

EAPB Calls for Urgent Policy Reforms to Address Europe's Affordable Housing Crisis

The affordable housing crisis requires immediate, coordinated action. EAPB calls for urgent reforms to state aid rules, investment frameworks, and EU financial instruments to unlock funding for social and affordable housing.

Brussels, 18 March – The European Association of Public Banks ([EAPB](#)) has published its [Position Paper on Housing](#). The paper presents concrete policy recommendations aimed at addressing Europe's growing affordable housing crisis, including reforms to state aid rules, financial instruments, and investment programs.

As key players in financing affordable housing, public banks complement the private sector by bridging financing gaps, mitigating risks, and addressing market failures. In 2020, **EAPB members invested €87.6 billion in social housing**, aligned with the European Green Deal's goals of energy efficiency and inclusion.

Policy Recommendations:

- 1. Reform State Aid Rules:** The current definition of social housing under the SGEI Decision (2012/21/EU) is too restrictive. EAPB proposes expanding the framework to include middle-income families and introducing a new exemption under the General Block Exemption Regulation (GBER). This would allow promotional banks to finance a greater variety of housing projects.
- 2. Leverage EU Financial Instruments:** EAPB supports greater utilization of EU funds to offset rising construction costs and expanding tools like InvestEU for financing affordable housing. But for this system to work, we also need to address limitations affecting the effectiveness of these instruments such as long approval periods, restrictive funding rules, and risk assessment challenges.
- 3. Align EU Support with National Policies:** EU financial support for housing should align with national housing policies. The pan-European investment platform for affordable and sustainable housing, launched by the EIB and European Commission, has potential, but its future design must include risk-sharing mechanisms to be effective.
- 4. Establish a Social Investment Framework:** Europe lacks a clear strategy for long-term investments in social infrastructure. A voluntary Social Investment Framework would provide clarity to the market and boost private spending for social and affordable housing.
- 5. Revise Tax Policies:** The Anti-Tax Avoidance Directive (ATAD) is unintentionally penalizing excessively social housing providers. Revising this regulation would free resources for further housing investments.
- 6. Adjust Sustainable Finance Systems:** Green bonds are essential for financing sustainable housing initiatives, especially for energy-efficient renovations and new green construction. Simplifying the EU Taxonomy for public sector funding could better reflect the climate-positive activities of social housing entities.

On 11 March, the EAPB presented its proposals to the European Commission's Task Force on Housing and the European Investment Bank. EAPB experts are available to policymakers, civil society, and the press to discuss and clarify these proposals.

"The affordable housing crisis is one of Europe's most pressing challenges and demands immediate action. With the right reforms, we can unlock the necessary public support measures and mobilize private investments to address it. Public banks stand ready to provide further support and attract private capital, increasing the resources available for social and affordable housing. Our proposals aim to ensure that all Europeans have access to a safe, sustainable and affordable home." **EAPB President and CEO of [NWB Bank](#), Ms. Lidwin Van Velden**



European Association of Public Banks

European Association of Public Banks and Funding Agencies AISBL

You can find our detailed policy recommendations [here](#) / For inquiries, please contact us [here](#)

About EAPB:

The European Association of Public Banks (EAPB) gathers member organisations (financial institutions, funding agencies, promotional and public banks, associations of public banks and banks with similar interests) from 17 European Member States and countries, representing directly and indirectly the interests of over 90 financial institutions towards the EU and other European stakeholders. With a combined balance sheet total of about EUR 3.4 trillion and a market share of around 15%, EAPB members constitute an essential part of the European financial sector.