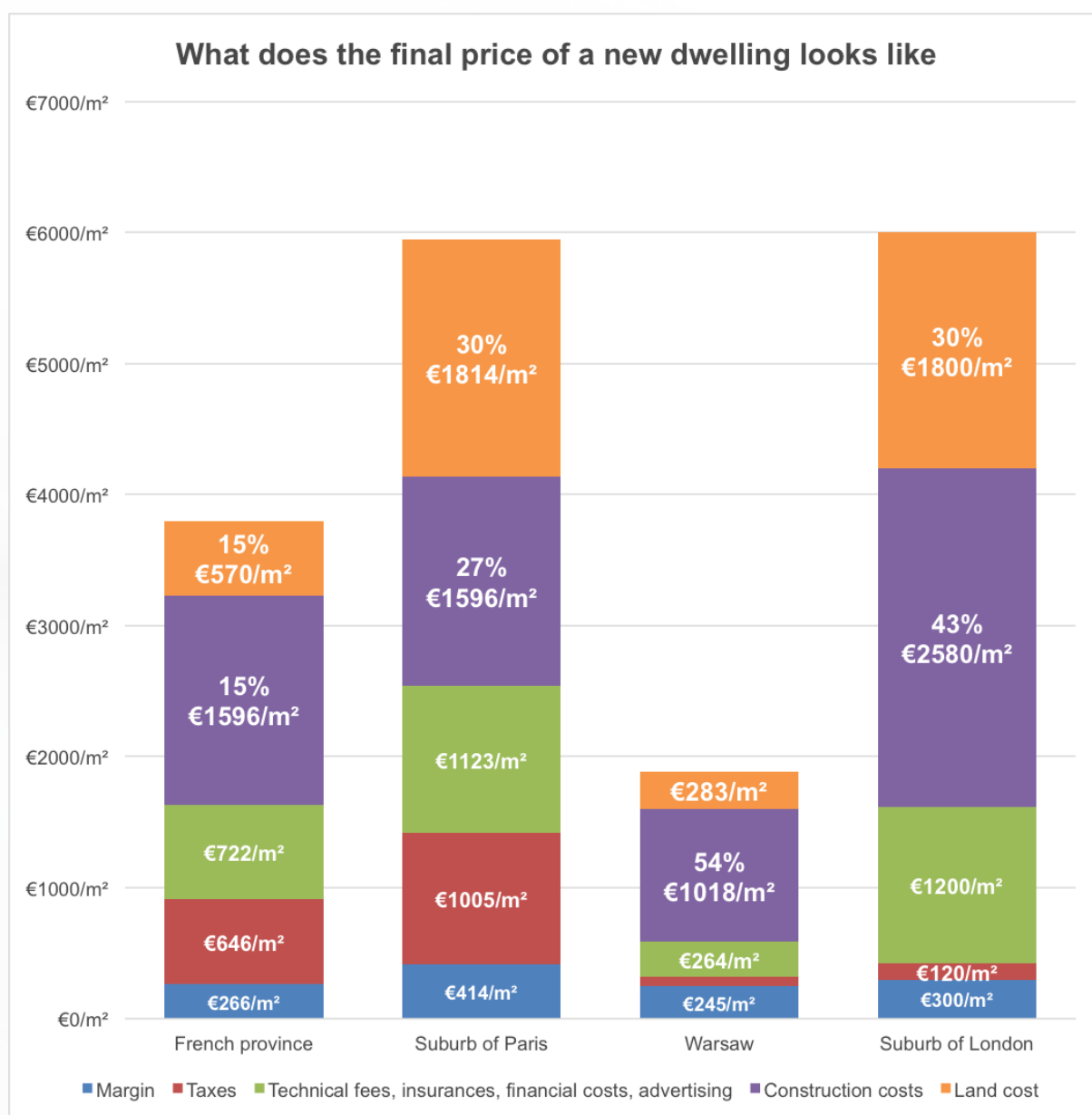


C. THE INCREASE IN CONSTRUCTION COSTS

The rise in housing prices in Europe is linked to an increase in land prices and production costs, not only for external factors (increase in the cost of materials and labour), but also for reasons linked to the functioning of our own system. Indeed, the cost of new housing increases throughout the different stages of the construction process, from the planning through the sales process, passing through the construction phase.

The following diagram shows global statistics.

Establishing the sale price for new housing (France, Poland, United Kingdom).



REGULATORY AND NORMATIVE INFLATION

The real estate industry is exposed to a growing and substantial number of regulations that increase the manufacturing costs of the “housing” product. In addition to environmental requirements (see above), the players in the construction industry must face, on a daily basis, new rules concerning the structural design of buildings, the verification of work sites, architectural requirements or specific requirements for certain classes of inhabitants, without ever removing the old ones, even if their interest with respect to current living conditions is outdated or redundant. In most cases, the immediate application of the requirement leaves no time for manufacturers to evolve their products, thus causing an immediate cost increase linked to the technological shortage.

ENVIRONMENTAL REQUIREMENTS

The inflationary effect of protecting natural areas and biodiversity

The guidelines of the European Commission that would lead to not developing any new land for construction as of 2050 would as a result lead to a reconstruction of the city within the city. This approach would inevitably generate higher additional costs: demolition, neighbourhood protection, storage and work site installations constrained within urban areas, the cost of supplies, the strengthening of existing networks etc. That is a political choice that better equips the city’s infrastructure (culture, transport, schools, etc.) but raises production costs.



The environmental considerations relating to the development of certain projects often lead to their abandonment, and even more often, to a rise in housing costs. For example, the requirement of purchasing 20 hectares of land to offset the space taken from two turtles could block the construction of 191 units, 72 of which would be social housing, and 12,000 M2 of economic floor space.

The cost of energy performance and low carbon emissions in housing

Measures promoting **energy efficiency** are essential to meeting global, European and national climate change goals. Build Europe has warmly welcomed the Energy Performance of Buildings Directive (EPBD), which has stimulated the delivery of innovation and progress in the building sector.

However, it should also be noted that research on energy savings in housing can be an additional cost factor **that makes housing less affordable** :

- Some countries have discontinued performance level criteria in the light of the costs incurred, but others have not taken cost-efficiency into account. The marginal cost of kWh saved in new construction will therefore be high, and significantly more than in existing homes in any case, where the largest efficiencies can be triggered at a lower cost.
- The objectives defined by Member States are of variable ambitions, so that the European builders must develop several avenues for Research and Development and do not truly benefit from the volume a homogeneous regulation would provide.
- To achieve energy-positive housing, increasingly sophisticated technology needs to be deployed (heat pumps, solar power, etc.), which is more expensive, not only to install, but also to operate.

The objectives pursued in the fight against climate change also require **seeking zero-carbon housing**, which is more expensive to achieve, and does not generate additional savings for the purchasers (contrary to energy performance, which reduces the electric bill).



This involves the use of new materials which, although certainly more sustainable (like wood), are also more expensive. Awareness among citizens exists around the issue (60% of German citizens and almost 70% of French people cite the issue of construction materials for sustainable housing as a priority when purchasing new housing.²⁴), but the impact on the cost of accommodation is far from negligible.

24. BPD Mairignan, 2016 Outlook On The Housing Markets, September 2016, pg. 68.

ADMINISTRATIVE PROCEDURES

The procedures relating to the national and local regulations create administrative costs for builders. They can have an impact on labour costs, outsourcing, on the cost of materials or general expenses ²⁵ (see next page for a detailed study on the Top 10 legal elements that generate administrative costs for businesses in the Netherlands).

Top 10 laws causing administrative costs for businesses ²⁶

Legislation	Administrative burdens (x €1,000,000) in the Netherlands	Origin of administrative burdens		
		A	B	C
VAT	1,500	56%	42%	2%
Financial accounting	1,500	99,6%	0%	0,4%
Products & safety requirements (labelling)	1,200	98,5%	0%	1,5%
Tax on wages / salaries	700	0%	0%	100%
National health service act	700	0%	0%	100%
Employee's insurances	600	0%	0%	100%
Act on conservation of nature	600	10%	40%	50%
Income tax	600	0%	0%	100%
Pricing of products	500	100%	0%	0%
Working conditions	500	44%	28%	28%
Total	8,400 (of 16,500 total administrative burdens)			

A = EU subscribes the information obligation and subscribes how a company has to fulfil the information obligation.

B = EU subscribes the information obligation, but the national government subscribes how a company has to fulfil the information obligation.

C = The national government subscribes the information obligation and subscribes how a company has to fulfil the information obligation.

25. International Working Group on Administrative Burdens, 'The Standard Cost Model: A framework for defining and quantifying administrative burdens for businesses', August 2004.

26. Ibid.

In multiplying often superfluous and ineffective administrative processes, a disproportionately heavy and unjustified burden is placed on builders and developers. These unnecessary costs are reflected in the final price of the housing unit, and in particular on small to medium businesses, for whom it is much harder to bear the cost of the multiple regulatory requirements and who do not enjoy the economies of scale and scope, to be able to amortise the effects of red tape. The most obvious example is obtaining urban planning approvals, which vary from country to country, but seem to be excessive everywhere.

Deadlines for building permits (in theory and in reality).²⁷

	Belgium	France	Germany	Norway	Poland	Romania	Spain	United Kingdom	Ireland
Legal duration	5-7 months	3 months	3-6 months	4 months	65 days	3 months	3 months	2-3 months	4 months
Practical duration		12-18 months	6-24 months		65 days	12-24 months	6-12 months	15 months	6-12 months

THE EMERGENCE OF A “GREY RIGHT” IN URBAN PLANNING : LOCAL CHARTERS

For Build Europe members, the legal protection of projects is essential, and first goes through the predictability of urban planning law. However, the political nature of this right leads some local policy makers to define extra-legal rules that are applicable over their specific territories, which create a true “act of state”, which generates constraints and therefore costs.

This is the case, for example, **in France**, where a growing number of local urban authorities in urban areas have developed a practice that requires developers and builders to sign documents commonly called “local construction charters” before a property can be approved on their territory. Rather, they detail the obligations and requirements imposed on developers during the construction stage of house building. These obligations go well beyond the legal requirements and often describe in a very detailed manner how housing should be constructed; according to what standards; the sales price; and, even, to which categories of people it may be sold to; along with the sales price to social agencies, the method of sale, etc.

The developers concerned must sign and comply with these agreements or charters and, if they do not, the building permit application risks being rejected and the developer being considered undesirable in the municipality.

In Spain, the construction sector suffers from the same constraints under local charters but, instead, during the planning phase.

27. UEPC research, November 2017.

D. THE WEIGHT OF TAXATION, UNCERTAINTY ABOUT FINANCING AND COMPETITIVE DISTORTIONS

TAXATION

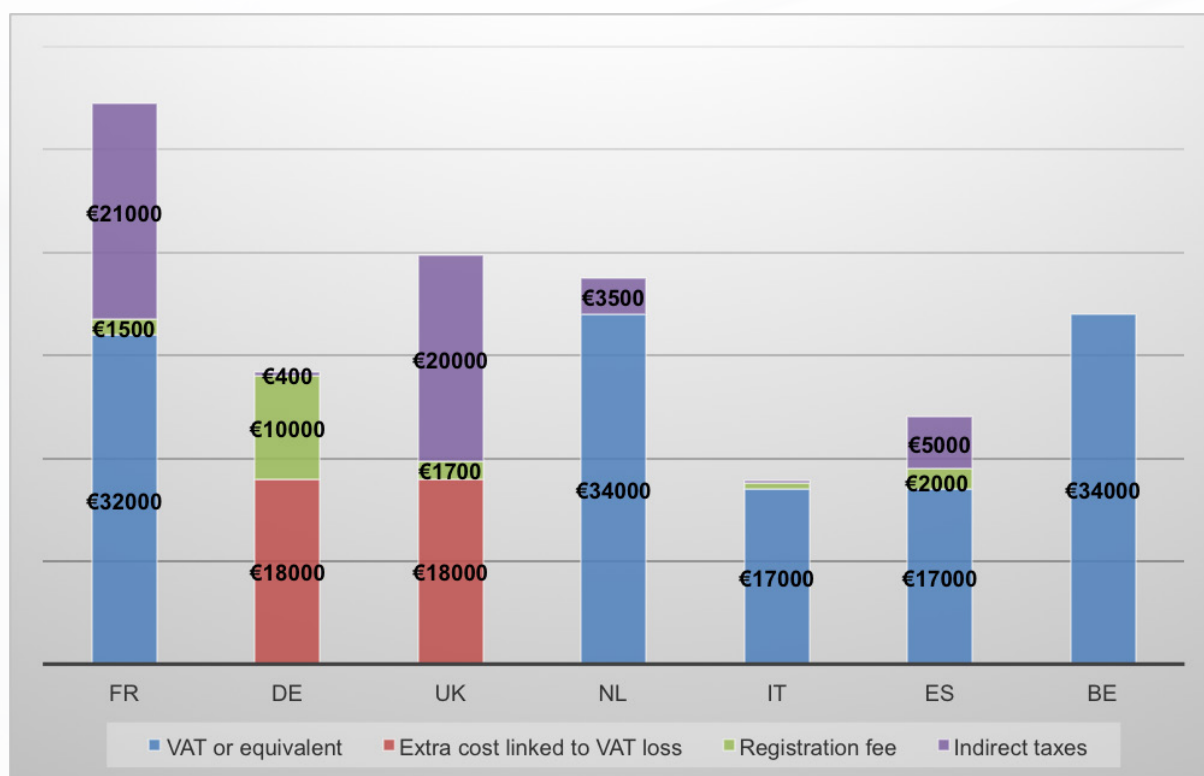
Housing is the only property that is **taxed throughout its lifetime** :

- Its production (planning taxes, VAT)
- Its sale (sale rights)
- Its ownership (real estate tax, possibly estate tax)
- Its lease (taxation of rental income)
- Its transfer (inheritance rights)

Housing is a taxable and unmoveable good, making it a prime target for governments, disregarding the production of affordable housing.

The table below presents only the taxes related to the purchase of housing :

Summary of the main purchasing taxes of a €200,000 flat. ²⁸



²⁸ Fidal, "Research on real estate taxation in Europe", 14 October 2014.

Value Added Tax (VAT)

VAT is an enormous additional burden, compounded by existing taxes, and represents a very considerable part of the final property price in some countries.

The VAT Directive (2006/112/EC) sets out general rules that pose certain limits on the freedom of Member States to set VAT rates. The default rule of the VAT Directive applies a standard minimum VAT rate of 15% on all taxable goods and services within the European Union. The standard VAT rate in each member state is defined by its national legislative body and varies from country to country.

In addition to the default rate, Article 98 of the VAT Directive also enables Member States to apply different variations in the VAT rate for certain goods and services by applying lower rates. For example, Member States may apply up to two reduced rates, set at a minimum 5%. Annex III of the VAT Directive provides a list of all services and goods to which the reduced VAT rates may apply.

Item 10 of Annex III states that “the delivery, construction, renovation and transformation of housing supplied within the framework of social policy” are all eligible for the application of a reduced VAT rate.

However, a problem with the wording in point 10 of Annex III draws particular attention to the fact that there is no definition of “social policy” for housing at the European level.

As a result, no European country applies its “super-reduced” rates to housing under the Directive, even if the spirit of Annex III of the VAT Directive appears to encourage that. Such reduced rates would help even more European citizens to buy a home.

FINANCING UNCERTAINTIES AND COMPETITIVE DISTORTIONS

Members of Build Europe see increasing financial constraints on all the players in the housing sector: the developers themselves, the purchasers, and the local authorities that welcome them.

Financing of real estate projects

Financial instability due to the 2008 crisis continues to limit the potential of real estate projects in Europe. The reforms of the Basel Committee on Banking Supervision, passed shortly after the crisis, will have a significant negative impact on the financing of real estate operators, due to the increased capital requirements they predicate. Basel III provides that loans to developers are considered to be speculative financing. For the banker (Tier 1), this leads to a 50% increase in the capital that must be raised for a real estate project. This provision will have an impact on the production and cost of housing. This same tightening of credit and more stringent capital requirements will be disadvantageous for purchasers with more moderate incomes, who are seeking affordable housing.



Buyers financing

The ability of households to purchase their primary residence or a rental investment is determined by :

- **changes regarding their income, compared to housing prices** : we have seen that change is negative, as prices have risen faster than income.
- **changes in interest rates** : their weakness is currently the main support for the new housing market, because low rates have a strong impact on solvency; however, this trend will not be sustainable over the long term.
- **the possible benefit of public aid** : if prices rise faster than incomes, and if interest rates begin to rise again, support for the new housing market will go through public support to households. Even in a context of constraints on public finances, this assistance will remain relevant, as it allows support for an unmoveable market segment, and will generate jobs.

Financing from local authorities

Welcoming new residents creates costs to local authorities (development, the need for public facilities, etc.), but that is not always the case, and sometimes does not happen quickly, and is offset by local taxation. However, in all Member States, local authorities are placed under significant financial constraints, which may lead :

- to making the actors in real-estate projects bear a portion of the urban costs, driving prices up.
- to delaying these projects to prevent a lack of financing for the necessary facilities.

For Build Europe, to avoid these problems, the best practice in some Member States is to encourage policies that assist mayors who favour construction.

Financing of social housing providers

Two drastically different models in the social housing market have been adopted in different EU Member States.

On the one hand, there are so-called “open” systems (as can be found in Germany, England and Spain) in which private sector providers contribute to the generation of social housing supply. In Germany, for example, target groups are defined in legislation as households that cannot obtain adequate housing for themselves and therefore need assistance. The policy particularly supports low-income households, families and other households with children, single parents, pregnant women, the elderly, the homeless and others in need.

On the other hand, there are so-called “closed” systems (such as those found in France or in Belgium) where social housing can only be provided by a limited number of public, semi-public or private operators who may not own or manage social housing.

This may result in significant distortions in competition between the public and private sectors at the expense of consumers and national markets, especially as these “public” operators may intervene in the private market by means of a separate accounting scheme.

This closed system, which imposes assignment onto social agencies below the cost price penalises affordable housing, since it imposes an equalisation on the price of free housing

The “open” systems allow all the public or private operators to produce social housing and to rent them to citizens with the same rental conditions (rent price).

Aides d’État au logement social (recherche Build Europe). >>>

3/ THE OBSTACLES FACING THE AFFORDABLE HOUSING MARKET IN EUROPE

In your country...	Belgium	France	Germany	Italy	Netherlands	Norway	Poland	Spain	UK
...are you legally obliged to allocate a part of your project to social housing	No	Yes	Yes	Yes	Yes	No	No	Yes (land)	Yes, (decision at local level)
If so, what percentage of the total project ?	-	25%	30% (depends on Land and city)	Depends on national legislation	30%	-	-	30-50%	Typically 10-33%
...is social housing only for rent?	No	Yes	Yes	No	Yes	No	No	No	No
...is social housing also available for sale?	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
...can you build social housing?	No	Yes (on behalf of social housing authorities)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
If you are obliged to sell the building to specific organisations or companies, is the price negotiable?	-	No	-	-	Yes	-	Yes	No	Yes
Is the price imposed?	-	Yes	-	-	Rental income is imposed, not selling price	-	No	No	No
If the price is imposed, by whom is it fixed?	-	Social landlords, helped by local authorities	-	-	The government	-	-	-	-
If the price is imposed, is the price lower than the cost price after taking account of potential state aid?	-	Yes	-	-	Yes	-	-	-	-
Can you rent these apartments directly to people who are eligible for social housing?	No	No	Yes	Yes	Yes	-	No	Yes	Yes
Are you in direct competition with companies specialised in social housing?	Yes	Yes	Yes	The main actors in public construction are private companies	No, social housing companies have advantages	-	Yes	Yes	Yes
Is this fair competition?	No	No	No	-	No	-	No	Yes	Yes
What distortions of competition have you encountered?	Reduced VAT rate, subsidies for buying brownfields, better conditions for development in urban planning	Advantageous tax system for social builders (less ground taxes, less VAT, no corporate tax)	Better conditions for public companies (with the allocation of land)	-	Government limits scope of activities of societal rent organisations: focus on social housing, no dwelling for commercial market	-	Municipality buys land at preferential price	None	-

4/THE POSSIBLE PATHS TO SUCCESS

THINKING IN THE LONG TERM...

First, it is worth going over some facts:

- **Housing and employment are intrinsically linked** : people move, as much as possible, close to the place they work. Correspondingly, people are generally drawn to districts where employment prospects are greater.
- **Transport, mobility and housing are linked.** People and activities concentrate in areas where transportation is abundant, easy and allows for easier movement between areas where needs are identified.
- **Employment, education and training are also linked.** The proximity of companies and universities enables exchanges between research and application, creating innovation and the transfer of human skills. Companies also define the training and adaptation purposes of personnel: a policy of continuing training is determined based on the needs expressed by the business in the territory. Preserving activity in a territory, and thus its appeal, is contingent on an active policy of maintaining employability.

As a result, populations, employment, activities, know-how, skills and quality of life are increasingly concentrated in the same areas, and the gap increases between dense areas and sparsely populated areas without much activity.

Working differently starts with adopting new reasoning : THINKING IN THE LONG TERM.

Proposal No. 1 : To designate a Commissioner in charge of town and country planning and of construction.

A Europe that plays it by ear is not sustainable. A plan must be in place to prevent short-term policies from saddling our children with the consequences of dysfunctionality that could have been prevented by a long-term perspective. Today, we “put up with” dense areas. We must think ahead, organise, schedule, and in one word **BUILD**, and not double down by running behind uncontrolled phenomena.

Linked to the idea of the Council we are suggesting creating (proposal no. 9), the Commissioner could guide investment policies and regulatory projects in line with environmental and social objectives.

A. TO RESPOND TO A LACK OF AFFORDABLE PROPERTY

A GREATER WILLINGNESS FROM PUBLIC AUTHORITIES

Affordable housing passes through affordably priced property. Action must therefore be taken on the development of property supply and on its price, and thus :

- **Observing and quantifying needs ;**
- **Better planning ;**
- **Do not aggravate the land shortage; and**
- **Weight on property prices.**

• OBSERVING AND QUANTIFYING NEED

“There is no favourable wind for him who does not know where he is going”

Proposal No. 2 : To create an observatory body.

It is first of all necessary to reflect on present needs, but also on future ones, in order to plan for a land supply to deal with housing needs.

This could be done through the creation of observatory bodies and by planning at the most appropriate levels (EU, national, regional, local), leading to a better development of the land through forecasts. The task of these observatory bodies would be to quantify the level of supply of land necessary to meet the forecasted needs and to verify that local authorities who are responsible for the planning have implemented the provisions in such a way as to anticipate the future. This should be done by closely implicating public and private actors from each Member State.



We believe that, within the framework of the European fiscal compact, the recommendations by country should include a country-specific status report on the differences between current and future housing needs and the reality of building permits that are issued, as well as the number of completed construction projects. If necessary, it can render warnings.

The actions to be taken to overcome this European housing crisis are diverse and depend on the territories concerned.

• BETTER PLANNING

Best practices :

In the United Kingdom, the government has introduced a national planning policy (the National Planning Policy Framework (NPPF) designed to resolve the problem of land shortages.

The foundation of the NPPF for housing delivery is that it requires local authorities, who are responsible for planning in their areas, to undertake an objective and reliable evaluation of the needs and demand for all types of housing (occupation by owners, rental, social housing, etc.) according to a common assessment methodology. This objective methodology means local authorities also need to take into account all existing shortages of available housing.

By using objective criteria, the NPPF seeks to ensure that local authorities reliably estimate the true demand for housing. Based on these figures, and determining new households' numbers based on births, deaths, divorces, net immigration, etc., the local authority sets a forecast for a minimum period of 20 years. This forecast is then reviewed and updated at least every five years.

The NPPF secondly requires that once the objective assessment of housing requirements has been undertaken, the local authority must also provide a deliverable 5-year supply of land to enable the identified volume of all types of housing to be built. The national planning inspectorate holds a public examination of every proposed local plan to assess the current annual rate of housing supply and evaluate whether, in light of the evidence provided through the agreed-upon objective assessment methodology, a sufficient housing supply is being provided for in the proposed local plan and a sufficient 5 year forward land supply has been identified. The penalty for local authorities if they have not identified a sufficient 5 year forward land supply is that there is a deemed presumption in favour of development for further sites that developers may identify in order to help make up the prospective shortfall in agreed housing supply. The NPPF has proved a powerful incentive for local authorities to plan more positively to meet housing needs and demand and has freed up land supply compared to the previous national planning policy regime.

With this system in place for 7 years, the supply of land does not seem to be a major problem for the first time in more than 30 years. The price of land has started to drop compared to the price prior to the introduction of the NPPF, even if there are still important regional variations.

In Germany, the federal government has implemented an expert group, a commission in charge of the policy on land for construction. It must develop proposals on how to more quickly and sufficiently develop the appropriated land. The committee has made initial suggestions to remedy the land shortage, particularly :

- Increasing supply and reducing the cost of land for affordable housing ;
- Allocation of areas according to concept instead of the maximum price ;
- Acceleration of procedures, faster planning law ;
- Establishment of sufficient skilled administrative staff ; and
- Activation of brownfields and vacant lots.

DO NOT AGGRAVATE THE LAND SHORTAGE

*“All great things are expensive,
large efforts bring casualties and powerful remedies weaken”*

Proposal No. 3 : To reconcile environmental protection with housing needs.

The implementation of the “no net land take” objective is a worthy idea that we may share, and that encourages us to be more frugal in our taking of land. Nonetheless, its implementation will inevitably reduce the supply of property and correspondingly boost the price of land.

The European Commission itself should also ensure that this objective is backed by the necessary consideration to have enough land to meet the housing needs, in order not to compromise the necessary balance between social and environmental policies.

This approach may be an objective we work toward, but not an intangible and absolute rule. In addition, it must be combined with the obligation to densify existing housing, otherwise we will find that we have no solutions to our property prices.

• WEIGHT ON PROPERTY PRICES

Property prices indirectly harm the real estate purchasing power of households. Policy makers must :

- **for private land** ; implement a proactive policy that stimulates developing land being built and encourages property transfers for the purposes of building housing to combat rent prices ;

- **for public land** ; organise calls for tenders on property which are not just exclusively based on the price but take into account housing affordability, project quality and housing quality as selection criteria. The proposed property price must be compatible with the objective of banning the equalisation that harms the free market. This mode of operation is additionally important, because it sets benchmarks for private land.



However, it is essential to give local policy makers more legal and tax resources to implement their urban policies and possibly regulate the property market. Indeed, affordably priced land is a condition sine qua non of a balanced urban policy.

ADAPT THE ANSWERS TO THE DIVERSITY OF THE LAND

A Europe made up of cities would be a Europe that, if only on the theme of housing, would be a Europe of schisms and exclusion. It is vital that the European Union, via funding initiatives and mechanisms such as the European Regional Development Fund (ERDF), strongly supports middle-sized cities through investments in infrastructure and contributes to land development there.

• MAJOR TOWNS AND CITIES

“The future is no longer what it was”

Proposal No. 4 : To impose urbanisation discipline.

We must reclaim urban centres.

Recycling or re-purposing land already used for commercial, industrial or residential purposes for the construction of new housing is generally more difficult and costlier than developing non-constructed land. The EU should ensure that public funds are allocated to urban transformation—reducing construction and pollution, etc.—and should support both investments in this project, which is in the common interest, and encourage member states and their competent authorities to do the same. Public funding would help offset these costs and facilitate the production of affordable housing.

As was done in viticulture with the bonus for uprooting vines to encourage the planting of quality vineyards, couldn't a demolition bonus be offered in order to construct new energy-efficient housing?

Commercial areas typically found in the outskirts of cities must also be reclaimed. These areas typically have large car parks, and thus a large land take and low construction density with a single use. It is important for these spaces to be reclaimed and for investment in mixed-use buildings. These represent constructible spaces that are generally ripe to reclaim and improve architecturally.



Today, it is no longer popular to develop this type of exclusively commercial platform, as technological changes and online competition render them less relevant.

• MEDIUM-SIZED CITIES

“Those who cannot think in the long term will see troubles up close”

Proposal No. 5 : To make medium-sized cities more attractive.

Development policy cannot abandon small and medium cities and must naturally take them into account.

The current trend towards the concentration of people in urban centres and large cities should not be seen as inevitable. We know that this appeal is mainly associated with economic attractiveness and a wider range of services and amenities.

The European Union should first encourage member states to implement land development policies to make medium-sized cities more attractive, as property values are still reasonable there. They should do this through investments in infrastructure, (fibre) technology, etc.

We must combat the abandonment of medium-sized cities, which is synonymous with a loss in value (fall in property values, reduced access to services like maternity services, hospitals, schools etc.). The opposite must be done by encouraging job creation, which should be facilitated by the emergence of the digital workplace. Communities and networks may operate in new ecosystems. According to a report by Dell, 85% of the jobs which will exist in 2030 have not yet come into being. Much of higher education will no longer take place through lectures; anyone on earth will be able to follow a Harvard's professor's course, and professors will be able to follow their students' work remotely. Entrepreneurship will develop. These medium-sized cities must embody this alternative, not just for housing, but also, through technological and digital advances, an economic alternative and a new method of land development. In these less dense places, with a lower population, we can create a more sustainable way of developing land that is more environmentally respectful and more centred around quality of life than in major metropolitan cities.

The EU should thus be interested in taking proactive measures to counteract this migratory behavioural trend towards metropolises and support local policies in this direction: financially support smaller cities where land is less expensive, in order to strengthen their attractiveness and vitality in the long term.

• **DIGITALISATION**

Digital technologies will change our way of life, notably in terms of housing, with its impact on construction (BIM, 3D printers, etc), on the management of public and private spaces, but also on the way of living with all imaginable services for a better quality of life.

But digital technologies will lead to a transformation – or even a revolution – of the ways of working, learning and training. The internet has changed everything. Offices, factories, campuses which were essential spaces might be preserved but reduced in order to preserve anchor points.

But thanks to remote work and distance learning, new opportunities will be opened :

- **For companies and administration** , which managers are foreseeing a massive development of remote work ;
- **For our youth**, who will be able to have access to the best education ;
- **For employees**, who will improve their quality of life, by cutting the time dedicated to transport and by increasing their purchasing power, thanks to the overall costs of a dwelling more affordable.

New opportunities will also be created for young people to become entrepreneurs and create where their roots are, while being connected to the global network. According to a CSA-LinkedIn study, 50% of recent graduates want to become entrepreneurs. In the USA, 99% of job creation between 2001 and 2011 were due to the rise of self-employment (Bureau of Economic Analysis of the United States Department of Commerce).

There are significant opportunities here for the peoples of all our Member States.

• THE NEW TERRITORIES

“Utopia is becoming reality”

Proposal No. 6 : To create new smart and green cities.

Rather than pursuing development on the periphery of cities, it would be preferable to create new cities and towns.

These smart and green cities, build from the ground up on undeveloped land that is currently without particular natural appeal, would nonetheless be located near transport infrastructure that would link them to cities in a reasonable time frame.



The land in these cities would be so affordable that construction could be designed according to people’s aspirations and goals and therefore take into account all the principles of diversity, and energy consumption and renewable energy objectives, sustainable development regulations and the reduction of our environmental footprint (water, waste, materials etc.).

These smart cities would be connected and include high-quality architecture that favour short food supply chains and the concepts of sharing.

The creation of these smart and green cities would be efficient: affordable land, the control of production costs outside of dense urban areas, the control of operating costs (smart grid, etc.), which opens new pathways for affordable housing.

B. TO RESPOND TO SOCIAL ATTITUDES

CHANGING MENTALITIES

“Education can do anything, it makes bears dance”

Proposal No. 7 : To support ad campaigns on housing needs.

Build Europe members have noticed how the response to the affordable housing needs is hampered by the inconsequential, inconsistent and contradictory response of stakeholders.

In France, for example, to induce landowners to sell land in order to build houses, the government has established a mechanism to exceptionally lower the capital gains tax. This measure, which is a step in the right direction, is nonetheless subject to minimum density requirements. However, local politicians are often wary to densify their cities and do not provide building permits to encourage it. They do not even apply the planning rules that they themselves have established, especially in the run-up to municipal elections. This example illustrates the contradictions between stated intentions and actual practices.

European citizens have unanimously criticised the shortage of housing and the prices on the market, but they, at the same time, frequently oppose construction in their areas. Local elected officials impose, at the time of construction, a lower density and building height than they themselves stipulated in their local planning and administrations send building permit authorisations on interminable paths to cause lawfully established deadlines to be missed.

The EU should help the financing by Member States of an ad campaign to educate on housing needs and on the attitudes that impede needs from being met. A campaign that shows these paradoxes and demonstrates the situation of a citizen who asks an elected official to obtain housing for his/her child, but the next day files a challenge against a construction project. Then, this same elected official, after praising the citizen’s ideas on housing, requests an operator to reduce the extent of its project, which would have been in conformity with the rule, etc.

REDUCE THE WEIGHT OF APPEALS**Proposal No. 8 : To accelerate the implementation of projects.**

The subject of challenges also reveals contradictions in our society that favours sharing and “living together”, but hold individual attitudes that take precedence over the collective interest. To combat the scourge of complaints, three drivers could be possible: prevention, handling of litigation and insurance.

- **Prevention** : urban planning laws should be simplified. Consultations with stakeholders, and in particular citizens, should be strengthened during the planning process. The process should include digital tools to give citizens easy access to necessary information and give them practical ways to appropriately express themselves, in particular to propose or challenge the urban planning plans and regulations. But when this phase of consultation and participation is completed, it is necessary to more strictly reduce challenges.

The European Union should encourage the development of best practices to solve the problems caused by social behaviours in Europe. Some European countries have already identified best practice standards to ensure that the “not in my backyard” syndrome does not have a significant negative impact on urban development :

Best practice :

In Germany, the federal government has also launched an offensive regarding housing on a federal, regional (Länder) and local level. The key points of the initiative are the creation of simplified procedures by using the opportunities offered by digitalisation. For example, the initiative recommends applying a digital planning system. The process between planning and the completed construction is thus made more efficient and is optimised, in terms of cost.

Municipal umbrella organisations undertook to speed up the planning and building procedures in municipalities. They contribute to the optimisation of the coordination processes and the building authorisation procedures, including organising round tables, town-hall meetings and other events.

- **The handling of litigation** should be streamlined and time-limited. It is also necessary to limit individual actions by reducing the interest in initiating proceedings by authorising penalties relating to losses sustained due to unfounded legal actions.

Best practice :

In France, the government has altered the rules of urban planning litigation to enable the judge to have more tools and authority to more quickly make judgements and thus respect the newly established 10-month legal deadline regarding challenges against building permits for collective building projects.

- **Insurance** : insurance against the risks of litigation is underdeveloped, whereas it could powerfully contribute to the acceleration of real estate projects and ultimately facilitate the production of affordable housing.

C. TO RESPOND TO THE INCREASE IN CONSTRUCTION COSTS

As interest rates for property loans have never been so cheap, property purchasing power cannot improve from this point of view. At the same time, the discrepancy between the real estate prices and household income has never been so large, and this gap is constantly widening. If we wish to make housing more affordable and therefore restore purchasing power to European citizens, we must :

- take action on property prices (see above), **but also (and more significantly)** on construction, renovations and usage.
- and/or create new funding systems.

Construction costs are dependent on construction regulation and costs, encompassing the materials, their implementation, investments in research and development, and above all, the cost of labour.

REGULATIONS

“Evolution and not Revolution”

Frequent technological breakthroughs are expensive. Everyone understands that a new product which has required investment in research and development, and that is initially produced in small quantities, will demand a higher price. It is therefore appropriate to plan changes on a medium term to avoid rifts due to quick decisions.

Additionally, technological rifts can distort competition between large enterprises, and small or medium businesses, as the latter do not have the same means to recuperate their R&D costs via large sale volumes. This disadvantage can even lead small and medium businesses to disappear.

In order to avoid a similar case as the distribution sector, it is essential to support, either by fiscal measures or European aid, these companies that invest in research and development.

ENVIRONMENTAL AMBITIONS

“It’s all in the dosage”

We agree with ambitions to mitigate environmental impact, but it is essential to maintain a balance which is not to human detriment. We also share a desire to produce housing that continually grows in quality.



It is therefore strategically wise for policy makers and stakeholders to bear continually in mind the legitimate expectations of the end consumer, and their needs for affordable housing, when designing energy efficiency measures. This is to ensure a proper balance between stringent environmental performance standards and attainable housing for buyers or tenants.

Also, for each new regulation, the effects on cost should be examined through an impact study. New regulations should not be imposed without mitigation, if they have a negative impact on cost.

Furthermore, flexibility to take into account changes in society towards sharing and new forms of mobility would be welcome.

For example: we know that by 2030 we will have approximately 29% fewer vehicles in Europe. But locally, planners continue demanding up to 2 to 3 parking spaces per household – even underground – this is plainly at odds with the viability of affordable housing.

“Let’s be connected”

Proposal No. 9 : To create a European Construction Council

We propose a European Construction Council, to include members of the European Commission, parliamentarians, professional organisations and consumer associations. It would be consulted on projects relating to new standards which impact, directly or indirectly, on the cost of housing (for instance Basel III, retention of water resources, regulation of protection of species, mobility, etc.). This Council would issue opinions on the evaluation of costs to the housing economy, and could make proposals on the removal of certain outdated or unnecessary standards. It could also draw attention to over-implementation among Member States.

“Less is more”

Proposal No. 10 : To declare a 5-year moratorium on any new European regulation on housing

Proposal No. 11 : To encourage Member States to remove over-implementation and commit on a policy of deregulation

In 2014, a working group published a report under the chairmanship of Dr Edmund Stoiber, former Prime Minister of Bavaria, which concluded that 32% of administrative costs result from Member States' decisions to go beyond the requirements of EU legislation. It recommended that all Member States adopt the following targets for reducing regulations.

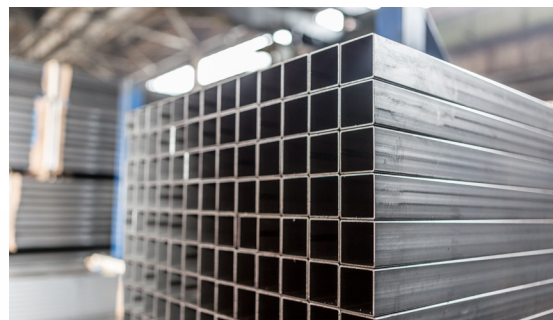
Best practice :

In France, the government declared a moratorium on new regulations for five years, except with respect to the transposition of EU directives into internal law and for safety issues. This was intended to give developers, and in particular small and medium-sized businesses, time to implement the standards and regulations in force. The French government also presented a new bill entitled “For a Society Built on Trust”, introducing the possibility of developers and housing constructors proposing solutions which are compliant with the standards in force in all domains of construction standards (thermal, acoustic, accessibility, etc.). The French government decided to act in this way in order to move from a logic of means to a logic of ends, which frees up the construction sector's ability to innovate.

REDUCE THE COSTS OF CONSTRUCTION BY ACTING ON ITS VARIOUS COMPONENTS

• MATERIALS

The limited supply of building materials is a major concern. We urge awareness of the consequences of the retaliatory measures that Europe intends to make regarding the price of steel and aluminium, which will negatively affect access to affordable housing. We call for a fair and mutually beneficial trade policy with the United States.



Furthermore, within European territory, products of similar qualifications cannot be used in some Member States, due to country-specific regulations which presumably underlie the protection of national industries, which undermines the effective funding of research in pursuit of optimal cost/quality ratios. Harmonisation is therefore essential.

After its assessment phase, consultation of the CPR (Construction Products Regulation) must lead to a harmonisation of European standards and of rules on construction products.

• LABOUR



Labour is a key parameter in the production of housing and controlling costs, from three perspectives :

- **quantitative** : Build Europe members (in the United Kingdom, Ireland, Spain, Poland, Romania) have noted shortages in the construction sector, which creates demand for labour from abroad, whether from nearby (Ukrainian labour in Poland, for instance) or further away (Vietnamese labour in Romania).

- **qualitative** : the construction sector is integrating more innovation and know-how and housing is increasingly sophisticated. Skilled labour is therefore necessary, but not yet sufficiently available. This can lead to defects, poor quality and, ultimately, can lead to additional costs.

- **economic** : labour represents on average approximately 40 to 50% of the cost of construction, and tax charges applied to that labour have a significant impact on housing prices.

The EU and its Member States could take action on these **three axes** :

- to further leverage the permanent work pool in building and construction and work on the sector's attractiveness, including for women
- to strengthen the labour qualification needs in the sector, implement new technical requirements over time and support initial and ongoing training in the sector
- to reduce the cost of labour, focus on mechanisms that works toward lower social costs on lower wages.

Focus : Digital support

Digital innovations in design and production such as BIM and 3D printers should lead to progress in production quality and costs, and reduction of risk. Europe must encourage this, which is only in its early stages.

Emphasis should be placed on training: the industry has already developed several bottom-up initiatives in order to embrace digital transformation. However, financial access and support are crucial to speed up the transformation process and mitigate the impact of initial low returns on investment. With this in mind, we call on the EU to focus on assessing and identifying skills needs in digital construction, on supporting quality training, up-skilling and re-skilling, but also on removing barriers and making it easier for the construction sector to deliver innovation.

With technological change, for which research and development favours large companies – and as access to finance could be more difficult because of ‘Basel IV’ – we suggest that the EU recommends that Member States implement tax incentives to SMEs for R&D investment.

Best practice :

Examples of activity in the construction sector by the Romanian national association :

The PSC has begun a rigorous process of engagement with the Romanian authorities, to improve the business environment and allow delivery of more quality buildings at optimised cost.

The PSC signed a Historical Agreement with the Romanian Government in December 2018, through the Federation (whose founding member is FPSC), which resolved on a series of measures which will enter into force sequentially. Among which the most relevant of these are :

- The construction sector was declared a ‘priority sector’, one of national importance, for 10 years starting from 1 January 2019. This will result in wholesale reform of the sector through tax incentives and improvements to the legislation which regulates it.
- There will be reductions in taxes on labour of between 21.25% and 80%.
- The conditions companies and employees are required to meet to access the Builders’ Home System – specifically, the measure that provides social protection for unfavourable climactic conditions, and that which deals with professional training – will be relaxed.

• OPERATING COSTS

The affordability of housing is assessed once transport, electricity, miscellaneous expenses and taxes linked to occupation or holding have been paid. Europe's role is fundamental in discussions over transport, as we saw previously, but also in those over energy. For existing buildings, these include supporting refurbishment and renovation, as well as new construction, in drafting new regulations.

Legislators must understand that the multiple sophisticated power generation systems for use in the same dwelling generates maintenance and replacement costs, which are added to the price of energy consumed. Residents therefore deactivate these and the efficiency gains are lost.

Our proposed European Construction Council is derived from this fact.

Stimulating the entry of SMEs to the market

The London Plan expects small sites to play a much greater role in delivery of housing, and places a presumption in favour of small housing developments of between 1 and 25 homes. The expectation is that some 25,000 dwellings per annum will be provided on small sites of less than 0.25ha. The Greater London Authority's Strategic Housing Land Availability Assessment has identified a notional capacity for the 32 London boroughs to provide this, based on past rates of delivery – but the boroughs, through their local plans, are encouraged to identify and allocate as many small sites as possible. As part of this, the boroughs are expected to use their brownfield registers as one positive means of identifying and increasing planning certainty on small sites. Sites included on brownfield registers are granted planning permission in principle under the national rules which apply to the registers. The boroughs are also expected to assist SMEs and the delivery of small sites by operating a presumption in favour of small housing developments which accord with the guidelines set out in their design codes.

D. TO RESPOND TO THE WEIGHT OF TAXATION

“see the straw in the neighbour’s eye and not the beam...”

ASSESS THE SEVERITY OF HOUSING’S TAXATION PROBLEM

Taxation applied to property – from the design stage until the handing over of keys – contributes to increasing costs of housing, and to lowering the profitability of rental investments, which risks increasing rent prices. The lack of a complete and accurate diagnosis on the subject is generally not taken into account within Member States’ housing policies.

Proposal No. 12 : Make country-specific recommendations on indicators related to housing

In practice, these country-specific recommendations should include indicators such as: the tax rate on the final sales price; the various components of a dwelling’s price; land and construction; and finally, the ratio between average household income and housing prices. These indicators should also be applied at a regional level to improve the understanding of potential problems and their location.

REDUCE THE WEIGHT OF TAXATION

Taxation should be better adapted to the goal of producing affordable housing.

Three policies axes can be envisaged :

• RÉDUIRE LE TAUX DE TVA DANS LE SECTEUR DU LOGEMENT

In terms of the tax rate, a new approach should be encouraged by the European Commission that would break with the past and provide greater autonomy for EU member states to determine the application of the VAT rate; including for the super-reduced rate (less than 5%).

This new approach opens the way for creating a framework of mutual support, to which all Member States should adhere equally when applying the current VAT rate to goods and services.

In particular, we support the European Commission’s decision to replace Annex III (‘List of products and services to which the reduced rates referred to in Article 98 may be applied’) with Annex IIIa (‘List of supplies of goods and services referred to in Article 98(3) to which reduced rates may not be applied’).

This revised Annex will create a level playing field for real estate operators in all Member States by effectively expanding the potential application of super-reduced VAT rates to all forms of housing, instead of only applying it to the “provision, construction, renovation and transformation of housing, under the framework of a social policy”, as previously indicated in point 10 of Annex III, while the application of reduced VAT rates benefits “the end consumer and ... consistently promotes the greater good”.

Best practice :

It should be pointed out that **in Italy and Luxembourg**, the super-reduced rate (i.e. less than 5%) is available for housing, particularly for first-time buyers. This clearly stimulates investments and helps young consumers to own properties.

• REDUCE THE TAX APPLICABLE TO COMPANIES

The Commission should recommend that a measure reducing the tax on private companies be applied to the share of the income generated by private operators through the production of affordable housing, similar to what social housing operators currently benefit from in closed systems, and possibly subject to reinvestment in more affordable housing.



• REDUCE THE HOUSING COSTS RELATED TO PROPERTY TAXES

Landowners, whether businesses or individuals, are generally subject to a capital gains tax when they sell their land. This taxation generates an increase in the price of sale of land for operators wishing to build houses and ultimately increases the price of housing.

These capital gains taxes also intensify land holding, because they discourage owners from selling their assets.

To encourage owners to sell developable land, to reduce the cost of this land for operators, and to provide consistent performance for sellers, tax incentives are desirable.

Best practice :

In France, for example, the government has introduced, for a transitional period, deductions on real estate capital gains. The reduction can be set at 70% when the developer commits to build housing, and at 85% if 50% of the project is intended for social housing or intermediaries.

E. TO MEET UNCERTAINTY REGARDING FINANCING

FINANCING OF REAL ESTATE PROJECTS

“The perfect is the enemy of the good”

Proposal No. 13 : To remove the production of new housing from the speculative activity of the ‘Basel IV’ agreements.

• ‘BASEL IV’

In funding for real-estate projects, there is no ‘one size fits all’ model. Member States benefit from a wide variety of models, but that is not reflected in current legislation. This is particularly evident with the upcoming transposition of Basel post-crisis reforms. The EU must take into account the diversity of its models when adopting such legislation.

At this time, in the negotiations of the Basel IV agreements, real estate promotion activity is considered as speculative. Capital requirements for the banks (Tier 1) will be increased by 50%. The consequence of those capital requirements is that fewer operations will be financed, and to maintain their profitability, banking institutions will increase their rates, or perhaps even move investments to other sectors of the economy that have become more profitable.

As this new situation undermines building activity, it will result in increased housing costs, and a credit crunch for unlisted developers (within the meaning of Standard and Poor’s). They will be required to overuse their own capital and drastically to increase the capital required from operators who will, de facto, reduce the number of houses produced in Europe.

The spirit of Basel III should therefore be maintained by avoiding such increases in capital requirements, taking into account pre-sale results and the legislative specifics of the countries securing funding.²⁹

29. En France, il existe un modèle appelé « vente en l’état futur d’achèvement » (VEFA) dans lequel, avant le démarrage de l’opération, 40 à 50 % des logements ont déjà été pré-vendus, ce qui prive l’opération de tout caractère spéculatif et risqué.

SOLVENCY OF THE PURCHASING HOUSEHOLDS

We are seeing a true paradox: interest rates have never been so low, yet property prices have never looked so out of keeping with average incomes. This should concern us all. If interest rates were to go back up, we would find ourselves in an even greater crisis of purchasing power. We must preserve the purchasing power of households, from the first property purchase to the end of life.

• ACCESS TO MORTGAGE CREDIT

Build Europe is in favour of the European Union's introduction of the **mortgage credit directive**, which includes the obligation for lenders to provide customers with enough information to identify the product that is suitable for them, a 'reflection' period and a right of guaranteed withdrawal. We also support EU standards to evaluate the creditworthiness of mortgage applicants. This is a further step in the right direction, which establishes a fair balance between the rights and obligations of end users. We believe, nonetheless, that additional actions could be taken to improve the financing of end users.

So, for example, for :

• FIRST-TIME PROPERTY BUYERS

Best practice must be promoted to support first-time buyers within the overall context of the housing price increases.

Best practices :

In the United Kingdom, the government has implemented the 'help to buy' programme, which seeks to help first-time buyers access residential property. This programme is based primarily on equity loans: the government provides buyers with an equity loan of up to 20% of the value of the property (interest-free over the first five years), and the buyers must be able to contribute 5% and the rest of the funds, often in the form of a mortgage.

In Germany in 2018, the federal government introduced the Baukindergeld, a government grant that does not require repayment. It is intended to help single-parent families with children purchase their own homes. It is a subsidy of €12,000 per child, paid in 10 instalments of €1,200 per year.

In France, there exists a 'Zero Rate Loan' for first-time buyers. The amount of the loan is inversely proportional to the income and can constitute the personal contribution.

There are also financial engineering mechanisms that are less taxing on public budgets whose adoption on a wide scale could be encouraged: division of bare-ownership and usufruct, division of land and building ownership, etc.

• **INDIVIDUAL AND INSTITUTIONAL INVESTORS**

Rental housing is affordable if investors may generate profitability sufficient to administer modest rents. This requires both moderate purchase prices and the reasonable taxation of rental income and capital gains from the sale of real estate.

Build Europe suggests reviewing the balance of rights and obligations between landlords and tenants to avoid disincentivising the individual and institutional investors we need to finance housing policy.

FINANCING SOCIAL HOUSING*“The colour of the cat doesn’t matter if it gets the mouse”*

Proposal No. 14 : To make the open system the European benchmark for social housing.

- **EXTENDING SOCIAL HOUSING TO THE PRIVATE SECTOR IN CLOSED SYSTEMS**

Social housing is a natural part of the scope of affordable housing, which is now in such high demand that we must mobilise all fronts and funding sources in order to achieve the objective of providing suitable accommodation to largest number of citizens.

The majority of European countries use an ‘open’ social housing system; however a few countries still use a ‘closed’ system, both for the holding of properties and for rental and household support (for instance France, Belgium, and Poland). In these closed systems, private operators can only build on behalf of social housing companies. In principle, the sale price should be set by mutual agreement between the parties and freely negotiated in order to take production costs into account. In reality, the capped sales price of social housing is set unilaterally and on a fixed-rate basis. The prices imposed on developers are so low that they are most often lower than production costs, and even lower than for similar housing built by organisations in the public-sector, who receive public assistance for construction. This burden forces private operators to consider raising the price of housing on the free market, partly because of affordable housing.

The countries with ‘closed’ systems eliminate the chance for private operators and financing getting involved to develop a supply of affordable and social housing, even though public financing is becoming increasingly difficult for specialist operators to procure.

In contrast, social housing was created in many European countries on the initiative of the private sector (companies that built to lodge their employees, charitable institutions, cooperatives, etc.) as a response to the needs that emerged with industrialisation and urbanisation in the beginning of the 20th century, accentuated by two world wars.

For closed social systems, we believe that the European Union should invite the Member States in question to allow private financing and to allow private operators to build, hold and manage these social rental properties, parallel to a public sector that is very often on the brink of saturation. These market players would naturally be subject to the same rules and duties as public players and could, as part of a partnership with the latter, exchange or share the services provided to citizens.

• **BETTER REGULATE THE INVOLVEMENT OF SOCIAL HOUSING OPERATORS IN THE COMPETITIVE FIELD**

We have observed the rise to power of certain social housing producers in the competitive area of the free market on the grounds of diversity. It may seem surprising that we condemn the shortage and reduction of public funds for social housing on one hand, while on the other saying that these funds put the competitive market at risk. However, the number of tax measures given in favour of social housing operators creates an imbalance, to the detriment of private operators. Simply splitting the two markets into separate accounting entries cannot avoid this.

“We need everybody on board”

Proposal No. 15 : To federate housing policy actors around the ambition of affordable housing.

• **RESOLVING THE AFFORDABLE HOUSING CRISIS TOGETHER**

Rather than segmenting housing policy, we believe that all public and private actors must mobilise together to meet all the needs of our citizens. The objectives, rules, rights and duties set by governments are applicable to all.



CONCLUSION

Housing is an essential pillar of our societies, and access to it is a priority.

How can we build more affordable housing, though, if we continue to reduce building land, reduce density, increase regulation, while accepting as a social reality the concentration of populations and investment in metropolitan areas?

We must give our youth a chance and change the paradigm.

Despite the diversity of situations and housing policies among different European countries, we imagined different levers for policy that can meet the expectations of our fellow citizens, which ultimately leans in two fundamental directions :

First, we need to think in the long term, by defining a project for Europe which takes into account the diversity of its territories. A project whose perspective goes beyond current policies, which are trying to mitigate today's difficulties with tools, arguments and attitudes of the past; and

Then, by listening to citizens, the construction of this project can be undertaken on the basis of reciprocal trust between politicians, administration, professionals, whose concern for the collective interest should not be in doubt.

Our movement, which is today – and by far – the largest builder of dwellings in Europe, affirms its willingness to participate in this major project, which would give European citizens the ability to find housing according to their aspirations.

It is true that this objective is ambitious, but, as Edmond Rostand said, ***“It is at night that faith in the light is admirable”***.

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PROPOSALS FOR THE HURRIED READER

In order to solve the housing crisis in Europe, there is no miracle recipe, but together, and with the support of the Member States, Build Europe is confident we can work to reduce costs, develop the offer and improve the purchasing power of first-time buyers and tenants.

We propose to :

1. □

DESIGNATE A COMMISSIONER IN CHARGE OF TOWN AND COUNTRY PLANNING AND OF CONSTRUCTION

To initiate a long-term reflection and programming on European country planning. In conjunction with the Construction Council that we propose to create, it could guide investment policies and regulatory projects in line with environmental and social objectives.

2. □

CREATE A EUROPEAN OBSERVATORY BODY

There is no good policy without knowledge of the state of play. By involving the Member States and the statistics available to them, this observatory could quantify the level of land supply needed and, within the framework of the European Semester, draw up country-specific recommendations.

3. □

RECONCILE ENVIRONMENTAL PROTECTION WITH HOUSING NEEDS

It must be ensured that the protection of the environment, which is necessary, does not have the effect of making land unavailable and unaffordable, as it is necessary to produce housing for all. It is also essential to give local politicians fiscal resources to implement their urban policies.

4. □

IMPOSE URBANISATION DISCIPLINE

The vitality and sense of community in towns and cities must be rekindled with the strong and sustainable support of public investment. It is essential to promote a mix of uses and, in particular, that housing should be in commercial areas on the outskirts of cities where infrastructure investments have already been made.

5.

MAKE MEDIUM-SIZED CITIES MORE ATTRACTIVE

Unless we want to create a Europe of metropolises, we must develop our territory and invest in equipment, infrastructure, education and technology in the medium-sized cities where the land is cheaper, in order to strengthen their attractiveness and their vitality in the long run.

6.

CREATE NEW SMART AND GREEN CITIES

Building sustainable cities, close to existing infrastructures, notably with an environmental vision, would allow to build in an affordable way, according to the new aspirations and expectations of the citizens but also of the community.

7.

SUPPORT AD CAMPAIGNS ON HOUSING NEEDS

This would educate citizens and elected officials about the housing needs and attitudes that hinder construction. The campaign would show the gaps between the discourse on housing needs and the reality of Malthusian practices.

8.

ACCELERATE THE IMPLEMENTATION OF PROJECTS

In order to fight against abusive appeals, three levers are possible: prevention by simplifying urban planning laws, accelerated appeal treatment, and the development of insurance against contentious risks.

9.

CREATE A EUROPEAN CONSTRUCTION COUNCIL

It would include professionals and construction stakeholders and would be consulted by Union bodies on new regulations that have a direct or indirect impact on the cost of housing.

10.

**DECLARE A 5-YEAR MORATORIUM
ON ANY NEW EUROPEAN REGULATION ON NEW HOUSING**

This would give developers, especially SMEs, time to assimilate and optimise recent standards and regulations.

- 11.** **ENCOURAGE MEMBER STATES TO STOP GOLD-PLATTING EU DIRECTIVES AND ENGAGE IN DEREGULATION**

32% of administrative burdens result from over-transposition by national governments. Member States should adopt objectives to reduce such an attitude.
- 12.** **MAKE COUNTRY-SPECIFIC RECOMMENDATIONS ON INDICATORS RELATED TO HOUSING**

Country-specific recommendations should include indicators such as land prices, construction costs and the ration between income and housing prices. This would improve the understanding of potential problems and their location and put the country in charge of its responsibilities.
- 13.** **REMOVE THE PRODUCTION OF NEW HOUSING FROM THE SPECULATIVE ACTIVITY OF THE 'BASEL IV' AGREEMENTS**

There is no single model in terms of financing in the real estate sector. The EU must take this into account by transposing the 'Basel IV' reforms, so as not to unduly strain access to credit by real estate professionals and individuals.
- 14.** **MAKE THE OPEN SYSTEM THE BENCHMARK FOR EUROPEAN SOCIAL HOUSING**

'Closed' systems prevent private operators from producing, owning and managing social housing. All sources of public and private funding must be mobilised to build more affordable housing to meet all needs.
- 15.** **FEDERATE HOUSING POLICY ACTORS AROUND THE AMBITION OF AFFORDABLE HOUSING**

Housing policies remain too compartmentalised (social/free, rental/accesion etc.). But all public and private actors must work together to meet the needs of our fellow citizens. Together we can try to solve the housing crisis.



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