

Introduction

The discussion on how to address the need for affordable housing by utilizing vacant homes has been ongoing for decades in Europe¹, and recently this topic has also been taken up at the EU level.² For instance, the Committee on Employment and Social Affairs of the European Parliament published the ‘Policies to Ensure Access to Affordable Housing’³ in 2020, which mentions vacant houses several times as one of the options for affordable housing provision. While most of these examples focus on the affordable housing aspect of the issue, the growing climate crisis compels us to question how to provide affordable housing without increasing carbon emission. Therefore, repurposing vacant homes or empty spaces appears to be crucial from a climate perspective. Consequently, decarbonization and social inclusion are inevitably intertwined when we discuss this issue. With this policy brief, Habitat for Humanity aims to contribute to this discussion from this angle, in alignment with the EU Renovation Wave, the Affordable Housing Initiative, the Energy Performance of Buildings review, the emerging Social Climate Fund, and the New European Bauhaus.

The unprecedented increase in housing and energy prices, along with the economic and social consequences of the COVID-19 pandemic, have exacerbated the problem of affordable housing in the EU. The issue of overcrowded households, with an average of 17.3% across the EU in 2021⁴, coupled with a high housing cost overburden rate that varies between 16,2% in the UK (2018 data⁵), 10.1% in Slovakia, 6.7% in Poland, 3.4% in Croatia, and 2.9% in Hungary (2021 data⁶), as well as the large proportion (49.4% in 2022⁷) of young adults (ages 18-34) living with their parents, indicates that middle-income households are also impacted by this trend. The divide between housing accessible to lower-income or socially vulnerable populations and others is widening. At the same time, “over the next 40 years, 230 billion m2 of additional buildings will be constructed – the equivalent of adding the floor area of Japan to the planet every single year to 2060.”⁸ However, those new constructions often meet only the minimum EU-standard requirements in terms of environmental impact, CO2 emissions, land use, or energy efficiency.

The arising solution of utilizing existing housing stock is often not favored by developers and builders due to obstacles such as complicated ownership structures or legal issues, stringent building codes, and the location or condition of the vacant building, which may not align with current market demands. Based on Habitat for Humanity’s

¹ Examples include:

- [Research briefing: Empty housing \(England\), House of Commons Library](#), Oct. 2023
- [Commercial-to-residential Conversion: Addressing Office Vacancies](#), The White House, Oct. 2023

² Most recent publications include:

- [Unaffordable and inadequate housing in Europe](#), Eurofound, May 2023
- [Tools to deal with vacant housing](#), Housing Europe, Sept. 2023
- [Urban challenges, housing solutions: Understanding cities’ vacant housing potential to provide adequate affordable housing solutions](#), FEANTSA, Jan. 2023
- [Empty Spaces and opportunities to convert them into affordable homes for disadvantaged groups](#), Institute for Urban and Regional Development, 2021

³ [Policies to Ensure Access to Affordable Housing](#), Think Tank European Parliament, Aug. 2020

⁴ [Overcrowding rate by age, sex and poverty status - total population - EU-SILC survey](#), Eurostat, 2021

⁵ [Housing cost overburden rate by degree of urbanisation - EU-SILC survey](#), Eurostat, 2018

⁶ [Housing cost overburden rate by degree of urbanisation - EU-SILC survey](#), Eurostat, 2021

⁷ [Share of young adults aged 18-34 living with their parents by age and sex - EU-SILC survey](#), Eurostat, 2021

⁸ [Press Release: As buildings and construction sector grows, time running out to cut energy use and meet Paris climate goals](#), UN environment programme, Dec. 2017

experience in Poland: “*Converting empty spaces into flats is one of the possibilities for increasing the stock of available rental properties. Restoring former residential real estate to its intended function can be a real challenge, when you consider the current standards and expectations of potential residents. [...] The biggest challenge faced by local authorities is the poor condition of these empty spaces and the costs associated with their renovation.*”⁹

The use of vacant buildings plays a crucial role in addressing the surging demand for housing. Reusing and regenerating housing resources aligns with the principles of the circular economy, climate mitigation, and environmental protection, and can contribute to social and cultural inclusion.¹⁰ However, often only a very limited number of initiatives consider the environmental impact of new construction in parallel to the needs of low-income populations, as governments – whether local or national – have not yet been compelled to consider these factors.

Habitat for Humanity recognizes that the EU’s alignment with the Paris Agreement hinges on a circular economy that reuses the embodied carbon already produced by the construction industry in empty spaces and buildings, providing a sustainable approach to housing alongside greener construction methods. There is a growing momentum, propelled by increased environmental awareness and rising housing needs – as seen in Ukraine’s neighboring countries due to the war and across Europe due to increased energy costs.

This transition within the construction sector is captured in the EU’s Renovation Wave, which aims for a 3% annual renovation rate necessary for achieving climate neutrality. Moreover, there is a need to dismantle persistent barriers to resource-efficient renovation and address energy-related poverty, which would lead to reduced housing costs. Improving the reuse and recycling of pre-existing built spaces would support the EU Green Deal’s decarbonization targets and the Renovation Wave’s goal to double the rate of home renovations by 2030. High emissions of greenhouse gases and fine particulate matter from the residential housing sector increase the carbon footprint, hindering the transition towards sustainable, affordable, and resilient housing that ensures a high quality of life for all.

Towards a policy vision

Our vision for the housing sector is one where policies facilitate good governance of social and municipal housing, promote energy-efficient upgrades, and ensure renovations and maintenance are carried out under suitable conditions. These policies also advance the scaling up of innovative models such as the Social Rental Agency. At the national level, policies successfully eliminate barriers that hinder the repurposing of existing buildings for housing.

Key sustainability concepts like embodied carbon, whole life cycle assessments and the principle of sufficiency are embedded within the standard policy lexicon. New policies at national and EU levels reflect this terminology.

Additionally, robust funding streams are in place to support the renovation of empty spaces, including grants, equity shares, and loans, as well as operational subsidies for housing providers. Other financial tools include guarantees and mortgage insurance, subsidized loans to fund special purpose institutions, housing allowances, bond schemes, and more, all designed to facilitate the sustainable transformation of the housing stock.

To achieve this ambitious vision, Habitat for Humanity puts forward policy recommendations for the EU, national and local levels.

⁹ [Empty Spaces and opportunities to convert them into affordable homes for disadvantaged groups](#), Institute for Urban and Regional Development, 2021

¹⁰ [European Construction Sector Observatory: Housing affordability and sustainability in the EU](#), Nov. 2019

Policy recommendations for consideration

At the EU level

- The EU should allocate funds for research to map available empty spaces suitable for repurposing into affordable housing across all the Member States.
- The EU should encourage Member States to prioritize repurposing of empty spaces and reusing vacant housing units and incorporate the whole life cycle principles in their National Building Renovation Strategies, as required by the Energy Performance of Buildings Directive.
- EU funding should be earmarked for the repurposing of empty spaces and the renovation of vacant buildings into affordable housing.

At the national level

- National governments should establish dedicated funding programs to support local authorities, housing providers and NGOs to transform long-term empty spaces and vacant homes into affordable housing.
- National governments should conduct a comprehensive review of the current regulatory frameworks to eliminate unnecessary barriers and to foster a policy environment conducive to scaling up the repurposing of empty spaces and vacant homes.
- National governments should allocate funds for local authorities to develop their capacity for large-scale repurposing projects and renovations of vacant homes, including those privately owned.
- Budget should be allocated at national level for local governments and housing providers to facilitate the accompanying social work, in parallel to housing interventions, in order to build the capacity of new housing communities. This approach should be included in the training curriculum for architects.
- Incentive structures should be put in place for private sector companies, such as tax incentives, to renovate and reuse empty spaces and vacant housing for affordable housing.

At the local (municipality) level

- Local governments should cooperate with all housing actors – the private sector, the non-profit housing providers, and NGOs – to scale up the repurposing of empty homes and renovation of vacant homes for affordable housing.
- Local governments should review their urban plans to ensure the provision of essential infrastructure connections for the repurposed buildings, particularly in areas not originally designated for residential purposes.
- Local governments should promote and maintain a balanced social mix within the tenant population to prevent the formation of segregated and marginalized communities in urban areas.
- Local regulations should define a substantial grace period post-renovation or repurposing, during which these buildings cannot be privatized or introduced to the open market to safeguard sustainable provision of affordable housing.