

Where shall we all live?

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Environmental policy versus EU housing

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Executive Summary

Across the EU, the housing sector is in crisis. There is clearly a growing number of people requiring housing but there are too few houses being built. It is a simple equation that ought to be straightforward to resolve. After all, there are around 7.6 million people working in the construction industry in the EU (4% of all EU employment) and even though 435,000 construction jobs were lost as a result of lockdown, this remains a considerable productive force.¹ And yet, in 2022, across the EU, some 900,000 people were homeless² on any given night.

While some countries are gearing up to automate aspects of the construction sector, it seems that it will still be a labour-intensive business for some time to come – and it is one that is clearly underperforming.³ This is not, predominantly, a workforce issue. There are many factors affecting this inability to build sufficient homes, including:

- immigration, as population pressures push the quantity of housing needed ever upwards
- materials prices and labour availability as inflation and skills shortages impact the industry

- planning legislation that impose restrictions on building work
- demographics, as family homes give way to single-person apartments. The EU claims that, across the EU, the “trend is towards households consisting of persons living alone, single parents and couples without children”⁴
- the overall performance of the economy

This report, however, sets out to explore the impact of lesser-acknowledged factors – sustainability policy and environmental restraint that are having an impact on housing provision and the output of the construction industry more broadly. On a philosophical and policy level, environmentally restrictive practices and limits to the growth of material ambition are exacerbating the problem across Europe. The impact of carbon-reduction and energy-saving is adding start-up costs to housing that are hitting poorer countries hardest.

This report explores the influence of EU environmental initiatives on member states. Most importantly, it looks at some of the differential impacts on wealthier and more developed economies compared to a number of those in eastern and southern Europe.

Policy recommendations

- Repeal the EPBD that sets the target for climate-neutral building stock by 2050. If it needs to be retained in some form, allow member states the choice of their date of compliance as their social and economic progress allows
- Encourage rather than discourage development. Regardless of the financial and policy restraints on development, we believe that the “concept” of development needs to be reinvigorated. At present, development (eg, Sustainable Development Goals) is typically inseparable from its prefix “sustainable”⁵
- Challenge the degrowth agenda; place growth, development, and construction efficiency at the centre of debate
- All housing – whether new, traditional, refurbished, renovated, prefabricated, modular or otherwise – should be determined by need not by a central focus placed on emissions and energy calculus
- EU green policies, including low-carbon housing, can be part of the mix, but should not be mandated
- Remove blanket demands that existing housing and apartments should incorporate environmental measures – from heat pumps to ecological boilers, from solar panels to waste recycling. As one recent book explains, sustainable-development rhetoric encourages opportunities for the

“institutionalisation of interventionism” in the business of weaker states and personal lives, where “‘human development’, freedom and autonomy are foregrounded but development lacks a transformative or modernising material content”⁶

- Retrofit has its place, but new housing should be seen as a priority over the remediation and refurbishment of old stock. Inadequate properties need to be demolished and replaced with better standards of construction
- Material improvements to existing and proposed stock – remedial or off-plan – should be determined by the owners and purchasers themselves. Aside from each individual state’s responsibility to set sensible standards of insulation, ventilation and energy efficiency for new-build housing, developers, builders and purchasers should determine their own priority portfolio of environmental improvements
- Urgent national debates on housing should be convened as soon as possible, driven by quantifiable need, location and provision, and not by statistics on climate change, energy inputs and carbon emissions
- Set realistic but aspirational construction targets and let national governments and markets hold their relevant industries – public or private – to account for their delivery

- The role of the state is to prioritise the design and construction of key and shared infrastructure, including new and improved reservoirs, road networks, materials suppliers, drainage, power plants, and other utilities and services. This may be a long-term strategic goal, but the political will needs to be set as a matter of urgency, determined by member states' current and predicted economic development

Note

The disparities between richer and poorer nations cannot be overlooked in this debate. The wealthier member states, predominantly in the north of Europe, are setting environmental targets that cannot and should not be visited on poorer, emerging states. The combined GDP of Bulgaria, Croatia, Lithuania, Serbia and Estonia is equal to just one-tenth of France's GDP alone. The combined GDP of Poland, Hungary and Romania is equal to one-quarter of Germany's. Environmental edicts that push member states into positions that they find economically unsustainable must stop. Richer nations telling poorer ones how to behave – environmentally, economically and morally – is a recipe for disaster.

Key points

- **There are about 7.6 million people working in the construction industry in the EU** (4% of all EU employment) and even though 435,000 construction jobs were lost as a result of lockdown, this remains a considerable productive force
- In the UK one property specialist, Jones Lang LaSalle, predicts that **there will be a cumulative shortfall of 720,000 homes between 2023 and 2028**, “plunging the UK towards an ever-worsening supply crisis”
- A 10-year-old survey by Savills notes that **the European average dwelling size is 96m²**, with the Netherlands at 106.7m² and Denmark with the most spacious homes at 115.6 m²
- **The Netherlands needs to build around 75,000 homes each year to provide for its needs.** However, this target figure had to be significantly reduced by 40 per cent in 2019–2020 due to the need to mitigate nitrogen emissions associated with its construction industry
- **The German government said it would build 400,000 new homes every year and has managed to provide just half of that total.** At the moment it has a shortfall of around 600,000 much-needed apartments and this is predicted to rise to 830,000 by 2027

KEY POINTS

- The demographics are complicated by a significant influx of migrants to European member states in recent years, with **1.6 per cent (seven million) of the EU population now classified as refugees**. Germany, for example, is now home to 2.6 million refugees and 'other people in need of international protection'.
- **Approximately 9.1 per cent of non-EU immigrants are employed in the construction industry**, helping to build much-needed homes, but also helping to occupy them
- **There is reputedly a shortage of 800,000 apartments in Germany, and last year just 245,000 apartments were built**, yet by 2024 Germany had an annual influx of 266,224 undocumented immigrants, a 33.4 per cent increase on 2022
- **The EU imposes 'sustainable construction' mandates on member states' house-building targets and demands that from 2030, all new buildings must be zero-emission**. It also imposes limits on existing residential buildings demanding that renovation work begin immediately to reduce the energy burden on houses by 16 per cent by 2030 and 20–22 per cent by 2035

1 Introduction

It has long been recognised that a number of countries in the world are unable to provide sufficient decent homes for their populations due to a combination of factors including inadequate funding, general underdevelopment, instability, or political will. For example, Bangladesh requires around 250,000 new homes each year⁷ to deal with demand, nearly 50% of Nepal's population lives in substandard housing,⁸ while there are around 500,000 homeless families in Afghanistan.⁹ Meanwhile, Africa requires at least 50 million homes to meet their desperate needs with Nigeria alone facing a shortfall of around 17 million homes.¹⁰

But it's not just the underdeveloped world that has a housing deficit. The developed world also faces a very real dilemma where, in the past five years, the three largest economies in Europe – France, Germany and the UK – have managed to undersupply a combined total of over 1.5 million homes.¹¹ In the UK one property specialist, Jones Lang LaSalle, predicts that there will be a cumulative shortfall of 720,000 homes between 2023 and 2028, “plunging the UK towards an ever-worsening supply crisis”.¹²

1.1 Housing issues in Europe

Currently, France has the lowest house-building figures since 2010,¹³ which was already low as a consequence of the sub-prime housing crash

in America a few years earlier. The German government said it would build 400,000 new homes every year and has managed to provide just half of that total.¹⁴ At the moment it has a shortfall of around 600,000 much-needed apartments and this is predicted to rise to 830,000 by 2027.¹⁵

More broadly, over the past three years there has been a shortfall of around 25% in housing provision in Spain compared to housing need. Poland records that 41% of the population with dependent children are living in overcrowded conditions.¹⁶ In Ireland (with a population of five million) 75,000 people are homeless.¹⁷ In Italy, the number of people engaged in the construction sector has declined by 25% in the past 15 years. Sweden has seen a 37% decline in housebuilding in 2023.¹⁸ And in Belgium, its housing sector is reported to be on the brink of collapse.¹⁹ The general statistics across the EU have undoubtedly been distorted by the increased burden of immigration, but this doesn't explain the low levels of actual, physical building.

As populations grow, so the need for housing increases. Levels of urbanisation tend to reflect a country's development with more people able to live in cities. However, the demographic makeup of cities has changed as family houses, which used to be a standard aspiration, have tended to give way to single person or two-person apartments for younger people. The average home ownership (houses and apartments) across the EU is still 70% but this is not uniform across member states: the most developed economies like Germany have 47% of home ownership with the remaining 53% renting, whereas Romania has 95% of homes owned and just 5% renting. Of course, this doesn't tell the full story of the quality of the properties with 40.5% and 36.2% of Romanian and Bulgarian homes respectively classified as overcrowded, while the least overcrowding was found in the Netherlands (2.9%).²⁰ Furthermore, Romania's high property ownership is, in part, a result of the state releasing cheap properties onto the market after the

collapse of Nicolae Ceausescu's regime, during which the state had owned 70% of all apartments.²¹

A number of Scandinavian countries are projected to see a big increase in populations per se, reflected in significant urban expansion by 2050: 28% urban growth in Norway, and 25% in Sweden. Malta will see the biggest population increase with 35.4% growth and Ireland will see an increase in both urban and rural populations by 30%. Conversely, there will be a steady decline in rural and urban populations in Hungary (-3%, -12% respectively), Bulgaria (-21%, -27%), and Romania (-16%, -25%).²² The Baltic states are

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also predicted to witness significant shifts in both rural and urban populations as gross populations shrink due to emigration and lower fertility rates.²³ Estonia should compensate for its

18% rural decline with equal and opposite urban expansion, while Latvia will see 18% urban population shrinkage but also a 38% rural decline. Lithuania is predicted to witness a 2% decrease in its urban population, but a 42% decline in rural populations.²⁴

1.2 Housing and immigration

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population now classified as refugees. Germany, for example, is now home to 2.6 million refugees and “other people in need of international

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protection”.²⁵²⁶ Approximately 9.1% of non-EU immigrants are employed in the construction industry, helping to build much-needed homes, but also helping to occupy them.

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a shortage of 800,000 apartments in Germany, and last year just 245,000 apartments were built, yet by 2024 Germany had an annual influx of 266,224 undocumented immigrants, a 33.4% increase on 2022.²⁷²⁸

2 Degrowth

It is clear that Europe needs to start building to solve very real issues, but construction activity itself is under fire for its wider impact on the planet. Whereas the poorest parts of the world are deemed to have an inadequate supply of housing as a consequence of their economic and social underdevelopment, the West has developed a critique of overdevelopment – the idea that we have too much. This state of affairs has undermined the very essence of development and construction.

According to *Nature* magazine, the so-called degrowth agenda will enable countries – especially those with strong capital reserves – to abandon economic growth in order to create prosperity.²⁹ In other words, we should protect the earth rather than provide for humanity's desires.

And since to build is to expend energy, cause waste and give rise to emissions, this forces us to conclude that we shouldn't hit our housing targets.

Twenty-first century environmental Malthusians advocate reducing housing need rather than increasing housing provision. It all sounds so reasonable. After all, a recent survey calculated that there might be 36 million empty homes across Europe, more than enough to house the numbers needing houses, many times over.³⁰ But of course, these tend to be run-down houses in rural areas with little to recommend them except as cheap investments. This is evidenced by deserted villages in Italy, Spain selling off houses for €1.³¹ Many other European authorities are increasingly encouraged to requisition unoccupied housing stock for re-use, and are restricting demolition to avoid

building new (“to ensure that bulldozing buildings is an absolute last resort”).³² Whatever the possibility of refurbishment and upgrades, the requirement for many more new builds – in the right place – is essential.

2.1 Alternative solutions to building new homes

Meanwhile, activists are promoting communal housing and shared living to eke more living space out of the lack of dedicated provision, encouraging smaller homes, “frugal innovation” and ultimately a “focus away from housing”.³³ Maurie J Cohen, Professor of Sustainability Studies at the New Jersey Institute of Technology, argues for “space-efficient housing” that determines how small a property can be by calculating the “environmentally tenable and globally equitable amount of per person living area”.³⁴ He speaks positively of “micro-flats located in densely configured multi-unit buildings [offering] more credible opportunities for sustainable lifestyles.” One research team provides a specific example, “if all adult single people in Sweden would live with another person, Sweden would need 26% fewer apartments and 10% fewer houses”.³⁵

A Finnish think-tank, exploring 10 European countries concluded that while “we need to make Europe’s homes fit for the future ... building our way out of the housing crisis will cause even more climate harm”.³⁶ This increasingly commonplace argument implies that, if we cannot build our way out of the housing crisis – and, as far as degrowth activists are concerned, it would be ecologically unreasonable and unethical to build our way out of problems – then we have to live with less. By this logic, we are being told to move from a criticism of under-provision to a critique of over-consumption. If there is a lack of housing, we are being told to live more frugally, be more miserly ... and suck it up.

3 Growth scepticism

Amongst other things, in the provision of new housing, “degrowth is both necessary and in a way inevitable”, says Professor Giorgos Kallis, who runs the EU-funded research project, ‘A Post-Growth Deal’. Thus it has become acceptable for much of the discussion in architecture and urban studies, in universities and in practice, to revolve around the need to build less. Indeed, if housing is responsible for around 40% of energy use and carbon emissions, as the World Green Building Council says, then we should build more energy efficiently.³⁷

Of course, building more efficiently has generally been the story of historical social development: we improve on the conditions of the previous generation, and this has generally been borne out over centuries of building. The modernist architectural concept of ‘less is more’ reflected the idea of doing more with less; but it was meant to encourage us to design creatively in order to – as US designer Buckminster Fuller implied – do more. Nowadays, environmental efficiency states that using ‘less’ is simply an end in itself: wanting ‘more’ is irresponsible and we should simply do less. Today, many academics, commentators, and experts (many within architecture itself) argue that we should build fewer buildings. “Building more is not the way to solve the housing crisis”, says *European Focus*.³⁸ It is clearly no coincidence that we are not building more.

4 Construction – a shrinking industry

In EU-speak, the construction industry is known as one of the 14 various ‘industrial ecosystems’ in the developed economies of Europe. The industry across the EU employs 25 million people and generates added value of approximately €1,160 billion per year. A number of environmental organisations have suggested that, on average, the construction industry is responsible for 40% of energy-related carbon emissions: 28% from operational functions (heating, lighting, etc) and 12% embedded in materials and building processes.

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spacious homes at 115.6 m².³⁹ Across Europe, the average living space per person has grown by 16% between 2000 and 2018, which one unhappy environmentalist classifies as an “environmentally detrimental trend towards ever bigger houses”⁴⁰ rather

than a sign of progress and social development. Applying this kind of illiberal ecological mindset, one could argue that Romania is more environmentally responsible than Malta, given that it has half as much domestic living space per person.

However, construction, development and housing of any size is in short supply in parts of the EU. Bulgaria’s residential construction output is forecast to decline in the next two years despite the promise of EU integration and subsidy, while Romania’s construction sector will remain negative throughout 2024 having begun the year 21% down on the previous year.^{41 42} Construction output in the Czech Republic plummeted 10.2% year-on-year in June 2024, following a 6.8% drop from May 2024.

Degrowth has become a smug ideological framing in wealthy Western societies, where living with less might, for some at least, be materially possible. It has become more of a problem for those less-developed countries that simply need to raise their living standards rather than limit their ambitions even further.

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burden on houses by 16% by 2030 and 20-22% by 2035. Many countries view this is an onerous task that detracts from other, more pressing uses of their budget. In April 2024, Italy’s leader, Giorgia Meloni, and Hungary’s Viktor Orban signalled their disapproval by opposing the reform of their own countries’

national building regulations handed down by the European Parliament.⁴³

The EU’s onerous demands for environmental compliance will only hamper the sector, with more costs, lower affordability and less stock able

to keep up with the sustainability targets. In 2023, the number of new-build apartments completed in Hungary was 19% lower than the previous year, while the number of residential buildings was around 39% lower.⁴⁴

4.1 An unbearable burden on Eastern EU economies

In Bulgaria, the EU's insistence on a 'green transition' is seen as a damaging incursion into the country's industrial development. Starting from a low base after emerging from Soviet dominance, the EU's imposition of a zero-carbon budget is having an uncomfortable impact on the slow and steady growth of Bulgaria's economy. Back in the day, in the immediate aftermath of the Cold War, it was the World Bank imposing economic reform on an ailing east-European state.⁴⁵ Today, it is the EU technocrats that are eyeing Bulgaria's coal-intensive industrial capacity, with the intention of phasing out under its Green transition arrangements, resulting in the loss of 20,000 jobs.

Speaking of power infrastructure, at present, Hungary's nuclear energy from its aging power plants provides almost 50% of its electricity generation. Emissions targets (as we shall discuss later in this report) are usually described as emissions arising in the home, but to do so is disingenuous. Even so, the UK's Office for National Statistics says "Households are a big emitter of greenhouse gases",⁴⁶ although, in reality, if all energy was provided by nuclear power stations – which many describe as carbon neutral – then it wouldn't matter how much energy was used, or how inefficient the housing stock, as there would be no emissions from domestic appliances.⁴⁷ But Hungary's nuclear industry is ailing and it is signed up to reduce its domestic greenhouse gas emissions by 80% compared to 1990 levels, by 2050. Admittedly, in 1990, Hungary was a heavily polluted, emission-heavy

country with emissions almost at peak levels, and so reductions were eminently possible. By 2023, they had fallen by 50%. The UK had closed much of its heavy industry in the 1980s and so the 1990 benchmark target was already low, so it is finding its carbon reduction targets more onerous.

Aside from nuclear, Hungary's energy sources are natural gas (28%), coal (11%) and solar (5%). Given its historic connections, Russia still accounts for 64% of crude oil imports and 95% of gas imports and the EU even gave an exemption so that fossil fuels could be delivered via the European back door. On other matters, Hungary hasn't been treated so lightly. Twenty years after joining the EU in 2004, the European Commission withheld half of Hungary's cohesion budget demanding independent judicial control mechanisms be reformed with significant domestic budgetary impacts.

Similarly, Bulgaria's industry is reliant on Turkish routes to Russian oil (which, of course, attracts additional severe reprimands from eco-purists in Brussels). A report by the ironically-named Centre of the Study of Democracy (CPD), a pro-EU public policy institute that works with the European Union's Higher Education Research and Innovation programme says that: “[Bulgaria's energy plans] implicitly prioritize unsustainable, and state capture enabling megaprojects ... [and it] fails to present convincing and well-developed policies for enabling a transition to a decentralized, prosumer-oriented, interconnected and climate-friendly energy system.”⁴⁸ Even though Bulgaria is the poorest EU member state, the CPD insists that it must “scale up drastically” and get with the environmental programme.⁴⁹ Similar developmental disappointments for the EU leadership have hampered Czechia, Slovakia, Poland, Romania and Hungary's development.

Hungary, like so many COMECON countries of Central and Eastern Europe, became a ‘transition country’ – turning from a centralised, planned

economy to an open, market economy in the 1990s, a mere 30 years ago. Its stock of unsuitable housing needed significant upgrade. One paper from the period notes that Hungary needed urgent rebuilding of “very unhealthy built environments (or at least subenvironments) which cannot be abolished and rebuilt in a sustainable way due to the lack of adequate economic resources”.⁵⁰ This is what the country inherited at the end of the Cold War where it, like many ex-Soviet client states in the Eastern Bloc, had major restructuring matters to consider: from transport infrastructure to reinventing its planning policies and reforging new trading links. It has not been an easy journey. Joining the European Union at the turn of the millennium was seen by some as providing a much-needed economic boost to their necessary modernisation. Even now, it is estimated that 70-90% of its total building stock, the vast majority built before 1980, needs renovation.

5 Sustainability costs

Even though the Lloyd's Register Foundation's World Risk Poll Report 2019 noted that fear of 'the environment' was of minimal concern to many people around the world, the sustainability caravan continues regardless with the United Nations focusing on their desire for "sustainable development at a global scale by 2030".⁵¹ Not to be outdone, the EU says that it is at the forefront of the world's efforts to protect the environment and fight against climate change.⁵² (The UN begs to differ. It says, "the UN family is at the forefront of the effort to save our planet").⁵³

The phrase 'sustainable development' was first used in the Brundtland Report for UN World Commission on Environment and Development. It is defined as actions that "meet the needs and aspirations of the present without compromising the ability to meet those of the future".⁵⁴ It was the envelope term for a range of issues, most commonly known as the "triple bottom line" of environmental, social and economic factors, even though global environmental problems were front and centre to its application. Implicit in its application is the understanding that various human-induced "impacts" are inherently problematic or detrimental to the environment, and therefore precautionary restrictive measures need to be put in place to ensure no harm ensues. The principle is that protecting and saving the environment – often from what is commonly portrayed as humanity's adverse influence – is the core concern.

Many of the wealthier countries, those predominantly in Northern Europe, claim to have sufficient economic reserves to deal with the expensive transition to low carbon and zero-impact buildings.⁵⁵ Over decades, their successive governments have stated that they can weather the additional costs of environmental and sustainable construction methods on the basis that it will improve productivity in the long run.

Other countries find it less economically prudent to spend now to save later. Even before the financial crash, it was clear that “needs-driven construction activity (in Eastern Europe) might focus on quantitative delivery without taking into account sustainability issues”.⁵⁶ Builders and designers in poorer regions were more focused on the practical difficulties of providing housing over the external demands for ever more restrictive environmental targets. Another briefing paper notes that Eastern European countries like Bulgaria and Romania ‘face significant challenges due to economic constraints and outdated infrastructure.’⁵⁷ In Italy, the demand that all buildings be carbon neutral by 2050 – and all public buildings by 2028 – is a significant challenge to the appearance and integrity of over 12.5 million buildings defined as ‘historic’, and 60,000 protected buildings.⁵⁸ Simply put, insulating historic buildings for environmental reasons will destroy the historic aesthetic, significance and value of Roman architecture. But no-one in Brussels seems too bothered.

5.1 Restricting environmental policies contribute to housing crisis

The practical difficulties are clear for all to see. With 53% of all European homes classified as ‘low insulation’, the worst performing buildings clearly need improvement. But it is also the case that demanding radical energy performance improvements in flats and apartments will be very costly – even if we imagine that it will be easy to do (which it won’t).

The capital outlay and limited returns are putting developers off investing in new schemes, and dissuading landlords from continuing to let properties. Rent rises are a natural consequence, and this will hit low-income tenants hardest (those who tend to live in less energy-efficient housing to start with). One study in Sweden revealed that homes that had “extensive green renovations saw rents – including heating costs – surge by over 30%.”⁵⁹ Ironically, there is no direct link between energy efficient building and low energy use, as some households may increase their ambient temperatures to suit their new status; people currently living in draughty homes and having to cope with lower temperatures for lower bills, may exuberantly increase their heating levels once they are in a better, more insulated property. An aspiration to a more comfortable life is a symbol of social and material betterment, after all. One study “examined 220 countries over 24 years and found that, on average, every 1% increase in per capita wealth was associated with a 0.76% increase in per capita energy consumption”.⁶⁰

Homeowners, too, are increasingly nervous of costly remediation demands to come, such as adding insulation, heat pumps and solar panels, etc. Remediating existing buildings with heat pumps only makes sense if the insulation and central heating systems are replaced at enormous cost and disruption. The campaigns for environmental improvements often remove the capital costs out of the state’s budget and transfer them to the consumer/homeowner, who faces huge costs with the promise of years of slightly cheaper bills to come. With an initial outlay of around €20,000 for the heat pump and associated preparatory work, the payback time is deemed to be 10–14.5 years (depending on the country, availability, and energy price fluctuations, and excluding maintenance and replacement cost of more efficient

technology). But you still have to outlay the €20,000, which could be as high as “€35,000 in some cases”.⁶¹

But aside from the technical impossibility and the philistinism of environmental remediation, the idea that the so-called Green Jobs revolution will include armies of workers hired to install insulation in loft spaces is not a particularly attractive vision of a labour-intensive career in the future.

As we have seen, the EU’s internal and third-party funded sustainability industry has created a raft of directives, policies and mandates that confer legal demands on member states, whereby the EU’s top-down environmental strategy is unapologetically described as a means to “facilitate sustainability-based fiscal reforms in 19 member states”.⁶² These include a huge range of initiatives aimed at the construction industry, including the Energy Performance of Buildings Directive, the Renovation Wave, the New European Bauhaus, and many more that we will explore in the next section of this report.

6 The green new deal and EU climate law

For decades, the EU has been integrating environmental activism into architecture, construction and the built environment, so much so that this has become normalised through educational, industrial and policy mandates. The Education Climate Coalition, for example, seeks “to bolster existing activist groups” (including the activist group Extinction Rebellion) to inculcate – through the compulsory curriculum and other means – primary school pupils, secondary school and university students in the established environmental orthodoxies.⁶³

In the world of work, the EU’s Green Deal Industrial Plan aims to enforce sustainable construction issues and forge a green industrial revolution. For example, the EU states that it wants to create Europe as “the first digitally led circular, climate-neutral and sustainable economy through the transformation of its mobility, energy, construction and production systems”.⁶⁴

It has also implemented the Green Buildings Pact, which aims to create and make more climate-friendly buildings by improving insulation and energy efficiency. These ‘sustainable development’ policies are commonplace in the lexicon of EU insiders – like architects and certain construction professionals in the Western world – but in many places, the codewords have found very little purchase, especially in the poorer regions of Europe. It hasn’t stopped this terminology growing in influence amongst those in the know.

Of course, there are a huge number of think-tanks, lobbyists and influencers to advise, encourage or threaten EU member states, too. One research paper that explores environmental lobbying and influence within the EU points out that one of the most prominent domains that has "recently dominated the scene is the environmental one, which has made the EU one of the main advocates of green policy".⁶⁵

In 2000, there were 15,000–30,000 lobbyists – not all environmental – in the corridors of the European Commission. Ten years later, the EU was paying out €86.5 million to a range of environmental organisations.

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The biggest recipient has been the European Environmental Bureau (which was the first ever environmental lobbying group within the EU, having been established in 1974). Between 2005–2015, it accepted €8.3 million. Friends of the Earth was the second recipient selflessly

receiving 57% of its total European funding in 2015.⁶⁶ Now green lobbyists "exert significant influence on the EU in Brussels".⁶⁷

7 The new European Bauhaus & the renovation wave

The bureaucrats in the EU seem to spend more time creating quangos and talking shops, drafting policy documents and hosting conferences than they do on constructing new, desperately needed homes. Each report produced by these trumpets of EU policy regurgitates the mantra linking housing policy with environmental policy – usually to the detriment of housing output. There is the ‘New Leipzig Charter’ endorsed by the member states as a common framework for EU green urbanisation policies, alongside the Urban Agenda for the EU and the Greening Cities Thematic Partnership.

The European Green Deal is the paradigm for this environmental industry set within EU policies and, says President of the European Commission Ursula von der Leyen, “if the European Green Deal has a soul, then it is the New European Bauhaus which has led to an explosion of creativity across our Union”.⁶⁸

The New European Bauhaus (NEB) and the Renovation Wave are two flagship initiatives launched by the European Commission under the broader umbrella of the European Green Deal. Both initiatives are admired by many but have also faced significant criticism from urban planners, experts, scholars and policy wonks, regarding their implementation, inclusivity, environmental impact and economic implications.

The NEB is described as a cultural and creative movement, but it often lacks clear definitions and actionable frameworks. Reports from the European Commission have highlighted the broad and sometimes ambiguous nature of the NEB, flagged by critics as a potential weakness.⁶⁹ Without a clear and coherent strategy, the NEB risks becoming a superficial branding exercise rather than the transformative force in European architecture that its advocates boast about. In addition, the renovation of historic buildings raises difficult questions about how to balance so-called energy improvements with the preservation of works of historical importance.⁷⁰ Given that Europe is incredibly diverse, with a wide range of architectural styles and cultural traditions, the NEB's push for a unified design philosophy risks imposing a homogenised aesthetic, premised on non-aesthetic criteria, that could overshadow local traditions and national styles.

The Renovation Wave aims to double the rate of building renovations in Europe by 2030, with a focus on improving energy efficiency and reducing carbon emissions. But renovating Europe's aging building stock is a complex, expensive and time-consuming process.⁷¹ It requires substantial financial investment, skilled labour and streamlined bureaucratic processes, all of which are currently in short supply. Critics point out that without addressing these practical challenges, the Renovation Wave might struggle to achieve its targets, resulting in significant implementation gaps.

7.1 Housing sidelined in housing agendas

Both the NEB and the Renovation Wave are heavily promoted as inclusive initiatives that aim to benefit all Europeans. However, with its emphasis on aesthetics and design, the NEB risks privileging certain cultural and artistic elites while downplaying the needs of ordinary citizens, particularly those from marginalised communities. Improving the appearance and appeal of

run-down areas might be a good thing, but the instrumentalization of aesthetics in the service of climate goals is a rather philistine and charlatan expropriation of culture for political ends.

The Renovation Wave more explicitly represents the European Union's efforts to combat climate change, but similarly it is expressed through the triumvirate of improving energy efficiency and boosting the economy. "Delivering better living-standards" comes third on the list.⁷² This is essentially a decarbonisation strategy masquerading as architectural quality. Carbon reduction is the main prism through which "better living standards" will be assessed.

That said, at least there is an attempt to improve some of the fabric of European cities with the benefit of a gigantic €750 billion fund. Contrast that with the complainants: a group of environmental fundamentalists who explain their opposition to the NEB by saying that the memory of the original Bauhaus is tied "to a past of colonial extractivism and a future of industrial capitalism (with) a strong Western and Eurocentric tone".⁷³ This kind of ahistorical and reactionary complaint only has the effect of making the EU sound liberal and progressive.

7.2 The legacy of Bauhaus

Of course, the criticism that the NEB has nothing to do with the original Bauhaus legacy is correct. The Bauhaus was a radical new conceptualisation of creative learning, bringing together all the arts and radically understanding the nature of craft. Luminaries such as Paul Klee, Vasily Kandinsky, László Moholy-Nagy, Marcel Brauer, Mies van der Rohe – amongst others – passed through its doors. They created iconic artwork, chairs, architecture, products and manufactures that transformed our understanding of creative education.

Contrast that with the NEB's 2024 Prizes, judged on the basis that the key objectives of the submissions can be justified in terms of sustainability. One winner is a floating allotment in Finland that won plaudits because "algae and mussels (growing along the sides of the pontoon) have low greenhouse gas emissions compared to meat". Another is literally a forest in Romania which impressed the judges by promoting "nature friendly non-motorized mobility".⁷⁴

This is not the radical aesthetic revolution that the Bauhaus left us but is something called "climate-friendly architecture", which, we are led to believe, is the new way to appreciate design.⁷⁵ It seems to suggest that no matter how ugly or useless a proposal, its moral message shall make it beautiful. Once environmental credentials become the core assessment tool of beauty, all other values are demeaned.

8 The homeless need housing

Because the housing debate has shifted from one concerning the lack of provision to one of over-consumption; and from an argument about bricks and mortar construction targets to personal behavioural change, it is difficult to obtain detailed information about the shortfall in housing across the EU. Indeed, the key concern shown by European Commission policy wonks and research analysts seems to be on the issue of homelessness. This might be reasonable if it were a precursor to a debate about how homeless people might be satisfactorily housed in new accommodation, but it has become a cultural rather than political conversation that treats the homeless as mere passive victims in need of psychological rather than material assistance.

Indeed, when EU officials and various advocacy groups speak about homelessness and housing, one critical European briefing report says, “housing comes last”.⁷⁶

There seems to be a growth industry in homeless-focused organisations handing out tea and sympathy but offering little in the way of material resolution. The European Federation of National Organisations Working with the Homeless is peopled with ‘psychosocial support workers’ providing housing support, health services, “and a peer campus that trains formerly homeless individuals to become peer workers”.⁷⁷

Of course, homelessness – especially when dealing with poverty, and people suffering other social misfortune – does need to be treated with some

care and attention. Housing provision for those unable to take care of themselves is a cause for concern and specific provision needs to be made in those circumstances where housing need should be integrated with social, health and welfare services. Services like the Europe Hub's Housing First claim to "prevent homelessness through a mind shift"⁷⁸ and, to its credit, advocates for eliminating homelessness declaring that decent homes are a basic need.

9 Energy Performance of Buildings Directive

The Energy Performance of Buildings Directive (EPBD) is an EU measurement and classification scheme designed to reduce the amount of carbon produced by buildings. The EPBD certifies buildings' energy efficiency by means of an energy performance certificate (EPC) showing their energy rating. The EPBD sets the target for climate-neutral building stock by 2050.

Apart from the ratings, there is usually also a series of recommendations on how to improve the overall efficiency of the particular building. More commonly seen on white goods, the EPC graphically indicates current and potential environmental compliance in terms of a property's energy rating. It ranges from 'A' (very efficient) to 'G' (inefficient).

The definition of inefficiency is not exact or specific but relates to a range of measures that make it sufficient to imply that anything below an 'A'-rating ascribed to a property requires remediation and improvement. While this is an environmental measure, the designers of the system assert with no substantiation that the more energy efficient a building, the more improvements can be realized in “productivity potentials ... mental function and memory, call processing, fewer sick leaves”,⁷⁹ etc.

9.1 Homeowners risk losing financial support

The Buildings Performance Institute Europe is the EU's leading independent think tank on the energy performance of buildings. Independent it might be,

but it closely advises the EU and works as a ‘Buildings Observatory’ for the European Commission to monitor policy implementation in member states and report back on how they meet the 2050 climate neutral agenda. It is monitoring each country’s National Buildings Renovation Plan (NBRP): a bureaucratic mechanism to ensure that all existing buildings are energy-efficient and decarbonised by 2050.

The EPDR.wise website (which is an EU-funded project that encourages implementation across the EU) notes that wealthier countries like Ireland, Germany and France are on track and it congratulates their efforts to decarbonise. Conversely, it criticises Romania for its slow progress towards achieving zero-carbon building stock and nudges the government to ensure that “apartment owners who refuse renovation proposals may risk losing access to future financial support from public funds”. The website then chastens Ukraine – not yet an EU member state and currently in the middle of a bloody, intractable war – that its “focus on thermal modernisation [is] not comprehensive”.⁸⁰

10 Politicised science

This section explores some of the environmental policy documents and legal mandates that are driving the discussion to “scientifically” undermine arguments for the provision of decent homes for all.

10.1 Nitrogen vs housing needs

The Netherlands needs to build around 75,000 homes each year to provide for its needs. However, this target figure had to be significantly reduced by 40% in 2019-2020 due to the need to mitigate nitrogen emissions associated with its construction industry.⁸¹ These nitrogen emissions arise from off-road machinery, like pumps and electricity generators associated with the industry.

Even though nitrogen is essential for healthy plants, excessive filtration into watercourses is classified as a pollution event. Whereas the original EU directive in 1991 insisted that these polluting practices be stopped via a “voluntary code”,⁸² more recent legislation has implemented wider duties supplemented by strict enforcement powers.

Consequently, it is claimed that 23,000 much-needed houses (about 7.5% of total output) have not been built as a result of the privileging of nature and the formal protection of certain sites under EU directives. In 2024, latest figures indicate that those extra houses would have been statistically enough to solve the crisis of 30,600 homeless people in the Netherlands.⁸³

One of the most significant construction projects to be hit by nitrogen-restricting legislation has been Rotterdam’s Porthos Project, which was delayed for a year because environmental campaigners suggested that it

might give rise to nitrogen emissions in contravention of the EU's nature conservation legislation, the European Habitats Directive. Ironically, the project comprises the biggest carbon capture and storage operation in Europe. As a result of environmental pressure, it was effectively mothballed for 12 months.

The Dutch test case has been shared across Europe where such run-off is commonly blamed on the agricultural sector. Whereas nitrogen (and phosphorus) are regularly used as nutrients to fortify farmland, unregulated run-off of nitrogen-intensive water into streams and its absorption into plants and other food stocks has long been recognised as a problem for fish and wildlife.

10.2 The myth of construction and carbon

The construction industry is front and centre in the discussion about carbon emissions. It is said to be responsible for 37–40% of all emissions, with 80% of that total arising from fossil fuels.^{84 85}

However, the physical construction of housing is only responsible for 9% of carbon emissions.⁸⁶ In addition, emissions tend to fall due to significant carbon efficiencies in electricity generation, new materials, and a range of other factors like price points, and even the war in Ukraine.⁸⁷ In 2023, for example, carbon emissions fell by 15.5%. Yet the “construction is responsible for 40% of all carbon emissions” mantra even manages to ignore that it is 40% of a shrinking total.

10.3 Carbon measures that accidentally hinder decarbonising

The focus on nitrogen (outlined above) has shifted the green debate within the construction industry. Instead of exploring nitrogen as a tangible issue of soil pollution, it has become part of the wider climate debate. Obviously,

like carbon, the discussion automatically assumes harmful effects of erstwhile chemical nutrients, but we shall leave to one side comments made by Patrick Moore, co-founder of Greenpeace, that “carbon dioxide is not only good, it is essential ... [as] the most important nutrient for all life on earth”.⁸⁸ But we do need to tackle the debate about carbon emissions per se.

As a result of the expansion of the debate to include nitrogen, the discussion has shifted in three directions. Firstly, it unintentionally demystifies some of the confusing science around emissions and reveals something about how the carbon debate – and now nitrogen – has hijacked a more rational discussion of the issues.

Secondly, it creates a clamour for restrictive and restraining construction practices; and thirdly, as we have seen with the Porthos Project, it has placed an additional burden on many conventional industries that might have been making great strides in decarbonising. Ironically, these environmental measures sometimes have “unintended outcomes that are detrimental to the environment”⁸⁹ and it is common to find that the so-called solutions are inimical to human progress, development and/or growth.

10.4 Blaming homeowners and builders for emissions

Aside from a domestic gas boiler or from rural housing reliant on oil tanks, there are no carbon emissions arising directly from the average household.

Domestic emissions come from power stations when you flick the light switch, or from the manufacture and transportation of concrete, steel and glass that are necessary to build the building in the first place. However, for decades, it has been the everyday homeowner who has been in the firing line: condemned for daring to turn on too many lights or heat their home. It is a misdirection in public policy to infer that a homeowners’ actions –

profligate or not – are the cause of emissions. It is even more perverse to suggest we are all responsible for climate change merely by inhabiting a home.

That hasn't stopped 20 researchers from across France, Germany, Norway and Sweden producing a report that demands that the authorities “target ... household consumption and (homeowners’) behavioural decisions”. Their political advocacy report, masquerading as an academic work, opens with the claim that households are responsible for 72% of greenhouse gas emissions and, as “key actors”, homeowners are directly imperilling the planet.⁹⁰ For these academic activists, providing better forms of energy supply is a distraction and they demand that authorities stop people from driving, flying, eating meat, drinking milk and heating their homes. “Voluntary efforts”, they say, “will not be sufficient by themselves to achieve drastic reductions”.⁹¹

The carbon emissions arising from the transportation of materials to site is also added into the domestic budget, meaning that the builder and homeowner are blamed equally even though the carbon emissions result ostensibly from activities beyond their control or remit.

10.5 Carbon counting

The reason why the industry fetishises CO₂ is because most other greenhouse gasses are translated into a carbon dioxide equivalent (shortened to “carbon equivalent”) in order to make it simpler to monitor. So, for much of the time, when the authorities tell us to reduce our carbon, they might really be talking about reducing methane, or nitrogen, or water vapour (the most prevalent greenhouse gas). It's like converting national currencies into US dollars to make global comparisons easier.

In reality, the greenhouse gas impacts of 1kg of nitrogen oxide is equivalent to the effect of almost 300kg of CO₂, so it seems that the desire

to rid the world of carbon might, at best, have been a misunderstanding. At worst, it has muddied our understanding of what it is that we are trying to tackle.

While carbon dioxide (CO₂) represents 0.042% of the constituent gases in the atmosphere – a tiny fraction – nitrogen is 78%. The rebalancing of the scientific conversation, to talk honestly about nitrogen, nitric oxide (NO_x), and nitrogen dioxide might be for all the right reasons, but it exposes the industrial-scale misinformation and misunderstanding that have long existed around carbon emissions.

10.6 Improvements made invisible

Improvements in lowering emissions and reducing pollution across many European countries are often masked by tougher and tighter regulatory regimes. It is common for EU legislators to berate certain geographical areas or certain aspects of production, for instance, which are exceeding EU emissions targets. What is less well known is that the permissible levels are reduced on a regular basis, so that major improvements in air quality are often undermined by ever lower targets. What is reported as exceeding the limits of the legislation might, in fact, be air quality that is much better than before with much lower levels of pollution, but the regulations may have progressively reduced the permissible benchmark level as a target for improvement.

For example, the European Climate Law, which came into force in 2021, raises the EU's reductions targets for greenhouse gas emissions from 40% (of 1990 levels) to 55% by 2030. What was compliant in 2020, might have been flagged up as an example of excess a year later. Similarly, the 1999 Gothenburg Protocol sets limits for specific emission sources, and

these are regularly updated to suit specific national requirements, as well as pressing for more improvements.

Compared to the early targets set in 2005, the amended 2019 Protocol sets emission targets for Europe at 58% for sulphur dioxide (SO₂) which actually includes sulphur trioxide and other compounds, 42% reduction in nitrogen dioxide (NO_x), 6% for methane, 28% for volatile organic compounds and 22 percent for particulate matter (PM_{2.5}). So, headline announcements of exceedances are often recording levels of pollution significantly lower than just 10 years ago. To add to the confusion, countries like Iceland and Turkey do not have a mandated limit on SO₂ emissions, as is the case with many countries outside the EU.

10.7 Underprivileged EU countries are hit the most

Romania, with the highest energy-poverty rates in the EU, faces ‘significant costs and challenges’ in its transition to a low-carbon economy. As a member state, it is forced to comply with ‘Fit For 55’, which is the demand to reduce its absolute emissions by 55% (relative to 1990) by 2030. It is assumed that the EU’s insistence that countries decarbonise completely by 2050 may cost the country 3.2% of cumulative GDP by 2050⁹² and the World Bank is fairly relaxed about its prediction that by 2030, overall employment is projected to decline at a faster rate in the decarbonisation scenario.⁹³

Bulgaria’s GDP is 36% below the EU average: the lowest GDP per capita of all member states and its overheating market means that it has been denied entry to the EU currency zone until such time that it can prove more stable (this also relates to the EU’s disapproval with Bulgaria’s recent election results). Coincidentally, Bulgaria also had the lowest rate of EU fund absorption – the amount of allocated funds specified to particular countries – with only 79% of monies reaching Bulgaria for a range of projects. Although

Bulgaria, along with many other Central and Eastern Europe countries, has many engineers and architects working on repairing communist-built housing blocks in response to the climate change era, it is still not utilising the remaining 21% of funds.

Environmental improvements seem to be a low priority for many people faced with day-to-day hardships and with little interest in disturbing their homelife with inconvenient building works. The race to retrofit these apartment blocks is getting more urgent not only because of the available funding but also due to the sheer amount of people living in them – around 0.33 percent of the population.⁹⁴ And yet, of all the 3,068 applications in the last grants cycle, there was only enough funding for a quarter of them. This raises two questions. First, why is it so difficult to utilise European funding? Second, are the targets in the various categories set at the right level?

The ratio between private ownership and rental in Bulgaria is 85:15.⁹⁵ Up to the mid-1990s, all housing blocks were state-owned until the unlocking of the market began in 1994 with a change in the Property Law, when the housing stock was privatised. Remedial intervention into privately owned flats – often the lion's share of any particular block containing only a small number of rented apartments – is proving to be difficult, if not impossible.⁹⁶ Such projects are certainly riding the Renovation Wave set out by the European Commission and the Green Deal, but there are other factors affecting the building of new homes, to achieve the EU's carbon-neutral agenda, as well.^{97,98}

10.8 Laws like nutrient neutrality strangle construction

Nutrient legislation demands that EU member states designate areas of potential vulnerability whereby water courses may be polluted, and to report on nitrate and contaminant concentrations in groundwater and surface water.

These ‘nutrient neutrality’ rules have scuppered or delayed the development of more than 100,000 homes in the UK, says *Inside Housing* magazine.⁹⁹

The UK’s Home Builders Federation says it has been responsible for delaying or stopping at least 160,000 new homes.¹⁰⁰ When the UK has a total target figure of 150,000 new homes every six months (which it has never reached in 50 years) then the magnitude of the pressure caused by this ruling is brought into sharp focus. But what is it about?

The EU’s push for ‘nutrient neutrality’ requires that new housing developments avoid or mitigate any nutrients – such as phosphates, nitrates, and general effluent arising from the construction or use of the completed housing – entering the water catchment. Developers have to confirm, to the satisfaction of local authorities, that “no reasonable scientific doubt remains as to the absence of such effects”.¹⁰¹ To do this, developers have to provide sustainable offsite treatment wetlands to organically treat the waste or invest in upgrading inefficient local treatment plants at their own cost.

As might have been foreseen, this is an ill-defined and financially onerous burden that has caused a number of would-be developers to pull out of providing houses in the first place. Developers argue that the costs of mitigation strategies “reduce the amount of other ‘public good’ provisions developers can deliver, including affordable housing”.¹⁰² The UK’s Home Builders Federation even points out that, in reality, homeowners are negligibly responsible for the problem.¹⁰³

It seems that even though the UK has left the EU, it is the one country that has really insisted on the implementation of this draconian EU neutrality measure that the previous UK Conservative government described as a ‘defective EU law’, currently affecting 75 local authorities across the UK.¹⁰⁴

11 Case study

The poorest quality housing stock in the EU is to be found in the Baltic states and Romania; the best in the Nordic countries.¹⁰⁵ This case study looks at Bulgaria's experience, rated third behind Romania and Lithuania in the 'severe housing deprivation' index.¹⁰⁶

11.1 Bulgaria

Bulgaria, like many countries in Eastern and Southern Europe, faces a complex housing challenge. As a post-socialist nation, Bulgaria is still grappling with the aftermath of economic and political transitions that have shaped its housing market. Meanwhile, it is confronted with pressures to conform to increasingly stringent environmental standards, much like its wealthier Western and Northern European neighbours. However, while the latter can afford to incorporate this kind of "environmental luxury", which is "heavily subsidized" by government, into housing projects, Bulgaria struggles to balance the urgent need for more housing with the rising costs associated with sustainability measures.¹⁰⁷ This case study examines the housing situation in Bulgaria, focusing on the tension between environmental requirements and the need to provide affordable housing.

Bulgaria's housing market reflects the broader economic disparities between Eastern and Western Europe. After the collapse of communism in 1989, Bulgaria, like other former Eastern Bloc countries, experienced a period

of economic turmoil. Privatisation efforts led to a shift in property ownership, but the country's housing stock was largely old, inefficient and in need of repair. Many Bulgarians still live in poorly insulated and outdated apartments constructed during the socialist era. However, the supply of new homes has struggled to keep pace with the demand, leading to a housing shortage that is exacerbated by rising construction costs.

It is a critical time for Bulgaria as it is experiencing high housing demand, particularly in major cities, due to economic growth, urbanisation, and foreign investment for holiday homes or investment property (compared to Western Europe). Moreover, interest rates on mortgage loans (at 2.5%–3%) are amongst the lowest in the world. What keeps this percentage so low is the 120 billion Bulgarian lev (€62 billion) in bank deposits and savings. The Bulgarian people's savings mentality traces its roots to the transition from a planned economy under communism to the market economy today. This shift, along with economic crises and uncertainty, has fostered a culture of financial prudence among many Bulgarians.¹⁰⁸

The European Union has set ambitious environmental goals¹⁰⁹ aimed at reducing carbon emissions and promoting energy efficiency across member states. In wealthier nations such as Germany, Sweden and the Netherlands, where public and private funding is more readily available, these environmental goals for environmentally sustainable buildings are more easily achieved, as governments and developers can afford to invest in new technologies, higher insulation standards and more efficient and costly materials. In Bulgaria, however, the situation is markedly different. The country's lower GDP and wage levels limit both the government's ability to subsidise green housing initiatives and citizens' ability to afford homes with energy-efficient upgrades. The EU does indeed provide some funding for energy-efficiency programs in Bulgaria, but these subsidies are often insufficient to cover

new-build sustainable construction. Consequently, the imposition of these regulations on a country still struggling with basic housing needs presents a dilemma for many developers: either adhere to stringent environmental standards and pass the additional costs onto buyers, or ignore these requirements and continue to build conventional, non-environmental homes to keep prices affordable. In the end, they opt to build cheaper, less environmentally friendly housing in order to meet the demand for affordable homes.¹¹⁰

The ones that choose to build sustainable homes and pay the higher construction costs inevitably pass the cost onto the buyer which only exacerbates the affordability crisis in a country where the average salary is among the lowest in the European Union. As housing prices rise, so too does social inequality, as only wealthier individuals and families can afford homes that meet modern environmental standards. On average, so-called green premiums (meaning additional insulation, solar panels, etc) tend to increase the cost of a home by up to 21%, depending on the region, meaning that “living in homes built with more sustainable construction materials, is more expensive and therefore less achievable for low-income households”.¹¹¹

This dynamic creates a paradox: while wealthier Western and Northern European countries can afford to invest in sustainable housing, Eastern and Southern European nations like Bulgaria are left behind. The focus on environmental sustainability, though undoubtedly important from a climate, comfort and energy efficiency perspective, risks significantly widening the economic gap between regions within the EU.^{112 113}

To bridge this gap, there is a need for targeted EU policies that provide greater financial assistance to countries like Bulgaria, ensuring that environmental sustainability does not come at the cost of housing affordability. But this, of course, does not address the very real need to build more houses, of any type.

12 Zero building

Ursula von der Leyen has stated her intent to embed the UN Agenda 2030 Sustainable Development Goals into all areas of construction and beyond. As a result of this and myriad other European policies – at EU level and national government level – there is an ever-growing raft of research, initiatives, strategies and laws that are creating a mandate for environmental and sustainable buildings throughout member states.

That said, there are currently just 54 certified green buildings in Bulgaria, compared to 6,649 in France, 2,800 in Germany and 2,300 in Sweden.^{114 115 116} There are even 204 in Denmark, a country one-third the size of Bulgaria. Clearly, the issue of ‘sustainability’ and discussions about environmental limits have much less resonance in the poorer regions of Europe.

It has been reported that the cost of building a new, environmentally compliant home in France has risen by around 10-20%, which means that the wealthier sections of society can purchase new, eco-friendly properties, while older buildings with poorer energy ratings are selling more cheaply, exacerbating the divide and slowing the market. However, because of the extra cost of environmental construction, developer profit margins have shrunk as has the number of building permits indicative of the amount of new housebuilding in France, which “fell by almost 30% between 2022–2023”.¹¹⁷

But as environmentalism has become the driver of housing policy across the EU, so the consequences of the logic of environmental orthodoxy have become normalised. It is now commonplace to hear that we shouldn't build more to suit population needs but compromise our needs to save the planet. German newspaper journalist Teresa Roelcke wrote: "Building more is not the way to solve the housing crisis. Furthermore, it fuels another crisis: climate change." In case she was misunderstood, she concluded: "Maybe we simply should build less."¹¹⁸ One academic bemoans that "Policy-makers ... focus on the needs of the economy and the individual consumer-citizen, but do not relate these dimensions to the bigger picture and ecological limits."¹¹⁹ The policy shift – premised on an ideological reframing of the problem – is that if housing is a carbon polluting machine, and if carbon is Public Enemy Number One, then we have to change our relationship to our home, and to modify our belief that more homes are needed.

In the UK, Will Arnold, the head of climate action at the Institution of Structural Engineers, describes a hierarchy of net zero design: at the top is the suggestion that we "build nothing" closely followed by the demand that we "build less".¹²⁰ French architect Anne Lacaton, director of award-winning architectural practice Lacaton & Vassal, agrees that we should, "never demolish (and) build less".¹²¹ A team of researchers from the European Union's Horizon 2020 Research and Innovation programme claim that "there is little doubt that housing needs cannot be met sustainably unless housing demand is curbed".¹²² Yet another sets out measures to "reduce per capita living/heated area" and "reduce the privately used area" in a dwelling.¹²³ The list goes on. The environmental instinct is that we need less, and we should aspire to restraint; or we should be nudged towards it for the good of the planet.

In 2018, the World Economic Forum published an article claiming the world needed to build two billion new homes over the next 80 years to cater for the rate of population growth, urban expansion, immigration, and a growing aspiration for better standards of living and improved quality of life.¹²⁴ The ambition to create decent housing for all remains in words only. The construction of them seems to have been forgotten.

13 Conclusion

This paper explains the situation relating to housing provision across many parts of the European Union, specifically concentrating on the shift in focus over the past decade or so from human needs to environmental priorities. It aims to show that:

- There is a growing disparity between housing need and housing provision across the member states. The construction industry – an industry designed specifically to build housing – is signally failing to do so. The disparities between wealthy nations and those with struggling economies (sometimes described as the northern versus the eastern/southern member states) are revealed in the ambitions and rationale of their housing policies and their ability and desire to cater for their home populations, incomers and immigrants.
- The construction of new homes needed to meet the evolving demographic needs of individual nations tends to be a predicted calculation that considers the current and future property requirements of young families, couples and individuals. It includes the quantity of housing that will be required, alongside the geographic locations to best service those needs. Downplaying this provision, not fulfilling national targets, as well as an inability or unwillingness to provide suitable and necessary infrastructure to accompany homes and apartments, indicates that many countries are not setting house-building resources at the right level nor managing their delivery.

CONCLUSION

- The shift to an environmental discourse has been developed to excuse the lack of provision, and in many instances to justify it or even to praise it. ‘Targets’ tend to be mentioned in relation to ‘energy efficiency and sustainability’ and this focus must be downplayed or halted if real progress is to be made. Of course, social housing and affordability need to be addressed but prioritising ‘climate targets’ often dissuades builders from the task of constructing new properties and results in more expensive properties. A range of policy initiatives, from the 2016 EU Urban Agenda, the new Leipzig Charter for sustainable urban development and the 2022 Nice Declaration state the case for sustainability as the primary goal. If sustainability and minimising environmental impacts is the ambition then less, more expensive housing is clearly the result.
- Social housing, state provision and local authority targets are often seen as dealing with a problem that might not be reflected exactly in the private sector, but housing targets need to be seen holistically. Both public and private provision need to have some level of integrated focus and shared infrastructure. The question of provision is being undermined in both sectors as the insidious culture of limits, behavioural change, and various eco and carbon constraints legitimise low levels of provision.
- The EU’s State of Housing report states that “we have entered an era of renewed public action on housing, a new dynamic exemplified by our responsibility to reduce the carbon footprint of the sector”.¹²⁵
In this aspect, the construction industry becomes, first and foremost, a subject of climate goals and environmental activism, carbon counting and technical targets, bureaucrats and managers rather than builders and developers. Building – the act of imposing a physical structure on

the planet – is increasingly seen as a potentially detrimental act rather than a creative force for good, leading to demands for fewer buildings or changes to the way we live in them. If roads, traffic, energy use, construction, consumption, delivery, population, etc are seen as a problem (as they are frequently portrayed), then restraint in their provision and constraints on the personal behaviours that give rise to them, will be a logical – and cheaper – solution. Instead of providing for need, the solution will be to modify, reduce or eliminate that need at the source.¹²⁶

This report sets out the beginnings of a counterargument to put much-needed development back on the agenda.

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About MCC Brussels

At a time of unprecedented political polarisation, MCC Brussels is committed to providing a home for genuine policy deliberation and an in-depth exploration of the issues of our time.

MCC Brussels is committed to asking the hard questions and working with people of goodwill from all persuasions to find solutions to our most pressing problems. An initiative of MCC (Mathias Corvinus Collegium), the leading Hungarian educational forum, MCC Brussels was founded in the autumn of 2022 to make a case for celebrating true diversity of thought, diversity of views, and the diversity of European cultures and their values.

Many EU countries today are gearing up to automate certain aspects of the construction sector. The real problem with the EU housing system, however, is not specifically a workforce issue, but the way the EU's rules deeply, viciously affect the ability to build sufficient homes.

As this report investigates, with plenty of examples, several factors prevent the EU from building new houses quickly - including immigration, materials prices and labour availability. The authors show that population pressures push the number of new homes needed ever upwards, while inflation and skills shortages affect the industry's capacity to build them.

The main focus of the report is to explore the impact of lesser-acknowledged factors - sustainability policy and environmental restraint - that are having an impact on housing provision and the output of the construction industry more broadly. On a philosophical and policy level, environmentally restrictive practices and limits to the growth of material ambition are exacerbating the problem across Europe.

The impact of carbon-reduction and energy-saving is adding costs to house building that are hitting poorer countries hardest.