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Introduction

INREV welcomes the European Commission's initiative to develop a European Affordable Housing Plan and supports its ambition to address housing as a core pillar of social cohesion, economic competitiveness, and environmental transition. Our members, comprising institutional investors such as pension funds and insurers, are well positioned to contribute meaningfully to the realisation of the Plan's objectives. They manage long-term capital that is increasingly being directed toward housing investments which supports both financial stability and social value.

Europe's housing crisis is not cyclical but systemic, driven by chronic underinvestment, demographic shifts, urbanisation, and policy fragmentation. The response to this crisis must be equally systemic. Meeting this challenge calls for a shift away from fragmented measures toward a coherent industrial housing strategy. A long-term, pan-European policy architecture that aligns public objectives and private capabilities, embeds certainty across economic cycles, and supports delivery at scale through multi-level governance.

This position paper draws on INREV's recent research¹, particularly Solving Europe's Housing Challenge, which explores how institutional capital—patient, long-term, and increasingly sustainability-driven—can be aligned with public ambitions to close the affordability gap and expand access to stable, quality housing for middle-income and underserved households across Europe.

In this paper, we use 'affordable housing' to refer to housing models designed to serve modest-income households who are increasingly excluded from both subsidised and market-rate options.

Housing as Strategic Infrastructure

The Commission rightly identifies housing affordability as a multi-dimensional challenge, rooted in long-standing structural imbalances. INREV supports the view that housing policy cannot be separated from broader issues of economic cohesion, labour mobility, and climate resilience.

To address this crisis effectively, affordable housing must be viewed not as a narrow social intervention, but as strategic infrastructure essential to Europe's resilience, productivity and equity. In seven European countries alone, meeting housing needs across all segments is projected to require €12 trillion in capital²—illustrating both the scale of investment required and the necessity of a coordinated, system-level response.

Such a strategy should extend beyond setting delivery targets. It must encompass a framework for financing, planning, permitting, land access, and development processes that enable housing production to continue through economic cycles. Multiple barriers at the local level are impeding implementation of housing strategy. Their removal will accelerate delivery, permit the growth of

¹ [Housing middle income Europe: the intermediary investment opportunity amid diverse residential market structures](#), INREV; [Unlocking affordable PRS to address the twin challenges of housing need and decarbonisation](#), INREV; [Solving Europe's housing challenge](#), INREV

² [Solving Europe's housing challenge](#), INREV

modern methods of construction, greatly de-risk development and investment, and mobilise capital at scale.

In this context, EU-level action should play a catalytic role: enabling Member States and cities to adopt coordinated, scalable solutions; codifying best practices; and embedding certainty into the policy environment to attract long-term private investment into affordable and sustainable housing.

Middle-Income Housing

The European Commission's Affordable Housing Plan rightly identifies housing exclusion not only among vulnerable populations but increasingly among middle-income households—those who earn too much to qualify for social housing yet too little to access homeownership.

These households are often caught in a policy blind spot. INREV refers to this part of the housing market as the intermediary private rented sector (PRS): professionally managed, purpose-built rental housing targeted at modest-income tenants, sometimes offered at below-market or cost-based rents. The defining feature of intermediary housing is not tenure or provider, but its function: to deliver secure, affordable housing for modest-income working households in urban and peri-urban areas where demand pressures are highest.

From a policy perspective, intermediary housing plays an essential role in alleviating pressure on social housing systems, supporting labour mobility, and anchoring key workers in the communities they serve. It also reduces the displacement effects caused by the scarcity of regulated or owner-occupied alternatives, thereby supporting broader social inclusion.

While national definitions and eligibility thresholds vary, we believe that recognising this segment within the broader architecture of affordable housing could help support a more inclusive and functional housing market overall. Acknowledging the intermediary PRS as a legitimate and complementary element in housing supply could also encourage further capital mobilisation, especially in jurisdictions where public support mechanisms, such as fiscal incentives or land-use planning reform, already exist to encourage development at affordable rent levels.

Unlocking Institutional Capital

Institutional investors in Europe currently hold over €570 billion in residential assets, and many are seeking to expand their exposure to housing. These investors—primarily pension funds and insurers—act as long-term stewards of capital, managing it on behalf of pensioners and policyholders. Their investment approach is shaped by fiduciary obligations that prioritise capital preservation and stable, long-term outcomes for underlying savers.

This orientation makes them well aligned with housing strategies that offer long-term financial transparency and return stability, and measurable social impact. However, their capacity to engage is often constrained at the development stage, as fiduciary duty typically precludes taking on the construction and permitting risks associated with early-stage projects. As a result, institutional capital is generally deployed once assets are completed and income-generating.

Mobilising this capital in support of affordable housing therefore depends heavily on the enabling policy environment. When planning, regulatory and financial frameworks offer sufficient clarity and stability, institutions can participate not only in market-rate housing but also in regulated or cost-rental segments through structured, long-term partnerships.

Given the scale of housing need across the EU, institutional investment should be viewed as a complement to public funding—not a replacement. Where well aligned, these capital sources can work

together to enhance delivery capacity, reduce fiscal burdens, and improve housing access and quality across diverse income groups.

Similarly, the ability of capital to remain active through economic cycles can be affected by volatility in costs, regulatory uncertainty, or planning delays. Encouraging greater predictability and coordination at the local level—particularly around permitting, land use, and infrastructure access—could help reduce risk premiums and maintain delivery momentum during market downturns.

These types of interventions, many of which are already in place in specific Member States, may benefit from being identified and promoted at EU level as part of a broader enabling framework.

Aligning Affordability and Sustainability

We welcome the Commission's intention to integrate environmental goals with housing delivery. The residential sector has a critical role to play in achieving the EU's climate targets, both through energy-efficient new construction and the decarbonisation of existing stock.

Institutional investors are continuously committed to aligning their portfolios with net-zero targets and ESG standards. Many already see sustainability improvements not as a cost, but as a way to enhance the long-term well-being of residents, strengthen community resilience, and safeguard the enduring value of housing assets. However, achieving these ambitions in affordable housing can be challenging where viability margins are already tight.

In this context, policy tools that support early-stage decarbonisation efforts—such as green subsidies, tax incentives, or access to lower-cost capital—can be particularly helpful. Clear, stable sustainability standards and transparent reporting frameworks enable investors to plan and act with greater confidence.

We believe that linking climate and affordability objectives within a coherent delivery strategy is not only feasible but necessary, and we welcome further discussion on how best to support this integration in practice.

The Role of the EU

While housing policy sits primarily with national and local governments, the EU has a meaningful role to play in fostering coherence, sharing innovation, and unlocking cross-border solutions.

While respecting the subsidiarity principle, the EU can play a vital enabling and coordinating role by supporting Member States and cities in overcoming shared barriers, standardising investment-friendly frameworks, and accelerating delivery where national tools may fall short.

A European-level strategy could support Member States in identifying and adopting effective financing tools, facilitating land access, improving permitting processes, and encouraging the uptake of successful public-private models.

In particular, EU coordination can help address the common barriers that prevent capital from flowing into housing markets—such as fragmented regulation, inconsistent planning systems, and insufficient delivery capacity at the local level. Supporting knowledge exchange and promoting enabling conditions for investment could accelerate progress in regions with significant housing stress.

The Commission also has a unique opportunity to embed housing more fully into the EU's broader strategic frameworks, including those related to cohesion policy, green investment, and economic

competitiveness. Recognising housing as a long-term infrastructure priority could help bring it into alignment with other flagship initiatives and funding instruments.

Conclusion

INREV supports the Commission's ambition to address housing affordability as a European priority and welcomes the opportunity to contribute to the development of the European Affordable Housing Plan. The housing crisis is systemic in nature and will require sustained collaboration, innovation, and investment across all levels of government and society.

We believe the Plan will be most effective if grounded in a long-term industrial housing strategy that promotes alignment between institutional capital and public ambition, provides practical pathways from development to delivery, and strengthens local capacity to execute with speed and certainty.