

## **Open letter of Mayor and Governor Michael Ludwig, Vienna**

### **On “A new governance framework for housing for the common good in Europe”**

**following a high-level dialogue of European housing stakeholders in Vienna on 26 April 2024**

with the attendance of EP-Vice-President Evelyn Regner and EU Commissioner Nicolas Schmit to

- Ms Roberta Metsola, President of the European Parliament
- Ms Ursula von der Leyen, President of the European Commission
- Ministers for Housing of the current EU Council Presidency Trio Spain/Belgium/Hungary and the upcoming Trio Poland/Denmark/Cyprus

Dear President Metsola,

Dear President von der Leyen,

Excellencies, dear Ministers,

Against the background of the deep housing crisis in Europe, the below-mentioned organisations and institutions met in Vienna on 26 April 2024 to reiterate the need for bold action that has been articulated on many occasions and in different formats over the past years. It is to be acknowledged that on the side of the EU institutions, the European Parliament, the European Committee of the Regions and the European Economic and Social Committee have repeatedly issued opinions and reports calling for solutions to improve the legislative and funding framework on EU level to ease investment in social and affordable housing. Equally, the European Commission has stepped into the field of housing and homelessness by supporting actions such as the European Responsible Housing Initiative, setting up programmes like the Affordable Housing Initiative and creating the European Platform to Combat Homelessness under the European Pillar of Social Rights. Participants welcomed the new “Operational toolkit on the use of EU funds for investments in social housing and associated services” presented by Commissioner Schmit just a few days before as another step in the right direction. The European Investment Bank has also become a significant provider of finance and advice for social and affordable housing across the EU. In addition, the Ministers for Housing started to meet again on a regular basis in 2022, which is highly appreciated.

Despite all these efforts, the housing crisis in Europe is still prevailing, and exacerbated by multiple factors. The fragility of housing has been depicted during the Covid-19 pandemic, with the energy and cost of living crisis and under the pressure of financialisation of European housing markets. European citizens are suffering from rising housing and energy costs, from the most vulnerable to deep into the middle class. We see the young and the old struggling to find or maintain adequate housing, we see women especially affected by these developments against the background of the gender pay and gender pension gap, often being forced to stay in a violent relationship at the worst. From a public perspective, it has become apparent that many local, regional and national authorities face constraints with regard to budgetary and investment capacities to meet the needs of their citizens; a lack in the capacity to fulfil responsibilities and commitments may potentially undermine citizens' trust in their governments.

The calls for actions on European level have addressed many European work strands on different levels. On the legislative side, it has become clear that leverage must be delivered with regard to EU state aid definitions to broaden the scope of the narrow target group from social to affordable housing. In the field of funding, available sources should be made more easily accessible for local and regional authorities, and housing must become an explicit goal in the next Multi-Annual Financial Framework. This includes allowing for better blending of different sources and the development of revolving funds, as a primary goal must be to keep public investment in the system. Last but not least, improved indicators, including gender-disaggregated data, to allow for sound monitoring have been identified as key to inform policy design on all levels.

All these demands have been developed by a proud and ever-growing social and affordable housing community, which has a long tradition of working together for our people and our planet. This collective expertise is recognised widely and has repeatedly informed EU decision-makers in the past. The European approach to the provision of social and affordable housing is also unique in a global context, and proving to be an inspirational model for Ukraine and Western Balkan accession countries. Clearly, upscaling this multi-level, multi-stakeholder approach has the potential to enrich the emerging governance framework for housing on European level; it has already been successful in the context of the EU Urban Agenda Partnership on Housing, which has delivered a set of policy recommendations with regard to monitoring of housing policy on EU level. In a high-level stakeholder dialogue in Vienna on 26 April 2024, participants therefore suggested:

**A. to establish a sound Monitoring and Policy Development System on EU level** to follow on how existing and future EU instruments can contribute to producing more social and affordable housing on local, regional and national level. The task of such a monitoring and policy development system is to analyse what the overall EU framework can provide to improve liveability and sustainability by delivering social and affordable housing on a broad scale, including with regard to investment instruments. The system should take into account the characteristics and future prospects of cities and regions, the role of the local economy, effects on the labour market, the budget situation, institutional organisation, the governance context, geographical characteristics and demographic changes, focusing on the following areas:

1. **Enabling Legislative Framework:** identifying bottlenecks in current EU regulations, especially on EU state aid with regard to investment capacity, preventing housing markets from speculation and financialisation, including measures to account for more transparency in real estate transactions to prevent money laundering
2. **Funding & Financing Conditions:** use of cohesion policy for affordable housing, EIB instruments, smart blending of grant and debt funding and use of financial instruments, and the key role of aggregators both in the public and private sector
3. **Knowledge & Data:** housing overburden data and comprehensive affordability indicators, gender dimension of affordability, energy poverty
4. **Governance:** citizen participation, consumer rights and local leadership

Priorities identified are around the production of new affordable housing, the renewal of existing housing stock, community-led urban development, land use and building ground, as well as setting up affordable housing schemes. Such a monitoring and policy development system should be organised around concrete actions and targets, and needs stable institutional attention:

- It can be led by a **Task Force** or similar entity in the **European Commission**.
- Given its transversal nature, a **Vice-President of the new European Commission** should be responsible for the coordination in the field of social and affordable housing.
- It should be supported by a **Commission expert group composed of European housing stakeholder organisations, tenants' organisations and representatives of European cities and regions**.
- **Annual reports on the state of housing in the EU** should be delivered **by the European Commission** for validation by the European Parliament, the European Economic and Social Committee, and the European Committee of the Regions.

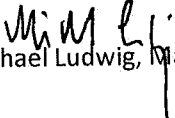
- Clearly, in the next **European Parliament, Intergroups on Urban Affairs and Public Services** as well as **Long-Term Public Investment** could contribute to fostering the debate in an open dialogue with the social and affordable housing community.
- In addition, regular **high-level events on housing** have the potential to address the importance of the topic as well; they must be set in an inclusive, multilevel, multi-stakeholder format.

B. **Member States** started to meet regularly again in 2022 to debate housing policies on political level. It is vital to revive **not only the political, but also the technical level of exchange** by enlarging the National Focal Points on Housing Policy with a multilevel, multi-stakeholder approach. This can ensure a permanent and continuous mechanism to monitor affordable housing needs and develop policy recommendations in the EU Member States and on EU-level. At a time when more investment is needed in the social and affordable housing sector, this high-level network can support the facilitation of knowledge exchange and understanding at national, regional and local levels with regard to specific affordable housing issues, data collection needs and policy action development. Again, areas of attention lie with the same priorities on better legislation, better funding and financing, better knowledge and data and, last but not least, better governance. Based on these key aspects, concrete goals, targets and measures are necessary to establish a successful monitoring and policy development system for affordable housing in the EU. Given the complexity and variety of the housing systems in the EU, particularly in the context of their respective governance systems at national, regional and city levels, priorities are needed to effectively kick-start the process in the fields of:

1. **Production of new affordable housing**, with strong effects on the local economy and work force, and with close attention to social, economic and environmental sustainability;
2. **Renewal of existing housing stock** as a key instrument to combat climate change and promote the circular economy while guaranteeing housing cost neutrality for the residents;
3. **Community-led urban development** and neighbourhood-based, inclusive solutions;
4. **Sustainable land use** and provision of land for construction and development, including best practices to capture land value gains;
5. **Setting up affordable housing schemes** out of the rich diversity of social and affordable housing solutions as elaborated in the “Housing Continuum”, often carried by social, cooperative and public housing providers, including legal and organisational action to prevent evictions and ensure rent regulation and control.

All organisations and institutions present on 26 April in Vienna have proven to be willing to contribute to a new governance for decent, adequate and affordable housing at many occasions. I therefore kindly invite the European Parliament, the European Commission and the Ministers of the EU Member States responsible for housing to consider these deliberations for the work in the next mandate 2024-2029.

Kind regards,

  
Michael Ludwig, Mayor and Governor of Vienna

**Participating institutions and stakeholder organisations on 26 April 2024** with the online presence of EU-Commissioner Nicolas Schmit:

- Evelyn Regner, Vice-President of the European Parliament
- State Secretary Ans Persoons for the Brussels Capital Region
- Burkhard Jung, Mayor of Leipzig, President of Eurocities
- President Oliver Röpke of the European Economic and Social Committee
- Andrés Jaadla, Member of the European Committee of the Regions
- President Bent Madsen for Housing Europe
- President Marie Linder for the International Union of Tenants
- Secretary General Mikael Leyi for SOLIDAR
- The Council of European Municipalities and Regions fully supports the conclusions of this meeting.

The dialogue was enriched by the appreciated expertise of the European Investment Bank, represented by Head of Division Gerry Muscat.