



IUT Policy Priorities



International Union Of Tenants

Foreword by the IUT President and the Secretary-General

Housing is a fundamental human right, not a privilege. A decent and affordable home is the foundation upon which people and families build their lives, participate in society, and contribute to economic stability. Yet, across the world, tenants face increasing challenges: skyrocketing rents, inadequate legal protections, and an ever-growing housing market often prioritising profit over people. It is our duty, as decision-makers, policymakers, and advocates, to ensure that tenants' rights are upheld, and their voices heard.

As representatives of the International Union of Tenants (IUT), we strongly urge governments, legislators, and stakeholders at all levels to take the needs of tenants seriously and let these needs be reflected in concrete policy. Secure and affordable housing is not merely an economic issue—it is a matter of dignity, social cohesion, and justice. In short it is an important building block of our societies. Therefore, housing policies must prioritise long-term stability, affordability, and fairness to protect tenants from exploitation, displacement, and uncertainty.

The following texts started out as a list of priorities established by the IUT Board, at its meeting in Delft in October 2023. Ahead of the European Parliament elections we wanted to provide clear guidance to the European Union on what we would like it to focus on during its mandate 2024-2029. Eventually these priorities grew into this publication based which outlines the pressing issues faced by tenants today and providing concrete policy recommendations to safeguard and strengthen their rights. It also highlights the urgent need for robust rent regulations and other measures, increased public and affordable housing, tenant protections against financialisation, and fair access to sustainable and energy-efficient homes. These are not radical demands but essential measures to ensure a just and equitable housing market serving our society as a whole.

Tenants must no longer be treated as secondary to homeowners or as mere consumers in a speculative market. Tenants are primarily citizens, workers, families, and individuals who deserve respect, security, and fair treatment. Therefore, we call on decision-makers to take action: implement policies that put people before profit, strengthen tenant protections, and recognise that housing is a human right that must be upheld for the joint benefit of our society.

Together, we can build a future where no one is left behind, where every tenant has a stable and affordable home, and where housing policies reflect the principles of fairness, equality, and social justice.

Simply put, we need to eradicate the housing crisis across Europe by 2030!



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Building on our work at the Delft meeting in October 2023, it has been an absolute pleasure collaborating with the members of the IUT Housing Policy Working Group. Our shared knowledge, experience, and passion for advocating fair and inclusive housing policies have made this a very interesting and inspiring endeavour.

Thank you all for your hard work, your contributions, and your continued efforts in making a difference for tenants worldwide!



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IUT Priorities for the European Parliament (2024-2029)

Eradicate the Housing Crisis Across Europe by 2030

The forthcoming European Parliament elections offer a crucial choice for the people of Europe. They can opt for a united, open, and peaceful Europe characterised by progress for all and rooted in the spirit of solidarity. All over Europe, tenants and home seekers are impacted by the housing crisis. One third of the European citizens which corresponds to 150 million people, live in rental housing. Rents are unaffordable, and the costs of energy in poorly insulated homes have soared. Many individuals live with crippling uncertainty due to the lack of tenant rights, while others struggle to find a place they can call home.

1. Ensuring Housing as a Fundamental Right

Housing is a fundamental right, as recognized by Article 25 of the Universal Declaration of Human Rights. The housing crisis is not a force of nature; it is a consequence of inadequate policies at both the regional, national and EU levels.¹

2. Set a 25% Maximum of Housing Costs by 2030

Housing costs (including energy and utilities) should be a maximum of 25%² of the disposable income of households³, which can be reached by an effective rent regulation including rent decreases and housing allowances. Housing is for the common good and not a financial asset. Housing is for people and not for profit!

3. Setting a 30% Quota for Social and Affordable Housing by 2030

To combat the housing crisis and establish a stable, price-controlled rental housing segment, the European Parliament should consider setting minimum quota for social and affordable housing in every Member State and in every single municipality in EU of at least 30% by 2030. An EU fund for public social and affordable housing, complemented by national and regional laws and regulations, direct investments, cost subsidies and substantial tax reliefs can support this initiative.

¹ https://www.europarl.europa.eu/doceo/document/TA-9-2021-0020_EN.html

² EU Urban Agenda Action Plan for Affordable Housing https://ec.europa.eu/futurium/en/system/files/ged/final_action_plan_euua_housing_partnership_december_2018_1.pdf

³ In accordance with what has been nationally and internationally defined as affordable housing and rental

4. Counteract Financialisation

Financialisation has spread into all housing markets. As a consequence, housing policy has transferred from governments to profit oriented corporate finance. We demand de-financialisation in the housing sector.

Access of corporate finance to European markets has to be regulated. The EU should act, preventing monopoly and stopping the sale of the public and affordable housing stock.

An EU transparency register on real estate transactions is the first step for de-financialisation.

5. Regulating Short-Term Rentals

Short term rental housing is extracting existing housing from the regular housing market, at the expense of residents. The misuse of international short-term rental platforms for profit maximising can jeopardise tenant rights and disrupt local communities, causing problems like displacement, touristification and gentrification. Urban planning, legislation and respective national tax regimes should address these concerns and prioritise the rights of residents and their access to affordable housing.

6. Revise EU State Aid Rules: Housing Policy as a National Competence

EU state aid rules on Services of General Economic Interest (SGEI) force Member States to limit access to social and affordable housing to socially disadvantaged groups. It is important that large parts of the population get access to it. To increase the provision of affordable housing, the SGEI decision has to be revised.⁴

The housing sector operates at the crossroads of numerous policies, including energy, environment, climate, urban development, and social justice. While coordination and public funding for these policies is essential, housing policy and the mission of social housing remains a national competence, with actions taking place at the local and regional levels.

⁴ Revise recital 11 in the state aid decision
https://ec.europa.eu/competition/state_aid/cases/197757/197757_1155868_173_2.pdf

7. Promoting Tenure Neutrality - Housing for All

A tenure-neutral approach emphasises providing a wide availability of suitable housing alternatives regardless of income, age, or gender. Rather than focusing solely on homeownership, housing policy should prioritise housing for all.

8. Respect Tenants' Rights and Guarantee Transparency in Rental Agreements

Tenants have rights that deserve protection, and the European Parliament should ensure transparent agreements, intelligible language, and the ability to challenge unfair terms. Tenants should have access to legal dispute resolution instances at no costs. Tenants also have the right to organise and demand fair treatment.

9. Promoting Housing Cost Neutrality in Energy Efficiency

Energy efficiency in housing is essential to reduce living costs and combat climate change. The European Union aims to lead the global clean energy transition, and this includes energy-efficient housing. Consequently, the EU has to offer funding to reach this goal. It is critical to ensure that the burden of renovation costs is distributed equitably to counteract disparities between social groups. Housing cost neutrality after renovation (meaning that rent increases are at least balanced by energy savings at the same amount) and social safeguards for tenants must be the minimum requirement of all energy legislation.

10. Fair Energy Transition: Equal Access to Energy-Efficient Housing

Equal access to energy-efficient housing should be a priority for all, regardless of income. While the EU promotes a fair transition and energy efficiency measures, it must account for variations in housing conditions and energy systems between Member States. EU funding should be available where needed to support this goal, although respect for subsidiarity remains vital.

In summary, the International Union of Tenants (IUT) advocates for a comprehensive approach to housing policy in Europe that emphasises affordability, accessibility, and tenant rights. By eradicating the housing crisis by 2030, promoting public, social, and affordable housing, and protecting tenants, the European Parliament, together with the EU Member States and the responsible housing authorities, can work towards ensuring affordable and secure housing for all citizens, fostering social cohesion and well-being across the continent.

1. Housing as a Human Right

Problem Description

Housing is a fundamental human need. Everyone needs somewhere to call home. The access to decent and affordable housing is essential for individual well-being, societal stability, and economic security. The concept of housing as a human right⁵ however is disputed and subject to insufficient and inadequate solutions in many legal and policy frameworks⁶. The 1948 United Nations Universal Declaration of Human Rights (UDHR)⁷, in Article 25 states:

“Everyone has the right to a standard of living adequate for health and well-being, including housing.”

Among the United Nation Member States there is a wide consensus that the declaration itself is non-binding and not part of customary international law. Consequently, the implementation and recognition of housing as a legally enforceable right face significant challenges, often translating into homelessness, unaffordable or inadequate or uncertain housing.

5 This paper offers an extended IUT position with its basis found in Point 1 of the IUT Priorities for the European Parliament (2024-2029), also known as the Delft Declaration. <https://www.iut.nu/wp-content/uploads/2023/11/IUT-Priorities-for-the-European-Parliament-2024-2029-Final-Version-IUT-Board-.pdf>

6 Many countries include references to housing in their constitutions or other national legislation, e.g. South Africa (constitution guarantees the right to access to adequate housing), Finland (legislative framework strongly supports housing as a human right through various policies), India (judicial interpretation relating to constitutional right to life), Portugal (constitution), Brazil (constitution includes housing as a social right), Spain (constitution states that citizens have the right to enjoy decent and adequate housing), Ecuador (constitution enshrines housing as a right), France (not in constitution, but the DALO law (Droit au Logement Opposable) affirms the right to housing, allowing citizens to claim this right through the courts), Sweden (constitution obliges public bodies to ensure the right of housing), the Netherlands (constitution stipulates that the government shall promote adequate housing), Venezuela (constitution guarantees the right to adequate housing), Colombia (constitution recognizes the right to live in dignity and obliges the state to ensure access to adequate housing).

7 <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

Challenges in Defining Housing as a Human Right

Lack of Binding Legal Frameworks

International instruments like the UDHR and the International Covenant on Economic, Social, and Cultural Rights (ICESCR) acknowledge the right to adequate housing. However, as the declarations in question lack legal binding force, individual states are often not compelled to act. This often results in a gap between the recognition of housing as a human right and its enforcement.⁸

In the EU context the European Social Charter, overseen by the Council of Europe, recognises the right to housing. However, the provisions contained in the Social Charter lack direct enforceability within member states. A concrete example can be found in France⁹, which has incorporated the "right to housing" in national law through the so-called "DALO"¹⁰ Act. The enforcement of the act however has been criticised for nevertheless failing to meet the housing needs of the population effectively, as evictions continue to occur, often impacting vulnerable groups and highlighting the gaps in legal protections.

Different Interpretations and Implementations

Different countries interpret the right to housing in a number of different ways¹¹, and often national policies simply fall short in promoting housing as a human right. The effect being inconsistency in applications across different jurisdictions. Some nations have opted to viewing it as a state obligation to provide shelter. Such inconsistencies tend to make it excessively difficult to establish a truly universal standard. As a direct result many are left without adequate protection.

The Spanish constitution provides a right to decent and adequate housing. However, this has not prevented a widespread housing crisis. In particular, this was the case in the aftermath of the 2008 financial crisis, leading to mass evictions. These evictions, often carried out without adequate safeguards, have been criticised as violations of the right to housing, as many people were left homeless without sufficient state intervention. Similarly, in Ireland, the ongoing housing crisis has led to rising rents and increased evictions, particularly affecting low-income families and single parents, demonstrating

8 Eurofound. (2021). Housing in Europe: Quality, affordability, and accessibility.

9 The Guardian. (2017). France's DALO law: The right to housing remains elusive.

10 Droit au Logement Opposable.

11 Housing Europe. (2020). State of Housing in the EU.

the need for stronger protections and a more robust interpretation of housing rights. A slightly different example is Finland which has adopted its "Housing First" policy. This has proven successful in reducing homelessness by treating housing as a right rather than a privilege.¹²

Market Forces and Human Rights

Housing tends to be treated as a commodity rather than a right. Thereby becoming subject to regular market dynamics and profitability being prioritised instead of accessibility and affordability. Commodifying housing tends to worsen inequality. It also tends to disproportionately affect vulnerable groups, including low-income tenants, who already often find themselves priced out of safe and stable housing.

Due to speculative investment and gentrification in Berlin, housing prices have surged, displacing long-term residents. As a response to this development, Berlin tried to implement a controversial rent freeze in 2020 to counterbalance market forces. However, this attempt was later overturned by the German Federal Constitutional Court. The example however highlights the tension between market regulations and housing as a right.¹³ Additionally, in Italy rents increasing in urban areas like Rome and Milan have led to evictions disproportionately affecting migrant communities and low-income families, raising concerns about the violation of their housing rights.

The Tenants' Perspective on Housing as a Human Right

The recognition and enforcement of housing as a human right are crucial for ensuring security, dignity, and equality. In the following, several arguments and examples supporting the claim that housing should be universally recognised and upheld as a human right has been collected:

¹² Y-Foundation. (2020). The Housing First model in Finland: Success in reducing homelessness.

¹³ Der Spiegel. (2021). Berlin's Rent Freeze: A bold experiment in protecting tenants.

Security of Tenure

Security of tenure is a cornerstone of the right to adequate housing. It ensures the tenant's right to have the lease renewed after the lease expires unless a court orders otherwise. Depending on which system, the right is attained differently, but the overall aim is to provide tenants with peace of mind, allowing them to build stable lives without the constant threat of losing their homes. Recognising housing as a human right ensures that tenants have legal protection against arbitrary eviction and displacement.

For example, in Denmark, security of tenure is guaranteed by indefinite leases and strict rent control.¹⁴ Such a legal framework provides tenants with the security needed to maintain stable living conditions, and contributes to high levels of tenant satisfaction.

Access to Basic Services and Livelihoods

Adequate housing is not limited to being a roof over one's head. Adequate housing is a foundation for accessing essential services like education, healthcare, and employment. Housing is no ordinary good. The benefits to society of consumption of the good is simply greater than individuals would be aware of or would prioritise. Unlike a private good, that has clear and immediate benefits to the individual consumer, the individual consumer will not be fully aware of the effects that housing has on their lives. For instance, very few individuals will be aware that their own chances of social mobility or health status, or those of their children, might be affected by where geographically they live or the quality of housing they live in. Nor will the individual be aware of, at the time of consumption, that their housing consumption will have external benefits to society. For instance, the fact that the closer the person lives to an active labour market and/or in the vicinity of public transport, the greater the chances are that they will find a job and thus contribute tax revenue to society instead of drawing on societal means through e.g. an unemployment benefit. Without secure housing, tenants may struggle to maintain jobs, access quality education for their children, or receive necessary medical care, perpetuating cycles of poverty and marginalisation.

For example, in Greece, the economic crisis led to widespread housing insecurity, with many families losing access to healthcare and education as a result of homelessness. The crisis highlighted the critical role that housing plays in accessing basic social services.¹⁵

¹⁴ European Commission. (2020). Country report: Denmark.

¹⁵ WHO. (2019). Health and housing in Europe: A focus on marginalized communities.

Affordability and Prevention of Exploitation

Housing must also be affordable to ensure that tenants are not exploited by landlords or forced into substandard living conditions. Various types of rent control measures and/or subsidies can help achieve this, ensuring that all tenants have access to decent, affordable housing.

In Vienna, the government has successfully maintained and continuously developed a large stock of social housing. This ensures that a significant proportion of residents have access to affordable, high-quality housing. Consequently, public investment in housing can prevent exploitation and maintain affordability, even in a competitive urban market. Conversely, in Ireland, the lack of affordable housing has led to a surge in evictions, revealing the dire consequences of failing to implement robust affordability measures.

Equality and Non-Discrimination

The right to housing is intrinsically linked to the principle of non-discrimination. Marginalised groups, often face discrimination in the housing market. Recognising housing as a human right would compel states to address these disparities, promoting inclusive policies and social cohesion.

In the Netherlands, the government has taken steps to address housing discrimination, particularly against ethnic minorities and low-income individuals¹⁶. However, challenges remain, especially in the private rental market, where discrimination still persists.

Psychological and Physical Well-being

Stable housing is essential for mental and physical health. Insecure housing conditions or outright homelessness is often associated with stress, anxiety, and increased vulnerability to illnesses. A further example of shortage of housing can be found in the so called “delayed lives” of young people, meaning due to scarcity and high costs of housing the possibility of starting a life, family and so forth becomes limited.¹⁷

Research conducted in the United Kingdom, has shown that poor-quality housing and insecure tenancies have significant negative impacts on mental health. However, the introduction of “Housing First” styled initiatives in cities like Glasgow aims to address these challenges by providing secure, permanent housing as a foundation for improving health and well-being.

¹⁶ On the other hand, the so called “Rotterdamwet” tends to enclose neighbourhoods with mostly lower income inhabitants. In other words, the Dutch legal framework is not entirely a positive example.

¹⁷ Carla Huisman (PhD), e.g. <https://cypers.nl/thesisfinalweb.pdf>

Social Stability and Economic Participation

Housing stability enables tenants to participate fully in society and the economy. Not having to fear the loss of one's home, individuals are often capable of contributing more effectively to their communities and the economy. This stability also reduces the need for expensive emergency interventions, such as shelters or medical care for the homeless, benefiting society as a whole.

The Swedish model on the housing market is known for its relatively high level of public housing, which ensures that a large portion of the population has access to stable and affordable housing, enabling broader economic and social participation.

Objections and Rebuttals

Despite the compelling arguments for recognising housing as a human right, opposition persists from various groups. These objections often stem from differing views on the role of housing in society and the implications of such a policy shift. Below, some of the most common objections are explored, along with responses that address their concerns.

One objection is the view that housing is fundamentally a commodity governed by market forces, and recognising it as a human right could disrupt the housing market, leading to inefficiencies and reduced investment in development. While housing is indeed a commodity, it is above all a basic necessity. Treating it solely as an economic good overlooks the social and ethical responsibilities associated with ensuring adequate housing for all. The concept of housing as a human right does not eliminate market dynamics, but seeks to ensure they operate in the public's best interest. For instance, Vienna's successful social housing model highlights that public investment in affordable housing can coexist with a thriving market, demonstrating that balancing market interests with the need for secure and affordable housing is achievable.

Another concern revolves around the fear of government overreach. Critics argue that declaring housing a human right would lead to excessive government intervention, infringing on property rights and creating inefficiencies through bureaucracy. However, the right to housing does not imply free housing for everyone. Instead, it entails establishing a framework that ensures access to adequate housing, prevents discrimination, and protects against arbitrary eviction. Policies such as rent control, housing subsidies, and incentives for affordable housing development can achieve fairness and stability without

veering into overreach. Sweden's balanced approach, combining public housing initiatives with regulations that support both tenant rights and property interests, serves as a compelling example.

Financial feasibility is another frequently cited concern. Critics worry that the financial burden of ensuring housing as a human right could be prohibitively high, particularly in economically struggling nations. However, neglecting housing as a human right incurs even greater costs, including higher healthcare expenses, diminished productivity, and increased crime rates resulting from insecure housing conditions. Preventive measures, such as affordable housing initiatives and tenant protections, are ultimately more cost-effective and foster long-term stability and prosperity. Finland's "Housing First" model, which prioritises providing permanent housing to those in need, has proven to reduce long-term costs in healthcare and social services, enhancing both individual well-being and societal stability.

Lastly, some argue that recognising housing as a human right may lead to moral hazard, fostering dependency on the state and discouraging personal responsibility. However, the right to housing is not about removing individual accountability, but about providing a safety net that ensures no one is left without shelter. It establishes a baseline standard of living while promoting both personal and collective responsibility. In France, public housing programs exemplify this balance by incorporating opportunities for tenants to eventually own their homes, fostering accountability and empowerment alongside support.

Through these rebuttals, it becomes clear that recognising housing as a human right is not only ethically necessary but also economically and socially beneficial. The examples provided illustrate how nations can navigate these concerns to create systems that prioritise human dignity without compromising efficiency or fairness.

Conclusion

The recognition of housing as a human right is not merely a theoretical ideal but a practical necessity. It is essential for safeguarding the dignity, security, and well-being of tenants worldwide. As the International Tenants Union, we must advocate for policies ensuring everyone having access to safe, affordable, and adequate housing, irrespective of their economic status or background. By framing housing as a human right, we take a crucial step toward a more just and equitable society, where everyone has the opportunity to live in dignity and security.

2. Why the Housing Cost Burden Should Not Exceed 25 % of Income

Problem Description

Housing is a fundamental human right¹⁸. It is a fundamental human right to have access to adequate and secure housing. Only those protected from the arbitrary actions of others can live in a manner that is both adequate and safe. It is therefore evident that the protection of tenants against arbitrary termination and the protection of tenants against arbitrary pricing are fundamental tenets of a functioning tenancy law. Only those who are able to afford their housing in the long term, according to their individual means, can live adequately and securely.¹⁹

In 1974, the International Union of Tenants (IUT) published the “Charter for Tenants” which states in Article V, “Rent”²⁰:

“Because housing is a human right, with reference to the Universal Declaration of Human Rights (1948, Article 25)²¹ and the UN International Covenant on Economic, Social and Cultural Rights (1966, Article 11)²², the rent should be set at an affordable level. The amount of rent should be in reasonable proportion to income.”

The ratio of income to housing costs is a crucial economic parameter on an international scale, as it quantifies the practical affordability of housing.

In 2023 – in the Delft Declaration²³ – the IUT in Article 2 called for a maximum rate of 25 per cent²⁴ of income to be set for housing costs in Europe by 2030:

¹⁸ The concept of housing as a human right however is disputed and subject to insufficient and inadequate solutions in many legal and policy frameworks.

¹⁹ Especially for lower income groups, the maximum of 25% of income does not necessarily imply that housing is affordable for these households. It means that governments should provide assistance to such groups e.g. by means of housing allowances or other (financial) aids.

²⁰ <https://www.iut.nu/about-iut/the-tenants-charter/>

²¹ <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

²² <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>

²³ <https://www.iut.nu/news-events/iut-priorities-for-the-european-parliament-2024-2029/>, a.k.a. the Delft Declaration.

²⁴ This paper offers an extended IUT position with its basis found in Point 2 of the Delft Declaration.

“Housing costs (including energy and utilities) should not exceed 25 per cent of households’ disposable income, which can be achieved through effective rent regulation, including rent reductions and housing subsidies. Housing is a common good and not a financial asset. Housing is for people and not for profit!”

The IUT thus endorsed the recommendation of experts from European cities, EU Member States, the EU Commission, the EIB and Housing Europe, who, after three years of work as the “EU Urban Partnership on Housing”, stated in their final action plan that the reference threshold of total housing costs for calculating the housing cost overburden ratio should not be higher than 25 per cent of disposable income.²⁵

The unaffordability of housing disproportionately affects tenants, exacerbating issues like poverty and social exclusion. When tenants are forced to allocate a significant portion of their income to housing costs, their financial stability is severely undermined, leaving them with limited resources for other essential expenses such as food, healthcare, education, and transportation. This creates a vicious cycle of poverty, as tenants are unable to save or invest in opportunities that could improve their circumstances.

Moreover, high housing costs often lead to social exclusion. Families and individuals unable to afford housing in their preferred locations may be displaced to less desirable areas with fewer employment opportunities, substandard infrastructure, and limited access to essential services. This geographic segregation reinforces inequality and prevents tenants from fully participating in societal and economic activities, further marginalising them.

Tenants at the lower end of the income spectrum already experience a higher housing cost burden than homeowners. Young people, single households, and single parents face particularly high levels of financial strain, often leading to reduced consumption and diminished quality of life. Rising housing costs reduce the purchasing power of tenants, which negatively impacts the economy as a whole, as the benefits do not translate into proportional spending or investment by landlords.

²⁵<https://presse.wien.gv.at/2019/02/11/wien-praesentiert-action-plan-der-eu-urban-agenda-staedtepartnerschaft-wohnen-in-bruessel>
<https://futurium.ec.europa.eu/en/urban-agenda/housing/action-plan/housing-partnership-action-plan>

Addressing housing affordability through measures like effective rent control, subsidies, and tenant protections is essential to breaking this cycle. Ensuring that housing costs remain within a reasonable proportion of tenants' income—such as the recommended 25% threshold—can alleviate the financial strain on low-income groups, foster equality, and promote greater economic and social inclusion. In short, the total housing costs of a household should not exceed 25 per cent of the income.

Challenges

Historical Retrospective

The concept of the ratio between housing costs and income has grown historically – and has its roots in minimising the risk of default for landlords and debtors vis-à-vis banks.

“The most important practical housing benefit came from the motto ‘a week’s wages for a month’s rent’. In the 1880s, a week’s wages for a month’s rent was a common way of describing the housing costs of many tenants in the US. [...] What happened over the decades was the transformation of observations about what some households were spending into assumptions about what they “should” be spending. [...] In doing so, it also became a ‘rule of thumb’ about how to minimize the risk of renting a flat or granting a mortgage to a particular household.”²⁶

Share of Housing Costs

The concept of housing cost overburden is defined in various ways in both academic literature and political practice. In Austria, a housing cost burden of more than 25 per cent (excluding energy costs) is considered an overburden at the national level. In contrast, the EU statistics authority Eurostat defines overburdened households as those who spend more than 40 per cent of their total disposable household income (less housing benefits) on housing costs (including energy and maintenance).

²⁶ David Hulchanski, 1995. <http://search.epnet.com.myaccess.library.utoronto.ca/login.aspx?direct=true&AuthType=cookie.ip.url.uid&d-b=buh&an=9512121897>

Unequal Distribution of Housing Costs using Austria as an Example

A look at Vienna at the turn of the century shows that housing costs were unevenly distributed: While it was considered reasonable for the middle classes to spend around ten per cent of their income on housing, for workers around 20 to 40 per cent of their already extremely tight monthly budget went on rent alone.²⁷

It is a well-documented fact that in Austria, high-income households have a lower housing cost burden than those at the lower end of the income distribution. Furthermore, the housing cost burden of tenants is higher than that of owners.²⁸ A greater proportion of homeowners (more than 30 per cent) are required to allocate more than 30 per cent of their income to housing costs, in comparison to more than 35 per cent of tenants.

Empiricism Versus Perception

Although owners with credit have significantly higher incomes and spend less of their income on housing costs on average, these households perceive a particularly high housing cost burden. In contrast, tenants underestimate their actual housing cost burden. These contrasts between subjectively perceived and objectively measured housing cost burdens between homeowners and tenants are an interesting example of distorted interests with potentially far-reaching consequences for the formation of individual preferences and political decisions.²⁹

Consequently, potential measures to reduce housing costs in low-income groups can make a significant contribution to reducing unequal living conditions. The econometric analysis according to socio-demographic factors also corroborates the high expenditure of tenants and demonstrates that young people, single households and, to a particularly high extent, people living alone who also have children in the household have a high housing cost burden.

27 Feldbauer, Stadtwachstum und Wohnungsnot; Hösl/Pirhofer, Wohnen in Wien, 17 ff.; John, Hausherrenmacht und Mieterelend; Sandgruber, Anfänge der Konsumgesellschaft, 347 ff

28 Wilfried Altzinger, Emanuel List, Momentum Quarterly 2020 Vol. 9, No. 3; 161 ff., <https://momentum-quarterly.org/momentum/issue/view/311>

29 Wilfried Altzinger, Emanuel List, Momentum Quarterly 2020 Vol. 9, No. 3; 161 ff. <https://momentum-quarterly.org/momentum/issue/view/311>

The Tenants' Perspective on the Housing Cost Burden

Rising Housing Costs Reduce Consumption

Rising housing costs reduce consumption. This is a weighty argument in favour of an effective regulation, as the impact of rising housing costs on the economy as a whole is considerable. As Dieter Gstach has demonstrated³⁰, 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. The calculations demonstrated that a real rent increase of ten per cent reduces consumption in the economy as a whole by two per cent.

Reducing Inequality Means Reducing Rents

A recent study by researchers Konstantin Kholodilin (German Institute for Economic Research) and Sebastian Kohl (Max Planck Institute for the Study of Societies), published in the *Journal of European Social Policy* in May 2023, provides a weighty argument in favour of rent control.³¹

In their paper, the authors use long-term data from up to 16 countries between 1900 and 2016 to show that rent controls were able to reduce the wealth-to-income ratio, the share of top incomes, the Gini coefficient, rents and rental expenditure. However, rent controls need to be strict to have a noticeable impact – and only the stricter historical rent controls were able to significantly reduce inequalities. Measures of strict rent controls include rent freezes and rent controls.

The researchers also describe how inflation does not affect all households to the same extent. A 2020 study showed that the lowest income decile in the European Union had an 11.2 per cent higher inflation rate (or 0.76 percentage points more annually) than the top income decile between 2001 and 2015.

30 2006, <https://research.wu.ac.at/de/publications/der-einfluss-steigender-wohnungsmieten-auf-den-konsum-eine-makro-3>

31 <https://doi.org/10.1177/09589287221150179>

Historical Development

In most countries, housing expenditure has followed a similar pattern over time. It initially decreased around 1900, reached a minimum after the First World War with gradual phasing out of rent controls, and then gradually increased again. By the 1960s, housing costs fell below 15% of household income. However, since then, housing costs have steadily risen, with rent controls being abolished or softened in different countries.

Reducing Inequality

Rent controls play a significant role in reducing inequality. By reducing the income of landlords and increasing the disposable income of tenants, they have a redistributive effect. This is because landlords tend to be wealthier, while tenants are generally less affluent. The implementation of rent controls helps to address this imbalance and provide more financial stability for lower-income individuals.

Conclusion

Going forward addressing the housing affordability crisis, the IUT proposes a comprehensive policy roadmap. By implementing measures such as the ones suggested, governments can ensure that housing remains a right rather than a privilege, fostering greater equity and social cohesion.

Introduce Housing Cost Thresholds

Adopt policies that limit housing costs (including rent, utilities, and energy) to no more than 25% of household disposable income, as recommended in the IUT Delft Declaration.

Rent Controls and Regulations

Introducing enforceable rent control measures to cap annual rent increases and prevent speculative pricing in high-demand areas. Historical evidence shows that rent controls can significantly reduce inequality and housing cost burdens.

Increase Public and Affordable Housing Stock

Governments should invest in building and maintaining public housing and incentivise private developers to create affordable housing units. Public-private partnerships can play a vital role in ensuring a sufficient supply of housing.

Promote Mixed-Income Communities

Design urban policies that encourage the development of mixed-income housing, preventing segregation and fostering inclusive communities with equitable access to resources and opportunities.

Monitor and Evaluate Housing Markets

To ensure responsive and evidence-based policy adjustments establish independent housing observatories to regularly assess housing market trends, affordability metrics, and the impact of existing policies.

3. 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 prioritising profit over affordability.³² 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:

³² 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.

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 housing projects. Additional funding mechanisms and incentives are needed to encourage affordable housing production.

Land Availability and Zoning Restrictions

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

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 organisations are crucial to achieving housing affordability goals while maintaining high-quality living standards.

The 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. Research³³ 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

33 2006, <https://research.wu.ac.at/de/publications/der-einfluss-steigender-wohnungsmieten-auf-den-konsum-eine-makro-3>

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 prioritise public investment in housing infrastructure.

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 organisations. 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.

4. Financialisation of the Housing Markets – The Prevention of Housing as a Human Right

Problem Description

Deregulation of the finance and housing markets all over the world has brought housing into the mainstream of tradeable assets and enabled a whole range of new players, most of them with profit as the only motive, to enter the housing systems. These developments have increased demand for housing as an asset as opposed to housing as a home – and a human right. The new possibilities have motivated large investors to identify loopholes where excess profit can be achieved. These loopholes are effectively used to push up rents, often after mock modernizations of rental housing.

The financialisation³⁴ of the housing market has accelerated since the 1990s, when post-war regulations of the rental markets were gradually phased out in many Western countries. In combination with the liberalisation of money markets and the introduction of information technology into international finance, large investors, some of them mega-investors such as Blackstone, have been given the opportunity to buy significant shares of the rental housing markets, as well as the owner housing markets (for instance in the US).

Financialisation of the rental housing market is commonly defined as a process where, in particular rental properties, are increasingly treated as financial assets instead of as a fundamental human need. This development occurs when institutional investors, private equity firms, and real estate companies prioritise profit maximisation over the provision of affordable and secure housing. Financialisation often leads to speculative investment, increasing rents, displacement of tenants, and a focus on short-term returns rather than long-term social benefits. It signifies a shift in the housing market where decisions are driven by global financial markets rather than the needs of local communities.

³⁴ This paper offers an extended IUT position with its basis found in Point 4 of the IUT Priorities for the European Parliament (2024-2029), also known as the Delft Declaration.
<https://www.iut.nu/wp-content/uploads/2023/11/IUT-Priorities-for-the-European-Parliament-2024-2029-Final-Version-IUT-Board-.pdf>

Challenges and Consequences

The large, international money tanks are not, like for instance national pension funds, part of a cohesion with the surrounding society. They are faceless and have no national, social or ethical obligations and can therefore act completely freely to achieve their sole purpose: maximum profit. And they do so at every given opportunity. In the Irish sociology professor, Rory Hearne's³⁵ words, they become so-called vampire funds, feeding on communities and tenants.

Some economists claim that the free movement of capital and deregulated rental housing sectors contribute to an efficient housing market, in which consumers (note: not citizens or tenants) consume housing according to economic ability and not as a consequence of housing politics, which means, that the housing stock is more effectively used.

However, this is not what reality reveals. Therefore, let's have a look at Ireland³⁶, a laboratory for combining a deregulated rental sector with inviting in money tanks.

Inspired by Thatcher and American ultraliberalism, successive Irish governments have completely deregulated the Irish housing market over the past 20-30 years. For example, the right to terminate tenants or tenures was relaxed, so that all leases outside the public sector could be terminated by the landlord without further justification.

It was left to capital-strong investors – money tanks – to take care of the housing construction. Partly by giving large tax concessions to foreign investors and partly by largely stopping the construction of social housing. According to the above-mentioned Rory Hearne, this created what he calls "Generation Rent".³⁷

Born in the 1990s and 2000s, this so-called Generation Rent today lives with their parents (estimated at around 350 000 Irish citizens between the ages of 20 and 35) or are stuck with their nails in rental housing that costs an average of 53% of their disposable income – and they are not protected against termination in case their landlord should see better returns with other tenants.

35 Rory Hearne: Gaffs. Why no one can get a house and what we can do about it. 2022.

36 Financialization in 13 cities. An international comparative report. London School of Economics / Boligøkonomisk Videnscenter, København (2024)
<https://www.lse.ac.uk/geography-and-environment/research/lse-london/documents/Reports/Rapport-Financialisation-Samlet-05.06.pdf>

37 Rory Hearne: Gaffs. Why no one can get a house and what we can do about it. (2022)

Of Ireland's 300 000 private tenant households, 70% are rented by citizens between the ages of 25 and 44 – the very generation that previously would have been able to buy a home. 54% of them have changed their rented home within two years but have lived in a rented property for an average of ten years. In Ireland, a consequence is the creation of a whole generation of migrant tenants who will never get a foothold in a permanent home. Generation Rent thus accounts for up to a fifth of the Irish population of 5 million.

The Irish Laboratory shows us the reality that the toxic combination of financialisation and deregulation creates. In the Netherlands consequences of similar combinations of financialisation and deregulation observed include: unaffordability for the prospective tenants (tenants are forced to pay for heightened levels of profits), uncertainty (e.g. who is really the landlord of the property?), a housing system that is hard to improve (e.g. maintenance level, insulation, affordable newly constructed buildings, policy can be perceived as being "taken hostage" by landlords, that are unwilling to deliver on social goals).

The Tenants' Perspective on Financialisation

In countries where no attempt has been made to regulate the loopholes found by companies such as Blackstone when it entered, these kinds of companies have left behind thousands of expensive and poorly maintained homes.

In Sweden in 2006 Blackstone entered the market by buying thousands of former public housing homes. 10 years later they left the Swedish market with a huge profit (approx. SEK 6 billion) – the same as the amount originally invested. In Germany, the property giant Vonovia in 2024 owns a staggering number of 600 000 homes, most of them former social housing, now poorly renovated, now however with a rent fixed by the overheated rental market. In 2022 for every Euro paid by the tenants, 45 Cents were paid to the investors as return.

Going forward addressing the problems caused by financialisation, measures need to be taken by national governments. Measures to foster greater equity and social cohesion rather than generating excessive profitability of large multinational investors with little or no interest in building local communities.

Regulate and Limit Speculative Investments

One of the most effective ways countering financialisation is by regulating speculative investments. Policies must restrict excessive rent increases by introducing rent control measures that cap annual rent hikes. For instance, Germany's (proposed) regulations in cities like Berlin provide a model for stabilising rental markets and preventing exploitative practices. Additionally, requiring financial returns on rental properties to materialise over long-term investments discourages short-term profiteering. Denmark's regulatory response to Blackstone's entry into its rental market demonstrates how such measures can successfully deter speculative activities. Furthermore, requiring landlords to disclose ownership structures ensures transparency and accountability, preventing speculative practices from being concealed behind complex corporate setups.

Strengthen Tenant Protections

Protecting tenants from the destabilising effects of financialisation is essential. Laws enhancing security of tenure should be enacted to prohibit no-fault evictions and provide long-term leasing options that protect tenants from displacement. Sweden's collective bargaining model exemplifies how secure tenure can coexist on a rental market subject to a well-defined legal framework. At the same time, empowering tenants with legal mechanisms to challenge unfair practices, such as unjustified rent increases after superficial renovations, strengthens their position and prevents exploitation by landlords seeking excessive profits.

Expand Public, Affordable and Non-Profit Housing

A robust public, affordable and non-profit housing sector is vital for countering the dominance of speculative investors. Governments need to reinforce cost-based rent models, ensuring that public and non-profit housing providers base rents on actual costs rather than market dynamics. Vienna's social housing model offers an example of balancing affordability with quality, showing how equitable housing policies can address diverse income levels effectively. Furthermore, incentivising non-profit housing providers through tax benefits or subsidies would enable them to compete with private investors while prioritising the needs of tenants over profit motives.

Reduce Attractiveness of Financialisation

Diminishing the appeal of financialisation, policymakers could introduce progressive taxation on short-term profits from rental properties. Such taxes could disincentivise speculative investments while generating revenue for public housing projects or tenant subsidies. Imposing penalties on vacant properties owned by investors would also deter speculative hoarding of housing stock, encouraging its productive use to meet pressing housing needs.

Strengthen International and National Cooperation

Given the cross-border nature of financialisation, coordinated EU-level legislation can be useful to ensure a consistent approach across member states. Additionally, member states should share best practices from successful anti-financialisation efforts, such as Denmark's post-Blackstone regulations and Germany's rent stabilisation initiatives. These examples demonstrate how policies can be tailored to specific housing markets while addressing common challenges posed by financialisation.

Promote Public Awareness and Advocacy

Raising public awareness is crucial for addressing the social costs of financialisation. Educational campaigns can highlight the detrimental effects of speculative investments on tenants and emphasise the benefits of regulated housing markets. Denmark's efforts to inform tenants of their rights offer a compelling example of how to build community resilience against exploitative practices. Simultaneously, strengthening tenant unions and advocacy groups can amplify the push for stronger regulatory frameworks, ensuring that tenant interests are adequately represented in policy discussions.

Implement Financial Accountability

Ensuring accountability in the rental market requires monitoring and regulating landlord incentives. Energy-efficient upgrades and other renovations financed by landlords must reflect genuine improvements rather than serving as pretexts for unjustified rent hikes. Housing observatories can be established to track trends in financialisation, enabling policymakers to adapt quickly to emerging speculative strategies and safeguard the long-term stability of the rental market.

Conclusion

Given the reality, that the conditions on the international investment markets will not change shortly, the only remedy against the dominance of money tanks is to make the rental markets less attractive to them. If you want to maintain private investment in the rental housing market at the same time as the general population has access to (decent and affordable) housing, this can only be done by regulating the rental housing market so that returns are limited and so that returns can only be achieved on long-term investments. For example, as has been attempted in Denmark after Blackstone's entry into the Danish market for rental housing.

Finally, in order to balance the rental market, it is also necessary to uphold a large public/non-profit rental housing sector, in which rent is based on costs, rather than market fixed rent.

5. Regulating Short-Term Rentals

Problem Description

Short-term rentals (STRs) are extracting existing housing from the regular housing market at the expense of residents. The misuse of international short-term rental platforms for profit-maximizing purposes can jeopardise tenant rights and disrupt local communities, leading to issues such as displacement, touristification, and gentrification. Urban planning, legislation, and respective national tax regimes should address these concerns and prioritise residents' rights and access to affordable housing.

Challenges

STR has significantly impacted local rental markets in various ways, often leading to negative consequences for residents and communities. On the level of impacts on local rental markets, we have a number of examples as outlined below.

Increased Rental Prices

The rise of STR platforms like Airbnb has led to higher rental prices in many urban areas. Property owners can charge more for short-term rentals compared to long-term leases, driving up overall rental prices. As a result, long-term tenants face higher costs. For example, in cities like Barcelona and Lisbon, the influx of tourists has pushed rental prices beyond the reach of many local residents.

Reduction in Long-Term Rental Availability

Many property owners opt to convert long-term rental units into STRs to maximise profits. Landlords can earn significantly more from short-term rentals compared to traditional long-term leases, incentivising them to shift their properties to the short-term market. The growth of STRs has reduced the stock of housing available for long-term residents. Many properties that would traditionally be rented out on a long-term basis are now used exclusively made available for STRs. The decreased supply of long-term rentals creates a housing shortage, making it difficult for residents to find affordable housing. Amsterdam and Berlin have experienced notable decreases in long-term rental stock due to this trend.

Displacement of Residents

Increased demand for STRs can lead to the displacement of long-term residents, especially in popular tourist areas. As property values rise, landlords may evict long-term tenants to convert their properties into more lucrative STR. Displacement disrupts communities and forces residents to move to less desirable or more affordable areas. In cities like Venice and Prague, this has led to significant demographic shifts and the loss of community cohesion in central neighbourhoods.

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Gentrification

The diffusion of STRs often contributes to gentrification, where wealthier individuals and tourists move into traditionally lower-income neighbourhoods, driving up property values and living costs. Long-term residents, often from lower-income backgrounds, may be priced out of their own neighbourhoods. This has been observed in many cities, including Lisbon and Berlin, where traditional and culturally rich areas have become trendy tourist hotspots.

Neighbourhood and Community Disruption

The concentration of STRs in popular areas like traditional inner-city neighbourhoods, often being the most demanded touristic destinies has disrupted the social fabric of these places. The constant flow of tourists can lead to increased noise, waste, and a transient atmosphere, eroding the sense of community. Long-term residents often feel marginalised and alienated as their neighbourhoods become dominated by short-term visitors, impacting their quality of life and community cohesion. The local community may experience a decline in cohesion and an increase in conflict between long-term residents and short-term visitors. This can lead to a decrease in the quality of life for permanent residents. Touristification can also lead to the commodification of local culture, with traditions and practices being altered or staged for tourist consumption. Authentic cultural expressions may be replaced by performances tailored to tourist expectations. The unique cultural identity of a city can be diluted, and locals may feel their heritage is being exploited

rather than preserved. Cities like Prague and Amsterdam face challenges in maintaining their cultural integrity amidst the influx of tourists.

The Tenants' Perspective – Regulatory Responses and Their Effects

Regulatory responses to mitigate the impact of STR have become a key issue for many cities and regions as the popularity of P2P platforms. These regulations aim to balance the benefits of short-term rentals (e.g. tourism, economic opportunity for hosts) with the challenges (e.g. housing affordability, neighbourhood disruption, and safety concerns). The main regulatory responses and their effects include the following examples.

Registration and Licensing Requirements

Some cities require short-term rental hosts to register or obtain a license to operate their property legally. In Venice regulation was adopted in October 2024, stipulating that STR for a period of more than 120 days per year must be registered in a special municipal registration. It helps authorities keep track of rentals, ensuring compliance with zoning and safety codes. However, it can impose barriers for small-scale hosts and increase administrative overhead.

Limits on the Number of Days a Property can be Rented

Restrictions can be imposed on how many days per year a property can be rented on a short-term basis. In Barcelona, short-term rentals of entire homes are restricted to tourist license holders. Properties not in possession of a license cannot be legally rented out for more than 30 days per year. In Paris, the limit for short-term rentals is 120 days per year for a primary residence. In Amsterdam, short-term rentals are allowed for up to 30 days per year for a whole property. It helps to reduce the impact on the local housing market by ensuring properties are primarily used as long-term residences.

Zoning Laws

Local governments may impose zoning laws that restrict or prohibit short-term rentals in certain residential zones. These zoning laws are designed to maintain the character of residential neighbourhoods, reduce the impact of tourism on rental markets, and preserve affordable housing for local residents. An example is Vienna, which has implemented zoning laws that limit the use of residential properties for short-term rentals. STRs are prohibited in certain residential zones, particularly where the city wants to preserve affordable housing and maintain the integrity of residential areas. The goal is to avoid the negative effects of over-tourism, such as rising rents and the transformation of neighbourhoods into temporary accommodations. Another example is Rome which has zoning laws that restrict short-term rentals in certain residential neighbourhoods, especially in central areas with high tourist demand. STRs are not permitted in all zones, and the city encourages owners to seek proper licenses and adhere to residential zoning laws.

Taxation

Many cities in Europe have introduced taxes, such as transient occupancy taxes or local tourist taxes, on short-term rental income or bookings to generate revenue from the growing short-term rental market. These taxes often aim to regulate the industry, ensure that short-term rental businesses contribute to the local economy, and help manage the pressures that tourism can place on local infrastructure and housing markets. As an example, Amsterdam levies a tourist tax on short-term rentals, which is applicable to all types of accommodation, including properties rented out through platforms like Airbnb. The tourist tax is 7% of the rental price for each booking, plus a €3 per person per night charge for those staying in the city. The tax helps fund tourism-related infrastructure and services, including maintenance of public spaces and transport systems, and helps regulate the impact of tourism on the city. It provides local governments with additional revenue, which can be reinvested into housing or community services.

Limitations on the Number of Properties a Host can Rent

Regulations that limit the number of properties a single host or operator can rent out on a short-term basis (e.g., no more than one property). It prevents large corporations or property investors from dominating the STR market, ensuring a fairer playing field for small, independent hosts. However, it can reduce the number of rental options available in some areas, potentially increasing competition and decreasing overall supply.

Banning Entire Home Rentals for STR

Some cities restrict the ability to rent out an entire home for short-term stays, allowing only private rooms or limiting rentals to a primary residence. It reduces the impact on housing supply, as entire homes are less likely to be taken off the long-term rental market. These bans typically target entire properties being rented out for short-term stays, rather than rooms in owner-occupied homes, as the latter are often viewed as less disruptive to local housing markets. Berlin has some of the strictest regulations on short-term rentals in Germany. In 2016, the city introduced the "Zweckentfremdungsverbot"³⁸ (misuse law), which prohibits the entire home rental of residential properties on platforms like Airbnb without a special permit. Copenhagen has imposed a ban on entire home rentals for short-term stays in some residential areas, primarily to protect local housing markets. The city requires that hosts renting out their primary residence adhere to specific guidelines, such as ensuring the property is regularly occupied by the owner. The rental of rooms within primary residences is allowed, as long as the home is not completely taken off the long-term rental market.

Community Impact Fees

Charging short-term rental hosts a fee to offset the negative impacts (e.g., housing shortages, increased demand on infrastructure) caused by STRs. It helps to fund local services or affordable housing initiatives, ensuring that the community benefits from STR activity.

Data Transparency

Requiring short-term rental platforms like Airbnb to share data about listings (e.g., number of nights rented, location) with local governments. It allows governments to monitor the impact of STRs on housing markets, enforce regulations, and improve policy decisions. The new EU rules aiming to bring more transparency to short-term rentals (STRs) and promote sustainable tourism are a significant step toward creating a more balanced, well-regulated, and sustainable rental market across European cities. These regulations are intended to provide clearer oversight and increase the fair distribution of benefits from tourism, while minimising the negative impact on local housing markets and communities. By creating clearer rules for short-term rentals, cities can ensure that platforms like Airbnb and Booking.com collect and share data on the number of rental properties, the duration of stays, and the income

³⁸ <https://service.berlin.de/dienstleistung/326217/>

generated. This transparency allows for better data-driven policymaking. Cities will be able to understand the scale and impact of short-term rentals more accurately. They can then use this information to regulate the market better, protect residents, and prevent any potential abuse, such as owners operating multiple properties without proper licenses.

Conclusion

Short-term rentals have a profound impact on local rental markets, often leading to increased rental prices, reduced availability of long-term rentals, and the displacement of residents. While there are economic benefits and potential for urban revitalisation, these positive effects are often overshadowed by the challenges faced by local communities. Robust regulatory measures are crucial to minimising these impacts and ensuring that tourism benefits are harmoniously balanced with the needs of local residents.

The proliferation of short-term rentals in European cities like Lisbon, Barcelona, Amsterdam, and Berlin has significantly impacted the rental and housing markets, often leading to increased housing costs, reduced availability of long-term rentals, and disruptions to local communities. While regulatory measures have been introduced to mitigate these effects, enforcement remains a significant challenge. Balancing the benefits of tourism and STR sector with the needs of local residents remains a complex issue for policymakers.

Emerging STR regulations in several European cities aim to influence or control the following dimensions of the phenomenon:

- The very existence of platform-mediated short-term rentals and their visibility to public authorities (through registration or licensing schemes), as well as their quality (through safety requirements and minimum standards);
- Their overall quantity at the scale of the whole city or in certain neighbourhoods, and/or their geographical distribution between different parts of the city;
- The distinction and balance between different types of short-term rentals (through criteria that seek to distinguish professional and non-professional operators and a differentiated treatment);
- The practices of the platforms mediating short-term rentals;
- The appropriate taxation of the transactions associated with short-term rentals.

National and regional governments (but also increasingly EU legislators), which often control the legislative framework defining specific types of short-term rentals, need to provide local governments with the necessary tools to exercise their right to regulate in the name of public interest objectives. This includes enacting territorially differentiated approaches that account for local specificities. City governments should be able to apply different regulatory measures to the three main types of short-term rentals, distinguishing between professional and occasional practices.

Any discussion about managing or controlling the growth of short-term rentals in the name of protecting the right to housing should form part of a broader debate on solving the housing crisis, as well as addressing housing inequalities and vulnerabilities. Short-term rentals and overtourism are only part of a wider set of dynamics and factors that impact housing markets and socio-spatial changes in cities, such as gentrification, the financialisation of real estate, demographic trends, the (de)regulation and neo-liberalisation of the private rental sector, land policies, and measures affecting the supply of affordable and social housing (including national, regional, and local public housing policies). These dynamics extend beyond the remit of city governments alone and raise the highly political question of how housing should be governed and regulated in a globalised world, where it has become an asset subject to transnational mobility, capital flows, investment, and financialisation.

The current EU short-term rental (STR) regulation is essentially aimed at the mandatory exchange of data between platforms and municipalities – which is important to effectively limit STR on part of the municipalities and to prevent tax avoidance. However, going forward the focus must shift to effectively limiting the extraction of regular housing from the rental housing for profit maximisation to promoting good landlordship instead. In this context, the problem of overtourism and gentrification should also be tackled. In the tourist hotspots, residents are being driven out by the excessive number of STR.

The financialisation of the European housing markets is the root cause of the problem. Profit-orientated investors invest globally, targeting multiple housing markets. Money laundering and tax evasion must be effectively curbed. A first necessary step is the creating of an EU transparency register for real estate and property transactions. Every tenant should know whom their landlord is. Cities must have access to detailed information on who is purchasing and trading their housing stock, both in bulk and individually. The EU Commission should, therefore, provide clear guidance to EU Member States on implementing rules to de-financialise their housing markets and return ineffectively used housing to residents at affordable prices.

6. State Aid and the Right to Affordable Housing for All

Problem Description

Housing is a fundamental human need, yet across Europe, affordable housing is increasingly out of reach for large segments of the population. Current EU State aid rules, particularly the restrictive target group definition as featured in the Services of General Economic Interest (SGEI) Decision (2012/21/EU)³⁹, prevent EU Member States from addressing the housing crisis in a comprehensive fashion. Therefore, there is an urgent need for revisions to the EU housing policies to ensure that all citizens, including middle-income households and key workers, can access affordable housing.⁴⁰

Challenges with the Current State Aid Rules

Restrictive Target Group Definition

The current definition of services of general economic interest (SGEI), limits access to only social housing and to “disadvantaged citizens and socially disadvantaged groups”. This limited target definition puts strict constraints on public housing policies. This narrow scope excludes middle-income groups and key workers, leaving them unable to access affordable housing as only social housing for the most vulnerable are covered by the target definition. Further, the restriction this target definition expresses also conflicts with the principle of subsidiarity, effectively undermining EU Member States’ ability to address market failures relating to housing needs.

³⁹ Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

⁴⁰ This paper offers an extended IUT position with its basis found in Point 6 of the IUT Priorities for the European Parliament (2024-2029), also known as the Delft Declaration. <https://www.iut.nu/wp-content/uploads/2023/11/IUT-Priorities-for-the-European-Parliament-2024-2029-Final-Version-IUT-Board-.pdf>

Widening Housing Shortages

An estimated 30% of European households earn too much to qualify for social housing but not enough to afford market-rate homes. In the Netherlands alone, there is an estimated shortfall of 390 000 affordable homes, leaving thousands of families without housing options. This shortage disrupts personal and professional lives, forcing young people to delay independence and key workers to leave cities.

Societal Consequences

The lack of affordable housing intensifies social inequality and exclusion. Young professionals are unable to establish roots, and key workers essential to urban economies are displaced. Stories from tenants highlight the frustration: individuals earning stable incomes report spending over half their earnings on rent or being unable to leave their parents' homes well into their 30s.

The Tenants' Perspective on State Aid

Revise EU State Aid Rules

The most straightforward solution is to delete the restrictive target group definition in the SGEI Decision. This would:

- Enable EU Member States to develop robust public housing policies for a broader population.
- Empower providers of public, social and affordable to construct more homes while maintaining affordability.
- Reinforce the idea that housing is a fundamental right and a common good, not merely a market commodity.

Expand Affordable Housing Supply

Public housing policies should target a broader societal group, including middle-income households and key workers. Providers of public, social and affordable housing must be supported to ensure the construction of long-lasting, affordable homes. This approach will stabilise housing markets, reduce price volatility, and secure affordable living conditions for future generations.

Enhance EU Funding Access and Transparency

EU funding streams, including those for building renovation, must be made more accessible with clearer social conditionality. The IUT supports integrating transparent mechanisms to track the distribution and impact of EU resources, ensuring funds reach those in greatest need.

Emphasise Housing as a Right, not a Commodity

Policies must prioritise the social function of housing. Public authorities must view housing as a tool for societal well-being rather than a vehicle for profit. This shift in perspective would reframe housing as an essential part of the public good, supporting economic stability and social equity.

Advocate for Cross-Sectoral Collaboration

Public-private partnerships, such as the Dutch Energy Agreement, demonstrate how governments, private investors, and housing organisations can work together to finance affordable housing. Scaling such models across Europe can unlock additional investments for affordable housing.

Conclusion

The housing crisis in Europe requires immediate and decisive action. The International Union of Tenants (IUT) therefore urges the European Commission and the EU Member States to:

- Revise the SGEI rules to empower EU Member States to address housing market failures,
- Expand the availability of affordable housing for middle-income groups and key workers,
- Ensure that EU funding is effectively allocated, and its impact transparently monitored,
- Recognise housing as a right for all and commit to policies that serve societal, not speculative, interests.

By embracing these measures, the EU can ensure that public social and affordable housing is accessible to all, safeguarding the fundamental right to a secure and dignified home.

7. Promoting Tenure Neutrality – Housing for All

Problem Description

A tenure neutral approach emphasises providing a wide availability of suitable housing alternatives regardless of income, age, or gender. Rather than focusing solely on homeownership, housing policy should prioritise housing for all. This should be the aim of European, national, and local policy concerning housing.

Housing is a fundamental right. The certainty and security of a home should be adequately safeguarded for all, regardless of whether a home is owned, rented or part of a cooperative housing model. Furthermore, housing policies should promote an equal approach to home ownership or alternative housing. Housing for all should be the aim of housing policy.

Unfortunately, many housing policies remain inherently discriminatory, deepening the divide between those who own property and those who do not. Homeownership has increasingly become a tool for wealth accumulation, reinforcing socio-economic inequalities. Regrettably, these policies persist in many states, further marginalising those without property ownership.

Challenges in Creating Tenure Neutral Policies

Financial and Social Inequality

Looking at the Dutch housing market for example, there are a lot of tax reductions and financial incentives to own a home. Those who can buy, get tax breaks that costs the Dutch state up to approximately EUR 10 billion annually. This form of subsidised ownership enforces a “reversed Robin Hood effect”. Those with the highest incomes or the most capital can buy, can get higher mortgage loans, and receive more government support through tax cuts. At the same time, home ownership has been a way for households to accumulate wealth. Their house is not just a home, but also a financial asset. These policies that favour home ownership above tenure enforce the heritability of social and financial equality as well. Therefore, having a negative impact on generational equality of opportunity. Another example is the social housing model in Vienna.⁴¹ Where Vienna has maintained a robust public housing sector, with

⁴¹ <https://socialhousing.wien/policy/the-vienna-model>

approximately 50% of its population living in municipal or subsidised flats. This approach ensures affordable housing and prevents wealth accumulation through property speculation.

Vulnerable groups, including low-income households, young people, and migrant communities, are disproportionately affected by these housing policies. Since they often lack the financial means to buy a home, they are forced to rely on private rental markets, where affordability and security are increasingly under threat. The rapid expansion of short-term rentals further exacerbates this issue by driving up rental prices and reducing the availability of long-term rental housing. As a result, those who are already struggling to find stable and affordable housing face even greater difficulties, increasing their risk of displacement and housing insecurity. The unequal promotion of homeownership over renting or collective ownership ensures that only those with financial means can fully benefit from housing policies, widening the gap between different socio-economic groups.

The unequal promotion of homeownership over renting a home or forms of collective ownership ensure that ownership is the preferred choice from a personal finance perspective. Those who can afford it buy a home, and reap the benefits provided by society.

Inequality in Livelihood Security

But policy makes ownership the preferred choice of living from a livelihood security standpoint as well. This is because a lot of countries have a lack of tenure protection. The threat of renovictions is a threat that falls upon those who rent, more than those who own a house. Short time tenures put tenants in an uncertain position that does not allow them to experience the safety and certainty of a home and does not give them the chance to build a life. Looking at housing as a fundamental right, we must conclude policies often do not guarantee that right to homeowners and tenant equally. Tenants' rights and needs are frequently overlooked in housing policies, and their concerns should not consistently be placed second to those of homeowners. In 2020, in an attempt to level the playing field on the housing market, Berlin implemented the Mietendeckel, a rent control law that set rent limits and froze increases for five years. However, in April 2021, the Federal Constitutional Court declared the law unconstitutional, leading to its repeal⁴².

42 The court ruled that because the federal government had already enacted a law regulating rents, state governments could not introduce their own conflicting regulations, rendering Berlin's rent cap law null and void.

Making home ownership the preferred choice from an individual 'consumer' standpoint has a crippling effect on addressing the housing crisis as well. Building for the 'consumers choice' entails building more expensive privately owned dwellings, instead of social housing for example. Obscuring the necessity for affordable rental homes and driving up prices for building ground at the same time.

The Tenants' Perspective on Tenure Neutral Policies

Addressing the Housing Crisis

In many countries, the housing crisis has become a huge issue, with the lack of availability of affordable homes as a key concern. A growing number of people struggle to find homes that are within their financial reach. One potential solution to this crisis is the adoption of ownership-neutral housing policies, which focus on the overall accessibility and affordability of housing rather than promoting a specific ownership model.

It is essential to recognise that the traditional emphasis on homeownership as a means of building wealth and stability has, in many instances, led to an imbalance in the housing market. While homeownership remains a goal for many, it is not necessarily the most practical or feasible option for everyone. The increasing concentration of property ownership in the hands of a few, often leading to higher prices, has excluded many potential homeowners. This has pushed up rental prices, making it difficult for low- and middle-income individuals to afford suitable living spaces.

An ownership-neutral housing policy would prioritise the creation of affordable housing, regardless of whether the residents own or rent their homes. Such policies can help ensure that more people have access to stable, well-maintained housing, regardless of their financial capacity to purchase a property. By focusing on the affordability of housing itself, rather than perpetuating an idealised vision of ownership, these policies can be more inclusive and flexible in addressing diverse housing needs.

As an example, to address housing shortages and discourage property speculation, Spain has empowered municipalities to impose taxes on vacant homes⁴³ owned by large investors. This policy aims to increase the availability of housing for residents.

43 <https://www.euractiv.com/section/politics/news/spain-taxes-tourism-to-save-housing/>

Strong Tenure Protection

This also entails strong tenure protection. Security of livelihood is not a commodity for those who can afford it, but an integral part of housing as a human right.

This includes the fundamental right to organise, which empowers tenants to advocate for their rights and secure stable living conditions⁴⁴. The ability to come together in associations and collectively negotiate with landlords or policymakers is essential for safeguarding tenants' interests.

Housing Cooperatives – Of the People, For the People

EU policy should facilitate the ability of collectives to build, purchase, and own housing collectively. Housing cooperatives offer a valuable alternative, bridging the gap between renting and individual homeownership, providing a more inclusive and sustainable housing model. This model promotes more affordable and inclusive housing options, as it often operates outside the speculative market, ensuring long-term stability for its members. By prioritising policies that support collective ownership, the EU can help create a more sustainable and equitable housing system, where the needs of communities are placed above profit-driven motives. In France and Switzerland UrbaMonde⁴⁵ project supports housing cooperatives that remove properties from speculative markets, ensuring long-term affordability for members. These projects demonstrate the viability of collective ownership models across different economic and regulatory environments.

Conclusion

The International Union of Tenants (IUT) advocates for tenure-neutral policies that ensure access to housing for everyone, regardless of income or wealth. A tenure-neutral approach prioritizes the provision of homes over wealth accumulation, creating a fair and inclusive housing system. Instead of solely favouring homeownership, policies should focus on making adequate, secure, and affordable housing accessible to all.

⁴⁴ The right to organise is reflected in the International Union of Tenants (IUT) Tenants' Charter (Article VI.a), which reinforces the importance of tenant organisations in advocating for fair rental practices and defending access to affordable, secure housing. Tenure protection, combined with the right to organise, ensures that housing is not a commodity only for the privileged, but a fundamental right for all.

<http://www.iut.nu/wp-content/uploads/2017/07/Tenants-Charter-english.pdf>

⁴⁵ <https://www.urbamonde.org/?lang=en>

To achieve this, the EU should:

- Support the adoption of tenure neutrality as the foundation of all European housing policies, ensuring that policies serve all citizens equitably.
- Ensure that EU Member States integrate tenure neutrality into their national housing policies, particularly in fiscal measures that currently favour property ownership.
- Strengthen legal protections for tenants, ensuring their security and rights are upheld to the same degree as those of homeowners.
- Facilitate the development of housing cooperatives by improving access to funding and supporting the growth of collective, community-driven housing solutions.
- Respect the principle of cost neutrality when enacting legislation with relevance on housing markets, ensuring that new regulations do not impose undue financial burdens on Member States or distort national housing markets.

By implementing these measures, the EU could help create a more balanced and inclusive housing system that prioritises people's need for homes over financial incentives for property ownership.

8. Respect Tenants' Rights and Guarantee Transparency in Rental Agreements

Problem Description

Renting a home is more than just “consuming” any good. It is the fulfilment of a fundamental right: the right to adequate and affordable housing. Rental agreements should reflect this by respecting and underlining housing as a human right. But since a rental agreement is also a legal contract describing (and delivering guidelines for) a transaction, the principles of fairness and transparency should be ensured. Unfortunately, in many tenure agreements across the EU, these principles are not always upheld, leading to financial insecurity, lack of stability, and unjust evictions for tenants.

This position paper distinguishes between fundamental housing rights that should be respected in rental agreements and the transparency that should be an integral part of every rental agreement. Additionally, rental agreements should be recognised as a key aspect of consumer law, ensuring that tenant protections align with broader consumer rights frameworks.

Challenges

Ensuring the respect of tenants' rights and guaranteeing transparency in rental agreements presents several challenges across the EU. Firstly, there is a lack of uniformity in tenant protection laws across different countries, which leads to disparities in the level of security and fairness tenants experience. While some Member States enforce strong protections, others leave tenants vulnerable to arbitrary rent increases, hidden fees, or sudden evictions.

Another challenge is the lack of awareness among tenants regarding their rights. Many tenants are unfamiliar with local housing laws, making them susceptible to exploitation by landlords. Ensuring that rental agreements clearly outline tenant protections and obligations can help bridge this knowledge gap, but enforcement remains an issue in many jurisdictions.

Additionally, informal rental markets pose a significant challenge. In some EU cities, a substantial portion of rentals occurs without formal agreements, leaving tenants without legal recourse in case of disputes. Efforts to bring such arrange-

ments under regulatory oversight are essential for improving tenant security.

Finally, enforcement mechanisms vary widely. Even where strong laws exist, tenants may face difficulties in accessing legal remedies due to bureaucratic hurdles, lengthy court procedures, or fear of retaliation from landlords. Strengthening enforcement mechanisms and providing accessible legal aid to tenants can help address these issues.

The Tenants' Perspective on Rights and Transparency

Fundamental Rights

The standard for all rental agreements should, in principle, be for an indefinite period unless temporary contracts are necessary due to the nature of the housing (e.g., temporary accommodation in buildings scheduled for demolition). Many EU countries, such as Germany, have indefinite rental contracts as the default. This offers tenants long-term stability and fixed-term tenancies are permitted only under specific conditions, such as the landlord's intention to use the property personally, undertake extensive renovations, or rent the property to an employee. This model provides long-term stability for German tenants. However, in places like Spain, short-term rental contracts have become more prevalent, leading to instability, and forcing tenants to renegotiate or relocate frequently.

Tenants must be protected against unjust eviction. Grounds for terminating a lease should be limited to serious infractions, such as severe neighbor nuisance or nonpayment of rent. For instance, in the Netherlands, Dutch legislation provides strong protections against unjust eviction. Landlords must have significant justification, such as severe neighbour nuisance or non-payment of rent, and must follow legal procedures to terminate a lease. In contrast, in some EU regions, landlords exploit loopholes to terminate leases arbitrarily, leaving tenants vulnerable to sudden displacement.

Fair and stable rent increases should be the standard for rental agreements. A rental agreement should not contain clauses that allow unreasonably high rent increases. Housing should remain affordable and stable. For example, in France, there are strict regulations on annual rent increases, which are tied to an official rent index to ensure that landlords cannot impose excessive rent hikes. In contrast, in cities like Dublin, where rental price caps were only introduced recently, unchecked increases previously led to widespread tenant displacement.

Transparency

Transparency starts with requiring a clear, written contract. The well described subject matter of the contract should allow both parties to fully understand the terms of the agreement. Having a written document helps resolve disputes and ensures legal accountability. In countries such as Sweden, rental agreements are required to include explicit terms about costs, responsibilities, and duration. Effectively making it easier for tenants to understand their rights and obligations.

Rental contracts should explicitly reference national tenant protection laws. In countries like Denmark, rental contracts often reference national tenant protection laws, which regulate rent control mechanisms and prohibit unjust eviction practices. However, many tenants remain unaware of their rights, underscoring the need for greater transparency. In Austria, legislation mandates that landlords disclose all rent-related costs upfront, including the method for calculating future increases, ensuring tenants are well-informed about their financial commitments. Ensuring that all agreements reference applicable tenant laws can help bridge possible knowledge gaps and empower tenants.

Tenants should have access to a complete disclosure regarding the costs associated with renting a property. At the start of a rental agreement, tenants should be informed of all expected costs, including service fees and potential rent increases. In Austria, landlords must disclose all rent-related costs upfront, including how future increases will be calculated. In contrast, in countries with weaker regulations, landlords often impose hidden fees, leaving tenants financially burdened.

Landlords should not be allowed to charge tenants extra fees for standard rental processes such as providing a lease contract or issuing keys. Charging additional fees for these essential services is an exploitative practice. In Belgium, authorities have implemented strict laws prohibiting landlords from charging extra fees for standard rental processes, such as providing a lease contract or issuing keys, protecting tenants from exploitative practices. This ensures that tenants are not unfairly charged for simply signing a lease. However, in some EU regions, landlords still demand "administration fees" that add to tenants' financial strain.

Conclusion

The EU should implement guidelines and regulations that ensure nation-states have laws and policies in place that guarantee all tenants have a written contract that is transparent, respects housing as a human right, and complies with national and local tenant protection laws. By promoting tenant security and transparency, the EU can uphold housing as a fundamental right while fostering fairness in the rental market.

Moreover, rental agreements should be recognised as a key component of consumer law. Tenants, as consumers of housing services, should be afforded the same protections that exist in broader consumer rights legislation. By integrating rental agreements into consumer law frameworks, the EU can further strengthen tenant protections, ensuring that rental markets operate fairly and transparently.

Addressing these issues will improve housing stability, prevent financial exploitation, and create a fairer housing market for tenants across Europe.

9-10. Housing Cost Neutrality in Energy Efficiency and Equal Access to Energy-Efficient Housing

Problem Description

Energy efficiency in housing⁴⁶ plays a critical role not only in reducing living costs but also in addressing climate change, aligning with the EU's broader sustainability agenda. Over the years, directives like the Energy Performance of Buildings Directive (EPBD) have pushed for greener, more efficient homes, and this has been further solidified through the European Green Deal⁴⁷. The EU's emphasis on "energy poverty", defined as the inability to afford adequate heating, cooling, or lighting, reflects its intent to mitigate social inequalities that arise from unequal access to energy-efficient homes.

Energy poverty affects an estimated 34 million Europeans and disproportionately impacts vulnerable groups such as low-income families, the elderly, and tenants in underfunded housing sectors. These groups often reside in energy-inefficient buildings, leading to higher utility bills and worsening health conditions. By tackling energy efficiency in housing, the EU aims to address these inequalities while simultaneously cutting down emissions to meet its climate goals.

A core barrier to achieving energy-efficient housing for all lies in the issue of split incentives. This occurs when landlords, who bear the costs of upgrading properties, do not directly benefit from reduced energy bills — while tenants, who would benefit, have no control over whether improvements are made. Resolving this tension is crucial to driving investment in energy efficiency within the rental sector.

⁴⁶ This paper offers an extended IUT position with its basis found in Points 9 and 10 of the IUT Priorities for the European Parliament (2024-2029), also known as the Delft Declaration. <https://www.iut.nu/wp-content/uploads/2023/11/IUT-Priorities-for-the-European-Parliament-2024-2029-Final-Version-IUT-Board-.pdf>

⁴⁷ Launched as part of the European Green Deal, the Renovation Wave targets renovating 35 million buildings by 2030. It emphasizes energy efficiency upgrades and prioritizes vulnerable populations, offering a template for scaling efforts across member states to create equitable access to energy-efficient housing.

The principle of housing cost neutrality — the idea that any rent increases post-renovation must be offset by equal or greater energy savings — can bridge this gap, ensuring tenants are not economically burdened by green renovations. For instance, the German KfW program⁴⁸ has shown how financing mechanisms can promote energy-efficient renovations while protecting tenants from increased costs, balancing investment with long-term savings.

Challenges for the EU

Despite its ambitious targets, the EU faces significant hurdles in realising an equitable transition to energy-efficient housing. A key obstacle is the growing political polarisation within and between member states. Countries such as Poland and Hungary have seen the rise of populist, far-right parties that frame climate policies as economically damaging and a threat to national sovereignty. This resistance can delay crucial investments in green housing, especially when these parties gain traction and dilute climate commitments at both national and EU levels.

Another substantial challenge is the unequal economic capacity across member states to fund and implement energy-efficient renovations. For instance, wealthier countries such as Germany and the Netherlands have well-established funding programs, while Eastern European nations struggle to secure enough resources, potentially leaving low-income citizens in outdated, energy-inefficient housing. The differences in housing stock and energy systems between northern and southern EU countries exacerbate these disparities, making a one-size-fits-all policy difficult to implement.

Administrative barriers also hinder progress. Complex application processes, inconsistencies between local and national regulations, and a general lack of information create obstacles for tenants and property owners seeking to access renovation grants or loans. Simplifying these procedures could accelerate adoption of energy efficiency measures, particularly in countries with underdeveloped housing markets.

⁴⁸ Germany's KfW program provides low-interest loans and grants for energy-efficient building renovations. Landlords and home-owners can access these funds, ensuring upgrades that do not disproportionately burden tenants.

The Tenants' Perspective on Energy Efficiency

Implement Cost Neutrality

The IUT advocates for a cost-neutral approach where rent increases post-renovation are balanced by equivalent energy savings. In practice, this means integrating mechanisms like rental caps or subsidies for tenants, ensuring that they benefit financially from energy-efficient upgrades without facing increased housing costs. Countries like France, through the "Habiter Mieux" program⁴⁹, have effectively implemented rent controls alongside green renovations, offering a model for EU-wide adoption. Also, Vienna's emphasis on affordable, energy-efficient social housing demonstrates how public investment can integrate housing affordability with sustainability goals, benefiting low-income tenants without creating financial strain.

Introduce Social Protection Measures

Social protection is critical in ensuring that tenants and other vulnerable groups are not disproportionately affected. Beyond rent controls, the IUT suggests offering subsidised loans, particularly for low-income tenants, to cover any additional costs incurred due to renovations. These loans could be provided through existing EU funding programs like the Social Climate Fund (SCF)⁵⁰. Additionally, landlords who undertake energy-efficient renovations should be eligible for tax incentives, ensuring that the burden is shared and that more properties are upgraded.

Increase EU Funding for Energy Efficiency

Ensuring adequate funding is available remains a central concern. The IUT calls for increasing resources within EU funding mechanisms such as the Social Climate Fund, with specific allocations for the rental sector and low-income households. The Renovation Wave initiative, which targets the renovation of 35 million buildings by 2030, should prioritise vulnerable populations to guarantee equal access to energy-efficient homes.

⁴⁹ This programme offers subsidies to low-income households for energy-efficient home renovations while ensuring rent increases are controlled. It integrates cost-neutrality principles by balancing renovation costs with tenant protections, serving as a model for other EU countries.

⁵⁰ The SCF allocates resources to mitigate the effects of the green transition on vulnerable groups, including tenants in older, inefficient buildings. For example, the SCF provides funding for energy-saving renovations and financial support for low-income households impacted by energy costs.

Public-Private Partnerships (PPPs)

The IUT supports the development of public-private partnerships to boost investment in energy-efficient housing. For example, the Dutch Energy Agreement⁵¹ has successfully brought together public bodies, private investors, and housing corporations to finance large-scale renovations. Extending similar PPP models, including non-profit organisations, across the EU could unlock additional capital for green housing projects.

Counter Political Polarisation

To counter the negative influence of populism, the IUT recommends continuing to emphasise the economic and social benefits of climate action at both national and EU levels. Clear communication and educational campaigns can highlight how energy efficiency contributes to lower household costs, increased energy security, and improved living conditions, especially for the most vulnerable.

Fair Distribution of Resources

It is vital to ensure that EU funding is distributed equitably among member states, especially those with weaker economies. Southern and Eastern Europe should receive targeted assistance to prevent the green transition from disproportionately benefiting wealthier countries.

Transparency and Accountability

Stronger oversight and transparency measures are necessary to guarantee that EU funds reach the intended target groups. This includes enhancing monitoring frameworks to track the impact of renovation programs on vulnerable populations.

Educational and Informational Campaigns

Educational campaigns should be widely promoted to inform both tenants and landlords about the financial benefits of energy-efficient homes. In Denmark, for instance, national campaigns have helped raise awareness and incentivised property owners to adopt energy-saving measures.

⁵¹ A collaboration between public authorities, private investors, and housing corporations, this initiative funds large-scale energy-efficient renovations while keeping housing costs manageable for tenants. The program exemplifies successful public-private partnerships within the EU.

Conclusion

Energy efficiency in housing remains a cornerstone of the EU's efforts to promote social justice and sustainability. By committing to concepts such as energy poverty and cost neutrality, the EU has shown its intent to make the green transition inclusive. However, the rise of political polarisation and economic disparities threatens these ambitions.

To protect the most vulnerable households from increased living costs and social inequalities, a concerted effort is needed to maintain cost neutrality, increase funding, and promote protective measures for tenants. Collaboration between public and private sectors, combined with transparency and a long-term political strategy, is crucial for ensuring that all citizens benefit from an energy-efficient housing market. With stronger EU-wide standards, oversight, and equitable resource distribution, the green transition can be a socially just and inclusive process, creating a future where all have access to affordable, energy-efficient homes.

