

Affordable Housing Act

New EU rules to help local authorities tackle the housing crisis

September 2026

Housing has become too expensive for many people in the EU. For 51% of Europeans living in cities, housing affordability is an immediate and urgent problem. Across the EU and within Member States, the housing crisis looks different. How housing is used matters. In some cities, metropolitan areas, islands and tourist destinations, a significant share of housing is used for short-term rentals or in other ways that keep them off the long-term market.

The Commission's [Affordable Housing Act](#) gives public authorities greater legal certainty to protect housing affordability and availability in areas facing the greatest pressure. For the first time, it provides **a common European framework for identifying areas under housing stress** and for justifying targeted, proportionate action. Decisions about housing policy remain with national, regional and local authorities.

The Affordable Housing Act delivers on the [European Affordable Housing Plan](#) adopted in December 2025, which combines actions on investment, housing supply, simplification and better use of existing buildings. The accompanying [recommendation](#) helps authorities accelerate housing supply.



In **central Madrid**, for every 100 homes in the long-term rental market there are 40 short-term rentals



In **Zagreb** **>19%** of dwellings are unoccupied



In **Malta**, **>60%** of short-term rentals are managed by hosts with 2 or more listings

The Affordable Housing Act

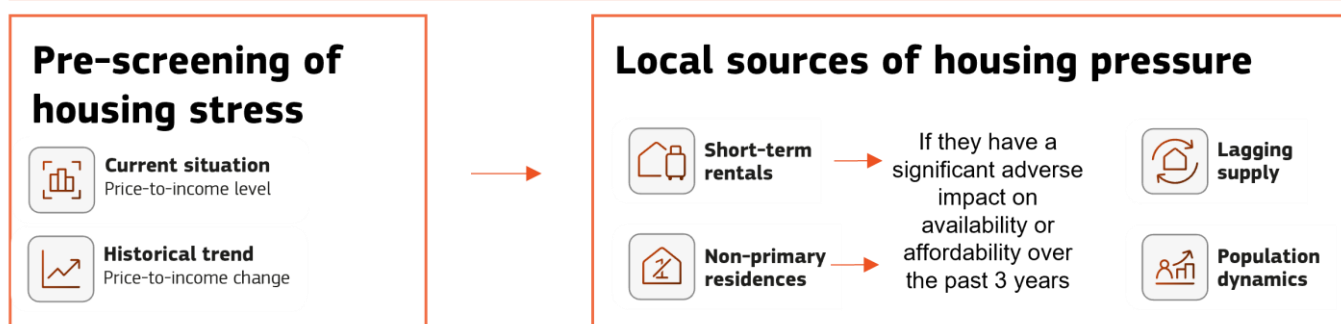
A new framework helping authorities to identify areas under **housing stress** and take proportionate and targeted action to make more homes available, and more affordable.



Areas under housing stress

Competent authorities **can identify** an area as under housing stress, if the price-to-income level is high **or** it has been rising for the past 10 years.

Assess housing stress



Clearer rules for action

If authorities choose to act

Any restriction must meet common EU requirements:

- ✓ Evidence-based necessity
- ✓ Calibrated
- ✓ No less restrictive alternative
- ✓ Limited to areas affected
- ✓ Not retroactive, with transitional arrangements

Safeguards

A number of criteria will protect citizens and businesses.

- ✓ Legal certainty and legitimate expectations
- ✓ Limited duration and review
- ✓ Transparency and contestability
- ✓ Protection for primary residences
- ✓ Non-discrimination

Accelerate housing supply

Address the structural causes of housing stress by unlocking land and modernising planning and construction processes.

