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# Rethinking, Restructuring and Reimagining Housing Finance:

## Beyond Housing as an Asset



## Context and Introduction

Over the past few years, Europe's housing crisis has become increasingly difficult to ignore. Across the continent, rising house prices and rents, persistent shortages of affordable homes and growing housing insecurity are making it harder for people to access and maintain a decent place to live. What was once often treated as a local or temporary problem has become a wider social and economic challenge.

At the heart of this crisis lies a **growing tension between housing as a fundamental human need and housing as a financial asset.** The financialisation of housing has reinforced this divide, as homes increasingly attract investment for the profits they can generate through rent and rising property values, rather than solely for the purpose of providing accommodation. At the same time, the erosion of social and affordable housing provision, insufficient construction in many areas, the expansion of short-term tourist rentals and growing pressure on housing in high-demand locations have further restricted access. The COVID-19 pandemic, rising energy costs and wider economic uncertainty have intensified these pressures (Council of the European Union, 2025, p4), while housing protests across Europe have made clear the scale of public concern.

The result is a crisis that extends far beyond the housing market itself, **revealing a deep-seated market failure rather than a temporary market fluctuation**.

When people cannot afford a suitable home, their financial security, access to employment and essential services, and ability to participate fully in their communities are all affected. Housing affordability has therefore become a question of social justice, equality and Europe's future. Addressing it requires not only more homes, but also a fundamental discussion about **what housing is for, who it serves, and how investment and public policy can ensure that everyone has access to a secure and affordable place to live.**

## Where are we and why?

Today, **the ability of Europeans to find an affordable home is reaching a critical point.** Across the continent, house prices and rents have risen faster than many people's incomes. Nominal house prices in the EU rose over 60% since 2010, with sustained growth over the last decade. Over that period, house prices also grew around 10% faster than incomes on average (DG ECFIN, 2025, p21). This widening gap makes it increasingly difficult for people on current wages to save for a down payment, often estimated at around 20–30% of a property's value, making homeownership increasingly unaffordable (European Commission, 2025b, p13). As homeownership has become less attainable, more households are renting, even in countries where owning a home has traditionally been the norm.

However, **rental prices have also increased over 30% since 2010** (Council of the European Union, 2025b, p4), outpacing income growth, placing further pressure on household budgets and leaving fewer affordable options for those unable to buy. These trends risk reinforcing wealth inequality, as housing is a primary household asset and a major source of wealth accumulation, meaning that those who own property can benefit from rising values, while those excluded from homeownership struggle to build wealth and face greater barriers to economic mobility. As rents consume a greater share of household income, saving for a home becomes even harder, creating a cycle that entrenches inequality (DG ECFIN, 2025, p29).

Thus, the consequences extend well beyond affordability. Rising housing costs also contribute to homelessness, overcrowding, housing insecurity, and residential segregation, while limiting people's ability to access employment, education, and essential services (OECD, 2025, p55; p77). Together, these effects demonstrate that the housing crisis is not merely an issue of affordability, but a broader social and economic challenge with significant implications for equality and social cohesion across Europe.

**Several interconnected factors contribute to this crisis,** including the expansion of short-term tourist rentals, which can reduce the supply of long-term housing in high-demand areas; institutional investment, which can intensify competition for properties; and the failure of new construction to keep pace with demand, amid regulatory constraints and declining productivity in the construction sector. However, beyond these pressures, a more structural issue lies in the growing financialisation of housing, whereby residential **property is increasingly treated as a financial asset rather than primarily as a place to live.**

Property is often perceived as a relatively **secure long-term investment**, offering both rental income and the potential for capital appreciation. Over recent decades, this has contributed to a shift in how housing is treated, with residential properties increasingly used to generate recurring returns for investors. These incentives are reinforced by the limited availability of land, particularly in high-demand urban areas, encouraging investment not only to meet housing needs but also to benefit from future gains. When financial returns take precedence over residential needs, **speculative demand pushes prices further away from household incomes** and make housing increasingly inaccessible. **This tension between housing as a source of wealth and housing as a place to live lies at the heart of the current housing crises.**

**When housing is increasingly treated as a financial asset rather than a place to live, market incentives alone are insufficient to ensure that homes remain accessible to those who need them**. This highlights the **structural limitations of the current housing model** and the **need for a broader approach in which housing provision is guided not only by market demand, but also by social needs**.

Despite existing policies and investments, a persistent gap remains between the homes people need and those that are available and affordable. The consequences extend beyond housing affordability: the growing mismatch between housing needs and provision **exacerbates social inequalities, worsens living conditions, weakens communities, and threatens the long-term sustainability of European welfare states**, becoming a major obstacle to Europe's economic growth and social cohesion (Draghi, 2024, p. 19; Letta, 2024, p. 99).

Given the scale of the crisis and its consequences for Europe's social cohesion and economic competitiveness, addressing **housing affordability has become a challenge that extends beyond national and local borders**. Although housing policy has traditionally fallen primarily within the remit of national, regional and local authorities, the **EU has increasingly recognised the need for a coordinated response.** Following the 2024 elections, the first-ever European Commissioner for Housing, Dan Jørgensen, was appointed to **lead a coordinated European response.** This culminated in December 2025, presenting the first-ever **European Affordable Housing Plan (EAHP).**

## The European Affordable Housing Plan and the European Affordable Housing Act

The **European Affordable Housing Plan** marks the EU's first comprehensive framework dedicated to addressing housing affordability. While **housing policy remains primarily the responsibility of national, regional and local authorities, the Plan seeks to support their efforts through a coordinated European approach** built around four pillars: boosting housing supply, mobilising investment, enabling immediate support while driving structural reforms, and protecting those most affected by the housing crisis (European Commission, 2025a, p2).

To achieve these objectives, the Plan aims to **address the structural barriers that limit the availability and affordability of housing**. This includes simplifying planning and permitting procedures, reducing unnecessary administrative burdens and promoting innovation and new technologies to make construction more efficient and cost-effective. At the same time, it **recognises that the housing crisis affects certain groups particularly more than others**, including students, young people starting families and essential workers, such as nurses and teachers, who may struggle to afford housing in the cities where they study or work.

Beyond **increasing supply,** the Plan also seeks to **address pressures within the housing market.** It aims to improve the availability of homes for permanent residents, including through a clearer framework for short-term rentals in areas experiencing housing stress, while **encouraging action against speculative practices** that can contribute to rising prices and reduced access to housing. These measures seek to **balance the development of a more accessible housing market with the need to respond to local circumstances.**

Mobilising additional public and private investment is another central component of the Plan. The Commission is developing a Pan-European Housing Investment Platform in cooperation with the European Investment Bank, national and regional promotional banks, and other financial institutions. The Platform aims to connect public authorities, housing providers and investors, improve access to information on financing opportunities and good practices, and **support the development and scaling-up of innovative financing models.** The European Commission estimates that national and regional promotional banks will aim to **invest 375 billion euros in resources into social, affordable, and sustainable housing by 2029** (European Commission, 2025, p10). Complementing this effort, the first time proposed **European Housing Alliance** is intended to bring together public authorities, housing providers, financial institutions and civil society to support cooperation and the implementation of the EAHP.

**The EAHP is also evolving into a broader legislative and policy agenda at European level.** In September 2026, the Commission presented its proposed **Affordable Housing Act,** alongside a **Recommendation on housing affordability and supply** in areas under housing stress. The proposed Act is intended to **establish a framework for measures addressing housing affordability and availability,** while the Recommendation provides guidance to national, regional and local authorities. The legislative proposal is now moving through the EU decision-making process, while work on implementing the wider Plan and developing its investment mechanisms continues.

Together, **these initiatives reflect a growing European effort to address housing affordability by combining investment, regulatory action and cooperation across levels of governance.** The challenge will be to translate this framework into practical improvements in housing supply and access, while ensuring that European action complements rather than replaces the responsibilities of national, regional and local authorities.



# Rethinking Housing: From Financial Asset to Social Need

The EAHP recognises the need to increase housing supply, mobilise investment and improve access to affordable homes. However, **addressing a structural crisis such as the housing crisis requires more than policy changes**, such as building additional homes or improving the functioning of the housing market. Because **the crisis is shaped by the way housing is owned, financed and managed,** it is also necessary to **question whose interests the current system serves and whose needs it overlooks.** If housing continues to be treated primarily as an investment asset, reforms that focus only on supply and market efficiency **may leave the underlying problem intact**, and fail to ensure that homes remain accessible to the people who need them most.

**Housing is not simply a commodity to be bought and sold. It is a fundamental condition for human dignity, social inclusion and well-being, as well as a foundation for building communities (OECD, 2025, p. 52).** Yet when housing is primarily treated as a market commodity, access to it increasingly depends on individual purchasing power rather than need, making a fundamental necessity dependent on income and wealth. **This shifts responsibility for securing a home towards individuals and households,** reflecting a broader model of social organisation in which people are expected to meet their needs largely through private resources. Thus, **recognising housing as a social need, by contrast, raises broader questions about how access to adequate and affordable homes should be ensured, how responsibility should be shared, and what role collective action can play in meeting this need.**

These different understandings of housing have practical implications for how housing systems are organised and the rules that govern them. If housing is approached primarily as an individual asset and responsibility, its provision tends to be organised around market transactions, individual purchasing power and the financial returns that homes can generate. **If it is understood as a social need and a shared foundation for community life, greater emphasis can be placed on lasting affordability, collective ownership, resident participation and the provision of shared resources.** Housing then becomes not only a place to live, but also a potential space for cooperation, mutual support and collective provision.

This distinction matters both for affordability and access and for how housing is owned, managed and experienced. On the one hand, treating housing primarily as a financial asset can make access increasingly dependent on its value as an investment, rather than on its role in meeting people's needs. On the other hand, housing organised around collective benefit can prioritise keeping homes affordable over time and ensuring that decisions about them reflect residents' and communities' interests. Shared spaces and facilities, such as communal gardens, common rooms, shared childcare and intergenerational activities, can also enable residents to pool resources, reduce some everyday costs and strengthen social connections. While these arrangements cannot replace adequately funded public services, they can complement them and help create more supportive living environments.

The **social economy offers ways to put these principles into practice** as more and more, there is an **increased emergence of innovative housing models across the EU that seek to enhance affordability, strengthen communities and promote more sustainable ways of living (DG ECFIN, 2025, P16).** Across Europe, different forms of social-economy housing are already **providing homes through models that prioritise social needs, long-term affordability and collective benefit.** These models differ in their ownership structures, governance and approach to affordability.

- **Housing cooperatives** allow residents to collectively own or manage housing and participate in decisions about its operation. Some operate as non-profit rental cooperatives, where members pay for the use of their homes and surpluses are reinvested, while others allow members to hold equity shares under specific conditions.
- **Non-profit and limited-profit housing providers,** meanwhile, develop and manage housing with the aim of keeping rents affordable and reinvesting surpluses in their housing stock, rather than maximising distributions to investors.
- **Community-led housing initiatives,** including community land trusts, give residents and local stakeholders a role in shaping housing provision around local needs; in community land trusts, separating ownership of land from ownership or use of the homes built on it can help protect affordability over the long term. These models can also incorporate co-housing arrangements, where residents retain private homes while sharing facilities and, in some cases, organising activities or support collectively.

These approaches are not simply theoretical alternatives: they are established forms of housing provision that already operate at significant scale in parts of Europe. According to the OECD and European Union (2025), non-profit and limited-profit organisations account for approximately 32% of the housing stock in the Netherlands, 25% in Austria and 20% in Denmark. Housing cooperatives also represent a significant share in countries such as Sweden, where they account for around 24% of the housing stock, as well as 16% in Poland and 12% in Czechia (OECD, 2025, p58). These figures illustrate that housing provision organised around objectives other than maximising investor returns is already operating at considerable scale.

Their benefits extend beyond providing homes. Cost-based rents and limits on profit distribution can help maintain affordability over time, while reinvestment supports the maintenance and development of housing stock. Collective or participatory governance gives residents a voice in decisions affecting their homes, and shared spaces and facilities can encourage social interaction, mutual support and intergenerational exchange. Some providers also combine housing with services such as care, employment support, financial education or legal advice, while investing in energy efficiency, renewable energy and circular construction. The scale and outcomes of these initiatives vary, but they demonstrate how housing provision can combine financial sustainability with social inclusion, community well-being and environmental objectives.

Their contribution extends beyond **housing affordability itself as innovative housing models** also generate wider economic, environmental and social benefits. By prioritising cost-based or below-market rents, reinvesting resources and taking a long-term approach to ownership and management, these providers help maintain affordability and broaden access to housing. Participatory governance and shared spaces foster community involvement, greater participation in economic life and social connections, while some organisations also complement housing with services such as care, financial education and legal support. Others integrate energy efficiency, renewable energy, resource sharing and more sustainable use of buildings, connecting social objectives with environmental sustainability and the green transition. At community level, these models generate local employment, consumption and investment while strengthening social cohesion and well-being. By helping prevent housing insecurity and its associated social consequences, they also reduce pressure on public services and social expenditure. As the OECD and European Commission highlight in their analysis of the social economy in Europe, these broader contributions demonstrate why housing initiatives should be assessed not only in terms of the number of homes delivered, but also through their wider social and economic impact (OECD, 2025, p54).

## Social and Innovative Housing Models and Ethical Finance: natural allies

**Realising this potential, however, requires more than innovative ownership and governance models. It also depends on whether these organisations can access finance that reflects their needs, social objectives and long-term commitments**. Conventional financing conditions may not adequately accommodate their limited capacity to generate short-term returns, their collective ownership structures or their commitment to keeping homes affordable over time. . More broadly, traditional financiers may struggle to recognise the value of these alternative models, as the benefits that matter to grassroots communities, such as lasting affordability, collective ownership and stronger social ties, extend beyond financial returns alone. As a result, **organisations that deliver significant social value may struggle to secure the capital needed to establish, develop or scale up their activities.**

This is where ethical finance can play a crucial role. By mobilising citizens' savings and investments to finance the social economy and initiatives that put people, communities and the environment at the centre of economic activity, ethical finance recognises that the way money is invested shapes not only which projects become possible, but also the social purpose they serve and the outcomes they deliver.

In housing, this means looking beyond the profitability of a property to consider whether it meets a genuine social need, provides lasting affordability, strengthens communities and contributes to environmental sustainability. **The source of finance therefore matters: different investment priorities can reproduce housing as a financial asset or help make it a foundation for social well-being and collective prosperity.**

Crucially, ethical finance offers financing that responds to the specific needs of these initiatives in order to be able to support them. For instance, cooperative and community-led housing projects sometimes need **longer repayment periods, tailored lending products, cooperative mortgages and patient capital,** financial products normally offered by ethical financiers that allow projects time to develop and become financially sustainable. Such financing models can help address the mismatch between conventional lending criteria and the needs of social-economy organisations, although they cannot eliminate the need for public investment, appropriate guarantees or supportive regulation.

FEBEA members contribute to this approach by financing social and affordable housing and supporting providers whose social mission may make it difficult to access suitable funding through conventional channels. **Housing accounts for around 20% of FEBEA members' portfolio, encompassing social and affordable housing provision as well as cooperative, community-led and other innovative approaches,** helping these innovative housing models that preserve affordability and social cohesion expand. **Thus, ethical finance brings the question of not simply how to finance more housing, but how to finance it differently,** aligning financial resources with social and environmental objectives to help build housing systems that serve people and communities rather than prioritising financial returns.

## An 'European Affordable Housing Plan' that leaves no one behind

The European Affordable Housing Plan offers an important opportunity to turn the growing recognition of Europe's housing crisis into meaningful change. Yet, this crisis cannot be understood simply as a shortage of homes or investment. It is also rooted in how housing is conceived, owned, financed and managed. When homes are treated primarily as financial assets, their value is measured by the returns they generate, while their fundamental role in providing security, dignity and a place within a community risks being overlooked. **Addressing the crisis therefore requires more than building additional homes: it requires rethinking housing as a fundamental social need and ensuring that the systems governing its provision serve people's needs rather than primarily the interests of investment.**

Across Europe, social-economy and innovative housing models demonstrate that another approach is possible. Housing cooperatives, non-profit providers and community-led initiatives show how housing can be organised around lasting affordability, collective benefit and resident participation, while also strengthening social connections and contributing to environmental sustainability. These models are not a substitute for action at scale, but they provide practical examples of how housing provision can combine financial viability with social purpose. Their potential to contribute to the response, however, depends on access to land, long-term resources, appropriate regulation and financing that reflects their objectives and structures.

This is where the European response must move beyond mobilising capital towards **ensuring that investment reaches the organisations capable of delivering and preserving social and affordable housing. The** European Affordable Housing Plan and the Pan-European Housing Investment Platform provide an opportunity to connect European resources with a wider range of housing providers. But the success of these initiatives should not be measured solely by the volume of investment mobilised or the number of homes built. It must also be measured by whether homes remain affordable, whether people facing the greatest barriers gain access to them, and whether investment helps address the structural causes of the crisis. This requires financing mechanisms that recognise the social value and long-term commitments of these providers, supported by public investment, appropriate guarantees and a regulatory environment that enables them to operate and grow. Ensuring access to housing requires close collaboration between public authorities, financial institutions and housing providers, combining public responsibility and investment with private and ethical finance to deliver lasting affordable housing.

Ethical finance can make a meaningful contribution to this effort, but it cannot replace these broader public responsibilities. Its distinctive role is to help direct financial resources towards social needs and to develop financing approaches suited to organisations that conventional markets may overlook. Ethical financiers have practical experience in supporting social-economy initiatives and can work with public institutions and housing providers to develop instruments that combine financial sustainability with lasting affordability. **For European funding to support a different approach to housing, ethical financiers must be recognised not merely as recipients or intermediaries of investment, but as partners in designing and delivering financing solutions that reach social and affordable housing providers.**

FEBEA and its members are already contributing to this work through their involvement in the Working Group on the Pan-European Housing Investment Platform and efforts to develop financial instruments that better support cooperative housing investment. This engagement reflects the importance of translating European ambitions into practical solutions that respond to the needs of social-economy providers. Strengthening cooperation between European institutions, public financial actors, ethical financiers and housing organisations can help ensure that funding reaches viable initiatives and supports their development without compromising their social mission.

Ultimately, **Europe's housing crisis is not only about how many homes are built, but about what kind of housing system Europe chooses to finance and sustain.** More investment will not, on its own, guarantee more affordable homes if the resources continue to favour models that treat housing primarily as an asset. A meaningful response must align finance, public policy and housing provision with the principle that a decent home is a foundation for dignity, security and social participation. European institutions have an opportunity to make that principle tangible by ensuring their funding reaches the providers working towards it, and by involving ethical finance as an active partner in that process. The objective must be not simply to finance more housing, but to make housing serve people and communities, and to ensure that affordability and social purpose are built into the system, rather than left as hoped-for outcomes.

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FEBEA is the European Federation of Ethical and Alternative Banks and Financiers. It promotes ethically driven models of finance that support the social economy across Europe, directing capital towards initiatives with positive social, environmental and community impact. With 32 members in 16 European countries, FEBEA works to create solidarity-based financial models in Eruope.

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