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AFFORDABLE HOUSING ACT

Methodological analysis and factors for assessing the impact on the housing crisis, the local economy, and the labor market in European Union Member States

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ABSTRACT

This policy brief aims to provide some useful insights to better assess the impact of the European Commission's current proposal regarding the introduction of the Regulation establishing a framework for measures in Member States to safeguard the availability and affordability of housing (Affordable Housing Regulation).

The proposal under consideration follows the first European Plan for Affordable Housing, presented in December 2025; the consultation conducted between March and April 2026; the impact assessment conducted in accordance with "Better Regulation" procedures, and Commission Recommendation (EU) 2026/2069 of September 9, 2026, on the affordability and supply of housing in areas experiencing housing shortages (the process leading to this proposal is briefly described and discussed in Chapter 1).

Using a multidimensional approach, a three-level analysis was conducted here. The first level of analysis focused on methodological aspects and, in particular, on the analysis of the set of indicators used to formulate a common approach aimed at identifying the existence of housing stress and the use of housing stress pre-screening, based on data collected at different levels of granularity (see Chapter 2). This analysis has highlighted several critical issues, both in terms of the suitability of the chosen parameter to accurately reflect the severity of the housing crisis and its underlying causes, and in terms of the collection and availability of data, which can sometimes be difficult to compare if not collected at the same level of detail.

A second area of analysis, of a strictly economic nature, focused on the supply of housing, both public and private, and on an examination of data related to the supply chain for short-term rental services and the scale of the operators involved in this process (see Chapter 3). Regarding this last point in particular, given the obvious lack of aggregate data, it appears that negative externalities, not only on private, predominantly family-run host facilities, but also on the related economic activity generated by reception and maintenance services, have not been taken into account. The issue of support for public and private affordable housing supply, while considered, remains in the background of the analysis.

Finally, an empirical study examined current local efforts to restrict short-term rentals, as well as their impact on tourist flows and the local economy (see Chapter 4)

The recommendations set forth in Chapter 5 are based on the findings of the three analyses mentioned above.

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1. THE EUROPEAN RESPONSE TO HOUSING ACCESS CHALLENGES, FROM DIAGNOSIS TO SOLUTIONS. STEPS TOWARD THE AFFORDABLE HOUSING ACT

Recognizing the urgency of the housing crisis, in the European Commission's 2024–2029[1] political guidelines, the President addressed Europeans' concerns about housing difficulties, stating her intention to provide a timely response to the housing crisis affecting millions of families and young people[2]. The Commission President herself attributes this crisis primarily to the dramatic increase in the share of disposable income that households spend on housing costs and the sharp rise in rents. She acknowledges, however, that there is a significant backlog in investment in social and affordable housing[3]. On that same occasion, he announced the appointment of a commissioner for housing and a commitment to present the first European plan for affordable housing.

The President returned to this topic during her State of the Union Address on September 10, 2025[4], in which she noted that, from 2015 to the present, home prices had risen by more than 20 percent, while the number of building permits had fallen by 20 percent over five years, creating what Von der Leyen herself described as a social crisis, not just a housing crisis[5]. Once again, the need to expand the supply of affordable housing and student housing, as well as to regulate short-term rentals[6], was emphasized.

In its conclusions of October 23, 2025, the European Council calls on the Commission "to swiftly present an ambitious and comprehensive plan on affordable housing, which should aim to support and complement the efforts of Member States, including in the context of the simplification agenda, while taking due account of the principle of subsidiarity and national competences."[7]

The European Affordable Housing Plan was presented in December 2025 in document COM(2025)1025[8] and is based on an analysis of the real estate market. "Between 2013 and 2024," the document states, "housing prices rose by more than 60% in nominal terms across the EU, growing faster than household income, while average rents increased by about 20% and new rents became significantly more expensive."

Conversely, "investment in housing supply has declined significantly over the past decade. Supply has not kept pace with demand due to high construction costs, a lack of innovation, a shortage of skilled labor, and excessive bureaucracy. "Residential building permits have decreased by 22% compared to 2021, and the existing housing stock is not being fully utilized, given that about 20% of homes are unoccupied."

The Commission estimates that more than two million homes are needed each year to meet current demand. "This means adding about 650,000 homes per year to the 1.6 million homes currently being built. Providing these additional housing units would cost about 150 billion EUR per year."[9].

These data and estimates are drawn from the working document "Understanding the Housing Crisis," prepared by the European Commission itself[10], which accompanies the aforementioned Communication and aims to identify the causes of the current housing crisis, starting from the definition of "housing affordability", which, however, by the authors' own admission, does not refer to a specific legal context[11] but rather to the relationship between household income and the costs of buying or renting a home[12]. Regarding the first point, however, the editors raise doubts about the reliability of the data on the purchase value of the properties[13]; as for rents, they also highlight the difficulty of determining the average rent, given the mix of older and newer leases[14].

Finally, the authors of the working paper also raise concerns about the use of income indicators to determine households' actual ability to purchase a home or pay rent, because these indicators do not take into account social transfers of goods or services, which vary from country to country[15].

While it is difficult to identify reliable indicators, determining who the beneficiaries are is also complex, and there are no comparable data on homeless people[16]; furthermore, the data on the supply of social housing provided by the OECD and EUROSTAT[17] are not harmonized.

Finally, data on the purchase or rental of standard properties are available at a granular level in only a few EU countries[18]. The lack of granular data on short-term rentals was also highlighted by the European Parliament in its resolution of September 10, 2025[19].

With regard to the causes of the housing crisis, the study attached to the Communication identifies the gap between housing supply and demand as the primary factor, noting that supply has failed to keep pace with demand, a situation attributable to various factors, such as rising construction costs and the difficulties and delays involved in obtaining building permits[20]. Factors that, since the onset of the 2007 financial crisis, have led to a slow but steady decline in supply[21]. This supply, in turn, continues to be driven almost exclusively by the private sector, as public construction remains limited, in 2024, to 0.7% of member countries' GDP[22].

This issue goes hand in hand with the reluctance of member countries' governments to allocate a significant portion of social spending to families, young people, and children, which

1 Von der Leyen, U. 'Europe's Choice – Political guidelines for the next European Commission 2024-2029', European Commission website, 18 July 2024, https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf.
2 Von der Leyen, U. 'Europe's Choice', cit., p. 18 « We urgently need to address the housing crisis facing millions of families and young people".
3 Ibid., p. 19: "The percentage of household income spent on housing has risen dramatically. Rents and house prices are soaring. There is also significant and growing investment gap in social and affordable housing.
4 Von der Leyen, U. '2025 State of the Union Address by President Von der Leyen', 10 September 2025.
5 Von der Leyen, U. '2025 State of the Union Address by President Von der Leyen', cit. "A home is not just four walls and a roof. It is safety, warmth, a place for family and friends. It is belonging. But for too many Europeans today, home has become a source of anxiety. It can mean debt or uncertainty. The numbers tell a painful truth. House prices are up by more than 20% since 2015. Building permits down by over 20% in five years. This is more than a housing crisis".
6 Von der Leyen, U. '2025 State of the Union Address by President Von der Leyen', cit. "We need to make it much easier to build new houses and student residences. And we will also propose a legal initiative on short-term rentals to tackle the remaining issues".
7 European Council meeting (23 October 2025)– Conclusions.
8 The European Affordable Housing Plan, COM(2025) 1025 final, Strasbourg, 16.12.2025.
9 The European Affordable Housing Plan, cit.
10 Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, 16 December 2025.
11 Frayne, C., Szczypińska, A., Vašíček, B., Housing Market Developments in the Euro Area: Focus on Housing Affordability, European Economy Discussion Papers, No 171, September 2022, Publications Office of the EU, Luxembourg, 2022, https://op. europa.eu/s/Aa3R.
12 Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., p. 17.
13 Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit. "Data on house prices can be based on advertised prices (offers), actual transactions (bank loan records or official registers), or household surveys. While studies show broadly similar trends between offer and transaction data, both have limitations. Offer data may be biased particularly in tight markets for example by low-quality listings, informal transactions, or missing offers from specific providers (e.g. non-profit). Transaction data is often more robust but not consistently available across countries".
14 Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., p. 18.
15 Ibid., p. 19. "Finally, income measures are imperfect measures to proxy the capacity to pay for housing. Normally disposable income is used to measure the capacity of households, i.e. gross income minus income taxes plus benefits, to pay for housing. International comparisons based on this indicator can be misleading given that social benefits in kind are different in each country".
16 Ibid., p. 23. The current European Statistical System (ESS) framework does not provide a comprehensive figure for homeless persons, as data availability and quality vary widely across Member States due to differences in definitions and data collection methods. While the European Typology of Homelessness and Housing Exclusion (ETHOS Light) provides a classification framework, its application across the EU remains incomplete".
17 Ibid., p. 24.
18 Ibid., p. 25.
19 European Parliament resolution of 10 September 2025 on the role of cohesion policy investment in resolving the current housing crisis (2024/2120(INI)), Overview of the current housing crisis in the EU, point 13.
20 European Commission: Eurostat, 'Building permits – annual data', [sts_cobp_a], accessed 28/11/2025.
21 Ibid., p. 7.
22 European Commission: Eurostat, 'General government expenditure by function (COFOG)', accessed 28/11/2025.

still amounts to only 2% of GDP, ranging from 4.1% of GDP in Denmark to 1.4% in Lithuania[23]. Added to this is the dampening effect on private investment caused by value-added taxes and taxes on real estate transfers (sales and inheritance)[24].

Other factors that contributed to the crisis include urbanization, an aging population, the prevalence of single-household households, inbound migration, and the financialization of real estate, which is said to have tripled under pressure from banks, insurance companies, and private equity funds[25].

Short-term rentals, on the other hand, are not a major factor in the crisis; although they are growing rapidly, they account for only 1.2% of homes[26] , while 20% of the real estate stock remains unused[27]. Conversely, the income generated by these rentals represents a significant source of revenue for many owners[28].

The 2025 European Plan for Affordable Housing is based on four pillars: increasing the housing supply, mobilizing investment, providing immediate support while driving reforms forward, and, finally, supporting those most affected by the crisis. The first pillar is expected to rely on a significant increase in the number of new homes (particularly affordable social housing), especially in areas of high demand[29] , by reducing red tape to speed up access to housing[30] while ensuring its quality[31]. With regard to the second pillar, the Commission is entrusting the Climate Social Fund (from January 1, 2026, to December 31, 2032) with financing investments in energy efficiency, building retrofits, and clean heating and cooling[32]. In this regard, the Commission is also counting on the contribution of national and regional development banks, which are expected to invest 375 billion EUR by 2029 in sustainable and affordable housing[33].

The issue of short-term rentals, which, incidentally, is now regulated by Regulation 2024/1028, effective as of May 2026[34] , is addressed in Pillar 3 (Providing Immediate Support While Guiding Reforms) under Action 6 of the Plan, with the necessary *caveat* that "it is necessary to preserve the benefits of short-term rentals while reducing their negative impacts"[35]. The new regulations "will bring greater transparency and help public authorities regulate the market in a proportionate manner by requiring mandatory registration of landlords and the sharing of data on actual transactions between digital platforms and national authorities"[36]. The additional regulatory need underlying the proposal for the Affordable Housing Act is cited here as a means to achieve "greater legal consistency within the single market for national and local authorities in the management of short-term rentals, while offering them flexibility in full compliance with the principle of subsidiarity; it will also enable Member States to, "for cities and regions to strike a balance between the benefits of short-term rentals and their potential negative effects on housing markets and communities"[37].

These negative effects are not explicitly addressed in the Communication, except for a general reference to the Letta Report, which, while noting the difficulty young people face in accessing housing, and the resulting brain drain, does not attribute this to the proliferation of short-term rentals[38]. Action 7, on the other hand, addresses short-term rentals; it aims to counter speculative trends in the housing market, deferring an analysis of the phenomenon to the fourth quarter of 2026.

As part of the implementation of Pillar IV, the European Housing Alliance was launched in May 2026 to support social housing, increase public and private investment in the housing sector, and streamline bureaucratic procedures for the construction of new housing, with a particular focus on housing for students and young workers[39].

The EU Council, in its statement of December 1, 2025, called for " identifying suitable and well-balanced solutions to tackle negative effects of short-term rentals on the availability and affordability of housing for residents, while respecting national contexts, political priorities and regulatory traditions". ." It should be noted, however, that in certain areas, the short-term effects "in some areas, especially those affected by high tourism flows or other relevant factors, the short-term rental market adds further pressure to the provision of affordable housing for all, whilst in others it brings positive effects for the promotion of tourism and socioeconomic development as well as facilitating a more efficient use of the housing stock"[40].

The European Parliament addressed the feared negative effects of short-term rentals on the housing crisis in the aforementioned Resolution[41]. The European institution stated that "the exponential growth of the short-term rental market has negatively affected local communities in popular tourist destinations due to a lack of available housing, contributing to gentrification, social exclusion, and increased rental prices." The alleged negative effect would therefore be limited to tourist destinations, but the resolution in question does not add any further details beyond those found in the documents discussed earlier. The claim that "social housing is converted into market-rate rental housing" is also not supported by data[42]. In any case, Parliament's main proposal concerns making housing a priority in the next cohesion policy, including incentives for landlords who opt for medium- to long-term leases[43].

Finally, the European Commission's Recommendation on "Housing Affordability and Supply in Areas Under Housing Stress," dated September 9, 2026[44] , calls on member states to streamline permitting processes in areas experiencing housing stress, to support the construction of affordable housing (housing below market prices) in those areas and neighboring ones, and to consider tax benefits for renters, reduce tax distortions between homes occupied by residents and those rented out, and promote public and private investment in social housing. On the other hand, the restrictive measures outlined in the proposed regulation under consideration could only be introduced by limiting their short-term effects[45], which would effectively render them unusable for addressing the current housing crisis, and instead deferring to urgent measures aimed at monitoring the phenomenon and supporting evidence-based decisions[46].

23 General government expenditure by function (COFOG) [gov_10a_exp__custom_20124580], accessed 28/11/2025.
24 Ibid., p. 8.
25 Bandoni, E., De Nora, G., Giuzio, M., Ryan, E. and Storz, M., Institutional investors and house prices, ECB Working Paper Series, No 3026, 2025, https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp3026⊠8b2199688d.en.pdf.
26 Bandoni, E., De Nora, G., Giuzio, M., Ryan, E. and Storz, M., cit.
27 European Commission: Eurostat, Census 2021 round: 'Conventional dwellings by occupancy status, type of building and NUTS 3 region', (cens_21dwob_r3), 2021.
28 Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., p. 9. See also European Parliament resolution of 10 September 2025 on the role of cohesion policy investment in resolving the current housing crisis, Overview of the current housing crisis in the EU, point 14: "Considers that rental income can be a structural element to supplement citizens' income amid economic uncertainty; highlights the need for transparency requirements for large-scale real estate investments, and for the monitoring of financial products linked to housing markets".
29 The European Affordable Housing Plan, cit.
30 Ibid., pillar I-action 2.
31 https://new-european-bauhaus.europa.eu/index_en.
32 Regulation (EU) 2023/955 of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060.
33 The European Affordable Housing Plan, cit. Pillar II-action 4.
34 Regulation (EU) 2024/1028 of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/1724. Sulla coerenza tra la attuale proposta regolamentare e questo regolamento vedi *infra* par. 2.1
35 Ibid., Pillar III, action 6.
36 Ibid.
37 Ibid.
38 Letta E., Much more than a market, 2024, p. 94.
39 https://housing.ec.europa.eu/european-housing-alliance_en.
40 Council of the European Union Presidency conclusions on the future European Affordable Housing Plan, 15709/25, par 39 (g).
41 European Parliament resolution of 10 September 2025 on the role of cohesion policy investment in resolving the current housing crisis (2024/2120(INI)), par. D.
42 Ibid., par. S.
43 Ibid., Housing affordability in the future cohesion policy beyond 2027, point 33.
44 COM(2026) 6318 final COMMISSION RECOMMENDATION of 9.9.2026 on housing affordability and supply in areas under housing stress.
45 Ibid., Recital (12). "Measures aimed at limiting the use of housing for non-primary residences may provide relief in the short term".
46 Ibid., Recital (15). The design, implementation and monitoring of housing acceleration plans can usefully be based on data on ownership, use and quality of housing (number of dwellings, owner-occupied housing, private and social long-term rental, short-term rental, secondary homes,

2. METHODOLOGY FOR THE ACCURATE IDENTIFICATION OF AREAS EXPERIENCING HOUSING STRESS AND THE INDICATORS USED TO ASSESS THE SCALE OF THE HOUSING CRISIS. LIMITATIONS OF THE PRICE-TO-INCOME RATIO (PTI)

The choice of indicators used to identify and measure housing stress directly affects the ability of public policy instruments to identify the areas most exposed to the crisis, understand its underlying drivers, and select measures proportionate to the specific challenges identified.

From this perspective, the methodological approach adopted by the European Commission, drawing also on the territorial analyses carried out by the Joint Research Centre (JRC), and reflected in the proposal for a Regulation on the Affordable Housing Act (hereinafter, the Regulation), raises several issues that warrant closer examination. These concern, in particular, the representativeness of the selected indicators, the consistency of the territorial scales employed, and the ability to distinguish manifestations of housing stress from their underlying causes.

Under Article 6(1) of the proposed Regulation and its Annex, the ratio between the representative price of a dwelling and per capita disposable income (price-to-income ratio, PTI) plays a central role in identifying areas experiencing housing stress, serving as the main quantitative indicator in the initial screening (Tier 1).[47]

For an area to be identified as experiencing housing stress, the methodology requires, as a first necessary but not sufficient condition, a PTI of at least 8, meaning that the representative price of a dwelling is equivalent to at least eight years of per capita disposable income. A second condition concerns the indicator's trend over time: it must have increased over the latest ten-year period for which data are available. However, under paragraph 2 of the Regulation, where the PTI is 10 or higher, the requirement of an increase over ten years does not apply, while the other conditions for identifying the area must still be met.

These quantitative conditions must be accompanied by a forward-looking assessment under Article 6(1)(c) of the Regulation, intended to establish whether housing stress is unlikely to ease over the following three years in the absence of the measures envisaged by the competent authority. This assessment must take account of demographic trends and housing supply and demand conditions. A more detailed methodological framework is provided in the accompanying document SWD(2026) 606 final, which identifies a second level of analysis (Tier 2) based on complementary indicators reflecting the specific characteristics of local housing markets[48]. These include, for example, measures of housing costs relative to income, rental market conditions, population trends and housing supply, as well as the prevalence of non-primary uses of dwellings. In particular, the Commission's methodology envisages the use of at least one additional indicator, while allowing competent authorities flexibility in selecting the measures most relevant to local circumstances[49].

Thus, although the proposed Regulation acknowledges the multidimensional nature of housing stress and provides for a complementary assessment of demographic trends and housing supply and demand conditions, the PTI retains a central and selective role in the methodology for identifying areas experiencing housing stress.

The quantitative threshold set for this indicator therefore gives home purchase a decisive role in assessing a phenomenon that is, in fact, broader and encompasses the occupation and use of dwellings, particularly through the rental market.

2.1 Defining housing stress and the multidimensional nature of housing affordability indicators

A first issue requiring closer examination concerns the operational definition of housing stress and its measurement through the PTI. Calculated as the average transaction price of a dwelling (in euros) divided by per capita net household disposable income, this indicator provides a concise measure of the relationship between residential property values and the economic resources of the population.

As the figure below shows, spatial analysis of the PTI across Europe reveals marked territorial heterogeneity in housing affordability. High housing pressure, with ratios frequently exceeding 10, is prevalent in parts of Central and Western Europe, particularly Germany, Poland, the Netherlands, Belgium, France and Austria. By contrast, PTI values are often below 6 in Mediterranean countries such as Italy and Spain, as well as in parts of Northern Europe, including Sweden and Finland, and in the Baltic countries, although substantial differences remain between metropolitan and peripheral or rural areas.

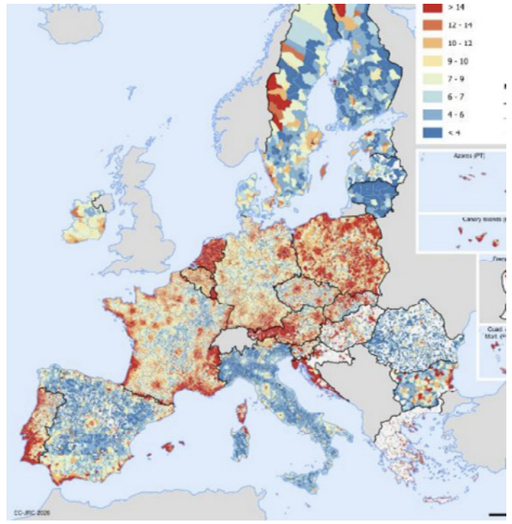
vacant buildings, energy usage), housing demand and supply trends (population dynamics, disaggregated in particular for disadvantaged groups, building permits, starts and completions), as well as data on buildings or land suitable for housing development. The European Commission will support such efforts by improving European statistics related to housing to further strengthen evidence-based and data-driven policymaking, as part of the implementing the European affordable housing plan.

47 European Commission (2026). Proposal for a Regulation of the European Parliament and of the Council establishing a framework for measures in Member States to safeguard housing affordability and availability (Affordable Housing Act). COM(2026) 599 final, 9 September 2026, Article 6(1), "Assessment of housing stress". European Commission, Brussels.

48 European Commission (2026), Commission Staff Working Document – Impact Assessment Report, Affordable Housing Act, SWD(2026) 606 final, Annex 4, Analytical Methods, Sections 3–4, pp. 96–104. https://data.consilium.europa.eu/doc/document/ST-12967-2026-ADD-3/en/pdf.

49 Ibid.

Figure 1. Housing affordability per municipality in the EU: Price to income ratio, calculated as average municipal house price divided by average regional (NUTS2) disposable income.



Source: JRC, based on data from ESPON (house asking prices, 2025) and Eurostat (average dwelling size per country and degree of urbanization and regional disposable income, 2024[50].

Although the PTI is therefore useful for territorial comparisons and for identifying potential imbalances in the affordability of homeownership, it appears insufficient to provide a comprehensive representation of housing stress.

As the OECD pointed out in October 2025 in its analysis of housing affordability measurement methods, aggregate price-to-income indicators provide summary information on the relative evolution of prices and incomes, but do not adequately capture the distribution of housing costs, identify the social groups most exposed to barriers to housing access, or explain the reasons underlying those difficulties[51]: "Price-to-income ratios can provide a snapshot, at aggregate level, of how the association between prices and income varies over time and/or across markets, such as across countries. If housing (rent) prices increase faster than incomes, the price-to-income ratio would suggest that housing is becoming less affordable on average; if incomes rise faster than housing prices, the ratio suggests that housing is becoming more affordable. However, from a policy perspective, price-to-income ratios have their limits. Because they are calculated at the aggregate level, they say little about the distribution of housing costs and housing affordability. They do not take into account household borrowing costs to acquire housing. They do not provide information on who does and does not have access to affordable housing, or why, nor do they provide any indication of the quality of housing that households are paying for. Because these measures provide only a general indication of the extent to which housing is (un)affordable for a (median) household, they are ill suited to support policy makers in targeting housing supports to different groups"[52].

50 Ivi, p. 8.
51 OECD (2025), OECD Affordable Housing Database, Indicator HC1.5, "Overview of affordable housing indicators", section "How much does housing cost, relative to income levels?".
52 Ibid.

Housing stress is, in fact, a multidimensional phenomenon arising from a range of factors, including the physical availability of housing, rental price trends, the spatial distribution of residential supply, demographic and employment dynamics, the composition of demand, and the affordability of housing expenditure in relation to households' economic circumstances.

The distinction between affordability of home purchase and affordability of renting is particularly relevant in light of OECD (2022) analyses[53]. While these show that house prices and rents generally tend to follow similar trends, they also document significant differences in the magnitude of their respective changes. This evidence suggests that the two dimensions of housing affordability should be considered separately, without assuming that the ratio of purchase prices to disposable income necessarily reflects conditions in the rental market.

This need is further supported by OECD (2025) methodological guidance, which acknowledges the limitations of aggregate price-to-income indicators in representing housing affordability for different socioeconomic groups[54]. An indicator relating to property transactions therefore cannot automatically be treated as representative of housing affordability as a whole. Indeed, the OECD (2025) explicitly states that "Using multiple measures of housing quality and affordability can provide a more comprehensive assessment of outcomes and gaps"[55].

In the recitals to the Regulation, the European Commission itself recognises different approaches to measuring housing stress, including, alongside the PTI, rent levels, the share of income devoted to housing costs, the presence of second homes and vacant dwellings, and pressure on the long-term rental market[56].

Accordingly, the PTI should be interpreted as only a partial indicator of home-purchase affordability, and its ability to represent the broader phenomenon of housing stress should be assessed by comparing it with other dimensions of the housing market.

A further aspect of this limitation concerns the distinction between statistically detecting a condition of housing stress and identifying the factors that cause it. Similar PTI values may characterise areas where upward pressure on property prices stems from different drivers, such as growing residential demand, insufficient housing supply, the concentration of employment opportunities, or the expansion of tourist uses of residential properties. Consequently, although the PTI helps identify areas potentially experiencing housing stress, it cannot attribute that condition to any particular driver or quantify the contribution of short-term rentals. This distinction is reflected in the proposed Regulation itself: Article 9 makes any restrictions on short-term rentals conditional on demonstrating "a significant adverse effect on housing affordability or availability in the area concerned over at least three years preceding the adoption of the measure"[57].

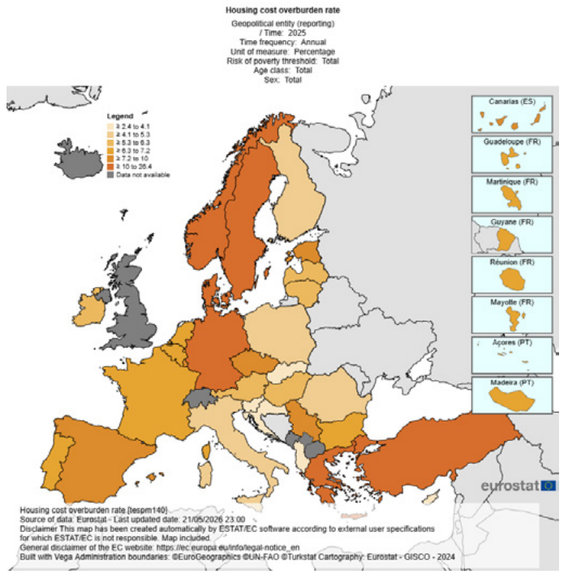
Moreover, the PTI does not capture rental affordability or the share of income absorbed by housing expenditure, further limiting its ability to represent the difficulties faced by households that do not participate in the home-purchase market.

In this regard, it is useful to consider several housing affordability indicators already highlighted by the OECD[58].

53 OECD (2022), Housing Taxation in OECD Countries, OECD Tax Policy Studies, No. 29, OECD Publishing, Paris, Chapter 1, "Housing market trends and challenges", particularly the discussion accompanying Figure 1.3 on differences in house-price and rental-price developments. https://doi.org/10.1787/03dfe007-en.
54 OECD (2025), OECD Affordable Housing Database, Indicator HC1.5, "Overview of affordable housing indicators", section "How much does housing cost, relative to income levels?", and Table HC1.5.1, "Selection of housing affordability measures used in OECD and EU countries".
55 Ivi, p. 4.
56 European Commission (2026). Affordable Housing Act, COM(2026) 599 final, Explanatory Recitals (17), (19), (20) and (22).
57 European Commission (2026), Proposal for an Affordable Housing Act, COM(2026) 599 final, Article 9 and Recital (29).
58 OECD (2025), cit. OECD, Affordable Housing Database. https://www.oecd.org/en/data/datasets/oecd-affordable-housing-database.html.

First, Eurostat's housing cost overburden rate (HCOR) measures the proportion of the population living in households whose total housing costs exceed 40% of household disposable income, net of housing allowances[59]. Although this indicator also has interpretative limitations, it demonstrates the possibility of measuring a different dimension of the phenomenon: the actual burden of housing expenditure on household budgets. The values shown in the figure below represent the share of the population living in households spending more than 40% of disposable income on housing. Countries with relatively low values (between 2.4 and 5.3) include Cyprus, Croatia and Slovakia, while those facing greater risk include Greece, Denmark and Sweden (with values between 7.2 and 26.4).

Figure 2. Housing cost overburden rate (HCOR)



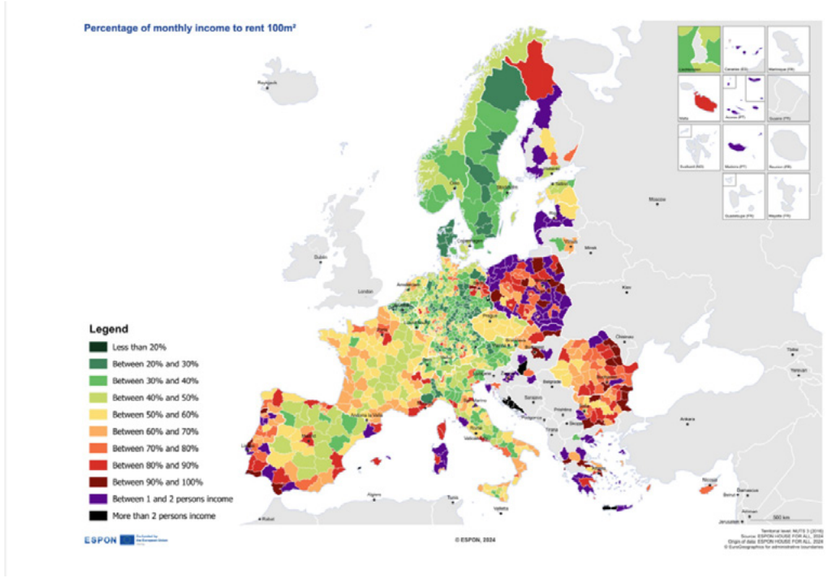
Source: Eurostat, 2025[60].

Turning to renting, the chart below shows the percentage of monthly income required to rent an average 100-square-metre dwelling.

A substantial geographical divide emerges between Western, Central and Eastern Europe. Poland, Bulgaria and Romania appear to have particularly low rental affordability, potentially reflecting the relatively residual role of rental markets in these housing systems. Capital-city regions and surrounding areas, including those of Paris, Berlin, Lisbon and Madrid, tend to be less affordable than the rest of their respective countries. Coastal regions also tend to be less affordable than inland areas, particularly in Spain and France, while Italy exhibits a marked difference between its western and eastern coasts.

59 Eurostat (2026). Housing cost overburden rate. https://ec.europa.eu/eurostat/databrowser/view/tespm140/default/table?lang=en.
60 Eurostat: https://ec.europa.eu/eurostat/databrowser/view/tespm140/default/line?lang=en.

Figure 3. Percentage of monthly income to rent 100m2



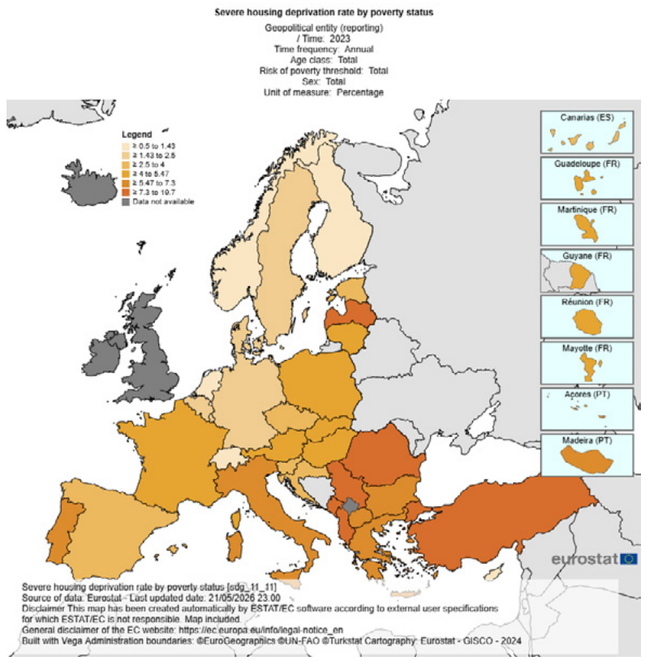
Source: ESPON, 2024[61].

Finally, the housing deprivation rate (HDR) is considered. This indicator captures a key dimension of housing conditions and belongs to the set of housing quality indicators, which are particularly relevant at the lower end of the income distribution, as lower-income households are more likely to live in poorer-quality accommodation than higher-income households.

The data displayed in the Eurostat map below are drawn from the European Union Statistics on Income and Living Conditions (EU-SILC) survey. The map shows the proportion of the population experiencing severe housing deprivation. This refers to people living in dwellings that are overcrowded and simultaneously exhibit at least one basic housing deficiency. Such deficiencies include a leaking roof, the absence of an indoor toilet or shower, or inadequate natural light (Eurostat, 2024). As the map indicates, Latvia, Greece and Romania face particularly significant challenges (with values between 5.47 and 19.7), whereas Cyprus, Finland and Malta record the lowest levels of deprivation (below 2.5).

61 ESPON: https://www.espon.eu/sites/default/files/2024-06/affordable_and_quality_housing_leaflet.pdf.

Figure 4. Severe housing deprivation rate by poverty status



Source: Eurostat, 2023[62].

2.2 Access to mortgage credit and effective home purchasing power

A second methodological concern relates to the construction of the indicator and, in particular, to the relationship between dwelling prices and per capita disposable income. The approach described in the Annex to the proposed Regulation uses the average transaction price of a dwelling in the area concerned and per capita net household disposable income.

The limitation is that the PTI does not directly measure actual purchasing capacity, since it overlooks one of the variables determining access to the property market: the cost and availability of credit.

This limitation is consistent with the OECD's observations that aggregate price-to-income indicators do not directly incorporate the costs of financing a purchase (borrowing costs) and cannot identify the actual affordability conditions faced by different population groups[63].

The UN-Habitat World Cities Report 2026[64] provides a more specific contribution on access to homeownership. It identifies three key dimensions shaping home-purchase affordability: house prices, household incomes and access to mortgage finance.

62 Eurostat: https://ec.europa.eu/eurostat/databrowser/view/sdg_11_11/default/bar?lang=en.
63 OECD (2025), cit.
64 Cit. "The framework linking housing and well-being (Figure 3.1) shows how conditions in housing markets, the real economy and financial markets jointly shape the key components of affordability – house prices, household incomes and access to mortgage finance". UN-Habitat (2026), World Cities Report 2026, Chapter 3, "The Housing Affordability Crisis", Section 3.1.1, "Framework for housing affordability", p. 59, United Nations Human Settlements Programme, Nairobi.

It follows that, even where the ratio between property prices and disposable incomes is the same, actual home-purchase affordability may differ significantly depending on borrowing costs, mortgage eligibility requirements and the availability of mortgage finance. Two areas with similar PTI values may therefore exhibit different levels of access to homeownership that cannot be detected through the price-to-income ratio alone. The use of uniform thresholds without taking account of purchase-financing conditions could thus provide an incomplete picture of territorial differences in housing affordability.

2.3 Territorial data consistency and granularity

A final methodological issue requiring closer examination concerns the different geographical scales used to construct the numerator and denominator of the PTI. According to the indicator's methodology, as also described in the Annex to the proposal, the representative dwelling price is calculated at NUTS 3 level, while per capita disposable income is derived from data available at NUTS 2 level or from equivalent estimates[65].

In the accompanying document SWD(2026) 606, the Commission justifies the use of non-municipal geographical scales on the grounds that the choice of NUTS 3 reflects a compromise between data availability, the ability to capture housing market conditions and comparability across Member States[66]. It also notes that housing markets do not necessarily coincide with municipal administrative boundaries but may extend across functional commuting areas[67].

However, the issue becomes particularly important when prices measured at NUTS 3 level are combined with incomes measured at NUTS 2 level, especially in large urban and metropolitan areas where per capita disposable income may be significantly higher than the average for the wider region.

In these circumstances, using average NUTS 2 income as the PTI denominator produces, for a given property price, a higher indicator value than would be obtained using disposable income specific to the NUTS 3 area. Consequently, the price-to-income ratio may overestimate the relative pressure of property prices in large urban areas compared with the economic circumstances of their residents.

The opposite may occur in NUTS 3 areas where incomes are lower than the regional average. In such cases, using NUTS 2 income would produce a lower PTI than one calculated using local income, thereby risking an underestimation of the relative difficulty of accessing homeownership.

Using a denominator measured at a more aggregated territorial level can therefore smooth out economic differences between NUTS 3 areas within the same region, introducing potential distortions into the territorial representation of housing affordability. This issue may be particularly consequential where the PTI is used not merely for descriptive purposes but also to classify areas against specific housing-stress thresholds.

It would therefore be appropriate to test the indicator's sensitivity to the geographical scale of the denominator by comparing PTI values calculated using NUTS 2 disposable income with values obtained from data or estimates of disposable income at the same NUTS 3 level as property prices.

65 European Commission (2026). Annex to the Proposal for a Regulation establishing a framework for measures in Member States to safeguard housing affordability and availability (Affordable Housing Act). COM(2026) 599 final, Annex, "Calculation of price-to-income ratio pertaining to Commission dataset", points 1–2.
66 "Using the average transaction price of a dwelling at NUTS3 level (based on the EU Mapadomo database) balances data availability with the need to capture regional price structures and the actual characteristics of the dwellings being sold in each market, which may differ substantially between urban, rural and tourist areas." European Commission (2026), SWD(2026) 606 final, Impact Assessment Report – Affordable Housing Act.
67 "Housing affordability should not be assessed only within strict municipal boundaries, since housing markets often operate at least at commuting-zone or functional-area scale." Ibid.

Such a comparison would make it possible to assess the magnitude of the differences and, above all, determine whether using a consistent territorial scale could change the classification of areas experiencing housing stress.

3. POTENTIAL NEGATIVE EXTERNALITIES OF RESTRICTIONS ON PROPERTY TRANSFERS AND SHORT-TERM RENTALS

3.1 The growing mismatch between housing needs and housing supply

Any analysis of why housing affordability in the European Union has not improved, and has in fact tended to worsen, must start from the most visible phenomenon: the growing mismatch between housing needs and housing supply, particularly over the last fifteen years.

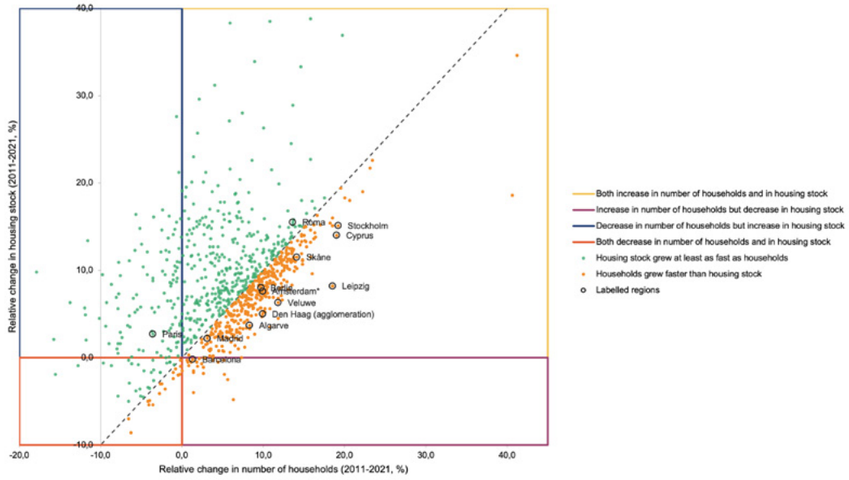
At the beginning of the last decade, the conditions for a gradual rebalancing of the market seemed to be in place. The price correction that followed the 2008 financial crisis[68] and the steady growth of the housing stock, from 218 million dwellings in 2010 to about 248 million in 2024[69], suggested that supply would be able to keep pace with demand.

Yet, although the number of dwellings grew considerably faster than the population, a cumulative shortfall of supply against housing needs built up over the same period, estimated at more than 4.5 million dwellings for 2010-2024 and set to exceed 7 million by 2035[70].

This is a genuine mismatch: households grew faster than the housing stock in almost half of EU regions, including in Member States such as Italy where, at national level, the stock grew twice as fast as the number of households, while in some large urban areas, such as Paris, the number of resident households actually fell (Figure 5)[71].

68 Eurostat, Housing in Europe – 2025 edition, section "House prices and rents" (house price index, 2010-2024).
69 Balouktsi, D., Joossens, E., Le Blanc, J., Pagano, A. and Zeugner, S., Housing investment needs in the EU, JRC Science for Policy Brief, JRC144703, Joint Research Centre, December 2025, p. 1.
70 Ibid. The 7.14 million gap to 2035 adds up the 2010-2024 construction shortfall (4.57 million), demographic needs 2025-2035 (4.77 million) and replacement needs (0.75 million), net of expected construction (2.95 million). For the estimate of the European Commission (more than 2 million dwellings per year, 650,000 more than currently built), see The European Affordable Housing Plan, COM(2025) 1025 final, cit., and the introduction.
71 Eurostat, NUTS 3 level, 2011 and 2021 census data with occupied dwellings as a proxy for households: 886 regions in 23 Member States; in 409 regions households grew faster than the stock, for a total shortfall of about 1.17 million dwellings.

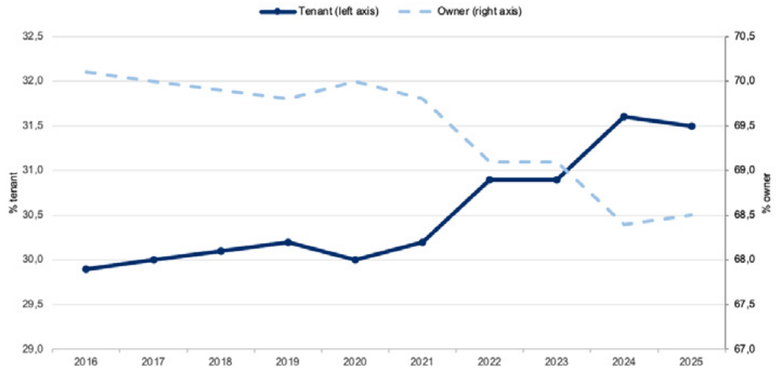
Figure 5. Supply versus demand by NUTS 3 region, 2011-2021



Source: own elaboration on Eurostat, 2011 and 2021 population and housing censuses (cens_11dwob_r3, cens_21dwob_r3) and population on 1 January (demo_r_pjanaggr3); accessed 15 October 2026.

Moreover, the trends in prices and rents and the fall in building permits outlined in the introduction have not been accompanied by a shift in the distribution of the population by tenure status: the share of tenants has remained broadly stable at just under one third of the population, up by only about one and a half percentage points in a decade, and rental supply has not been able to absorb the additional demand (Figure 6)[72].

Figure 6. Population by tenure status, EU-27, 2016-2025



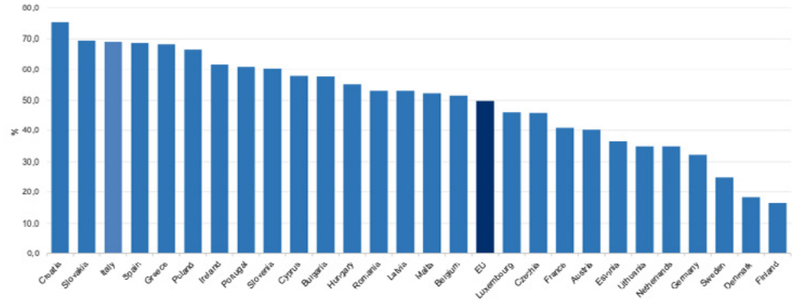
Source: own elaboration on Eurostat, EU-SILC (online data code: ilc_lvho02); accessed 15 October 2026.

72 Eurostat, EU-SILC, ilc_lvho02, EU-27: tenants 29.9% of the population in 2016 and 31.5% in 2025. On prices, rents and building permits, see The European Affordable Housing Plan, cit., and the introduction; the Impact Assessment accompanying the proposal reports a 17.8% fall in building permits over a different reference period; see SWD(2026) 606 final, cit.

Over the years, the composition of housing demand has also changed: in addition to people in vulnerable situations, it now includes middle-income households, essential workers, persons undertaking seasonal work away from their usual residence and those who move to take up employment or education opportunities[73].

According to the EU statistics on income and living conditions (EU-SILC), in 2025 – not least because of rising housing costs and the resulting difficulty of accessing independent housing – around half of young people aged 18-34 were still living with their parents, with shares of around two thirds in Italy, Spain and Greece, compared with one quarter or less in the Nordic countries, and with an upward trend precisely in the Mediterranean countries (Figure 7)[74]; the housing situation of university students also shows that, where the supply of student accommodation is limited, living with parents is the prevailing solution, with clear implications for the choice of where to study[75].

Figure 7. Young adults aged 18-34 living with their parents, 2025



Source: own elaboration on Eurostat, EU-SILC (online data code: ilc_lvps08); accessed 15 October 2026.

Without going into the demographic, economic and financial causes of these trends[76], the key point here is that, in the absence of affordable supply, this has a clear consequence: those who move have to rely on the private rental market, where the housing cost overburden rate is about twice that of tenants at reduced price or free and, in countries such as Italy, almost four times as high (Figure 8)[77].

73 COM(2026) 599 final, cit., recital 1; Commission Recommendation (EU) 2026/2069 of 9 September 2026 on housing affordability and supply in areas under housing stress, COM(2026) 6318 final, cit., recital 10; European Parliament, resolution of 10 March 2026 on the housing crisis in the European Union, with the aim of proposing solutions for decent, sustainable and affordable housing (2025/2070(INI)), P10_TA(2026)0064, para. 53; Batista, F., Silva, E. et al., A data-driven approach to assess areas under housing stress in the EU, Joint Research Centre, JRC147616, Publications Office of the European Union, 2026, pp. 1 and 3 ("new residents who cannot afford to live where they want to work or study").

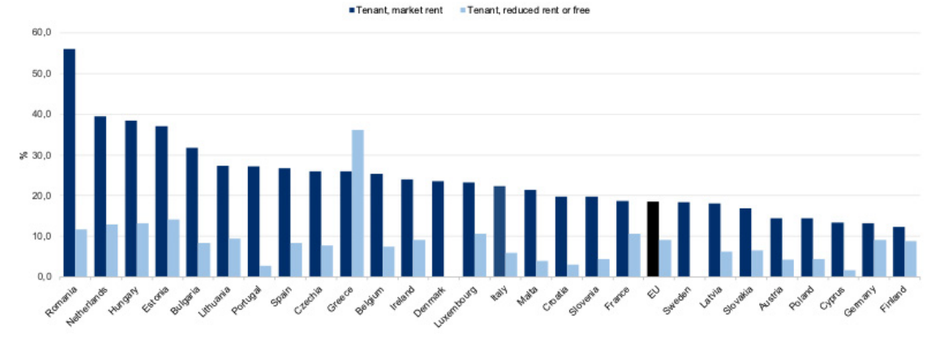
74 Eurostat, EU-SILC, ilc_lvps08, 2025: EU-27 49.8%.

75 Hauschildt, K. (ed.), Gwosć, C., Schirmer, H., Mandl, S. and Menz, C., Social and Economic Conditions of Student Life in Europe. EUROSTUDENT 8 Synopsis of Indicators 2021-2024, wbv Publikation, Bielefeld, 2024 (students' form of housing).

76 For an overview of the causes (construction costs, permitting, taxation, urbanisation, ageing, growth of single-person households, migration and financialisation of the market), see Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., and the introduction.

77 Eurostat, EU-SILC, ilc_lvho07c, 2025: housing cost overburden rate of 18.6% for tenants at market price against 9.2% for tenants at reduced price or free in the EU-27; Italy: 22.3%. See also OECD, Affordable Housing Database, HC1.2.

Figure 8. Housing cost overburden rate by tenure status, 2025

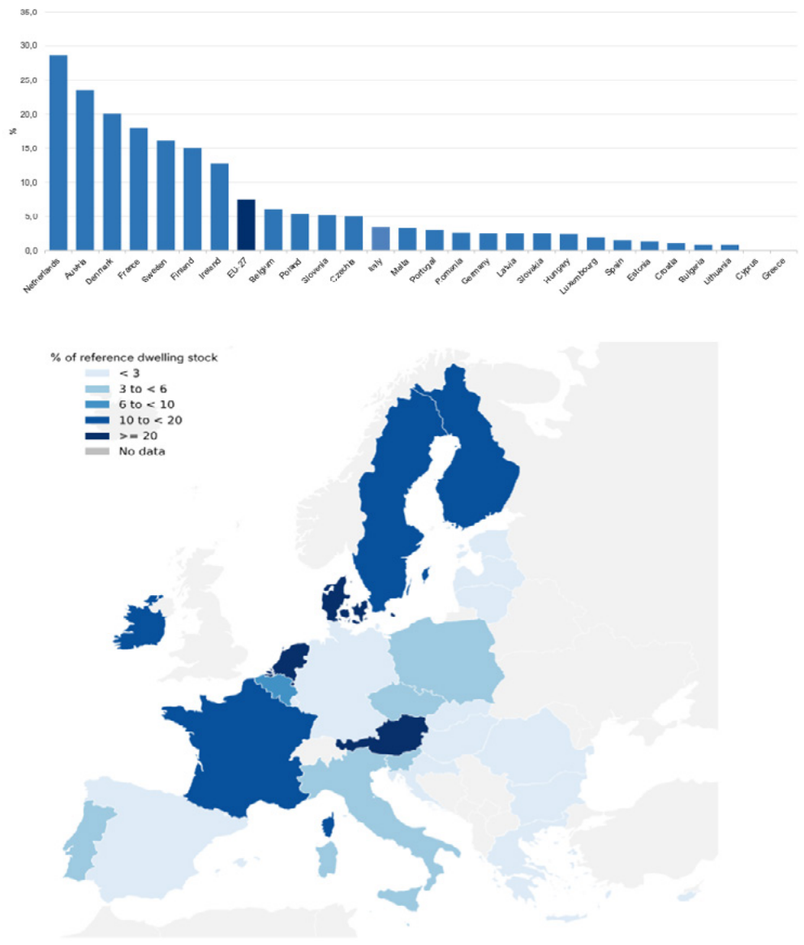


Source: own elaboration on Eurostat, EU-SILC (online data code: ilc_lvho07c); accessed 15 October 2026.

The picture is equally negative – albeit for different reasons – as regards the supply of social housing, which, as noted in the introduction, should be the most effective tool for containing housing cost overburden. While social housing generally shows comparatively better affordability outcomes, its size is often residual: there are about 15 million social dwellings in the Union, an aggregate share of just over 7% of the stock, but the median across Member States is only 3%; the aggregate figure also reflects the weight of just three countries (France, the Netherlands and Germany), which together account for 59% of the EU social housing stock (Figure 9)[78].

78 Housing Europe, UCD Geary Institute, UK CaCHE, MRI, Social and Public Housing, country profiles, 2025 (Ireland: OECD, PH4.2): 15.19 million social dwellings, 7.5% of the reference stock in aggregate terms, median 3.0%. Latest year available between 2016 and 2024; definitions and reference stocks differ by country.

Figure 9. Social housing stock, 2024

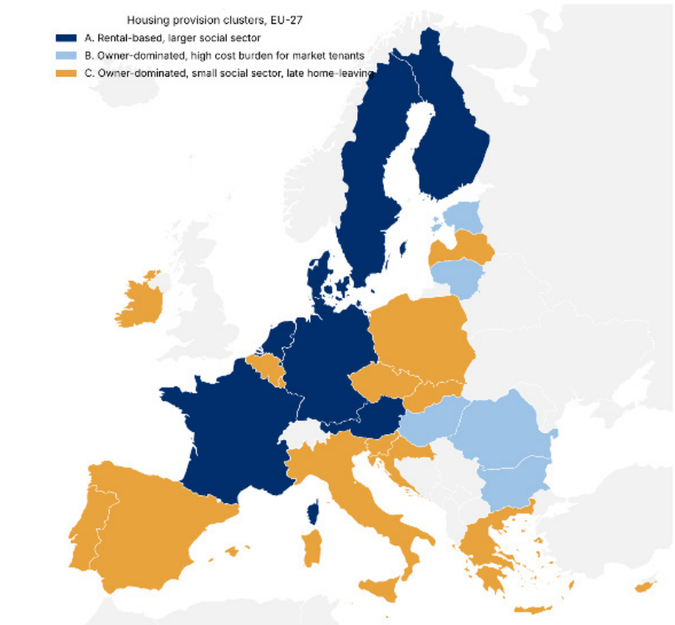


Source: own elaboration on Housing Europe, UCD Geary Institute, UK CaCHE, MRI, Social and Public Housing, country profiles (2025); accessed 12 October 2026.

One reason for this recurrent "residual" role lies in the diversity of national housing regimes, which reflect very different welfare traditions and, in terms of housing provision too, make it possible to identify relatively homogeneous groups of countries: a first group in Northern and Western Europe, with larger rental and social sectors and, in parallel, early departure from the parental home; a second in Central and Eastern Europe, characterised by near-universal home ownership and a high housing cost burden for tenants at market price; and a third, which includes Italy and most Mediterranean countries, combining a small social sector with late departure from the parental home (Figure 10)[79].

79 Ubarevičienė, R. and Aidukaitė, J., Housing provision: A comparative study of housing availability, accessibility, and adequacy in EU member states, in Journal of International and Comparative Social Policy, 42 (2026), no. 1, pp. 22-41.

Figure 10. Housing provision clusters of EU Member States, 2024[80]



Source: own elaboration on Housing Europe et al. (2025), Eurostat, EU-SILC (ilc_lvho02, ilc_lvho07c, ilc_lvps08) and OECD Affordable Housing Database (HM1.1); accessed 10-16 October 2026.

The lack of a common definition of social housing, and the resulting limited comparability of national data, also explains why the phenomenon is difficult to measure precisely[81]. These caveats notwithstanding, it is clear that over the last decade the social housing stock has declined in the vast majority of Member States, and significantly so in some of those where it was largest[82]. Germany is a case in point: social housing lost about one unit in four over a decade, partly because of the expiry of social housing commitments, after which dwellings can be rented or sold freely on the market, at a rate that in some years was more than twice that of new construction[83]. A similar erosion can result from the sale of public housing to sitting tenants where the proceeds do not translate into a corresponding increase in supply, as in Italy[84]: a stock dedicated to social housing fulfils its purpose only if it allows for turnover among beneficiaries, not when it becomes, in practice, a one-off transfer of ownership.

80 Figure 10 applies hierarchical clustering (Ward linkage, standardised variables, three clusters) to the 27 Member States, using the share of social housing, owner-occupation, the overburden rate of market-rent tenants and the share of 18-34 year-olds living with their parents (2025): cluster A (Austria, Denmark, Finland, France, Germany, the Netherlands, Sweden); cluster B (Bulgaria, Estonia, Hungary, Lithuania, Romania); cluster C (the other fifteen Member States, including Italy). Platform short-term rentals, not used for clustering, stay below 1% of the stock in all three clusters (0.3% in A, 0.2% in B, 0.8% in C).

81 Ferro Teixeira, M., Understanding European Social Housing Through a Comparative Lens, ABN AMRO, ESG Strategist, 10 July 2025, p. 1; Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., p. 24.

82 OECD, Affordable Housing Database, PH4.2.3: the social rental stock declined in 11 of the 15 Member States with data available between around 2010 and around 2022 (the Netherlands from 38.3% to 34.1%; Poland from 10.1% to 6.6%; Italy from 4.2% to 2.4%; Germany from 3.7% to 2.6%).

83 Ferro Teixeira, M., op. cit., p. 4: fewer than 1.1 million social dwellings left, with commitment periods of 15 to 40 years; in 2020 about 56,000 dwellings left the social commitment, while only 23,000 new social units were built.

84 Law No. 560 of 24 December 1993, Norme in materia di alienazione degli alloggi di edilizia residenziale pubblica, Article 1(13)-(14), governing in Italy the sale of public housing and the reinvestment of the proceeds.

A more fundamental reason for this trend lies in what can be described as a "dual" rental market, in which social housing is conceived as a separate, residual segment reserved for the lowest income groups, mainly managed by public providers and shielded from competition with the private market[85]. This model is reflected, in particular, in eligibility criteria, which are generally based on income thresholds, household composition and length of residence or time on the waiting list[86]; such criteria by design reward residential stability and thus end up excluding the very groups the proposal identifies as most affected by the affordability crisis: middle-income households, essential and seasonal workers, and those who move to take up employment or education opportunities[87]. This vicious circle should therefore be broken by extending social housing towards affordable housing (which also falls under the notion of "housing below market prices"), targeted at middle-income households and at those who move for study or work, and closer to the private housing market[88].

The State aid framework already allows the provision of affordable housing for students and for persons fulfilling an essential societal role to be qualified as a service of general economic interest, with units dedicated to that purpose, in principle, for at least 20 years – which would prevent the erosion of the stock observed in Germany – and some Member States already reserve a share of allocations for higher-income households in areas with the most severe shortages[89].

Some initiatives are already moving in this direction, notably the student housing programmes financed under the national recovery and resilience plans[90]. These are significant initiatives, but their scope remains limited compared with the scale of need – at the beginning of 2025, coverage of need still ranged from 5% in Bologna to 18% in Rome – and their access conditions, linked to a discount on market rents, do not in themselves ensure affordability where those rents are highest; their continuation should therefore be secured beyond the lifetime of the Recovery and Resilience Facility[91].

3.2 The size of the short-term rental market and unoccupied dwellings

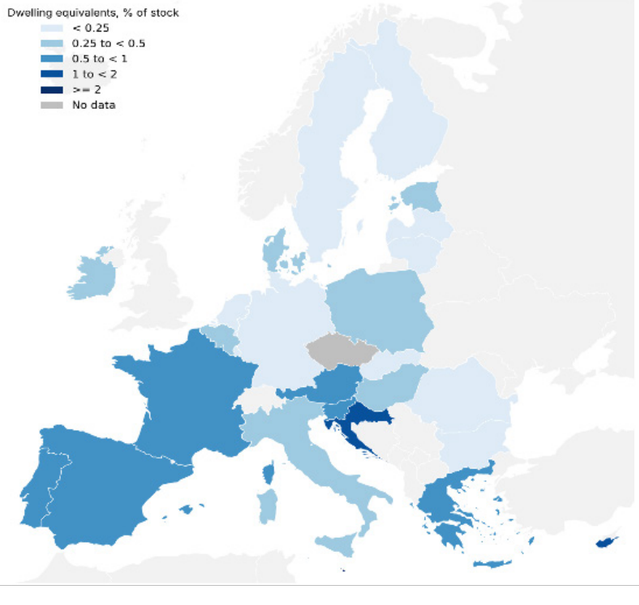
While, as shown above, the EU institutions agree on the underlying mismatch between housing supply and demand, the regulatory option chosen for the private market appears less convincing. The Commission sets common criteria and procedural requirements for restrictions, acknowledging that this could lead to "more housing-related restrictions being adopted", but does not make restrictions conditional on a corresponding increase in supply[92]. In its first, negative opinion, the Regulatory Scrutiny Board had pointed to the "limited evidence on effectiveness of demand-side measures"[93]. In the final version, that condition was dropped: the preferred option "would not impose mandatory housing investment obligations or supply-side measures" and leaves supply to a non-binding Recommendation. The Board's second opinion, positive with reservations, still states that "the effectiveness of the preferred option is not sufficiently assessed"[94].

It would therefore be naive to expect the restrictions provided for in Article 5 alone to contain the many forces that, as shown above, are pushing housing needs beyond what supply can deliver. Nor does the wording of the provision exempt them from close scrutiny: measures restricting access to, or the provision of, short-term accommodation rental services in residential property other than the host's primary residence, and measures restricting the acquisition or use of residential property that is not acquired or used for the purpose of primary residence, may be taken only "to the extent they are justified by the necessity to safeguard housing affordability and availability" and provided that they comply with the requirements laid down in Articles 6 to 10, including evidence of a significant adverse effect and an assessment that no other less restrictive measure would be equally effective, as discussed in Chapter 2 of this study[95].

As regards availability, although nights spent in accommodation booked via online platforms have almost doubled compared with pre-pandemic levels, when converted into full-year occupied dwelling equivalents they correspond to about one million dwellings, i.e. less than 0.5% of the stock and no more than one seventh of the housing needs estimated for 2035 (Figure 11)[96]; this is consistent with the 1.2% estimated by the Commission itself on the basis of listings, and with its acknowledgement that a high concentration of short-term rentals "does not automatically translate in housing shortages and higher prices", the shortage of affordable housing being "mainly attributed to other structural factors such as constrained supply"[97].

85 Kemeny, J., From Public Housing to the Social Market. Rental Policy Strategies in Comparative Perspective, Routledge, 1995. On providers, see OECD, Affordable Housing Database, PH4.2.2: public providers (national, regional or municipal) hold most of the social rental stock in 15 of the 20 Member States reporting, while non- or limited-profit providers prevail only in Austria, France and the Netherlands.
86 OECD, Affordable Housing Database, PH4.3, Tables PH4.3.2, PH4.3.3 and PH4.3.5 (QuASH 2023): no Member State uses mobility for study or work as an eligibility or priority criterion; employment is never an eligibility criterion, and only Poland accepts working in the municipality as an alternative to local residency; see also Ferro Teixeira, M., op. cit., p. 4.
87 COM(2026) 599, recital 1.
88 Commission Recommendation (EU) 2026/2069, cit., recital 16 ("housing below market prices", covering both affordable and social housing); Commission Decision (EU) 2025/2630 of 16 December 2025 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest and repealing Decision 2012/21/EU, OJ L, 19.12.2025; European Commission, Questions and answers on revised Decision on Services of General Economic Interest ('SGEI Decision'), December 2025 (affordable housing "is closer to the private housing market", hence stricter requirements to avoid undue distortion of competition).
89 Commission Decision (EU) 2025/2630, cit., and European Commission, Questions and answers, cit., which include among the target groups of affordable housing middle-income households, persons fulfilling an essential societal role (such as teachers, police, firefighters, social care and childcare workers) and students, and provide, in principle, for a dedication period of at least 20 years; see Ferro Teixeira, M., op. cit., p. 2.
90 For Italy, 63,000 beds financed with EUR 1.2 billion; for Germany, Junges Wohnen (students and apprentices, from 2023); for Portugal, 18,239 beds financed with EUR 375 million from the Recovery and Resilience Facility; see The European Affordable Housing Plan, cit.
91 Implementation status at 29 January 2025: 12,997 beds activated; coverage of need 14% in Milan, 18% in Rome, 5% in Bologna; see Corte dei conti, Sezioni riunite in sede di controllo, Referto sul sistema universitario 2025, Rome, 2025. On prices of the new beds, see, among others, Avvenire, "Oltre 60mila nuovi posti negli studentati, ma il nodo prezzi non è risolto", September 2026.
92 SWD(2026) 606, sections 5.2.1-5.2.3, pp. 22-31; section 6.4.5, p. 48; section 6.5.4, p. 53 (PO3: impact on SMEs "overall negative"); section 8.1, p. 62 (preferred option: PO2, sub-options a, b2 and c).
93 Regulatory Scrutiny Board, SEC(2026) 599, first opinion (negative), meeting of 3 June 2026, points (C)(3), (4), (5) and (6): "option 2 under b2 includes measures increasing supply as one of the obligations to access to restrictions"; "In case mandatory supply side measures are considered, the report should provide an assessment regarding their costs and enforcement".
94 SWD(2026) 606, section 5.2.2, sub-option b2, p. 28; Annex 1, p. 72 ("a binding framework … with a separate non-binding Recommendation offering best practices for housing supply responses"); Regulatory Scrutiny Board, SEC(2026) 599, second opinion (positive with reservations), 17 July 2026, point (B)(1).
95 COM(2026) 599, Article 5(1); Article 9(2) and (3) ("significant adverse effect on the availability or affordability of housing" over at least three years preceding the adoption of the measure); Article 10(1)(b) (no other less restrictive measure "would be sufficient to improve housing affordability and availability in an equally effective manner").
96 Eurostat, tour_ce_oasc: 951.6 million nights in 2025 (511.9 million in 2019); nights / 2.5 guests / 365 = 1.04 million full-year dwelling equivalents (range 0.87-1.30 million), 0.42% of the EU stock and 14.6% of the 2035 gap of 7.14 million dwellings estimated by JRC, Housing investment needs in the EU, cit. The estimate is an upper bound, as it includes rooms and primary residences, outside the scope of COM(2026) 599, Article 5(1)(a) and (2).
97 Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., p. 9. The 1.2% refers to STR listings over total dwellings; the document cites only the census as source of the dwelling stock and does not indicate the source of the listings.

Figure 11. Platform short-stay rentals in dwelling equivalents, 2025



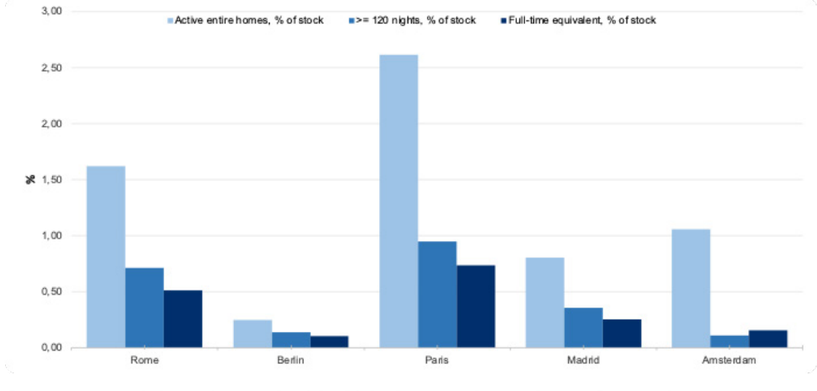
Source: own elaboration on Eurostat (tour_ce_oasc; population on 1 January 2025); OECD Affordable Housing Database, HM1.1; accessed 10 October 2026.

In any case, this is an upper bound rather than an expected outcome, since a reduction in short-term rentals does not automatically lead to an equivalent increase in dwellings available for long-term residential letting (in Berlin, for example, only 0.2-0.4 dwellings returned to the long-term rental market for each dwelling withdrawn from short-term rentals[98]), as owners may sell the property, use it themselves or leave it vacant[99]; moreover, any dwellings returned to the market would be let at market rents, with no dedication requirement in favour of those the proposal itself identifies as most affected by the crisis[100].

In the capitals with the highest concentration – Rome, Berlin, Paris, Madrid and Amsterdam – active entire-home listings do not exceed 2.6% of the dwelling stock, those booked for at least 120 nights a year remain below 1% everywhere, and their full-time equivalent ranges from 0.7% in Paris to 0.1-0.2% in Berlin and Amsterdam, where annual night caps already apply (Figure 12)[101].

98 Duso, T., Michelsen, C., Schaefer, M. and Tran, K., *Airbnb and rental markets: Evidence from Berlin*, in *Regional Science and Urban Economics*, 106 (2024), 104007.
99 Federturismo Confindustria, position paper on the Affordable Housing Act, point 6.
100 COM(2026) 599, recital 1 and Articles 5-10, which attach no destination or rent requirement to dwellings returned to the long-term market.
101 Inside Airbnb, snapshots of 17-21 September 2026, and municipal dwelling stocks (ISTAT, Amt für Statistik Berlin-Brandenburg, INSEE, INE, CBS): active entire homes (at least one review in the last 12 months), entire homes with at least 120 booked nights in the last 12 months and full-time equivalent dwellings (estimated occupied nights / 365), as % of the city dwelling stock. Night caps as described in SWD(2026) 606, Annex 9, pp. 136-137.

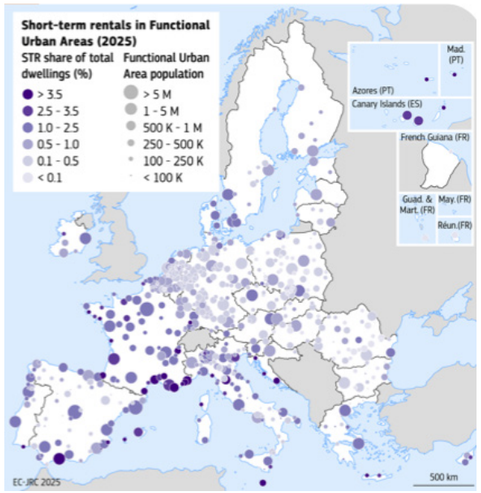
Figure 12. Entire-home short-term rentals in five EU capitals, September 2026



Source: own elaboration on Inside Airbnb, snapshots of 17-21 September 2026 (Rome, Berlin, Paris, Madrid, Amsterdam); ISTAT, Amt für Statistik Berlin-Brandenburg, INSEE, INE, CBS; accessed 10 October 2026.

At local level, against an average share of 1.2% of the stock, entire-property short-term rentals are concentrated along certain Mediterranean coasts and are much less widespread in Central, Northern and Eastern Europe (Figure 13). This concentration may be one possible source of local pressure, and it means that any restrictions would apply precisely in the areas where the tourism sector is most developed[102].

Figure 13. Share of 'entire property' short-term rentals in total conventional dwellings per Functional Urban Area (2025)

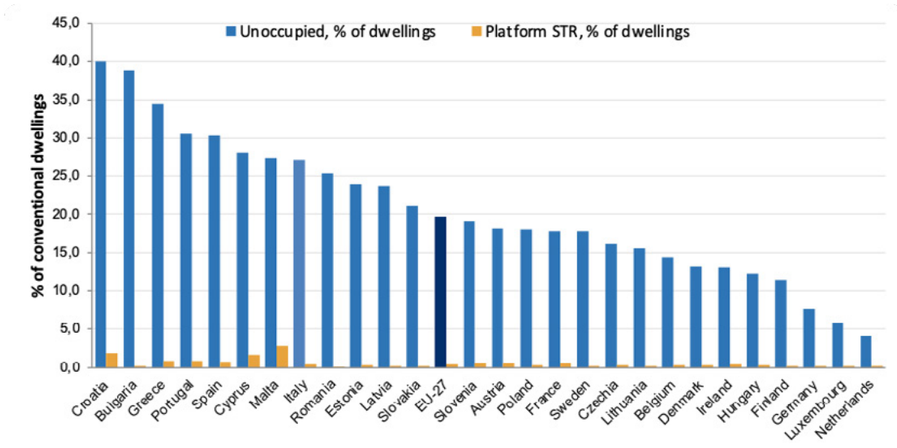


Source: JRC elaboration based on Eurostat census data (2021, https://link.europa.eu/9QCFvV) and STRs listings from AirDNA (2025).

102 Batista, F., Silva, E. et al., op. cit., p. 4 and fig. 4 (share of entire-property short-term rentals in conventional dwellings per Functional Urban Area; Eurostat 2021 census and AirDNA listings, 2025). The 1.2% refers to units listed, whereas the estimate refers to full-year occupancy; see also Understanding the housing crisis, Staff Working Document accompanying the European Affordable Housing Plan, cit., p. 9.

The scope of the measures is, moreover, much wider, as it covers not only properties used for short-term rentals but also second homes, inherited properties and properties held for investment purposes[103]: while platform short-term rentals account for less than 3% of dwellings in every Member State, unoccupied dwellings represent about one fifth of the stock in the EU and more than one quarter in nine Member States, including Italy, Spain, Portugal and Greece, reaching around 40% in Croatia and Bulgaria (Figure 14)[104].

Figure 14. Unoccupied dwellings[105] (2021) and platform short-term rentals (2025)



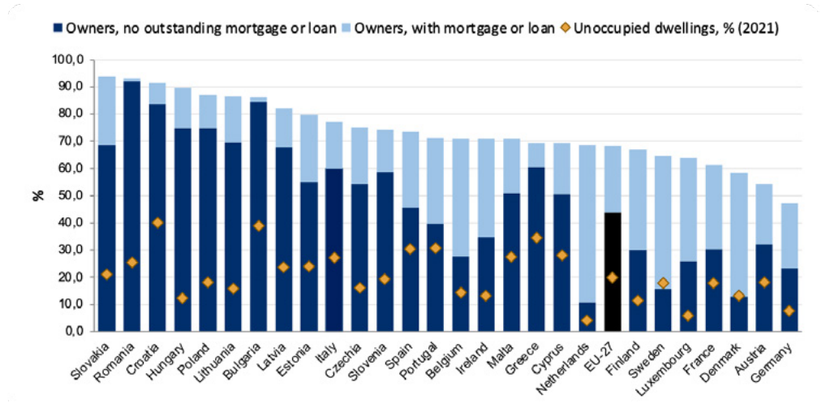
Source: own elaboration on Eurostat, Conventional dwellings by occupancy status and NUTS 3 region (online data code: cens_21dwob_r3) and Short-stay accommodation offered via online collaborative economy platforms (tour_ce_oasc); accessed 20 October 2026.

The little evidence available – which the Commission itself describes as "limited" and, for second homes, "scarce and concentrated on the US before the Great Global Crisis"[106] – does not suggest that such measures are neutral: in Switzerland, the ban on the construction of new second homes in tourist locations lowered the price growth of primary residences by 15% but increased that of secondary residences by 26%; in China, restrictions on the purchase of additional homes led to a substantial reduction in the number of transactions but had no significant impact on prices or, where they did reduce price growth, had spillover effects on neighbouring cities with no restrictions[107]. The intensity of these effects depends on the ownership structure of each country, and they would therefore be asymmetric (Figure 15): in Central and Eastern European countries such as Romania and Hungary, home ownership is

103 COM(2026) 599, Article 5(1)(b); Federazione Italiana Mediatori Agenti d'Affari (FIMAA), written submission on the proposal for a Regulation COM(2026) 599 final (Affordable Housing Act), 4th Committee (European Union Policies), Senate of the Republic, 14 October 2026, point 1.
104 Eurostat, cens_21dwob_r3 (unoccupied conventional dwellings, census 2021, including vacant and secondary or holiday homes: EU-27 19.7%; Croatia 40.1%, Bulgaria 38.9%, Greece 34.5%, Portugal 30.6%, Spain 30.4%, Cyprus 28.1%, Malta 27.5%, Italy 27.2%, Romania 25.4%) and tour_ce_oasc (2025; platform rentals in full-year dwelling equivalents, highest in Malta, 2.9%, Croatia, 1.9%, and Cyprus, 1.7%). Consistent with The European Affordable Housing Plan, cit. (about 20% of dwellings unoccupied).
105 'Unoccupied conventional dwellings' are conventional dwellings which are not the usual residence of any person at the time of the census. Dwellings reserved for seasonal or secondary use, vacant dwellings, as well as conventional dwellings with persons present but not included in the census are classified under the category 'Unoccupied conventional dwellings'. Eurostat, Reference metadata (cens_21_esms) https://ec.europa.eu/eurostat/cache/metadata/en/cens_21_esms.htm.
106 SWD(2026) 606, Annex 8, p. 127 ("The economic literature looking at the impact of these bans is limited"); Annex 7, p. 116 (causal literature on secondary homes "scarce and concentrated on the US before the Great Global Crisis").
107 SWD(2026) 606, Annex 8, p. 127, citing Hilber, C.A.L. and Schöni, O., On the economic impacts of constraining second home investments, in Journal of Urban Economics, 118 (2020); Somerville, T., Wang, L. and Yang, Y., Using purchase restrictions to cool housing markets: A within-market analysis, in Journal of Urban Economics, 115 (2020); Deng, Y., Liao, L., Yu, J. and Zhang, Y., Capital Spillover, House Prices, and Consumer Spending: Quasi-Experimental Evidence from House Purchase Restrictions, in The Review of Financial Studies, 35 (2022), no. 6, pp. 3060-3099.

almost the only form of access to housing, so restrictions on property transfers would affect a rental market that is already small and largely informal[108]; in Mediterranean countries, starting with Italy and Spain, where second homes often derive from accumulated savings or inheritance, such measures would weigh heavily on middle-class owners[109]; in countries where renting prevails and the social sector is large, such as Germany and the Netherlands, the same measures would affect a market in which housing is much less a form of household savings and much more a service provided by professional operators[110].

Figure 15. Home ownership (2025) and unoccupied dwellings (2021)



Source: own elaboration on Eurostat, EU-SILC, Distribution of population by tenure status (online data code: ilc_lvho02), 2025; Eurostat, cens_21dwob_r3 (census 2021); accessed 20 October 2026.

3.3 Impact assessment on SMEs and micro enterprises linked to the Short-Term Rental (STR) sector and local tourism.

If finally adopted, the proposed regulation would have direct and indirect impacts on a range of sectors linked to the housing market, with potential negative externalities in both short and medium-to-long term. It's hardly surprising that the proposal is accompanied by an impact assessment[111]. Starting with an analysis of the current economic and social context in Europe regarding the availability of affordable housing, the assessment presents three potential policy options, for which the potential impacts are evaluated. Option 1, described as a "soft EU intervention and non-legislative approach," entails helping Member States – on a voluntary basis – in identifying areas where pressure on the housing market is particularly significant. Option 2, a "legislative initiative containing common criteria to identify stressed housing areas, conditions for applying restrictions, and non-legislative recommendations on supply," involves a regulation establishing a common but flexible framework for competent authorities in Member States that choose to designate areas under housing stress and adopt restrictions on non-primary use of housing in those areas for reasons linked to housing affordability. Finally, Option 3, a "legislative initiative with mandatory harmonized criteria, EU-wide market access and other requirements, and housing plans," introduces substantive, EU-wide harmonized

108 Ubarevičienė, R. and Aidukaitė, J., op. cit.
109 Eurostat, EU-SILC, ilc_lvho02, 2025 (owner-occupiers: EU-27 68.5%, Italy 77.1% of the population); Federturismo Confindustria, op. cit., point 7 (73.9% of Italian households living in an owned dwelling, ISTAT, 2023; second homes deriving from savings and inheritance; asymmetric effects across Member States); Housing Europe et al., cit.
110 Housing Europe et al., cit.; on the decline of the German social stock, see Ferro Teixeira, M., op. cit., p. 4. See also OECD, Affordable Housing Database, HM1.3.
111 European Commission, "Commission staff working document. Impact assessment report – Affordable Housing Act", 2026.

requirements – including more uniform rules on short-term rentals, stronger obligations regarding housing supply and more extensive duties for Member States and competent authorities – thereby representing the most incisive form of intervention among the three examined in the impact assessment[112].

For each of the three options, an assessment is first provided regarding legal certainty, transparency, and predictability in the application of Union law governing interventions in the housing sector, defined as areas directly affected by the initiative. Impacts on housing affordability and availability, tourism, SMEs and local communities are however indirect and depend on subsequent decisions by competent authorities. The assessment therefore distinguishes between direct impacts on public authorities and indirect impacts on affected stakeholder groups, as well as between impacts that can be assessed more directly – specifically those concerning legal certainty and the functioning of the internal market – and indirect impacts that remain contingent upon local-level implementation and market dynamics[113].

Since the proposed regulation clearly identifies the second option as the preferred one[114], this analysis focuses on the findings from the impact assessment conducted by Commission staff regarding that specific policy action. Furthermore, by examining the available literature, it highlights potential externalities – specifically concerning the impact on the short-term rental ecosystem, with a particular focus on SMEs and micro-enterprises, as well as on local tourism – including effects on the affordability of the housing market.

According to the Commission, the main benefit for SMEs would be greater visibility and predictability about when, where and for how long local restrictions would be introduced. The policy option would reduce the variability of local measures and prevent unjustified or disproportionate interventions, which is particularly relevant for SMEs embedded in the STR or tourism ecosystems, focusing primarily on aspects related to legal certainty and to administrative simplification and rationalization[115]. At the same time, SMEs hosting STR rentals falling under the definition of professional hosts, as well as SMEs active in the STR ecosystem could be negatively affected where local authorities introduce any of the measures listed in the policy option, while on the other hand some accommodation providers, including hotels, guesthouses and B&Bs, could benefit from a partial reallocation of demand where restrictions reduce the supply of certain forms of STR accommodation.

An interesting point for this analysis emerges from the conclusion of the impact assessment concerning SMEs, which states that "SMEs active in construction, renovation, refurbishment and related services could also benefit indirectly where competent authorities choose to pursue measures to increase housing supply alongside restrictions, thereby stimulating additional housing development or the better use of the existing building stock"[116]. The Commission therefore identifies, as a potential positive impact of the proposed Regulation on SMEs, the effects on construction firms. These companies could indirectly benefit if the competent authorities were to adopt measures aimed at increasing the housing supply, alongside any potential restrictions.

Considering what has been extensively described in the preceding paragraphs, the Commission itself appears to suggest between the lines that, without an adequate social housing plan capable of narrowing the gap between supply and demand, the proposal would be less effective. Furthermore, the impact on SMEs – which are ultimately considered to be neutral or, at the very least, "mixed" – could potentially be more negative than currently anticipated.

Even with regards to the impact on tourism, it is argued that the proposed policy option would reduce legal uncertainty, that may facilitate interventions in sectors that depend on non-primary use of dwellings or investment from non-local property owners. Reductions in the volume or variety of STR accommodation would become more likely and more predictable in designated areas, reducing flexibility and choice in the most pressured destinations, and contributing to demand shifting towards other types of accommodation. While tourism-dependent businesses in some high-pressure destinations may experience adjustment costs, these effects – according to the Commission – would be accompanied by greater legal certainty and a more predictable framework for public intervention[117].

Annex 6 to the assessment document – which provides a general overview of the impacts on the small and medium-sized enterprises involved – reiterates the concepts mentioned and described above, while also offering a more in-depth look at businesses in the tourism sector that may be affected, including estimates based on Eurostat data. This includes restaurants and small hotels, auxiliary service providers such as management, cleaning and reception services, as well as property operations, property hardware, guest-facing tech, and other support services such as key exchange, luggage storage, insurance, mortgage and legal support[118]. Eurostat reports that in 2023, the EU tourism industries comprised 2.7 million enterprises, and more than 99% of tourism enterprises are SMEs. Applying the STR share in tourist accommodation activity gives an estimated about 510,000 to 612,000 tourism SMEs potentially exposed to local measures, depending on whether one uses the platform-mediated STR share or the broader all-STR share of tourism activity. Using a conservative estimate of 1.5 employees per SME, this corresponds to and around 766,000 to 918,000 indirectly affected SME employees. Using the broader tourism-sector estimate of 6 employees per SME, this corresponds to around 3.06 to 3.67 million indirectly affected SME employees[119].

Although these data should be understood as an indication of the maximum possible scope of SMEs and employees potentially affected by local measures – and the actual number of SMEs indirectly impacted by the proposal is likely to be substantially lower – the fact remains that the proposed Regulation could generate negative externalities for a very broad and diverse supply chain. Furthermore, the Commission's apparent view that the effects on this entire sector are neutral is, to say the least, puzzling.

Moreover, doubts were highlighted by SMEs themselves during the various consultative sessions organized by the Commission, from the consultation in the autumn of 2025, which took place while the European Affordable Housing Plan was still in preparation, to the call for evidence in April 2026[120]. In the field of STRs, the contributing SMEs (mostly hosts) agreed with large STR platforms that STR activity is not the main driver of the housing crisis and expressed a preference for focusing on vacant housing and on increasing housing supply rather than on more regulation on STRs at both local and European level[121].

Regarding owners who do not operate as a business – a group not accounted by the Commission's impact assessment – determining the effect of restrictive measures would require granular data on the properties in question. Furthermore, it is abundantly clear that such measures would have severe repercussions for owners who rely on the income generated by a second home to supplement their pensions or to strengthen their monthly earnings, which

112 Ivi, pp. 22, 24, 29.
113 Ivi, pp. 32-33.
114 COM(2026) 599 final, p. 8. The preferred option establishes "a common framework governing housing-related measures affecting internal market freedoms. It combines a common methodology for demonstrating housing stress with requirements concerning justification, proportionality, transparency and periodic review, while preserving national, regional and local discretion regarding whether and how to intervene".
115 European Commission, "Commission staff working document. Impact assessment report – Affordable Housing Act", 2026, p. 48.
116 Ibidem.
117 Ibidem.
118 Ivi, p. 108.
119 Ibidem.
120 See https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/17214-Affordable-housing-act_en.
121 Ivi, p.110.

have already been eroded by inflation.

Although focused exclusively on the Italian context, it is worth presenting the key findings from a study[122] conducted by NOMISMA for Airbnb, which provides significant data regarding the socioeconomic impact of short-term rentals. According to the study, the total impact generated by short-term rentals managed via Airbnb in 2023 – in terms of production value – is estimated at 7.9 billion euros. The short-term rental market creates a multiplier effect of 3, meaning that every euro invested in this sector triples in total value[123]. Furthermore, in terms of employment, the sector is estimated to have generated 54,426 full-time equivalent (FTE) jobs, thereby contributing positively to economic growth through the creation of new employment opportunities[124]. Finally, regarding the tourism sector, the analysis by NOMISMA demonstrates that short-term rentals help bridge a gap in accommodation capacity. Specifically, during peak seasons, if the segment of tourist demand currently served by short-term rentals were to rely solely on hotels, the existing hotel infrastructure would be unable to accommodate it, a scenario that would ultimately result in a negative impact on the economic returns for the local area[125].

4. EMPIRICAL ANALYSIS

Within the impact assessment for the proposed regulation are also included two case studies – Barcelona and Lisbon – where, over the years, restrictive measures have been imposed on short-term tourist rentals. The document notes that these measures did not lead to a corresponding decline in visitor numbers, thereby absorbing any negative impacts on the tourism supply chain[126]. However, what the document fails to mention – and what this analysis seeks to highlight – is that the implementation of these regulations has also given rise to significant negative externalities, which can, at least in part, be considered direct or indirect consequences of these policies.

Consequently, this analysis examines several local contexts – starting right from the cases of Barcelona and Lisbon – that have adopted restrictive measures on short-term rentals, yielding negative outcomes that diverge from the results originally anticipated by the respective local administrations. In Appendix A (pag. 39), a synoptic table compares the experiences described here.

4.1 Barcelona: the block on the issuance of new licenses has led to a sharp increase in costs, for both rents and housing

In 2014, the City of Barcelona introduced a moratorium on tourist accommodation licenses, which severely restricted the ability of everyday citizens to share their homes, based on the idea that a clampdown was necessary to address housing and overtourism challenges. A decade later, official data shows that while short-term rentals numbers have fallen, challenges related to housing and overtourism are worse than ever[127]. Specifically, according to municipal data, the cost of rent has increased by 70% (from €688 in 2014 to €1,166 in 2024), while the average price of a home has risen by 60% (from €2,304/m² in 2014 to €3,788/m² in 2024)[128].

122 Nomisma for Airbnb, “Housing in Italia e il ruolo delle locazioni brevi”, 2024.
123 Ibidem.
124 Ibidem.
125 Ibidem.
126 European Commission, “Commission staff working document. Impact assessment report – Affordable Housing Act”, 2026, p. 54.
127 Airbnb, “Calling on Barcelona to rethink short-term rental rules as legacies of 10-year clampdown revealed”, 2024, https://news.airbnb.com/airbnb-calls-on-barcelona-to-rethink-short-term-rental-rules-as-legacies-of-10-year-clampdown-revealed.
128 See https://portaldades.ajuntament.barcelona.cat/en/report/housing; https://portaldades.ajuntament.barcelona.cat/ca/estad%C3%ADstiques/bxtvnxvukh.

Furthermore, despite prohibitions and stringent oversight, a study[129] based on observations in regulated areas of Barcelona shows that the demand for short-term rentals – as measured by the number of reviews – has continued to grow. This demonstrates, on one hand, that such bans can evade enforcement, leading to an increase in informal, unregulated activity (and, consequently, a lack of oversight); and, on the other, that these restrictions serve to protect the rental income of those who already hold a license[130].

4.2 Lisbon: The decline in property values and the sharp rise in hotel rates have prompted the administration to back down

In November 2018, the city of Lisbon introduced a municipal regulation that blocked new registrations for tourist accommodations in certain historic districts, triggering a “rush to the counter”: in the quarter leading up to the law’s approval, new registrations surged by 46.4 percent[131]. The ban, however, resulted in an 8 percent – and in some cases, up to 20 percent – decline in property sale prices. Consequently, the affected areas lost value compared to neighbouring districts, as the ban eliminated the possibility of renting out properties to tourists[132]. By 2025, considering the emerging data – meanwhile, hotel prices had skyrocketed, climbing 30% between 2022 and 2024 alone[133] - the Lisbon City Council decided to lift the restrictions on short-term rentals. The measures had not only failed to meet the expectation of making housing more affordable but had caused negative repercussions for both the real estate market and the accessibility of tourism[134].

4.3 Amsterdam: Residents’ concerns about overtourism have led to the decision to set maximum limits on overnight stays

Broadening the scope to include other local authorities that have introduced restrictive measures regarding short-term rentals, one interesting case concerns the city of Amsterdam. Among the submissions sent to the Commission during the call for evidence in relation to the proposed Regulation is one from the Amsterdam Gastvrij[135] association, which represents small-scale hosts engaged in short-term rental activities between private individuals (referred to as “peer-to-peer” rentals). Evidence from the city of Amsterdam is particularly relevant for the proposed initiative. The housing crisis is particularly acute and pressure from tourism is relatively high. Nonetheless, the regulation of short-term rentals is stricter than required for the protection of the housing stock. STRs are limited to primary residences (“holiday rental”) or subordinate parts of primary residences (“B&B’s”), and account for approximately 1.5% of housing units[136]. As acknowledged by the city administration[137], existing STR policies do not affect the housing supply or house prices. It states that the primary drivers for increasing house prices are scarcity and fiscal policies. Rents in Amsterdam have risen sharply despite a drop in STR activity by more than 50%[138]. Nonetheless, the city administration continues to implement further restrictions that do not appear to be in line with the Services Directive[139]: for example, the city has imposed an authorization scheme for B&Bs with quota in each of the 110

129 Benítez-Aurioles, B., “A Proposal to Regulate the Peer-to-Peer Market for Tourist Accommodation”, International Journal of Tourism Research, 2021, 23(1), pp. 70-78.
130 Istituto Bruno Leoni, “Affitti brevi: Il divieto che non fa spazio”, p. 4, 2026.
131 Duarte Gonçalves, Susana Peralta e João Pereira dos Santos, “Short-Term Rental Bans and Housing Prices: Quasi-Experimental Evidence from Lisbon”, IZA, Discussion Paper n. 15706, 2022.
132 Istituto Bruno Leoni, “Affitti brevi: Il divieto che non fa spazio”, p.3, 2026.
133 Instituto Nacional de estatistica, evoluzione dei prezzi medi degli hotel tra il 2022 e il 2024, https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_indicadores&contecto=pi&indOcorrCod=0013207&selTab=tab0
134 Airbnb, “Lisbon overturns short-term rental rules that failed to cut housing costs”, 2025, https://news.airbnb.com/lisbon-overturns-short-term-rental-rules-that-failed-to-cut-housing-costs
135 Amsterdam Gastvrij, Affordable Housing Act - call for evidence, 2026.
136 Ibidem.
137 Gemeente Amsterdam, Dienst Onderzoek, Informatie en Statistiek, “Toerisme MRA 2024-2025”, https://onderzoek.amsterdam.nl/publicatie/toerisme-mra-2024-2025
138 Amsterdam Gastvrij, Affordable Housing Act - call for evidence, 2026.
139 Bolkestein Directive (2006/123/CE).

neighbourhoods. These quotas have been lowered three times since the authorization scheme was implemented in 2020[140]. Restrictions on short-term tourist rentals are justified by citing the results of a two-year survey conducted among the citizens of Amsterdam. However, there is no statistically significant correlation between the actual level of short-term rental activity in any neighbourhood and the degree of disturbance perceived by residents of that same neighbourhood. Rather, the findings appear to reflect a general negative sentiment toward international tourism[141].

4.4 Berlin, Hamburg and Munich: a limit on the number of rental days with negligible consequences in terms of a shift from short-term to long-term rentals

The German cases of Berlin, Hamburg, and Munich confirm that capping the number of days a property can be rented out does not yield the hoped-for results. While the German capital's decision in May 2016 to fully enforce a ban on using residential properties for tourist rentals without authorization from the local district authority increased the supply of long-term rental housing, the 2018 policy – which allowed for the rental of primary residence and second homes for up to 90 days per year – failed to produce any measurable impact on that same market, and thus resulted in no additional housing supply for residents[142]. This kind of restrictions have not had any impact on rental rates either, as demonstrated by the cases of Hamburg and Munich, where annual limits were imposed (specifically, 56 days for primary residences in Hamburg, and for both primary and secondary residences in Munich)[143]. Using Airbnb data from 2015 to 2019 regarding rental prices in these three German cities, firstly it has been shown that there was no statistically significant decrease in residential rents, not even in neighbourhoods with the highest concentration of Airbnb listings. In fact, negative effects were even observed for those who were already renting out their properties below the legally permitted threshold, with a decline in bookings ranging from 26 to 51 percent. Secondly, the number of properties that shifted to long-term rentals is estimated at 185 in Munich and 1,067 in Hamburg, negligible in relation to the overall demand for housing[144].

4.5 New York: The registration requirement has led to rising rents and an increase in hotel rates, with no improvements in the housing supply

Another interesting case concerns the City of New York. In 2023, the municipal government decided to act – via Local Law 18 – by introducing regulations more restrictive than the city's existing rules on short-term rentals. This requires hosts to register with the Mayor's Office of Special Enforcement and prohibits booking platforms from processing transactions for short-term rentals that are not officially registered[145]. Two years after the restrictions, The Wall Street Journal compared the 38,500 units available on Airbnb at the start of 2023 with the approximately 3,000 legal short-term rentals active in 2025—noting only rising rents and limited availability, with few properties shifting to monthly rentals and no improvement in the overall housing supply[146]. Furthermore, given steady tourist demand and a lack of adequate, lower-cost alternatives, hotels have benefited from reduced competition: average rates reached $283 in July 2025, a 7 percent increase compared to two years earlier[147]. The existence of a causal link between the two phenomena is also evidenced by the lobbying expenditure in the US attributable to the hotel sector. In 2023, lobbying expenditure by the hotel sector was approximately twenty times that of Airbnb and other short-term rental platforms. Hoteliers have a direct interest in supporting restrictions aimed at eliminating some of their competition[148].

4.6 Edinburgh: while the effects of restrictions increase rental prices, an analysis of the impact on short-term rentals demonstrates the enormous importance of the sector on the city's economy

The City of Edinburgh is one of two short-term let control areas in Scotland. In addition to the requirement to obtain a license to operate as a short-term let, wholly let premises must also obtain 'change of use' planning permission. The whole of the City of Edinburgh Council area has been designated as a short-term let control area"[149]. With tighter restrictions on short-term lets, in addition to a unique housing market in the city, this makes the City of Edinburgh an interesting area to research the impacts of the sector on the local economy and housing market. According to BiGGAR Economics[150], the most evident (and expected) result to emerge from the study is that using properties for short-term rentals generates greater economic activity than using them for residential purposes[151]. The annual Gross Value Added (GVA) associated with an average owner-occupier or private rented residential household in Edinburgh is £13,266, supporting one-tenth of a job in the city economy, while for a 2-bedroom short-term let, the average annual GVA is at least £45,818 GVA, supporting 1.2 jobs in the city economy[152]. Furthermore, Guests staying in short-term lets spend more than the average visitor to Edinburgh, supporting economic activity in sectors associated with tourism and hospitality: the short-term let accommodation sector is estimated to generate £154 million GVA and support 5,580 jobs across Edinburgh[153]. If the share of dwellings accounted for by short-term lets changed by even a fraction of a percentage, this would have large implications for the economic activity supported in the local tourism economy. According to the estimates from the study conducted by BiGGAR Economics, a 0.5% increase would result in short-term lets generating £194 million GVA for the local economy (an additional £40 million), while a 0.5% decrease would result in short-term lets generating £97 million GVA for the local economy (a loss in economic activity of £57 million)[154]. Since the introduction of the license, Edinburgh has also seen a consistent increase in property and rental prices and in the volume of vacant dwellings[155].

4.7 Florence: The restrictions on short-term rentals in the historic centre and surrounding areas do not seem to be yielding the hoped-for results, as rental prices continue to rise while property sales have plummeted

The first case of an Italian city adopting restrictive measures regarding short-term rentals follows the enactment of the Consolidated Act on Tourism (Law no. 61/2024) by the Tuscany Region on December 31, 2024[156]. This legislation empowers municipalities with high tourist density – as well as provincial capitals – to establish regulations defining criteria and limits for short-term tourist rentals, making the operation of such rentals contingent upon obtaining a specific authorization[157]. Consequently, on May 31, 2025, the Municipality of Florence adopted the "Regulation for Short-Term Tourist Rentals"[158]. Under Article 2, this regulation

140 Amsterdam Gastvrij, Affordable Housing Act - call for evidence, 2026.
141 Ibidem.
142 Tomaso Duso, Claus Michelsen, Maximilian Schaefer e Kevin D. Tran, "Airbnb and Rental Markets: Evidence from Berlin", Regional Science and Urban Economics, 2024, 106, 104007.
143 Istituto Bruno Leoni, "Affitti brevi: Il divieto che non fa spazio", p.3, 2026.
144 Patrick Gauß, Sonja Gensler, Michael Kortenhaus, Nadine Riedel e Andrea Schneider, "Regulating the Sharing Economy: The Effects of Day Caps on Short- and Long-Term Rental Markets and Stakeholder Outcomes", Journal of the Academy of Marketing Science, 2024, 52, pp. 1627-1650
145 Marsella A., "Short-term rental restrictions and rents: evidence from New York City", Berry College, 2026
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148 Ibidem.
149 https://www.edinburgh.gov.uk/business/short-term-lets-edinburgh.
150 https://biggareconomics.co.uk/about-us.
151 BiGGAR Economics (2024), "Economic Impacts of Short-term Lets in Edinburgh".
152 Ibidem.
153 Ibidem.
154 Ibidem.
155 Ibidem.
156 Tuscany Region, Law no. 61/2024 https://raccoltanormativa.consiglio.regione.toscana.it/articolo?urndoc=urn:nir:regione.toscana:legge:2024-12-31;61.
157 Ibidem.
158 City of Florence, "Regulation for Short-Term Tourist Rentals", 2025: https://www.comune.firenze.it/system/files/202505/Regolamento_per_le_locazioni_turistiche_brevi_31052025_0.pdf

mandates that anyone wishing to engage in short-term tourist rentals within the territory of the Municipality of Florence must hold a five-year authorization for each property unit intended for such use. This authorization is issued by the Municipality to the owner, subject to a series of conditions set out in the same article[159]. Furthermore, Article 8 of the regulation imposes a strict limit on short-term rentals within the area or homogeneous zone designated as the "Historic Core" (Zone A of the municipal operational plan), stipulating that "the number of short-term rental operations for tourism purposes – including those conducted on a commercial basis – is restricted exclusively to those real estate units that were already being used for short-term rentals during the course of 2024"[160]. On June 4, 2026, the City Council also approved an extension of the moratorium on new authorizations to include areas surrounding the historic centre – designated as sub-zones A3 and A4 in the municipal operational plan – as part of a resolution titled "Additions to the Regulations for Short-Term Tourist Rentals"[161]. This decision was prompted by monitoring conducted in areas immediately adjacent to the historic centre, which revealed a "spillover" effect: the pressure from tourist accommodation was shifting into neighbourhoods right next to the centre, thereby demonstrating an initial, unintended negative consequence of the measures previously implemented by the administration[162]. Although the regulations for short-term tourist rentals (and subsequent amendments) have been in effect for a too short period to draw definitive conclusions, some initial indicators suggest that, for the time being, the outcomes have not met the Municipality's expectations. According to the latest report from the Italian Revenue Agency's Real Estate Market Observatory (OMI) covering the first half of 2026, while the broader Italian real estate market remains robust – with all major provincial capitals showing an increase in property sales – two cities stand out for a negative trend: Palermo (-2.6%) and, most notably, Florence, which has experienced a sharp decline (-8.3%)[163]. This data becomes even more significant when compared to the data from the first half of 2025: a year earlier, property sales in Florence had risen by nearly 4% (relative to 2024), demonstrating that this abrupt reversal, unique among major cities, is entirely anomalous rather than a continuation of an existing trend[164]. Furthermore, data from Immobiliare.it indicates that, as of September 2026, housing prices have risen by 2.4% compared to the previous year, while rental costs have increased by 2.3%. With an average price of 21.75 euros per square meter, Florence ranks second in Italy, trailing only Milan[165]. Finally, Immobiliare.it forecasts a surge in rental prices within the city of nearly 6.6% for the first half of 2027[166].

4.8 Good practices in the provision of social housing

In addition to the negative externalities mentioned above which affect the housing market, hosts, and tourism, it is worth highlighting examples of good practice regarding the provision of public social housing. Notable among these are the Austrian and Dutch models, which feature housing provision based on limited-profit principles.

In Austria, revolving funds[167] support the development and maintenance of the social housing stock. Approximately 40% of a typical project is financed through bank mortgage loans with a maturity of 25 years (1.5% interest rate), with the remainder financed with public loans (35-year maturity and 0.5-1.5% interest rate) and equity contributions from housing associations, which are structured into cooperatives and joint-stock companies (Gemeinnützige Bauvereinigungen

159 Ibidem.
160 Ibidem.
161 https://www.comune.firenze.it/novita/area-stampa/comunicati-stampa/modifica-al-regolamento-affitti-turistici-brevi-il-consiglio.
162 https://sni.unioncamere.it/notizie/firenze-stretta-sugli-affitti-brevi-il-blocco-si-allarga-fuori-dal-centro-storico.
163 Agenzia delle Entrate - Osservatorio Mercato Immobiliare, publication n.2/2026: https://www.agenziaentrate.gov.it/portale/documents/d/guest/statisticheomi_res_ii_2026.
164 Agenzia delle Entrate - Osservatorio Mercato Immobiliare, publication n.2/2025: https://www.agenziaentrate.gov.it/portale/documents/d/guest/statisticheomi_res_ii_2025.
165 https://www.immobiliare.it/mercato-immobiliare/toscana/firenze/.
166 https://www.condominionotizie.it/affitti-bnb/affitti-brevi-firenze/.
167 Revolving Fund: a public or private financial instrument that finances projects or businesses through self-replenishing resources, as repayments by beneficiaries flow back into the fund and allow new loans to be granted to other projects.

– GBV)[168]. The Limited-Profit Housing Act sets out the key governance principles for housing associations, including a limitation of nominal capital paid out to shareholders of 3.5%, a calculation of prices based on actual costs, a continuous reinvestment of capital and a regular audit of the efficient use of resources and the compliance with the Limited-Profit Housing Act[169]. The business model of housing associations is based on cost-recovery and a continuous re-investment of any surpluses into new construction or renovation. This means that a housing association is legally required to charge the cost it takes to build and maintain a house[170].

The Dutch case, which represents the most extensive model of social housing in Europe, with nearly 30% of the national housing stock consisting of social housing, is built around the pillar of Woningcorporaties: independent, non-profit organizations responsible for the construction, maintenance, and management of social housing in the country[171]. As for the Austrian case, the Dutch housing associations – whose portfolios range from 400 units to over 80,000 units – do not receive any direct subsidy from the government to fund their activities. Instead, their operations are sustained by revolving funds of rental income. Excess rental revenue together with long-term loans and equity from unit sales fund new social housing construction[172]. These features of the Dutch social housing system – that it is a decentralized system of non-profit organizations independent from the state; that they own almost one-third of the country's housing and keep it off of the market; and that the system requires no direct state subsidy – make this system a fascinating case study for countries around the world looking for new models to address affordable housing crises[173].

5. CONCLUSIONS AND RECOMMENDATIONS

From a methodological point of view, numerous doubts have emerged regarding the use of the chosen list of indicators both in terms of the effectiveness of the indicators themselves in representing the phenomenon that we want to fight and in terms of the comparability, granularity and availability of the data themselves.

Regarding the impacts on stakeholders within the tourism supply chain on one hand, and on the availability of affordable housing on the other, restrictions on short-term rentals – at best – can only return a marginally significant number of units to the residential housing stock relative to actual demand. Conversely, the associated costs fall squarely on micro, small, and medium-sized enterprises within the tourism sector, as well as on the local economies of areas with a strong tourism focus, the locations most likely to be designated as "strained" or "high-pressure" zones. This asymmetry is further exacerbated by the decision to rely on non-binding policy instruments. It confirms that the use of restrictive measures – which act downstream and solely on the side of tourism demand – cannot in any way serve as a substitute for measures aimed at increasing the supply of affordable housing.

Furthermore, instances where attempts have been made to impose restrictions on the short-term rental market demonstrate that the negative externalities generally outweigh any beneficial effects on the private housing supply. Persisting with the current approach would not only undermine the very core of the principle of free movement but would also perpetuate

168 OECD (2020), "Social housing: A key part of past and future housing policy", Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, http://oe.cd/social-housing-2020.
169 Ibidem.
170 Ibidem.
171 Harvard University, Joint Center for Housing Studies, "The People's Housing: Non-profit Social Housing in the Netherlands", 2023.
172 Ibidem.
173 Ibidem.

a significant "competitive disadvantage" for the European economic system. This concerns both the ability of the most dynamic areas to attract students and workers, and the micro, small, and medium-sized enterprises within the tourism and non-hotel accommodation sector, upon which such restrictions would fall disproportionately, given their actual contribution to housing demand.

We therefore need to change course, with coordinated national action to support social housing and sustainable access to housing in areas under housing stress, rather than restrictive regulation, along the lines of the recommendations set out below:

a) first identify the territories in which accessible supply is lacking and the demand categories uncovered, based on the groupings of countries and territorial differences highlighted above, and direct targeted interventions agreed with the Member States, regional and local authorities;

b) extend eligibility criteria for accessible housing to include middle-income groups and individuals relocating for study or work purposes following the model already permitted under the regulations for services of general economic interest, while ensuring long-term use restrictions and the preservation of the public housing stock, with the full reinvestment of proceeds from any disposals into the creation of new housing supply[174];

c) sustain university residence programs beyond the horizon of the Recovery and Resilience Facility, and direct available resources – from the €375 billion provided by banks and national promotional institutions to the mid-term review of cohesion policy and the next multiannual financial framework – toward areas with the greatest shortfall in affordable housing supply[175];

d) prioritize the use of incentives for renting to young people, by reducing or adjusting the taxation on rental income;

e) assess affordability in terms of total housing costs, including energy costs, while prioritizing the direction of the Social Climate Fund toward the renovation of social and affordable housing stock[176];

f) considering – beyond a mere reference to public debt sustainability[177] – favourable treatment for public investment in affordable housing within the framework of European fiscal rules, along the lines of the approach taken for defence spending[178]. This would entail distinguishing between a temporary derogation from public finance targets and the accounting exclusion of such expenditure from the deficit;

g) provide that the designation of the areas under tension is accompanied by a program of accessible offer;

h) Complement the Price-to-Income Ratio (PTI), used as the initial screening indicator for housing stress under Article 6 of the proposed Regulation, with separate indicators for the homeownership and rental markets. These indicators should capture the burden of housing costs relative to income and housing accessibility across different socioeconomic groups. The methodology should also assess the robustness of housing-stress classifications when alternative indicators are applied, thereby enabling the identification of the different underlying drivers of housing stress;

i) Complement the PTI with indicators reflecting the cost and accessibility of mortgage credit, in order to provide a more comprehensive assessment of effective home-purchase affordability for different categories of households;

j) Assess the sensitivity of the PTI to differences in the geographical scale of the data by comparing housing-stress classifications based on NUTS 2 income data with those derived from income data or estimates at NUTS 3 level. The analysis should quantify any discrepancies and determine whether the use of geographically consistent data changes the identification of housing-stressed areas.

174 See Decision (EU) 2025/2630, cit.; Recommendation (EU) 2026/2069, cit., recital 16; for national schemes.
175 See COM(2025) 1025, cit., Pillar II, Action 4 (EUR 375 billion from national promotional banks and institutions by 2029) and Action 9.
176 Regulation (EU) 2023/955 establishing a Social Climate Fund, applicable 2026-2032.
177 See COM(2025) 1025, cit., Action 4 (guidance to Member States on financial and legal solutions for social and affordable housing "taking into account public debt considerations").
178 Regulation (EU) 2024/1263, Article 26 (national escape clause), activated in 2025 for defence expenditure

Appendix A: synoptic table

CITY	Year of adoption of the restrictions	Type of restrictions	Principal effects
Barcelona	2014	Moratorium on tourist accommodation licenses	Cost of rent has increased by 70%, while the average price of a home has risen by 60%
Lisbon	2018	Blocked new registrations for tourist accommodations in certain historic districts	8% (in some cases, up to 20%) decline in property sale prices; hotel prices climbing 30% between 2022 and 2024 alone
Amsterdam	2014	Maximum limits on overnight stays	Rents have risen sharply despite a drop in STR activity by more than 50%
Berlin, Hamburg and Munich	2018, 2019, 2018	Limit on the number of rental days	Not statistically significant decrease in residential rents; Negligible consequences in the transition from short-term rentals to long-term rentals
New York	2023	Hosts to register with the Mayor's Office of Special Enforcement	Rising rents and no improvement in the overall housing supply; increase in hotel rates by 7% in 2 years
Edinburgh	2022	Requirement to obtain a license to operate as a short-term let and change of use planning permission	Consistent increase in property and rental prices and in the volume of vacant dwellings; Strong potential negative effects on local economy
Florence	2025	Five-year authorization issued by the municipality; Strict limit in the historic center and surrounding areas	Spillover effect; Rental prices continue to rise while property sales have plummeted

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