

Position paper

Introduction

According to the OECD, in 2023, EU households spent an average of 19.7% of disposable income on housing, with lower-income groups facing a greater cost burden. Housing expenses include rent, mortgage interest, insurance, services, maintenance, taxes, and utilities. This metric is a key indicator of affordability and financial pressure.

The EU citizens' ability to meet rising housing costs, whether rent or mortgage payments, has been a growing concern for numerous years and exacerbated by the 2019 pandemic. Low-income levels, limited housing supply, increased short term rentals for tourists, high interest rates, increasing construction costs, complex planning procedures are some of the key factors that negatively impact housing affordability. More so, unequal living conditions significantly affect the well-being of our citizens, which in turn leads to further economic and societal burdens such as increased energy bills and healthcare expenses. Employers find it difficult to attract and retain talents because of a lack of affordable housing. This further reduces productivity and increases employee turnover as workers seek improved living situations elsewhere.

Our European Institutions are now looking to tackle a worsening housing crisis. This will require a structure approach that evenly combines the three pillars of sustainability. A two-prong approach of new housing construction alongside deep, energy efficient renovation of our existing building stock will increase purchasing power and will deliver well-being for our citizens, provide a resilient built environment, and allow us to achieve our climate objectives.

European construction products

Our construction product manufacturers are at the forefront of the entire value chain and are key players in affordable housing policy. In support of the European Commission's work on its Affordable Housing Plan and European strategy for housing construction, we recommend the following actions:

Economic growth

- Review national urban planning procedures and tools
- Coordinate improved national housing statistics collection
- Promote home refurbishment and repurposing of non-residential spaces into residential ones
- Guide permitting procedures simplification and digital transformation
- Integrate efficiency criteria in Public Procurement Directive
- Consider the EU competitiveness drive in this initiative
- Draft predictable, multi-year scheme that leverages public and private financing instruments
- Support the use of green bonds, social impact bonds, revolving funds, Covered Bond Label, Energy Efficient Mortgage Initiative
- Foresee increased Cohesion Policy funding, European Investment Bank funding, use of the Social Climate Fund, and the creation of a dedicated EU Housing Fund
- Strengthen EU real estate market transparency rules
- Ease Basel III rules to encourage Public-Private Partnerships

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- Analyse the impact of reduced VAT rates for renovation and efficient housing construction
- Integrate Building Renovation Passports and Minimum Energy Performance Standards in all Digital Building Logbook (DBL) initiatives through a CEN standard
- Help design tailored lending, guarantee schemes, and better leverage capital markets for energy renovation schemes
- Support national first-time homebuyer incentives schemes
- Based on a whole life-cycle assessment, set guidelines to help decide whether an energy-efficient refurbishment or demolition and reconstruction would deliver better environmental and financial results
- Request a CEN standard for the reuse and recycling of construction products, thereby supporting the creation of a "stock exchange system" for recycled products in line with the upcoming Circular Economy Act.
- Identify areas of construction-related competences of the European regulatory framework that would have added value in support of our Single Market
- As foreseen in the European Commission's Better Regulation Agenda, use impact assessments to define the impact that EU regulations may have on national building codes and ensure compatibility based on subsidiarity principles

Environmental protection

- Compare land use policies and define best practices
- Require lifecycle costing assessment throughout the life of the building, whilst remaining product and technology neutral
- Value climate resilient construction
- Deliver a streamlined and stable EU legal framework that includes circular economy and decarbonisation principles as well as faster implementation of the Energy Performance of Buildings Directive (EPBD)
- Secure access to raw and secondary materials, whilst promoting circularity
- Maintain proper energy-efficiency standards to ensure affordable housing throughout the building's life cycle.

Social equity

- Educate construction workforce and assist in its recruitment
- Offer long-term financial support and incentives, enhancing financing options, to improve mortgage access
- Address skills shortages and training, deliver funding for certified training in energy renovation and net-zero construction
- Finance vocational education, lifelong learning, and health and safety training
- Establish a European Centre of Excellence to centralise expertise and support capacity-building across Member States
- Balance public and social homeownership and rentals to reflect diverse national markets and social needs
- Develop scalable local innovation pilot projects and establish innovation hubs based on agreed EU performance-based affordability definitions
- Propose integrated neighbourhood renovation strategies

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Conclusion

Improving the affordability of housing construction hinges on the efficiency of the whole construction value chain. It is therefore crucial to raise the competitiveness of our industry to drive market-based improvements. Digitalisation, improving the Single Market and focusing on whole life-cycling costs are but a few examples of drivers that could be investigated. The European construction industry stands ready to address with the European Institutions our objectives of increased affordability, improved environmental performance, and higher housing delivery.

Lastly, we ask the European Commission to invite construction stakeholders for annual housing construction and renovation conferences to review the varying national needs, share best practices, and to assess the progress made in the coming years.

Founded in 1988, Construction Products Europe is a Brussels-based international non-profit making association. The association is made up of national and European associations that represent Small and Medium-size Enterprises and world-leading companies. Construction Products Europe aims to promote the European construction industry, to share information on EU legislation and standardisation and to provide input in all European construction-related initiatives.

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