



Setting a 30% Quota for Social, Public, and Affordable Housing by 2030

Problem Description

Housing policy is a central pillar of social stability and equality. Access to adequate, social, public, and affordable housing is not just a necessity but a fundamental right. However, across the EU, soaring housing costs and insufficient affordable housing supply have led to increased financial strain, social exclusion, and homelessness.

Current market-driven approaches have not adequately addressed the housing crisis, with private sector development often prioritizing profit over affordability.¹ Many tenants, not only lower but also middle-income households now face precarious living conditions, overcrowding, and unstable rental agreements due to a lack of long-term affordable housing solutions.

Setting a **minimum** 30% quota for social, public, and affordable housing in all new housing developments by 2030 would contribute towards creating sustainable housing opportunities, ensure long-term affordability, as well as prevent the displacement of vulnerable communities.

Challenges

Achieving a 30% social, public, and affordable housing quota presents significant challenges that must be addressed to ensure successful implementation:

Market Resistance and Profit-Driven Development

Developers may resist mandatory affordability quotas, arguing that such policies reduce profitability and discourage investment in housing projects.

Insufficient Public Funding and Incentives

Many municipalities struggle with limited budgets to support large-scale social, public, and affordable housing projects. Additional funding mechanisms and incentives are needed to encourage social, public, and affordable housing production.

Land Availability and Zoning Restrictions

Urban areas often face a shortage of available land for social, public, and social housing. Reforming zoning laws and repurposing underutilized land can help facilitate social, public, and affordable housing construction.

¹ Former European Commissioner for Jobs and Social Rights, Nicolas Schmit, has expressed skepticism about the effectiveness of market-driven solutions in addressing housing issues stating that *"the market will not solve the problem"*. In his answer to a written question (E-000123/2023) by Sandra Pereira (MEP) he also highlighted the need for *"massive public and private investment in affordable housing to avoid people being pushed into poverty."* In the view of former Commissioner Schmit, housing is a European problem requiring national and local solutions, where the EU can facilitate collaboration among various actors to foster positive dynamics in housing policy.

Ensuring Long-Term Affordability

Some affordable housing initiatives have faced challenges in maintaining affordability over time. Legal safeguards must be implemented to prevent the resale or conversion of affordable units into market-rate housing.

Coordination Between Public and Private Sectors

Effective partnerships between governments, developers, and community organizations are crucial to achieving housing affordability goals while maintaining high-quality living standards.

Tenants' Perspective on Social, Public, and Affordable Housing

Ensuring Security and Stability for Households

Affordable housing provides households with a sense of security and stability in their daily lives. When housing costs remain reasonable, families can focus on other aspects of life, such as raising children, education, and healthcare. This creates a foundation for a healthy and prosperous society where everyone has the opportunity to succeed.

The Importance of Community Service Professions and Living Location

Low- and middle-income residents play a significant role in community service professions, such as healthcare, education, and public services. It is essential that they can live close to their workplaces to continue their important work without facing unreasonable housing costs and long commutes. Affordable housing can play a pivotal role in attracting individuals relocating for work, as it reduces the financial burden on new residents and enhances overall quality of life. Municipalities that provide reasonable housing options can better support essential community services, ensuring that professionals like teachers, healthcare workers, and public servants can live near their workplaces. This proximity not only improves service delivery but also fosters vibrant, sustainable communities. Moreover, stable and affordable housing enhances workforce productivity and economic growth by reducing stress and encouraging local spending. This not only improves their quality of life but also ensures that essential community services operate efficiently.

Benefits of Publicly Supported Housing

Residents of the ARA housing model in Finland typically get more square meters for their money compared to those living in the free market. This improves their quality of life and allows for better living comfort. Affordable housing reduces financial stress for families, which can lead to better work performance and fewer sick leaves. Furthermore, it can reduce societal costs associated with homelessness and other forms of social exclusion.

Similarly, the Netherlands has a robust social housing sector, with housing associations managing approximately 30% of the total housing stock. Municipalities often set targets for social housing within new developments to ensure a balanced mix of housing types. For instance, Amsterdam mandates that 40% of new housing projects consist of social housing units, supporting inclusivity and affordability. Also, Dutch tenants can expect a higher standard in publicly supported dwellings than in privately owned housing.

Economic Impacts

Increasing publicly supported housing production can bring significant economic benefits. Affordable housing reduces financial stress for families, which can lead to better work performance and fewer sick leaves. Additionally, it can reduce societal costs associated with homelessness and other forms of social

exclusion. In the long term, affordable housing can promote economic equality and the overall well-being of society.

Rising housing costs also reduce consumption, which is a strong argument in favour of an effective regulation, as the impact of rising housing costs on the economy as a whole is considerable. Research² has shown that, rising housing costs or rents in real terms result in adverse economic consequences, as the diminished purchasing power of tenants and home users is not offset by corresponding expenditure by landlords on consumption or investment. The net effect on overall economic consumption is negative. Less money spent on pure housing related expenditures also has a positive effect on local economy, for the simple reason that tenants have more money to spend in neighbourhood shops when rent does not consume a disproportionate part of their income.

People in stable housing, are also more likely to feel secure and invested in their jobs, which can improve their work performance and productivity. A secure living environment reduces the stress associated with housing instability, allowing individuals to focus on their careers and contribute more effectively to the economy. Housing affects people's physical and mental health. Adequate, affordable housing reduces the risk of health problems related to overcrowding or poor living conditions. A healthier population is generally more productive, both in the workplace and in society as a whole. Secure housing is linked to better educational outcomes, particularly for children. A regulated and accessible rental market allows residential mobility, that is, workers to move to areas with more job opportunities without being burdened by high rent costs. This kind of mobility supports more efficient labour markets, where people can live where their skills are most in demand, enhancing productivity across sectors.

The Role of Municipalities and Public Loans

Municipalities should create housing policy programs that define how the goal of 30% publicly-supported housing production will be achieved. It is important to remember that public loans are more affordable than housing allowances, making them a financially sensible solution. We are concerned that cuts in government programs may lead to an increase in hidden homelessness. Hidden homelessness refers to situations where a person is registered at an address but, for various reasons, cannot live in that residence and instead stays with friends or relatives. This phenomenon exposes people to exploitation and various forms of violence, and they often remain outside the necessary services.

Youth Independence and Family Formation

The lack of affordable housing delays young people's independence, which affects family formation and childbearing. This delay can result in young people having to live with their parents longer or seek temporary solutions, which is not sustainable in the long term. This development can reduce birth rates and negatively impact the demographic structure of society.

Conclusion

Implementing a 30% quota for social, public, and affordable housing by 2030 would be an essential step toward ensuring housing security for all EU citizens. To achieve this, the EU should adopt policies that mandate affordability quotas, provide financial incentives for developers, and prioritize public investment in housing infrastructure.

² 2006, <https://research.wu.ac.at/de/publications/der-einfluss-steigender-wohnungsmieten-auf-den-konsum-eine-makroö-3>

Furthermore, tenant protections must be strengthened to ensure that affordable housing remains accessible in the long term. This includes implementing rent controls and other measures, safeguarding against evictions, and integrating social housing policies within broader urban planning frameworks.

The success of this initiative depends on strong political commitment, robust funding strategies, and a cooperative approach between national governments, municipalities, the private sector, and civil society organizations. Additionally, supporting cooperative housing models can provide sustainable, community-driven alternatives to traditional housing markets. By ensuring that at least 30 % of new housing is designated as public, social, and/or affordable, the EU can take a crucial step toward reducing housing insecurity, fostering social inclusion, and promoting economic stability for future generations. Such actions would promote societal equality, economic stability, and overall well-being.