EUROPEAN
COMMISSION

Brussels, 9.9.2026
SWD(2026) 606 final

COMMISSION STAFF WORKING DOCUMENT

IMPACT ASSESSMENT REPORT

Affordable Housing Act

Accompanying the document

Proposal for a Regulation

establishing a framework for measures in Member States to safeguard housing affordability and availability

{COM(2026) 599 final} - {SEC(2026) 599 final} - {SWD(2026) 605 final} - {SWD(2026) 607 final}

Glossary

Term or acronym	Meaning or definition
AHA	Affordable Housing Act
CJEU	Court of Justice of the European Union
EAHP	European Affordable Housing Plan
TFEU	Treaty on the Functioning of the European Union
LAU	Local Administrative Unit
LTR	Long-term Rental
NUTS	Nomenclature of territorial units for statistics
STR	Short-term Rental
SME	Small- and medium-sized enterprises

INTRODUCTION: ECONOMIC, POLITICAL AND LEGAL CONTEXT

The European Union is facing a housing affordability crisis, particularly in certain cities, metropolitan regions, islands and tourist destinations where housing demand significantly exceeds available supply. In response, public authorities increasingly seek to adopt measures affecting the use of housing for purposes other than primary residence, including short-term rentals and secondary homes.

While housing policy, urban planning and land-use regulation remain primarily national, regional and local competences, housing-related measures affecting internal market freedoms are already subject to Union law, including the justification and proportionality requirements under Treaty provisions on the internal market, the Services Directive and the case law of the Court of Justice of the European Union. The purpose of this initiative is therefore not to create a new area of Union competence or to introduce a new obligation to assess housing-related measures. Rather, it establishes a common methodology and procedural framework for applying existing Union law requirements, thereby improving legal certainty, transparency and predictability while leaving housing policy choices to the competent authorities.

The initiative forms part of the implementation of the European Affordable Housing Plan and complements broader EU actions addressing the structural causes of the housing crisis. Although housing affordability is not the objective of this initiative, it may contribute indirectly by improving the ability of competent authorities to adopt evidence-based and proportionate responses to housing stress. It establishes a common, evidence-based and transparent framework for identifying areas under housing stress and for assessing, justifying and reviewing housing-related interventions, while encouraging those interventions to be considered alongside broader efforts to increase housing supply. Decisions on whether, where and how to intervene, including the choice of measure, remain entirely with national, regional and local authorities.

1.1. Economic and societal context

The European Union is facing a housing affordability crisis that weakens social cohesion and threatens competitiveness. It increasingly affects labour mobility, access to employment and education opportunities, and therefore the EU's overall economic competitiveness. Affordable housing is a prerequisite for workers to access jobs and for employers to attract and retain talent.

On 16 December 2025, as part of the European Affordable Housing Plan ([1]), the Commission presented an analysis of the key drivers of the housing affordability crisis in the EU ([2]), describing changing demand patterns and factors constraining housing supply which together have contributed to rising housing costs and shortages across the EU (see summary in Annex 7) ([3], [4]). The analysis shows that household sizes are decreasing and the demand for living space per person is increasing, resulting in growing

([1]) AHA-BIB-050.
([2]) AHA-BIB-053.
([3]) AHA-BIB-081.
([4]) AHA-BIB-82.

demand for dwellings even where population growth remains limited ([5], [6]). At the same time, housing is increasingly used for purposes other than permanent residence, including tourism, occasional use and investment. While these uses can generate important economic and social benefits, they may also contribute to housing demand pressures in some local markets. The extent of these effects varies considerably across locations and housing market conditions and is examined further in this impact assessment.

On the supply side, housing construction has often struggled to keep pace with demand, particularly in areas where land is scarce and competing uses of land are significant ([7]). The Commission estimates that between 2010 and 2024, demographic trends would have required building 4.6 million more homes than were in fact built ([8]). Supply constraints may result from limited availability of developable land, restrictive planning and permitting procedures, labour shortages in the construction sector, rising construction costs, infrastructure limitations and insufficient investment in affordable and social housing. Despite recent signs of recovery, the number of residential building permits in the EU remains close to historical lows ([9]). A significant share of the EU housing stock is not being used efficiently, and there is largely untapped potential in bringing additional homes to the market through renovation, repurposing, brownfield redevelopment and the reactivation of vacant dwellings. Transport and connectivity are not always developed in a way that allows housing demand to spread efficiently to less pressured locations, thereby reinforcing pressure in already constrained housing markets ([10]).

The European Affordable Housing Plan identifies a range of actions to address this structural mismatch between housing supply and demand, including measures to promote investment, accelerate permitting, support modern construction methods and tackle labour and skills shortages in the construction sector. However, these measures typically require time to produce effects. As a result, public authorities in areas under housing stress increasingly seek complementary responses to address more immediate housing pressures.

Average EU and national statistics tend to understate the housing challenges because they conceal significant local differences. Affordability pressures are often most acute in urban areas, metropolitan regions, islands and tourist destinations. In these “areas under housing stress” (also referred to in various Member States as high-demand areas, tense housing markets or areas under housing market stress), persistent mismatches between housing demand and supply result in housing shortages and rising prices. For example, while rents increased on average by 23% in the EU between 2015 and February 2026 ([11]), in capital cities the increase was much larger: 38% in Brussels, 59% in Berlin, 75% in Madrid and 103% in Lisbon ([12]).

A June 2025 Eurobarometer survey ([13]) found that, on average, across the EU, 40% of citizens identify lack of affordable housing as an immediate and urgent problem in the place where they live. The urgency is felt most acutely in cities (51%) compared with

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([5]) AHA-BIB-160.
([6]) AHA-BIB-161.
([7]) AHA-BIB-038.
([8]) AHA-BOB-037.
([9]) AHA-BIB-053.
([10]) AHA-BIB-084.
([11]) AHA-BIB-059.
([12]) For 2-bedroom flats: AHA-BIB-154.
([13]) AHA-BIB-051.

towns and suburbs (37%) and rural areas (28%), and the highest shares are recorded in cities in Ireland (72%), Spain (69%) and Luxembourg (68%). The same survey showed that poverty and homelessness, vacant and derelict buildings, gentrification and 'touristification' are also pressing concerns of citizens living in cities. The 2024 Letta report ([14]) described the lack of affordable housing as endangering *"the freedom to stay also in receiving areas, not just in the areas that face depopulation"*.

1.2. Political and legal context

There is a growing recognition that Europe's shared housing affordability challenge calls for a shared response. Whilst housing remains mostly a national, regional and local responsibility, the EU increasingly supports, coordinates and complements national, regional and local efforts, while respecting the diversity of housing markets and governance systems across the EU.

The political guidelines for the 2024-2029 European Commission ([15]), recognising the urgency of the housing crisis, announced the appointment of a Commissioner for housing, and committed to putting forward the first-ever European Affordable Housing Plan. Housing featured prominently in President von der Leyen's State of the Union address in September 2025 ([16]), describing it as *"more than a housing crisis. It is a social crisis. It tears at Europe's social fabric. It weakens our cohesion. And it also threatens our competitiveness"*.

At the European Council of October 2025 ([17]), EU leaders called on the Commission to swiftly present an ambitious and comprehensive plan for affordable housing, the aim of which should be to support and complement Member States' efforts, having due regard for the principle of subsidiarity and national competences. On 10 March 2026, the European Parliament adopted the final report of the Special Committee on the Housing Crisis, which strongly welcomed the Commission's commitment to deliver and implement an ambitious European Affordable Housing Plan ([18]).

The work undertaken by the Employment, Social Policy, Health and Consumer Affairs Council, the European Committee of the Regions ([19]), the European Economic and Social Committee ([20]), and representatives of cities and regions across the EU, including the European Housing Action Plan presented by mayors from large European cities ([21]), has highlighted the importance of cooperation and exchange at EU level in addressing housing challenges. The 2025 Commission Communication "An EU Agenda for Cities: Driving Growth and Prosperity" ([22]) also provides a strategic framework for strengthening the territorial and urban dimension of EU policies.

([14]) AHA-BIB-052.
([15]) AHA-BIB-054.
([16]) AHA-BIB-055.
([17]) AHA-BIB-056.
([18]) AHA-BIB-057.
([19]) The European Committee of the Regions in its opinion of 13 May 2025 highlighted the territorial diversity of the housing crisis and the need for a place-based approach to enable local and regional authorities to develop tailored responses.
([20]) In its opinion of 18 September 2025, the European Economic and Social Committee called for an EU Housing Action Plan to enforce the fundamental right to housing.
([21]) AHA-BIB-058.
([22]) AHA-BIB-29.

Based on extensive consultations ([23]), in December 2025, the European Commission presented the European Affordable Housing Plan (EAHP) which sets out 10 key areas of action where the EU can add value and support efforts by Member States and other public authorities and stakeholders. The EAHP indicated the Commission's intention to propose a new Affordable Housing Act (AHA) to support public authorities in identifying areas of housing stress, and support them, in full respect of subsidiarity, to take measures to protect and promote housing affordability in those areas. This followed the President's announcement in her 2025 State of the Union address that the Commission would *"propose a legal initiative on short-term rentals to tackle the remaining issues"*.

The proposed initiative responds to repeated calls from cities, regions, Member States, the European Parliament and stakeholders for greater clarity regarding the conditions under which housing-related restrictions to the internal market may be adopted in compliance with Union law.

The applicable legal framework is defined in the Treaty provisions on free movement of services and capital and the freedom of establishment, as interpreted by the Court of Justice of the European Union, and, in the absence of sector-specific secondary legislation governing access to short-term rental services, the Services Directive, which governs restrictions affecting access to and exercise of such activities. In addition, Regulation (EU) 2024/1028 on short-term rental services, applicable since 20 May 2026, establishes a common framework for registration, data collection, data sharing and enforcement. The Regulation will significantly improve transparency regarding short-term rental activity and provide important data and enforcement tools relevant to the implementation of this initiative. The STR Regulation operates alongside the Digital Services Act, which continues to apply to aspects of platform activity not specifically regulated by the STR Regulation, including certain information and enforcement mechanisms.

As illustrated in more details in the following section and in Annexes 8 and 9, which further clarify the relationship between this initiative and Union law, while the existing legal framework provides important legal principles and enforcement tools, it does not establish a common framework for assessing the necessity, effectiveness and proportionality of housing-related interventions. In short, there is not enough legal clarity for public authorities – or indeed for economic operators or citizens – to find operational solutions to the challenges faced. This is the gap addressed by the present initiative.

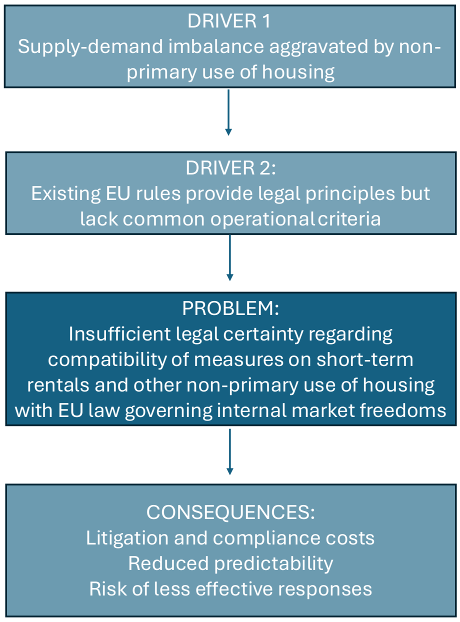
The AHA forms part of the broader package of housing-related measures that was adopted ([24]) alongside the European Affordable Housing Plan. It has a specific and targeted function within that package: establishing a common framework for assessing housing-related restrictions affecting internal market freedoms. It neither finances housing nor addresses the structural causes of housing shortages, which are tackled through complementary initiatives on housing data, market transparency, funding, investment, State aid, cohesion policy, construction capacity, planning and permitting, renovation, neighbourhood regeneration and simplification (see Annex 11).

The AHA is also complementary to Regulation (EU) 2024/1028. While that Regulation establishes a harmonised registration and data-sharing framework, it does not determine

([23]) Including a public consultation in 2025, to which a broad range of stakeholders and citizens contributed with 13 000 responses AHA-BIB-053.
([24]) https://ec.europa.eu/commission/presscorner/detail/en/ip_25_3048

whether housing-related restrictions are justified, necessary or proportionate under Union law. The AHA addresses that separate question and ensures that competent authorities rely on data made available under Regulation (EU) 2024/1028 when assessing housing stress and the proportionality of measures. Similarly, cohesion policy and other Union funding instruments support investment in social and affordable housing and related infrastructure, while the AHA establishes the evidential and procedural framework governing housing-related restrictions. Designation under the AHA has no consequences for access to Union funding.

2. PROBLEM DEFINITION



2.1. What is the problem?

The problem addressed by this initiative is **insufficient legal certainty regarding the compatibility of measures on short-term rentals and other non-primary use of housing with Union law governing the internal market freedoms.**

As housing pressures intensify in certain local housing markets, competent authorities are increasingly considering – and taking – interventions affecting the use of housing. While Union law (TFEU, Services Directive and CJEU jurisprudence) provides the relevant legal principles of justification and proportionality of any restriction to the internal market, it does not provide a common operational framework for determining compliance of specific measures with Union law.

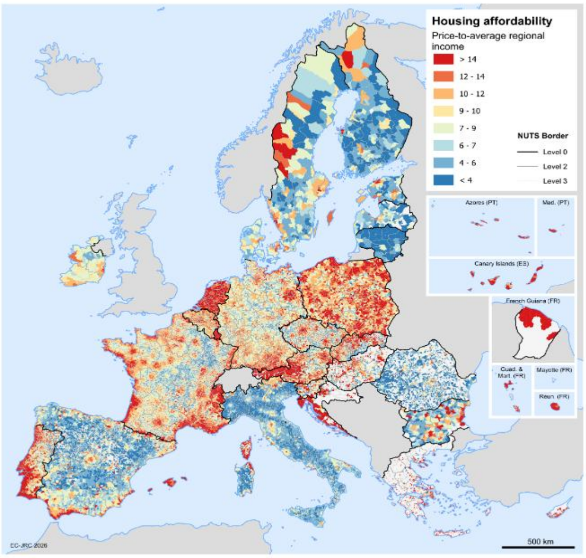


Figure 1: Housing affordability per municipality in the EU: Price to income ratio, calculated as average municipal house price divided by average regional (NUTS2) disposable income. Source: JRC, based on data from ESPON (house asking prices, 2025) and Eurostat (average dwelling size per country and degree of urbanisation and regional disposable income, 2024

As described in Section 1.1, housing stress reflects a mismatch between housing demand and housing supply that is particularly acute in certain cities, metropolitan areas, islands and tourist destinations. In a growing number of locations, this imbalance has contributed to rising rents and purchase prices, and increasing difficulties for residents, workers, students and vulnerable groups to afford housing (see Figure 1 and Annex 7). In many high-demand areas, housing shortages are increasingly identified by businesses, public authorities and social partners as a constraint on economic development ([25]).

In response to these pressures, public authorities across the Union are adopting or considering a wide range of measures to safeguard the availability and affordability of housing, usually aimed at dampening down demand by curbing the number of short-term rentals or other forms of non-primary use of housing ([26]).

Housing policy remains primarily a national, regional and local competence. However, many measures adopted in response to housing pressures affect activities falling within the scope of Union law.

The problem addressed by this initiative therefore has two drivers.

The first driver is a **substantive housing-market challenge** that creates pressure for public intervention. Housing affordability itself is not the direct problem addressed by this initiative, but it is an essential driver. In some areas under housing stress, competent authorities are increasingly seeking to address housing pressures that arise from the

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([25]) AHA-BIB-166.
([26]) The Mayors for Housing coalition, which represents 21 diverse cities from different Member States, has stated: *"In many contexts, homes are increasingly treated as investment assets rather than primarily as places to live, fuelling speculative dynamics, reducing the availability of long-term housing and pushing up prices"; "Tourism is expected to continue growing significantly in the coming years, at a 3,5% annual rate, according to the World Travel & Tourism Council. As a result, the pressures associated with STR activity are likely to intensify, particularly in cities already facing housing shortages and high tourism demand"* and *"Regulating short-term rentals is critical to safeguarding residential housing stock and curbing speculative pressures that contribute to price surges and reduced availability for city inhabitants."*

supply-demand mismatch and that may be aggravated by certain forms of non-primary use of housing.

The second driver is a **governance challenge**. While Union law recognises that housing affordability and availability may justify restrictions even if they affect internal market freedoms, the current framework provides only legal principles but does not provide a sufficiently structured basis for establishing the presence of housing stress and assessing the necessity and proportionality of specific interventions.

As a result, competent authorities increasingly face difficulties in designing and implementing housing-related measures that are both effective in addressing local housing pressures and fully compatible with Union law. At the same time, and partly as a consequence, citizens, service providers, platforms, property owners and investors face uncertainty about which restrictions might be adopted, maintained or challenged.

The interaction between these two drivers is central to the problem addressed in this impact assessment. Housing stress creates pressure for public intervention, while the absence of a structured framework makes it very difficult for competent authorities to determine when and how such intervention is justified and likely to be proportionate. While housing stress primarily reflects local housing market conditions, the governance challenge arises in the application of a common Union legal framework governing restrictions affecting internal market freedoms. This distinction defines the limits of Union action and the areas where it can add value.

2.2. What are the problem drivers?

Driver 1: A supply-demand imbalance aggravated by non-primary use of housing

The first driver is substantive in nature and relates to housing market developments in areas under housing stress.

As described in Section 1.1 and in Annex 7, housing stress reflects a persistent mismatch between housing demand and housing supply. While insufficient housing supply remains a key structural driver, housing demand that is not related to primary residential use may aggravate affordability pressures in specific local markets. This includes housing used for short-term rentals, secondary homes, occasional use, investment purposes, and/or vacant for extended periods.

According to Eurostat, nearly 20% of the dwelling stock in 2021 was not used for primary residence. In capital cities such as Athens, Lisbon or Paris secondary dwellings and vacant dwellings each represent 10 to 12% of the dwelling stock. In tourist areas such as Biarritz, Algarve or the South Aegean region, more than 30% of the dwelling stock are secondary homes. In Paris, 18 600 dwellings had been vacant more than one year in 2021 ([27]). A recent study by the JRC ([28]) shows that the share of unoccupied dwellings (covering vacant and secondary homes) is positively correlated with housing prices, probably driven by secondary homes located in highly valued locations, and that the correlation is substantially stronger in cities.

([27]) AHA-BIB-112.
([28]) AHA-BIB-038.

On average STRs from the four main platforms represent 1.2% of the total dwelling stock in the EU ([29]) but at the local level, Airbnb listings can rise to more than 20% of the dwelling stock in some neighbourhoods and municipalities – which is not representative of the share of STRs from all platforms, as in some markets Airbnb could account for half of STR listings or less ([30]). When compared to the stock of dwellings used for long-term rental, the share of Airbnb in certain neighbourhoods and municipalities can be even higher, in particular where the rental market is very thin. In the central neighbourhood of Madrid for instance, for every 100 rented homes around 40 are used for short-term rentals ([31]). The expansion of STRs has evolved from occasional peer-to-peer activity towards a significant professional and commercial activity in some markets ([32]), with a high proportion of multi-property listings in very popular destinations that are experiencing housing pressures. Inside Airbnb data ([33]) indicates that the percentage of listings that are managed by a single entity (host or property manager) with two or more units reached between 60% and 70% in Barcelona, the South Aegean Islands, Malta, Valencia, for instance.

The available evidence suggests that the impact of non-primary use of housing differs significantly across the EU and depends on local housing market conditions. In many areas the effects may be limited. In others, particularly where housing supply is constrained and housing demand is strong such as in cities, a large body of evidence, covering European and US cities, shows that short-term rentals, secondary homes and other forms of non-primary use contribute to higher housing prices and rents, by reducing the availability of housing for permanent residential occupation and increasing competition for an often limited housing stock. As an illustration, a study ([34]) on the impact on the Barcelona housing market finds that Airbnb activity is associated with an increase in rents and prices ([186]): in a neighbourhood with the average level of Airbnb listings, rents are 2% and prices are 4.4% higher than in a neighbourhood with no Airbnb activity. This rises up to 7% for rents and 17% for prices in neighbourhoods in the top decile of the Airbnb activity distribution. In Europe alone, similar results, albeit with different magnitudes, have been found in Lisbon, Madrid, Amsterdam, Berlin, Italian cities and French cities (see Annex 7).

([29]) AHA-BIB-38.
([30]) There is no official analysis of market shares of the main STR platforms in the EU. Skift Research estimates that in 2024 Airbnb held around 44% of the global short-term rental market share, followed by Booking.com with about 18%. Scraped listing data (e.g. AirDNA, InsideAirbnb), industry reports, national housing and tourism studies, and various internet sources suggest that in countries such as France, Italy and Spain Airbnb accounts for about 50-60% of STR listings, followed by Booking with 25-35%, Expedia Group 5–10%, and Tripadvisor in low single digits. The picture is different in Germany and other Central and Northern European countries, where Airbnb and Booking are estimated to be roughly on par with STR shares of around 35–45% each. Data on listings might be affected by double counting if a same dwelling is referenced on several platforms, while data on bookings isn't.
([31]) European Commission calculations, 2025, based on data from the Spanish housing census (2021) and Inside Airbnb.
([32]) While there is no EU-wide definition of professional hosts, Airbnb itself considers an individual host *"when your hosting on Airbnb is only a side activity, or your accommodation is only listed occasionally on Airbnb, for example when you are away on holiday"*. Criteria to determine whether a host is acting as a business include whether the hosting activity is the primary profession or source of income, the legal entity of the host, hosting over a longer period of time in order to make a profit, and the number of listings. It adds "*If you're unsure about your status as a host, we recommend seeking advice from a lawyer or other professional adviser"*.
([33]) AHA-BIB-134.
([34]) AHA-BIB-132.

Therefore, while non-primary use of housing is not the root cause of housing stress, it may aggravate housing pressures in some local markets. As a result, competent authorities increasingly seek to adopt measures affecting non-primary uses as part of broader efforts to safeguard housing affordability and preserve housing stock for residential purposes (see Annexes 8 and 9). At the same time, measures affecting non-primary use of housing cannot by themselves resolve the underlying causes of housing shortages. Housing stress ultimately reflects a broader supply-demand mismatch. Sustainable improvements in housing affordability therefore depend not only on alleviating demand pressures but also on increasing the supply of housing, including affordable and social housing.

Competent authorities consequently face a dual challenge: alleviating immediate housing pressures while addressing the structural constraints affecting housing supply.

Driver 2: Existing EU rules provide legal principles but lack a common operational framework for assessing and governing housing-related interventions

The second driver is a governance challenge.

Member States remain competent to regulate housing, land use and property markets. However, measures affecting the provision of services such as short-term rentals, or investments in real estate may restrict the freedom to provide services, freedom of establishment or capital movements and must therefore comply with Union law. The relevant framework is provided by the Treaty (Articles 49 and 56 TFEU), the Services Directive ([35]), which applies to restrictions on STRs regardless of whether there is a cross-border dimension ([36]) and requires such measures be notified to the European Commission, and the jurisprudence of the Court of Justice (including the landmark *Cali Apartments* judgment ([37]). This EU acquis requires such measures to be justified by an overriding reason in the general interest, non-discriminatory and proportionate.

While the CJEU has recognised that housing affordability may justify restrictions affecting internal market freedoms ([38],[39]), existing Union law provides only general legal principles and limited operational direction. The new STR Regulation ([40]), applicable since May 2026, creates a harmonised system for STR registration and data sharing.

([35]) Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

([36]) In the absence of specific secondary legislation on access to STR services, the Services Directive, as interpreted by the Court of Justice, constitutes the main legal act governing access to, and requirements on, STR services. The relevant provisions in Chapter III of the Services Directive do not lay down any condition as to the existence of cross-border interest. In the Visser Judgment of 30 January 2018 (Joined Cases C-360/15 and C-31/16), the CJEU confirmed that the directive applies to situations even where all the relevant elements are confined to a single Member State, i.e. where the host and the guest are both located in the same place without a cross-border dimension.

([37]) Judgment of 22 September 2020, *Cali Apartments SCI*, C-724/18 and C-727/18

([38]) Judgment of 30 January 2018, *X and Visser*, C360/15 and C31/16, EU:C:2018:44, paragraph 135.

([39]) See, to that effect, inter alia, judgments of 1 October 2009, *Woningstichting Sint Servatius*, C567/07, EU:C:2009:593, paragraph 30, and of 8 May 2013, *Libert and Others*, C197/11 and C203/11, EU:C:2013:288, paragraphs 50 to 52.

([40]) Regulation (EU) 2024/1028 of the European Parliament and of the Council of 11 April 2024 on data collection and sharing relating to short-term accommodation.

However, it does not determine which substantive restrictions on STR activity are compatible with Union law.

The European Court of Auditors ([41]) stated in March 2026 *that "the national authorities in the Member States we visited pointed out that they still lack sufficiently clear guidance from the Commission regarding the assessment of national regulations for compatibility with the Services Directive, for example in respect of non-discrimination, necessity and proportionality of draft national legislation"*.

The existing jurisprudence remains limited, case-specific and not sufficiently operational for the wide range of measures now being adopted across the EU. Because case law necessarily addresses the facts of individual disputes, it does not establish common methodologies for identifying housing stress, assessing causal links, defining territorial scope, determining duration or evaluating effectiveness. There is no common Union framework for determining when housing stress exists or for documenting the justification and proportionality of housing-related interventions. As a result, the assessment of when housing pressures can justify restrictions affecting internal market freedoms, and whether a specific measure is proportionate, is largely left to a case-by-case application of general legal principles. Public authorities, especially at local level, often lack the legal expertise and resources to translate these principles into practice, including how to demonstrate the existence of housing stress, establish a causal link between the identified problem and the proposed measure; or show that a measure is suitable to achieve the objective pursued and that no less restrictive measure would be equally effective (for more details on the EU legal framework, please refer to Annexes 8 and 9).

As a result, a patchwork of approaches has emerged across the EU internal market aimed at safeguarding the availability and affordability of housing for local residents. The divergence concerns both the assessment of housing stress and the design of the measures adopted in response.

To establish housing stress, several Member States and their authorities at regional and local level use different concepts, indicators, thresholds, territorial units, data sources and procedures (cf Annex 10 for further details).

There is also a significant divergence in the nature of the specific measures adopted.

These include restrictions on the acquisition of building land by non-residents, requirements for a property to serve as habitual residence, limits on the number of secondary properties permitted, zoning of areas reserved for primary residences, and restrictions of change of use from residential housing to commercial use (cf Annex 8).

When it comes to regulating STRs, measures include restrictions on rentals other than a host's primary residence, maximum thresholds of the number of rental days permitted per year (with limits ranging from 30 to 120 days per year), spatial planning measures to limit STRs in specific zones, limits to granting new licenses once STR rentals reach a defined concentration of the housing stock, and decisions not to grant new STR licenses or renew existing ones amounting to a de facto ban (for more details, please refer to Annex 9). To focus measures on the increasingly professionalised or commercialised nature of STR activity, such regulations do not generally explicitly define "professional" hosts, but they use proxies such as scale (letting of multiple units), frequency (exceeding

([41]) Special report 13/2026: Single market for services, European Court of Auditors.

certain thresholds), renting of primary/non-primary residences, or business activity (licensing regimes for commercial letting, or the host being registered as a business or deriving regular income).

Many of these differences reflect legitimate local circumstances and should continue to do so. However, the absence of common procedural rules makes it more difficult for public authorities to conduct assessments in a transparent, predictable and comparable manner, subject to public scrutiny. It increases legal uncertainty regarding the conditions under which interventions are justified and remain proportionate.

Moreover, the existing framework is primarily geared towards the application of legal principles rather than providing a structured and transparent basis for evidence-based housing interventions. In their notifications of measures to the Commission, public authorities consistently raise the lack of dwellings for local residents. However, the current dialogue between Member States and the Commission thus far has tended to focus on the legal proportionality of the measure rather than the quantitative and qualitative necessity.

2.3. Consequences of the problem

The substantive and governance challenges described above have consequences for public authorities, economic operators, citizens and housing markets in areas under housing stress.

a) Litigation, compliance costs and reduced predictability

Insufficient legal certainty and the absence of a common operational framework result in litigation, compliance costs and reduced predictability for public authorities and market participants.

During the targeted consultation on this initiative, Spain, France and Lithuania, the cities of Amsterdam, Barcelona, Lisbon and Paris, as well as major cities represented through the Mayors for Housing Alliance ([42]), emphasised the importance of reducing the risk of litigation at European level. The tension between the presumption that authorities act in the public interest and the compatibility of local regulations with EU internal market rules has triggered what a legal expert described as “recurrent” legal challenges and “excessive” litigation across the European Union. The volume of litigation is so high that it has been described as a factor that “overwhelms national judicial systems” and undermines the credibility of the regulations themselves ([43]).

While only several dozen landmark cases have reached the CJEU or national supreme and constitutional courts, the overall volume of litigation is considerably higher. In the absence of a centralised European dataset, the Commission estimates that the total number of cases – including lower court proceedings, administrative appeals and individual disputes – likely ranges from several hundreds to low thousands across the

([42]) Mayors from the following cities are members of the alliance: Amsterdam, Athens, Barcelona, Bologna, Budapest, Copenhagen, Dublin, Florence, Gent, Leipzig, Lisbon, Metropolis of Lyon, Milan, Paris, Rome, Warsaw and Zagreb.

([43]) AHA-BIB-060.

Union, with some local regulations generating more than 100 legal cases against a specific measure ([44]) (cf Annex 8 and 9).

As for litigation costs, a conservative estimate based on the internal workload of local authorities and external legal support suggests that the cost of managing legal challenges against local STR and other non-primary housing restrictions, based on staff time and external legal costs, may range between EUR 15,000 to over EUR 164,000, depending on national salary levels, the complexity of the case and the intensity of external legal support. Where a single local measure generates multiple challenges, as observed in several STR-related disputes, the cumulative legal and administrative cost for the public authority could plausibly range from around EUR 0.10-0.17 million for a low-litigation scenario of 5 cases to EUR 3.35-5.05 million for a high-litigation scenario of 100 cases, excluding court-system costs, compensation and enforcement delays.

Evidence gathered from major cities experiencing housing stress indicates that the enforcement and oversight of STR regulations can require substantial administrative resources, including dedicated enforcement teams, monitoring systems and legal support. In some cases, authorities reported annual expenditures running into several million euro, although comparable public data are generally not available. In April 2026, Paris approved the creation of a 150-person "housing enforcement brigade" dedicated to enforcement against illegal tourist accommodation, rent control violations, vacant housing and other housing-related offences. Similarly, Barcelona has established dedicated inspection activities for tourist accommodation and has recently intensified cooperation between municipal and regional authorities to increase inspections of seasonal and tourist rentals.

The Commission, for its part, plays a role both in terms of the Services Directive notification procedure ([45]) and through the possibility, as guardian of the Treaties, to open a mechanism for informal exchanges with a Member State on potential non-compliance with EU law ("pre-infringement dialogues"), as well as subsequently to initiate an infringement procedure against a Member State to urge a government to modify/repeal unfitting rules, and ultimately to refer the issue to the CJEU.

Various measures on STR services introduced by public authorities across the EU resulted in a number of complaints lodged to the Commission by individual hosts, STR platforms and associations representing them. Based on these complaints, the Commission has opened one infringement procedure and three pre-infringement dialogues. Additionally, several Member States have notified restrictions on STR

([44]) AHA-BIB-061: 1/ "as of early 2020, nearly 100 legal cases against the PEUAT had been lodged" before the High Court of Justice of Catalonia; 2/ Paris had 420 cases pursued by the city against Airbnb hosts for failure to register and-or respect the 120-night cap applicable to primary residences, with these cases having been put on hold until the Court of Justice ruled in Cali Apartments.

([45]) According to the Services Directive (2006/123/EC), Member States have an obligation to notify legislative changes affecting the freedom of establishment (Article 15) and the free movement of services (i.e. temporary cross-border service provision - Articles 16 and 39(5)) either before or (shortly) after their adoption - to the Commission and to the other Member States. Member States must assess whether the requirement in question is non-discriminatory (i.e. not directly or indirectly discriminatory with regard to nationality or place of establishment), justified by an overriding reason relating to the public interest and proportionate (i.e. suitable to achieve the objective pursued, not going beyond what is necessary to attain the objective and not replaceable by less restrictive means to attain the same objective). The Commission examines the compatibility of notified requirements with EU law, and may according to Article 15(7) of the Services Directive, where appropriate, adopt a Decision requesting the notifying Member State to refrain from adopting the requirements or to abolish already adopted national measures.

services to the Commission under the Services Directive. Commission services have consistently raised concerns about the geographical scope of measures, evidence of significant inflationary effect of STR activities which could justify restrictive measures, or the inclusion of main residences. In 2019, the Commission launched an infringement concerning the Brussels Capital Region framework, questioning the compatibility of the highly restrictive authorisation system with Union law. That infringement procedure is currently pending, and the same requirements are the object of a request for a preliminary ruling by the CJEU (*Smartflats* case C-813/24) (for more details see Annex 9).

In 2016 and 2018, the Commission offered guidance on how to design proportionate market access rules and obligations on online platforms, via its Communication on the collaborative economy ([46]) and the development of policy principles ([47]). However, stakeholders did not consider this sufficient to provide operational certainty regarding housing-related restrictions, as exemplified by calls for more legal certainty and transparency coming from the Council ([48]) and the Parliament ([49]). On 11 March 2024, 43 MEPs addressed a letter to the European Commission urging it to stop enforcement actions against local regulations of STRs ([50]). This followed a letter sent on 20 December 2023 by a coalition of Member States calling for similar action. Mayors of big European cities have also requested the Commission to stop EU pre-infringement dialogues regarding their local STR regulations ([51]) – these Commission enforcement actions are currently on hold.

The Commission has also received numerous complaints against measures in Member States to restrict the acquisition and use of housing to preserve access to housing for local residents, most of which have been resolved in bilateral dialogue with the Member State in question or remain open. The most frequent complaints concerned various forms of restrictions on second homes, including quantitative caps, outright prohibitions in certain areas, and prior authorisation or declaration schemes. The Commission has also been handling recurring complaints about municipal rules to control access to building land with a view to giving priority to residents. Other complaints concerned housing allowances based on residency, building obligations, i.e. obligations to commence or complete construction within a given period, as well as permanent residence obligations. Legal uncertainty arises mainly from rules leaving excessive discretion to local authorities, unclear criteria for authorisations, law amendments with retroactive effects or variations in administrative practices. Furthermore, the rules and administrative practices often indirectly disadvantage non-residents from other Member States.

For further details about Commission enforcement activities, please refer to Annex 8 in the area of capital movements and 9 in the area of STRs.

Although housing markets are local, many housing-related activities have a cross-border dimension. As a result, legal uncertainty and the resulting compliance and predictability challenges can affect stakeholders operating across the EU internal market.

([46]) AHA-BIB-062.
([47]) AHA-BIB-063.
([48]) Council Conclusions on 'The competitiveness of the tourism sector as a driver for sustainable growth, jobs and social cohesion in the EU for the next decade' (adopted on 27/05/2019)
([49]) AHA-BIB-079.
([50]) AHA-BIB-064.
([51]) AHA-BIB-058.

Short-term rental services are generally offered through online platforms operating across the Union, and often by hosts established in a different Member State or managing properties in various EU countries. The Staff Working Document accompanying the Commission proposal for the STR Regulation estimated that 16.3% of hosts offered STR services in a Member State other than their country of residence, and 2.5% offered STR services in more than one Member State. In addition, individuals and investors increasingly acquire residential property outside their Member State of residence. In Spain for instance, 13.5% of residential property purchases in the last quarter of 2025 were made by non-nationals. In some provinces, including areas experiencing acute housing pressures, this share is considerably higher, such as the Balearic Islands (31.5%) or Santa Cruz de Tenerife (26.4%) ([52]).

The diversity of national, regional and local approaches may increase information and compliance costs for economic operators active across different jurisdictions, particularly where they need to understand and comply with different procedural requirements. This concerns, for example, STR hosts operating in jurisdictions and online STR platforms that need to adapt their compliance processes to different national and local requirements ([53], [54], [55]), as well as individual buyers and institutional investors engaging in cross-border property transactions ([56], [57]). While stakeholders consistently report legal uncertainty and implementation challenges arising from divergent local approaches (a point emphasised by STR hosts and platforms during the targeted consultation), there is little empirical evidence quantifying the extent to which these differences have affected cross-border activity, investment decisions or market integration.

While some diversity in housing-related measures is inherent to local housing markets and is expected to remain, the absence of common procedural conditions governing the justification and proportionality of housing-related interventions is itself a source of legal uncertainty for competent authorities, economic operators and the Commission when applying Union law.

b) Risk of less effective and proportionate responses to housing pressures

The absence of a structured framework for assessing housing stress and evaluating interventions may make it more difficult for competent authorities to identify the most appropriate, effective and proportionate responses to local housing pressures. This is exacerbated by the fact that the evidence on the effectiveness of different interventions varies across locations and depends heavily on local housing market conditions (see Annex 7).

Even countries that have already introduced criteria to identify areas under housing pressure, such as Spain and France, called during the targeted consultation for a common framework that enables Member States to apply proportionate and data-driven housing-related measures.

([52]) AHA-BIB-115.
([53]) STR platforms need to build and maintain different technical bridges to talk to various municipal databases to check if a registration number is still "active" or if a host has exceeded their e.g. 90-day cap. Most authorisations (like neighbour consent or "change of use" permits) are physical documents in PDF and including signatures that cannot be automatically verified.
([54]) AHA-BIB-075 and AHA-BIB-076.
([55]) AHA-BIB-080.
([56]) AHA-BIB-190.
([57]) AHA-BIB-191.

Several studies on EU and non-EU cities show that restrictions on non-primary uses can lead to lower house prices and rents. A study covering the ban on the construction of new secondary homes in tourist locations in Switzerland ([58]) found that the price growth of primary residences was lowered by 15% whereas the price growth of secondary residences in the areas affected by the ban increased by 26%. A study conducted on Lisbon ([59]) assessed the impact of the partial ban on new STR listings that was implemented starting in November 2018. It shows that for neighbourhoods targeted by the ban, one year later real estate prices had decreased by 8% (including a 20% fall in price of 2-bedroom apartments) – a decrease which was not observed in the adjacent neighbourhoods not concerned by the ban. These results are not uniform however, and other studies have shown no reduction in prices or rents, nor spillover effects on neighbouring areas or unintended effects such as higher local unemployment.

The outcomes of these regulations vary depending on the type of measure implemented, who is targeted, and most critically they depend on how effectively regulations are enforced.

Evidence suggests that broader territorial measures may in some circumstances be more effective, easier to enforce and less prone to generating spillover effects ([60],[61]), although this must be balanced against legal proportionality requirements which would favour applying measures only to specific neighbourhoods experiencing tensions on rental housing (as confirmed by the CJEU in the *Cali Apartments* ruling).

In practice, the dialogue between public authorities and the Commission has often focused on the legal proportionality of measures rather than on a structured and transparent assessment of the justification for action warranted by housing stress, the contribution of different factors to local housing pressures, the likely effectiveness of interventions, or the relationship between demand-side and supply-side responses. As a result, authorities may face difficulties in demonstrating not only that housing pressures are sufficiently acute to justify intervention, but also that the specific measure is the most proportionate response to the specific housing challenge identified.

This may reduce the effectiveness of policy responses over time. Authorities may be reluctant to intervene despite significant housing pressures, or conversely may adopt measures that are disproportionate and without sufficient evidence regarding their likely contribution to the objectives pursued. More generally, interventions affecting non-primary use of housing in isolation from broader efforts to address housing supply constraints may not strike the balance effectively between housing demand and housing supply that is required to improve housing affordability.

2.4. How likely is the problem to persist?

In the absence of EU action, the identified challenges of legal uncertainty and governance are likely to persist and, in some urban centres, tourist destinations and other high-demand areas, intensify. Housing stress is likely to remain concentrated in areas characterised by strong housing demand and constrained supply, while public authorities

([58]) AHA-BIB-108.
([59]) AHA-BIB-149.
([60]) AHA-BIB-151.
([61]) AHA-BIB-167.

continue to seek responses through measures affecting short-term rentals, secondary homes, vacant dwellings, or other forms of non-primary use of housing. At the same time, the legal uncertainty surrounding the justification and proportionality of such measures is likely to persist.

Existing Union law and jurisprudence provide important principles but do not establish common methodologies for assessing housing stress or demonstrating the justification and proportionality of interventions. The STR Regulation will significantly improve registration, data-sharing and enforcement capabilities, but it does not clarify which substantive measures are compatible with Union law. Public authorities will therefore continue to face difficulties in demonstrating housing stress, establishing a causal link between the identified problem and the proposed intervention, assessing the suitability of measures and demonstrating proportionality. As a result, housing-related restrictions are likely to remain subject to legal challenge, generating litigation, administrative burden and compliance costs for both public authorities and economic operators.

Moreover, structural housing supply constraints are likely to continue limiting the effectiveness of responses focused exclusively on demand-side measures. Although recent figures suggest some recovery, the number of permits granted remains close to historical lows and, given the time required for new housing to reach the market, supply shortages are likely to persist in many areas under housing stress. Evidence collected for the Staff Working Document accompanying the European Affordable Housing Plan ([62]) suggests that public authorities often rely on measures capable of producing more immediate effects, while longer-term actions aimed at increasing housing supply or better matching housing demand and supply typically take more time to implement and produce results.

As a result, without further EU action, competent authorities are likely to continue facing difficulties in identifying, justifying and designing housing-related interventions in a way that is compatible with Union law, while also facing challenges in responding appropriately to housing stress where it is most acute.

3. WHY SHOULD THE EU ACT?

3.1. Legal basis

Member States and their regional and local authorities have the legal competence and are best placed to determine whether housing pressures exist in their territory, whether intervention is necessary and which measures are appropriate in light of local housing market conditions.

In response to housing pressures, competent authorities are adopting a variety of measures affecting the non-primary use of housing, including authorisation requirements, registration systems, primary residence requirements, change-of-use rules, restrictions on property acquisition and other measures (see Annexes 8 and 9). Such measures may affect individual buyers and institutional investors engaging in cross-border property transactions, as well as hosts of short-term rental accommodation services and online platforms, including those operating across several Member States.

([62]) AHA-BIB-053.

Where such measures affect the freedom to provide services, the freedom of establishment and the free movement of capital protected by Union law, they must comply with Union law. The compatibility of such measures with Union law is therefore already governed by common Union rules and cannot be determined solely at national, regional or local level.

The initiative does not seek to harmonise housing policy outcomes or determine whether competent authorities should intervene. Rather, it establishes common procedural requirements governing housing-related measures affecting internal market freedoms under Union law. It therefore aims to improve the conditions for the establishment and functioning of the internal market while fully respecting Member States' competence regarding housing policy and the substantive design of housing measures.

Article 114 TFEU provides the legal basis for measures aimed at improving the establishment and functioning of the internal market. It is therefore the appropriate legal basis for addressing divergences in procedural requirements governing housing-related interventions affecting internal market freedoms, thereby improving the consistent application of Union law.

If the initiative were to be complemented by a Recommendation, then Article 292 TFEU would be the appropriate legal basis for that part of the package.

3.2. Subsidiarity: necessity and added value of EU action

The need for Union action arises from the governance challenges identified in Section 2. While housing stress itself reflects local housing market conditions and remains primarily a matter for Member States and their regional and local authorities, the justification and proportionality of restrictions affecting internal market freedoms are matters governed by Union law. The initiative therefore focuses principally on establishing EU-wide procedural conditions to determine the justification and proportionality of housing-related interventions, while supporting more effective responses to housing stress within the limits of Union competence.

As explained in Section 2, public authorities increasingly seek to respond to housing pressures through divergent measures affecting short-term rentals, secondary homes, vacant dwellings and other forms of non-primary use of housing which are adapted to the local housing situation. While Union law provides the legal principles governing such interventions, it does not provide a common framework for assessing housing stress, evaluating the necessity and effectiveness of measures, considering the interaction between demand-side and supply-side responses, or ensuring transparency and review over time. As a result, public authorities face legal uncertainty, increased litigation risks and higher administrative and compliance costs.

Existing CJEU jurisprudence remains limited, case-specific and cannot by itself establish operational conditions applicable across the EU. In different cases analysed in Annex 8 and 9, the Court has consistently rejected measures based on purely economic aims or broad assumptions, requiring instead precise evidence that the objective set for the measures is genuinely at risk and that no less restrictive alternatives are available. In particular, the *Cali Apartments* judgment confirms that targeted authorisation schemes for short-term rentals may be lawful where they are supported by evidence of housing pressure and are limited to the areas and types of housing most affected. The Court assesses individual disputes brought before it and does not define common indicators, evidentiary standards, review obligations or procedural requirements for competent authorities. These elements can only be provided through legislative or non-legislative action at Union level.

Individual Member States are not in a position to establish how restrictions affecting internal market freedoms should be assessed. Nor can they ensure common standards regarding evidence, transparency, review and proportionality. Action at Union level is therefore necessary to establish a coherent framework governing these aspects, as confirmed during the consultation process (see Annex 2), where public authorities called for legal certainty for measures from the European Commission, whilst retaining the ability to respond to local requirements in line with subsidiarity.

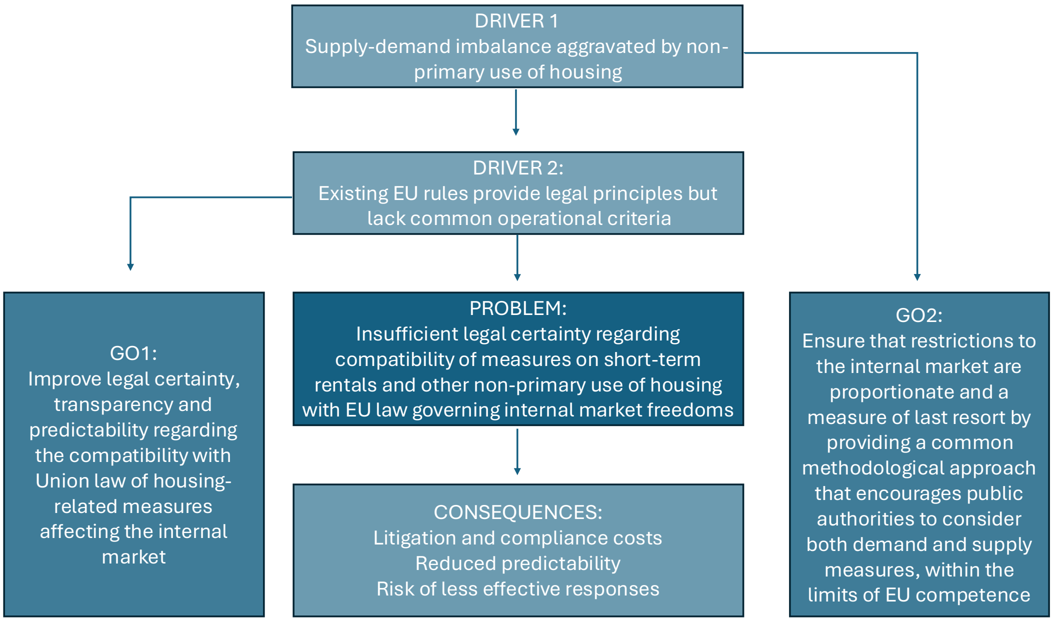
The added value of Union action derives from its ability to reconcile local flexibility with common procedural safeguards that support evidence-based decision-making and ensure coherence with Union law. Housing markets are inherently local and require responses adapted to local circumstances. At the same time, measures affecting internal market freedoms should be subject to shared procedural conditions that improve legal certainty, transparency and predictability for competent authorities, citizens and economic operators. Some diversity in housing-related measures will remain, reflecting subsidiarity, differences in local housing markets, and different policy choices. The initiative addresses differences in the procedural framework rather than trying to harmonise substantive housing outcomes, but still thereby improving legal certainty, transparency and predictability across the internal market. This diversity is reflected even within Member States. For example, in Germany, federal legislation provides common criteria for identifying areas under housing stress, while Länder and local authorities retain discretion in deciding whether to designate such areas and which housing policy measures to apply, resulting in different responses to similar housing market conditions (see Annex 10).

Union action would provide added value by establishing common conditions for identifying housing stress and procedural safeguards governing the assessment, justification, transparency and review of housing-related interventions.

Importantly, the initiative would not harmonise substantive housing policies or predetermine the outcome of local decisions. Authorities would remain free to decide whether intervention is necessary, which measures to adopt and how those measures should be designed. In practical terms, local authorities would continue to determine the "what", while the Union framework would establish common rules regarding the "how".

The initiative is also proportionate to its objectives. It does not impose specific housing policies, require authorities to intervene, or establish harmonised restrictions throughout the Union. Rather, it limits Union action to those elements necessary to establish a joint framework for assessing, justifying, reviewing and monitoring housing-related interventions affecting internal market freedoms and the procedural rules necessary to improve legal certainty and support transparent, evidence-based and proportionate decision-making. It therefore strikes an appropriate balance between flexibility for local authorities and coherence in the application of Union law.

4. OBJECTIVES: WHAT IS TO BE ACHIEVED?



The initiative seeks to address the problem and its two main drivers identified in Section 2. The objectives are presented in an order that reflects the two problem drivers identified in Section 2 and the areas where Union action can add the greatest value. The initiative primarily addresses the governance challenge while also supporting competent authorities in responding to housing pressures.

Consistent with the principles of subsidiarity and proportionality, the objectives focus on improving the framework within which housing-related interventions are assessed, while preserving local discretion regarding housing policy choices.

General Objective 1: To improve legal certainty, transparency and predictability regarding the compatibility with Union law of housing-related measures affecting the internal market.

This objective addresses the governance challenge identified in Section 2. It seeks to improve legal certainty, transparency and predictability by establishing common procedural requirements for identifying areas under housing stress (SO 1.1.), and assessing, within those areas, the proportionality of specific interventions on short-term rentals or the acquisition and use of housing affecting internal market freedoms (SO 1.2.).

- **Specific Objective 1.1: Ensure that areas under are identified by using common, evidence-based and transparent criteria to determine when housing affordability and availability can justify public intervention.** This objective seeks to ensure a consistent and transparent approach to identifying housing stress, which could justify restrictions to the single market, while preserving flexibility to reflect local housing market conditions.
- **Specific Objective 1.2: Establish common procedural requirements governing the proportionality of specific housing-related interventions affecting the internal market.**
  This objective seeks to improve legal certainty regarding the conditions under which specific housing-related measures liable to affect the internal market freedoms (establishment, services, capital) may be adopted, maintained, reviewed

and withdrawn, while ensuring that they are necessary, proportionate and limited to what is required to address identified housing pressures.

General Objective 2: To ensure that restriction to the internal market are proportionate and measure of last resort by providing a common methodological approach that encourages public authorities to consider both demand-side measures and housing supply, within the limits of EU competence. This objective addresses the substantive challenge identified in Section 2, within the limits of Union competence. It recognises that housing pressures reflect local supply-demand imbalances and that restrictions affecting non-primary uses of housing, which are focussed on demand, cannot generally resolve housing shortages on their own.

- **Specific Objective 2.1: To support competent authorities in identifying appropriate measures to increase housing supply in and around areas under housing stress.** This objective seeks to support competent authorities in identifying and considering supply-side measures adapted to local circumstances, while leaving decisions on the choice, design and implementation of such measures entirely to the competent authorities concerned.

5. WHAT ARE THE AVAILABLE POLICY OPTIONS?

5.1. What is the baseline from which options are assessed?

The baseline for this initiative would be a no-policy-change scenario, assuming the continuation of relevant EU and national measures already in force, while also taking into account Commission initiatives already announced with an impact on housing. In this case, that baseline would include the implementation of the European Affordable Housing Plan (except the action related to the Affordable Housing Act), and the continuation of national, regional and local housing measures adopted by Member States and local authorities in response to mounting housing pressures.

The baseline scenario also includes the application since May 2026 of Regulation (EU) 2024/1028 on short-term rental data collection and sharing, which the Commission will facilitate by providing guidance in Q3 2026 on some of the implementation concerns raised by public authorities and stakeholders.

5.2. Description of the policy options

In addition to the baseline, three policy options have been identified to pursue the objectives identified in Section 4. While the options share common elements, they differ considerably in terms of the nature and degree of EU intervention.

5.2.1. Policy Option 1 – Soft EU intervention and non-legislative approach

Under this option, the Commission would offer a non-legislative approach to assist Member States and their competent authorities, advising them on how to identify areas in which housing pressures are particularly significant, clarifying the legal principles under existing EU law applicable to certain restrictions on non-primary housing in those areas, and offering practical guidance and best practices on measures to increase supply. The application of this approach would be voluntary and its uptake would depend entirely on public authorities, without any obligation to notify or even publish their assessment, comply with specific rules to ensure proportionality, or periodically review their decisions. It would not establish common procedural requirements, require the publication of evidence, ensure periodic review or create binding standards applicable to all competent authorities. Because the guidance would be non-binding, competent authorities would remain free to depart from it and there would be no mechanism to ensure consistent application across the Union.

The practical guidance would take the form of a Commission Communication or Commission notice.

Key components of this non-binding option:

a. **Guidance on identifying areas under housing stress**, encouraging Member States/competent authorities to use a set of proposed indicators to understand if any of their territories are under housing stress. The guidance would recommend data sources and data collection methods, definitions and best practices for monitoring compliance. Under this option, there would be no obligation to notify the Commission, or to publish data and methodologies, and no centralised EU approval process as competent authorities would self-assess based on the guidance. The guidance would help competent authorities to identify areas under housing stress using a transparent, evidence-based approach, easy to implement across all Member States and respecting the diversity of local housing markets. It would recommend following a two-tier approach based on a headline indicator to screen housing affordability stress (Tier1), and a list of additional indicators (Tier2) to cater for local contexts (further details under Section 5.2.2. and in Annex 4).

   - Tier 1 – Harmonised screening: Where the price-to-income ratio, defined as the average transaction price of a dwelling in the area over the disposable income ([63]), is equal to or exceeds a specific threshold; and where the price-to-income ratio has increased over the period of the preceding ten years. PTI identifies emerging affordability pressures before they materialise in household expenditure and is available consistently across Member States. It provides a comparable basis for EU-wide territorial pre-screening. The data will be available on Mapadomo, a Commission built regional housing database which includes granular data on housing stocks and transaction prices.
   - Tier 2 – Structured local assessment: Additional indicators demonstrating that housing stress is unlikely to ease, such as increased population over the last 3 years, or other indicators linked to supply and demand pressures. Competent authorities would be encouraged to choose the relevant indicators and thresholds to demonstrate housing stress based on publicly available data and to define the territorial scope of the designated area as narrowly as the available evidence allows.

   The proposed approach would capture complementary dimensions of housing stress: affordability pressure (through PTI ratio and its change over the previous ten years)

([63]) The choice of PTI ratio as affordability indicator allows to identify areas under housing stress in all Member States using existing and comparable data. Using the average transaction price of a dwelling at NUTS3 level 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.

and the potential causes or aggravating factors through demographic dynamics, and other supply and demand trends.

b. **Guidance to assess and document the justification, proportionality and non-discrimination of specific measures** that may affect the free movement of services or freedom of establishment (e.g. restrictions on STR) or free movement of capital (e.g. restrictions on housing acquisition or use). The guidance would draw on existing EU jurisprudence, including *Cali Apartments* (C-346/20) and other relevant housing-related CJEU rulings (see Annexes 8 and 9), as well as the Commission's assessment of the justification and proportionality of specific measures that have been notified by Member States in the past. It would build on the June 2016 legal guidance "A European agenda for the collaborative economy", which recommended that Member States' restrictions should be limited to situations when it is necessary to meet public interest objectives while avoiding complete bans, and establishing thresholds for professional activity. The guidance could illustrate factors that competent authorities may consider when assessing the contribution of different forms of short-term rental activity to local housing pressures, for example how to ensure that measures taken are not too restrictive, how to distinguish occasional home-sharing from other forms of STR activity that are more likely to remove dwellings from the long-term housing market. This could cover factors such as whether the dwelling is the host's primary residence, the number of units operated, the intensity of the activity, or the commercial nature of the activity. The guidance would be an interpretative communication of current Union law and not alter any of the current obligations under the Services Directive (e.g. notification to the Commission).

c. **Guidance on measures to improve housing supply**. The guidance would include best practices in increasing the supply of affordable and social housing in Member States, in or near areas under housing stress, including topics such as assessing housing needs and shortages; mobilising land and existing buildings; improving planning, permitting and administrative capacity; and identifying funding and investment needs.

Compliance, monitoring and enforcement: This option would not establish any new compliance, monitoring or enforcement obligations. Competent authorities would remain free to decide whether to follow the guidance and would continue to be subject only to existing obligations under Union law. The Commission would continue to assess relevant measures through existing mechanisms ([64]), including notification procedures where applicable, complaints handling and enforcement action under the Treaties. Because the guidance would be non-binding, there would be no mechanism to ensure its consistent application across the Union.

5.2.2. Policy Option 2 – Legislative initiative containing common criteria to identify stressed housing areas, conditions to apply restrictions and non-legislative recommendations on supply

Under PO2, the Commission would propose a Regulation establishing a common but flexible framework for competent authorities in Member States that choose to designate

([64]) Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market, OJ L 376, 27.12.2006.

areas under housing stress and adopt restrictions on non-primary use of housing in those areas for reasons linked to housing affordability. The option would not oblige Member States or competent authorities to designate areas under housing stress or adopt housing-related restrictions. However, where they chose to do so, their action should be based on objective, transparent, and verifiable criteria, proportionality safeguards and review obligations established under the Regulation.

A Regulation would ensure that all obligations would be directly applicable in a uniform way across the EU, without the need for national transposition measures, reducing the risk of fragmentation in how the assessment, designation, and review are carried out. The legislative proposal would cover points a) and b) below, complemented by a Recommendation on improving affordability and supply in areas under housing stress (point c).

The package would cover the following key measures:

a. **Common rules on designating areas under stress**: The Regulation would not impose an obligation to monitor housing affordability levels or designate areas under stress but would establish a common framework for those who decide to do so. Competent authorities in Member States (at national, regional or local level in accordance with Member States internal governance) willing to designate an area under housing stress, would be required by the Regulation to do so based on objective criteria and evidence, while ensuring that such designations remain targeted, subject to transparency requirements and regular review. The harmonised criteria would include the requirements for competent authorities to:

   - clearly identify the geographical boundaries of the area under housing stress, while leaving the precise territorial scope for decision by competent authorities;
   - ensure that policy interventions are targeted to the areas where housing pressures are effectively demonstrated;
   - limit the duration of the designation and review it at least every [three] years; and
   - publish the methodology and underlying data within [three] months of any designation of an area under housing stress, including the measures adopted in relation to the area under housing stress.

   As presented in PO1, the overall framework logic of the proposed approach would be to identify areas under housing stress using a transparent, evidence-based approach which is easy to implement across all Member States while respecting the diversity of local housing markets. The designation of areas under housing stress would not be limited to the strict boundaries of a municipality but would leave open the opportunity to include commuting zones or a wider area (e.g. functional urban areas).

   The framework would harmonise the methodology rather than the outcome. Competent authorities would apply a common two-step approach: Tier 1 provides a harmonised affordability screening, while Tier 2 supplements that screening with objective evidence reflecting local housing-market conditions.

   - Tier 1 – Harmonised screening: Where the price-to-income ratio, defined as the average transaction price of a dwelling in the area over the disposable income ([65]),

([65]) The choice of PTI ratio as affordability indicator allows to identify areas under housing stress in all Member States using existing and comparable data. Using the average transaction price of a dwelling at is equal to or exceeds a specific threshold (defined in the legal proposal and that could be subsequently amended via delegated act); and where the price-to-income ratio has increased over the period of the preceding ten years. The indicator provides a comparable basis for EU-wide screening and is available consistently across Member States. Access to the required data would be ensured through the Commission's Mapadomo database (which provides housing transaction prices at the NUTS3 level) combined with disposable income data at NUTS2 level from Eurostat, together with the necessary historical series. NUTS3 represents an appropriate balance between territorial granularity, comparability and statistical robustness. Where reliable and comparable data are available at a more granular level, competent authorities could use those data together with the corresponding NUTS 2 disposable income.

- Tier 2 – Structured local assessment: In addition to the common screening, competent authorities would be required to assess objective local evidence reflecting the specific drivers of housing stress, such as population growth, or supply and demand trends. The territorial scope of designations could be as narrow as the available evidence allows. Tier 2 would remain deliberately less prescriptive, allowing competent authorities to select appropriate indicators and define thresholds based on publicly available data, while requiring that the evidence used be objective, recent, geographically relevant and transparently documented. Relevant data may include for example official demographic and housing-stock data, building and planning information, vacancy data, rental-market information and short-term rental activity. Data made available pursuant to Regulation (EU) 2024/1028 will strengthen the evidence available for the Tier 2 assessment. Information on the location of units, the number of nights booked and the number of guests will help competent authorities assess the geographical concentration and intensity of short-term rental activity more systematically and better determine whether it may contribute to local housing pressures. The data stemming from Regulation 2024/1028 would complement, rather than replace, other local evidence on housing supply, demand and affordability.

The Commission would support implementation by making Tier 1 data available through Mapadomo and providing practical guidance on the application of the common methodology.

The effectiveness of the methodology would not require equivalent local datasets in every Member State. Comparability would be ensured through the common Tier 1 screening, while Tier 2 would provide locally relevant evidence subject to common requirements of objectivity, transparency and verifiability.

These criteria would operationalise the concept of affordable housing as an overriding reason relating to the public interest, recognised by the CJEU as a possible justification for restrictions affecting the internal market, by establishing common criteria for identifying areas under housing stress.

b. Rules on the introduction of non-primary housing restrictions in stressed areas.

NUTS3 level 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.

Once the criteria under a) justifying a public intervention are met, these new legal provisions would help competent authorities determine whether the specific planned measures are proportionate and compatible with EU internal market rules.

The framework could distinguish between occasional home-sharing and more professional or commercial forms of short-term rental activity, either through a property-based or host-based approach, in order to limit restrictions to STR activities most likely to remove (or keep) properties from the housing market. These hosts could be defined either

- based on whether the property is an entire dwelling that is not the host's primary residence, codifying the *Cali Apartments* CJEU ruling which confirms that the letting of a host's main residence does not generally remove housing from the long-term market and should therefore be treated differently from forms of short-term rental activity that involve the use of housing stock that is not used as primary residence;
- or by means of a distinction of natural and legal person and the level of activity (e.g. number of units and/or nights per year), as suggested in reaction to an observed professionalisation and commercialisation of STR activity ([66]).

Section 6 assesses the impact of these two possible property-based versus host-based definitions. In both cases, the framework would not prevent competent authorities from adopting less restrictive approaches where justified by local circumstances. Competent authorities would retain the discretion to exempt additional categories of properties or hosts beyond this minimum safeguard, provided that such exemptions are consistent with the objectives of the measure. For example, an authority could decide to exclude certain categories of non-primary housing, such as secondary residences, even where these categories could lawfully be covered by restrictions under the Regulation.

Two alternative approaches are considered under component b):

- **b1 – substantive harmonisation:** A list of market access requirements and other measures that would be permitted in areas under housing stress because they are deemed proportionate, as well as measures that are not permitted under any circumstance.
  The list of requirements deemed proportionate in areas under housing stress could codify existing CJEU jurisprudence (e.g. prior authorisation requirement for change of use from a permanent residential home to tourist accommodation, requirements making the acquisition of land or of a dwelling subject to prior declaration that the property will be used as a principal residence by the owner or tenant) as well as some frequently applied measures such as STR night caps or zoning systems designating territories for residential use only.
  Sub-option b1 could also set out a list of measures that cannot under any circumstance be deemed justified, proportionate and non-discriminatory could include unlimited (in time) bans on STRs, or authorisation requirements for non-residents to buy property without clear objective criteria.

- **b2 – procedural harmonisation:**

([66]) AHA-BIB-078.

Under this alternative sub-option, rather than establishing a list of measures that are deemed permissible or prohibited, the Regulation would establish a common framework governing how competent authorities assess, justify, adopt, review and withdraw housing-related interventions affecting the non-primary use of housing.

Before introducing a restriction, competent authorities would be required to carry out and publish an assessment demonstrating that the measure is necessary, proportionate and non-discriminatory in accordance with these new harmonised Union rules.

Where an area has been designated as being under housing stress in accordance with the common criteria described under point (a), restrictions affecting the non-primary use of housing could be adopted to safeguard the availability and affordability of housing, provided that a number of conditions are met. In particular, measures would need to be limited to the designated area, subject to periodic review, and withdrawn where the conditions justifying the intervention are no longer fulfilled.

Competent authorities would be required to demonstrate, on the basis of objective evidence, the contribution of the activity concerned to local housing pressures and the necessity of the proposed intervention.

The framework would further require competent authorities to demonstrate that relevant transparency, registration and enforcement mechanisms established under Regulation (EU) 2024/1028 are effectively applied before introducing restrictions affecting STR activity.

To ensure proportionality and that restrictions be a measure of last resort, competent authorities would be required to assess restrictive measures in the context of broader housing market conditions and existing efforts to address housing shortages. It would not impose mandatory housing investment obligations or supply-side measures. The choice, design and implementation of any supply measures would be left to public authorities by virtue of subsidiarity, although it is hoped that the Commission recommendations would be a source of inspiration.

c. **Recommendations to Member States to improve housing supply**

Under this policy option, the legislative elements under a) and b) would be complemented by a Recommendation encouraging specific measures to improve affordability and supply in areas under housing stress, with a focus on social and affordable housing. While the Regulation would establish procedural requirements ensuring that restrictions are assessed in the context of broader housing supply considerations, the Recommendation would provide voluntary guidance on measures to increase housing supply.

The Recommendation would not prescribe specific supply-side measures or require concrete budgetary commitments, and the choice of appropriate measures would remain with competent authorities. It would remain non-binding, primarily providing examples of supply-side measures that authorities may consider, such as such as the uptake of modern methods of construction, land acquisition and management, repurposing, renovation, better use of vacant and underused buildings, refurbishing of existing building stock, brownfield development, as well as streamlined planning and permitting based on existing evidence and good practices in Member States.

Compliance, monitoring and enforcement: Competent authorities would be required to publish the evidence, methodology, territorial scope and duration underlying the designation of housing stress areas, the adoption of measures and their renewal, including the justification supporting the necessity and proportionality (including the adoption or maintenance of supply-side measures).

The policy option would de facto constitute a *lex specialis* to the Services Directive for STR restrictions, and secondary legislation to the Treaty for housing measures affecting capital movements. It is the basis against which the Commission would assess compliance of housing-related measures with Union law. Any STR authorisation requirements or other market access restrictions outside an area under housing stress (or in an area under stress for other public interest reasons than housing e.g. consumer protection, protection of the urban environment, social policy objectives, or protection of national historical and artistic heritage) would still fall under the Services Directive.

Measures complying with the Regulation would not be subject to the notification procedures currently applicable under the Services Directive. The exemption from the current notification requirement would not require amending the Services Directive. The objective would not be to reduce scrutiny but to change its form. Compliance would be ensured through transparency obligations, publication requirements, periodic review, complaints mechanisms and judicial review.

The Commission would retain its role as guardian of EU law, including the assessment of complaints and engagement with Member States where concerns regarding compliance arise. The approach is similar in governance terms to the General Block Exemption Regulation in State aid. The EU lays down common conditions under which Member States can act without prior Commission approval. Compliance is ensured through transparency, national judicial review, complaints and the Commission's enforcement role, rather than through ex ante authorisation. The initiative would introduce transitional provisions requiring competent authorities to review existing national, regional and local measures, align them with the new framework within a defined period after entry into force and, if maintained, review them at the intervals defined in the legal text of the initiative.

5.2.3. Policy Option 3 – Legislative initiative with mandatory harmonised criteria, EU-wide market access and other requirements, and housing plans

This option would go beyond establishing a common framework for assessing and justifying housing-related interventions and instead introduce harmonised substantive requirements at Union level. It would include more uniform rules on short-term rentals, stronger obligations regarding housing supply and more extensive duties for Member States and competent authorities. It therefore represents the most interventionist form of EU action considered in this Impact Assessment, reflecting calls from some stakeholders for stronger EU action.

Under this option, a legislative initiative would be proposed, requiring Member States to regularly assess housing affordability across their geographical territories. Member States would be required to carry out this assessment based on indicators and thresholds harmonised in the legislative proposal. Meeting the thresholds would trigger mandatory designation of an area under housing stress and the obligation to prepare a housing acceleration plan, detailing how housing supply would be increased in the area throughout the designation period.

The choice of legal instrument would likely be a Directive, since the obligations would be addressed only to Member States and it would be for Member States to establish national housing plans and to adopt any related measure in national law to increase the supply of affordable and social housing. Member States would also need to adopt implementing national measures on non-primary use of housing in areas under housing stress taking into account national circumstances.

Compared with PO2, this option would significantly reduce Member State discretion regarding both the identification of housing stress and the choice of measures used to address it.

This option would include the following key measures:

a) **Mandatory assessment by Member States of areas under housing stress against indicators and thresholds centrally defined at EU level.** Member States would be required to assess housing affordability regularly using harmonised indicators and thresholds established at Union level described under PO2 and in Annex 4. Where the thresholds are met, the area would have to be designated as being under housing stress. The designation would trigger obligations to notify the Commission and prepare a housing acceleration plan addressing both demand-side and supply-side measures.

b) **EU-wide harmonised rules on non-primary use of housing in areas under housing stress.** Rather than leaving the choice of restrictions to competent authorities subject to common proportionality requirements, the proposal would establish harmonised Union-level rules governing certain forms of non-primary use of housing in areas under housing stress. It could establish common thresholds on the amount of rental nights and units permitted per STR host (e.g. EU-wide 120 day limit for STR lettings and prohibition to let more than two units), and imposing change-of-use authorisation requirements and other measures to limit housing being used for purposes other than primary residence. The STR restrictions would be limited to certain activities (defined, as under PO2, either based on the property – an entire dwelling that is not the host's primary residence – or by means of a distinction of natural and legal person and the level of activity).

c) **Mandatory planning obligations linked to supply.** The national housing plans described under a) would have to detail measures planned to increase the supply of affordable and social housing, be it through new build or a better use of the existing building stock, as well as steps to accelerate planning and permitting for housing acceleration projects. This obligation would reinforce the temporary nature of restriction measures as a short-term solution until housing supply is improved. These housing plans would build on the concept of acceleration areas known from the Renewable Energy Directive[i67], the Net Zero Industry Act ([68]), the Critical Raw

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([67]) Directive (EU) 2023/2413 as regards the promotion of energy from renewable source, https://eur-lex.europa.eu/eli/dir/2023/2413/oj/eng.
([68]) Regulation (EU) 2024/1735 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem, https://eur-lex.europa.eu/eli/reg/2024/1735/oj.

Materials Act ([69]) and the proposal for an Industrial Accelerator Act ([70]). The Commission would provide a template to assist Member States in drawing up these housing plans.

Compliance, monitoring and enforcement: PO3 is based on notification requirements and systematic verification at EU level. Member States would have to submit their draft plans; the Commission would assess them and issue recommendations that Member States would be required to take into account before finalising their plans. It would introduce transitional provisions requiring Member States to review existing national, regional and local measures and align them with the new framework within a defined period after entry into force.

5.3. Options discarded at an early stage

The following options were discarded at an early stage.

- **Designation of areas under housing stress by the Commission:** Under this option, based on suggestions made by major cities, competent authorities wishing to have an area recognised as under housing stress would prepare and submit a supporting dossier based on the indicators, data sources and methodologies they deem appropriate, while the final assessment and designation would be carried out by the Commission. This would create a more centralised system while giving competent authorities maximum flexibility to cater for local conditions. However, it would be difficult for the Commission to assess local housing circumstances across the Union with the level of granularity required to support effective and proportionate interventions. The option would also raise significant subsidiarity concerns and would likely face strong resistance from Member States. In addition, it would place a disproportionate administrative burden on the Commission with considerable financial implications.
- **Regulatory measures to increase consumer protection specifically in the STR sector:** The Commission has been made aware about concerns, raised in studies as well as during the targeted consultation, about a lack of level playing field between STR hosts and traditional accommodation providers that have to comply with stricter quality, safety and insurance requirements ([71],[72]), as well as the risk of discriminatory booking practices ([73]). The Commission however discarded early on the option of introducing new rules on consumer protection in the field of STRs since these aspects are already subject to regulation under building codes in the Member States as well as the robust EU legislative acquis which provides for strict consumer and user protection across sectors (notably the Consumer Rights Directive, Unfair Commercial Practices Directive, Unfair Contract Terms Directive, General Data Protection Regulation, Digital Services Act, Artificial Intelligence Act, Alternative

([69]) Regulation (EU) 2024/1252 establishing a framework for ensuring a secure and sustainable supply of critical raw materials, https://eur-lex.europa.eu/eli/reg/2024/1252/oj.
([70]) COM(2026)100 - Proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonisation in strategic sectors.
([71]) AHA-BIB-078.
([72]) It should be noted, however, that purely economic objectives, such as the protection of competitors or ensuring the economic basis of specific categories of providers, do not constitute an overriding reason relating to the public interest (judgment of 22 December 2010 in case C-338/09, *Yellow Cab. Verkehrsbetrieb*, para 51).
([73]) AHA-BIB-078.

Dispute Resolution Directive and the Representative Action Directive). The Commission also plans to present a Digital Fairness Act to fill the identified gaps and strengthen consumer protection in the digital environment, complementing existing EU legislation.

6. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS?

The policy options are assessed against the problem definition and the objectives set out in Sections 2 and 4. Under all options, **the direct addressees are Member States and their competent authorities**.

However, the initiative does not directly regulate housing supply, rents, prices or the operation of short-term rentals. Its direct impacts therefore concern the legal and operational framework within which competent authorities identify areas under housing stress and assess the necessity and proportionality of measures affecting the non-primary use of housing. While differences in local measures will remain, they would be adopted within a more predictable and transparent procedural framework.

It is important to note that **the initiative does not introduce an entirely new assessment obligation**. Competent authorities are already required under Union law to assess whether measures affecting internal market freedoms are justified, proportionate and non-discriminatory and, where applicable, to notify draft measures pursuant to the Services Directive.

This **assessment focuses primarily on the direct impacts of the initiative on legal certainty, transparency and predictability in the application of Union law** governing housing-related interventions affecting the internal market. These are the areas directly affected by the initiative.

The assessment also focuses on the extent to which each policy option is expected to improve legal certainty and reduce avoidable grounds for litigation by clarifying the applicable procedural requirements. However, the impact on the **number of future complaints and court proceedings cannot be quantified**.

Impacts on housing affordability and availability, tourism, SMEs and local communities are 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 – particularly those relating to legal certainty and the functioning of the internal market – and indirect impacts that remain dependent on local implementation and market responses.

None of the policy options is expected to have a direct impact on housing affordability at Union level. Any affordability effects, such as reducing pressure on rents and purchase prices or improving access for residents (e.g. essential workers), are indirect and localised, and depend on the adoption and enforcement of housing-related measures within areas designated under housing stress, the severity of housing stress, the characteristics of local housing markets and the extent to which such measures are accompanied by actions to increase housing supply.

Whenever possible, economic, social and environmental impacts have been assessed quantitatively using the data sources listed in the footnotes and Annex 12. However, much of the available evidence relates to specific cities, regions or measures and focuses on selected impacts. While these studies provide useful indications regarding the direction and possible magnitude of effects, their **findings cannot be extrapolated directly to all local housing markets across the Union**. Most impacts are therefore assessed qualitatively, because they depend on future choices by competent authorities, including whether areas are designated as under housing stress, which measures are adopted or amended, how local housing, tourism and investment markets respond, and whether accompanying supply-side measures are pursued. For this reason, the assessment does not rely on weak quantitative estimates where these would be misleading but instead provides a **qualitative comparison of the policy options while acknowledging the uncertainty attached to impacts that depend on local implementation**.

6.1. Crosscutting spillover impacts

All policy options may generate spillover effects where measures adopted in designated areas affect neighbouring non-designated areas. Such effects may arise through the relocation of STR activity and other forms of non-primary housing demand, shifts in tourism demand towards other forms of accommodation or neighbouring municipalities, or changes in housing demand and prices across functional housing markets. The available evidence on spillover effects is limited and highly context-specific and cannot be extrapolated across the Union. Some studies referenced in Section 2.1. and Annexes 8 and 9 identify displacement of activity towards neighbouring areas, while others find little or no measurable effect. The magnitude and direction of any spillovers depend on local housing and tourism market conditions, transport links, labour mobility, housing supply constraints, enforcement practices and the specific measures adopted by competent authorities.

Spillovers may be both positive and negative. They may contribute to a more balanced distribution of tourism and investment towards areas with spare housing or tourism capacity, or conversely transfer housing pressures to neighbouring areas. The table below summarises the expected direction and relative likelihood of such effects under each policy option.

Table 1: Potential spillover impacts by Policy Option

Potential spillover	Likelihood and potential (positive/negative) impacts		
	PO1	**PO2**	**PO3**
STR displacement	LOW - Any displacement depends entirely on whether competent authorities choose to adopt restrictions.	LOW/MEDIUM - Better territorial targeting, evidence requirements and review could redirect some STR activity towards areas without housing stress.	MEDIUM - Restrictions and plans may displace STR activity more sharply, producing positive spillover if the displacement is directed to areas with spare housing, tourism or infrastructure capacity.

Shift of housing demand	LOW - Housing demand and investment may continue as competent authorities adopt different housing-related measures reflecting local circumstances. The absence of common procedural requirements means that legal uncertainty and differences in the assessment of restrictions would largely persist.	LOW - Demand may shift towards neighbouring areas where STR / second home investment opportunities remain available. Positive spillovers may arise where demand is redirected towards areas with greater housing capacity and lower affordability pressures.	MEDIUM - More extensive restrictions, could encourage a greater shift of investment and second-home demand towards neighbouring areas, areas not designated under housing stress or other Member States.
Tourism demand shifts to hotels or neighbouring municipalities	LOW - Some tourism demand may be redistributed to areas with spare capacity, but with limited positive impact	MEDIUM - Visitor demand may shift to hotels or neighbouring municipalities, with possible pressure on hotel capacity or local services if they have limited capacity to absorb the increased demand. Potential positive spillover for areas with available tourism capacity and infrastructure.	MEDIUM-HIGH - Tourism-related adjustment would be stronger because of substantive requirements introduced.
Price/rent effects in adjacent areas	LOW - If restrictions are adopted in some areas but not others, adjacent areas may face higher demand pressure.	LOW-MEDIUM - Adjacent areas may see rent or price pressure increase, particularly where they form part of the same functional housing market, if displaced STR, investor or resident demand concentrates there, and mitigation measures are not adopted.	HIGH - Adjacent areas could experience stronger upward pressure on rents and prices if displaced demand concentrates there, although positive effect may arise where housing capacity is underutilised.

Spillover effects remain possible under all policy options but cannot be robustly quantified ex ante because they depend on local housing and tourism market conditions and future implementation choices by competent authorities. PO2 is expected to mitigate unnecessary spillovers more effectively than PO1 by promoting targeted interventions on common evidence and procedural safeguards, while PO3 could increase spillover effects through more extensive and systematic restrictions.

More broadly, the initiative may support a more sustainable territorial distribution of tourism, in coherence with the Commission's upcoming Sustainable Tourism Strategy ([74]). Where competent authorities adopt targeted measures in the most pressured areas, some tourism demand and related activity may shift towards less-pressured areas. The

([74]) AHA-BIB-065.

magnitude and direction of these effects would depend on the measures chosen locally, the availability of alternative accommodation and transport connections, and the capacity of neighbouring areas to absorb additional demand without aggravating housing, social or environmental pressures.

6.2. Policy Option 0: Baseline – no further EU action

The baseline is a no-policy-change scenario, assuming the continued application of existing Union law, including the Treaty freedoms, the Services Directive, CJEU jurisprudence, and Regulation (EU) 2024/1028 on STR data collection and sharing. It also assumes the implementation of the Affordable Housing Plan, except for the Affordable Housing Act itself.

The baseline therefore includes forthcoming and ongoing implementation of the actions under the EAHP on investment, construction, State aid, housing data, simplification and housing supply. While these initiatives are expected to contribute to addressing the broader housing crisis, their impacts cannot be quantified in this impact assessment as most remain under preparation and will be subject to separate impact assessments. In any event, they do not directly address the specific problem assessed here (see section 2.1), but are complementary (see Annex 11).

Without any further EU action, the drivers identified in Section 2 are likely to persist. Housing pressures are expected to remain concentrated in a number of urban areas, metropolitan regions, islands and tourist destinations, while the Commission analysis prepared for the EAHP ([75]) and opinion polls ([76]) indicate that public authorities are likely to continue adopting a diverse range of measures affecting the non-primary use of housing. Although Regulation (EU) 2024/1028 will improve transparency and data availability on STRs, strengthening the evidence on the basis of which public authorities may take housing-related measures, it does not clarify the conditions under which these restrictions are justified and proportionate under Union law.

The baseline would leave unchanged the current diversity of national, regional and local approaches, including differences in methodologies, evidentiary standards, procedural requirements and review practices. Public authorities would continue to rely primarily on general Treaty principles, the Services Directive and case-specific Court judgments when designing housing-related interventions, without common indicators, methodologies or procedural safeguards applicable across the Union. As a result, legal uncertainty, litigation risks and compliance costs are likely to persist.

Under the baseline scenario, competent authorities are already required to demonstrate that housing-related restrictions affecting internal market freedoms are justified, necessary, proportionate and non-discriminatory under Union law. Where the Services Directive applies, draft measures must also be notified through the Internal Market Information (IMI) system.

There are no available data on the current administrative costs incurred by competent authorities when assessing whether housing-related restrictions affecting internal market freedoms comply with Union law. Nor has the Commission established a standard cost

([75]) AHA-BIB-053.
([76]) AHA-BIB-051.

for preparing the justification and proportionality assessments that accompany measures notified under the Services Directive. In the absence of such evidence, the estimates below provide an indicative proxy for the staff resources that may currently be required by authorities choosing to introduce housing-related restrictions.

Indicative administrative effort associated with preparing housing-related interventions under the baseline scenario

As no systematic data exist on the resources required to prepare such assessments, Commission services developed an indicative staff-cost proxy drawing on publicly available information regarding the analytical work undertaken by authorities in cities such as Lisbon and Barcelona. These examples illustrate the type of analytical, legal and evidential work currently required when competent authorities seek to justify housing-related restrictions under Union law. They do not constitute a representative sample.

Based on indicative staff costs and an assumed workload ranging from a relatively straightforward to a more complex assessment, the one-off administrative effort could plausibly range from approximately EUR 21 000–64 000 for a simpler assessment to EUR 43 000–127 000 or more for a more complex case. These estimates are based on an assumed workload of 12 to 24 full-time equivalent (FTE) months and a non-representative sample of public-sector salary data. They exclude litigation, enforcement, IT investment, external expertise and overhead costs.

Using the latest available public employment statistics for a non-representative sample of Member States, the cost was estimated as follows:

All figures in EUR	***Avg. general government salary***	***Lower estimate (12 FTE months)***	***Higher estimate (24 FTE months)***
Portugal ([77])	*1,780*	*21,360*	*42,720*
Spain ([78])	*3,200*	*38,400*	*76,800*
Germany ([79])	*4,950*	*59,400*	*118,800*
France ([80])	*2,650*	*31,800*	*63,600*
Slovenia ([81])	*2,990*	*35,880*	*71,760*
Ireland ([82])	*5,306*	*63,672*	*127,344*

The lower estimate assumes approximately 12 FTE months to identify and compile the relevant housing market data; assess whether housing affordability and availability justify intervention under Union law; assess the necessity and proportionality of the proposed restriction; prepare the required notification where applicable. The higher estimate assumes approximately 24 FTE months, where more extensive legal analysis,

([77]) AHA-BIB-066.
([78]) AHA-BIB-067, the selection was based on "*Coste salarial total*" for *"O Administracion Publica y defensa*".
([79]) AHA-BIB-068, average gross annual earnings in "*Öffentliche Verwaltung, Verteidigung, Sozial-versicherung*" for 2025.
([80]) AHA-BIB-069, net salaries.
([81]) AHA-BIB-070.
([82]) AHA-BIB-071, average weekly earnings across the public sector were EUR 1,224.44 in Q1 2025. The weekly average earnings were annualised on a 52-week basis and divided by 12.

stakeholder consultation, additional evidence gathering and multiple iterations are required..

These total costs are estimated to be comprised of the following components:

- *Development of the analytical framework, methodology and data sources (40% of the total cost)*
- *Collection and analysis of local housing market data together with the assessment of the justification, necessity and proportionality of the proposed measures (50% of the total cost)*
- *Notification or publication of the methodology, data and results, additional costs for periodical review (10% of the total cost)*

The total cost in each Member State would depend on the average salaries for national and local government employees.

No separate estimate exists for the costs of carrying out the justification and proportionality assessment itself. The only available estimate concerns the formal notification of draft measures under the Services Directive, which was estimated at around 12 working hours (approximately EUR 528) per notification, including preparation and processing through the IMI system ([83]). That estimate relates only to the notification procedure and does not include the underlying analytical and legal work required to demonstrate that a restriction is justified, necessary and proportionate. It should therefore be regarded as a significant underestimate of the overall administrative effort associated with preparing a housing-related intervention.

6.3. Policy Option 1: EU intervention through non-legislative approach

6.3.1. Impact on public authorities

Because uptake is voluntary, all impacts depend entirely on the extent to which competent authorities choose to follow the guidance.

<u>Costs</u>

Option 1 would entail the lowest **direct costs** for public authorities because it would not impose any binding obligations. Costs would arise only where competent authorities decide to act *and* choose to use the guidance and adapt existing methodologies, evidence-gathering practices or proportionality assessments accordingly.

However, as highlighted in the baseline assessment, public authorities are already required under Union law to assess the justification, proportionality and non-discriminatory nature of measures affecting internal market freedoms and, in the case of STR measures, to notify them under the Services Directive. Consequently, the overall administrative and litigation costs associated with the current framework would be expected to remain largely unchanged.

([83]) Based on the 2016 impact assessment accompanying the proposal on the Services Directive notification procedure. 2016 prices were indexed to 2026 using EU HICP inflation.

Monitoring and enforcement costs under PO1 would be limited because the framework would be voluntary and would not impose binding obligations to notify, review, publish methodologies or operate new Union-defined procedures. Competent authorities may decide to prepare additional material demonstrating how the guidance has been taken into account, including where STR-related measures are concerned, but these costs would remain discretionary and would depend on voluntary uptake.

Benefits

The corresponding **direct benefits** would also be limited. The main advantage of PO1 is its flexibility and full respect for subsidiarity.

Where followed, the guidance could improve the quality and consistency of local assessments and support a more structured application of Union law. However, because the underlying legal framework would remain unchanged, the benefits in terms of legal certainty, administrative burden and litigation risk are expected to be limited.

Unlike secondary legislation, a Commission Communication or Notice could clarify existing law but would not establish new rights or obligations and could not serve as the legal benchmark against which the compatibility of local measures with Union law is assessed. Nor would it create common requirements regarding transparency, publication or periodic review.

Indirect impacts on public authorities

PO1 will not have any discernible impact on areas such as tourist tax-related revenues, VAT or property tax revenues at the level of local authorities. These fiscal and municipal-service effects are plausible but too indirect and implementation-dependent for quantified inclusion in this report.

6.3.2. Internal market, legal certainty and litigation impacts

PO1 is expected to have a limited positive impact on the functioning of the internal market in terms of improving legal certainty and supporting a more consistent interpretation of existing Union law. Non-binding guidance could assist competent authorities in designing housing-related measures by explaining relevant Court of Justice case law and recommending indicators, data sources and good practices for assessing housing stress and the proportionality of restrictions. Where followed, it could contribute to more evidence-based, transparent and targeted interventions.

However, experience with previous Commission guidance on STRs in 2016 and 2018 (as explained in Section 2.3) suggests that non-binding instruments alone have not significantly reduced litigation or regulatory divergence across the EU. Benefits would remain limited and uneven because the guidance would not establish common procedural requirements or legally binding obligations. It could neither introduce common conditions for identifying housing stress nor require competent authorities to apply common evidentiary standards, transparency requirements or periodic reviews. As a result, competent authorities would remain free to depart from the guidance, and the assessment of housing-related restrictions would continue to rely on existing Union law and case-by-case interpretation.

Consequently, any reduction in legal uncertainty, litigation risks and compliance costs would depend on the voluntary uptake of the guidance and is expected to remain modest. While guidance may encourage greater convergence in administrative practice, it would not provide the level of legal certainty or procedural consistency achievable through a binding Union framework.

6.3.3. Impact on local residents and communities (indirect impact)

For local residents, impacts would be indirect and limited. To the extent that competent authorities follow the guidance, local interventions may become more targeted and evidence-based, potentially improving their proportionality. However, because neither action nor compliance with the guidance would be mandatory, any effects on housing affordability and availability would remain uncertain and uneven.

6.3.4. Impact on SMEs (indirect impact)

PO 1 does not create new directly applicable Union- or Member State-level obligations and would therefore avoid immediate costs for SMEs linked to compliance, reporting or other procedural requirements.

STR hosts could benefit from somewhat greater legal predictability if local restrictions are designed and justified more consistently as a result of the guidance. At the same time, by recommending that any restriction focuses on professional or commercial activity, some SMEs could be affected.

For the local tourism industry, PO 1 would not impose any direct costs on tourism operators, local service providers and businesses that benefit from visitor spending. Depending on the local measures adopted, some accommodation providers such as hotels, guesthouses and B&Bs could indirectly benefit from a reallocation of demand away from certain forms of STR activity, although such effects are expected to be limited under this option.

For local builders and contractors, small property developers, renovation and refurbishment companies, specialist trades (such as plumbers, electricians, carpenters), small architecture or design firms and the many other SMEs which are central to housing supply, new business opportunities would only arise insofar as competent authorities would apply the measures suggested in the guidance to increase the supply of affordable and social housing. Therefore, these indirect impacts are assessed to be very weak.

6.3.5. Impact on tourism (indirect impact)

Should competent authorities adopt new or different restrictions on the basis of the guidance, the main impact under PO1 would be a possible reduction, in designated areas under housing stress, in the volume or variety of short-term accommodation available. This could reduce flexibility and choice for tourists in the most pressured locations and potentially increase accommodation prices ([84]). Another indirect impact would be to redirect tourists towards other forms of tourist accommodation depending on the local market.

Available evidence from the US ([85]) suggests that STR restrictions can increase hotel prices where hotel capacity is constrained and visitor demand remains strong. New York City's de facto STR ban increased hotel average daily rates by about USD 14-19 per night and increased hotel revenue by USD 2.1-2.9 billion over the first 18 months. This

([84]) AHA-BIB-085.
([85]) AHA-BIB-086.

suggests that, in popular destinations with capacity-constrained markets, part of the effect of STR restrictions may be transmitted through higher accommodation prices rather than reduced visitor numbers.

For the wider tourism industry, while STR restrictions could be compensated by traditional accommodation providers, there might be potential negative impacts on local businesses that depend on visitors (such as clothing stores, museums, restaurants, bars focusing on tourists). However, these effects would not necessarily amount to a net loss for tourism overall, as some tourism-related demand could shift towards nearby destinations outside the stressed area, depending on the availability of alternative accommodation, infrastructure and related services.

6.3.6. Impact on subsidiarity

PO1 fully respects subsidiarity, as Member States and competent authorities would remain free to decide whether and how to intervene, subject only to the existing requirements of Union law. Likewise, decisions on measures to increase housing supply would remain entirely within the competence of national, regional and local authorities.

However, because the guidance would be non-binding, it would not establish common procedural requirements for identifying housing stress or for assessing, justifying and reviewing housing-related interventions. As a result, differences in the procedural approaches applied by competent authorities would largely persist, together with the associated legal uncertainty and compliance costs for public authorities and economic operators (see also section 6.3.2). PO1 would do little to improve the consistency, transparency and predictability of the framework governing restrictions affecting internal market freedoms.

Economic operators active across different jurisdictions would continue to face differing local restrictions, while benefiting only to a limited extent from greater consistency in how those restrictions are assessed and justified under Union law.

6.3.7. Social and environmental impacts

The main **social effect** of PO1 would be indirect. Where authorities choose to use the guidance, it could improve the quality of evidence, legal reasoning and proportionality assessment behind local housing-related measures. That could support, through better targeted local action, the confidence of local communities that the right to housing is respected, while reducing the risk of poorly justified restrictions on local business activities. Where competent authorities choose to follow the guidance on housing supply, there could also be indirect social benefits through an increase in the availability of affordable and social housing, particularly for vulnerable groups facing difficulties accessing adequate housing. However, because the option would not oblige any authority to act, these effects would remain uncertain and uneven across territories.

Potential **environmental impacts,** such as reduced energy and water consumption, lower waste production and lower emissions linked to transport (GHG and particulates) are expected to be limited. Actual quantitative impacts will depend on the willingness of local authorities to act. Possible indirect channels, such as changes in tourism intensity, local mobility patterns or the use of residential stock, would remain contingent on local choices and on subsequent territorial measures.

6.4. Policy Option 2: Legislative initiative creating a common, flexible framework

The main impact of PO2 would be to improve legal certainty, transparency and predictability by establishing a common, operational framework governing the identification of areas under housing stress and the assessment of housing-related interventions affecting internal market freedoms, while preserving local discretion regarding whether and how to intervene.

Rather than creating new assessment obligations, PO2 would operationalise existing Union-law requirements relating to justification and proportionality. It would provide competent authorities and economic operators with greater clarity regarding the conditions under which restrictions may be adopted, maintained and withdrawn.

Compared with both the baseline and PO1, PO2 is expected to reduce legal uncertainty, litigation risks and compliance costs by introducing common procedural requirements and evidentiary standards, while preserving local discretion regarding whether and how to intervene. As secondary Union legislation, it would provide a clearer legal framework for the Commission and national courts when assessing the compatibility of such measures with Union law.

6.4.1. Impact on public authorities

For public authorities that choose to designate an area under housing stress or introduce housing-related restrictions, PO2 would provide a common procedural framework governing such interventions, while preserving discretion regarding whether to designate an area, introduce restrictions or pursue housing supply measures.

PO2 would support public authorities by establishing a common methodology for identifying housing stress and common procedural requirements governing the justification and proportionality of housing-related interventions affecting the internal market.

6.4.1.1. Administrative costs and benefits linked to preparing housing-related interventions, justification and proportionality assessment

<u>Costs</u>

Competent authorities choosing to designate an area under housing stress and introduce housing-related restrictions would need to apply the common methodology and document the justification, necessity and proportionality of the proposed measures.

Although assessments of justification and proportionality are already required under Union law, the absence of common procedural requirements currently means that competent authorities must develop their own methodologies and evidential approaches on a case-by-case basis. PO2 would reduce that methodological uncertainty by providing a common framework applicable across the Union.

Additional costs for competent authorities associated with the common methodology are expected to be limited. The Tier 1 indicators rely on publicly available data and the Commission, through the JRC, will make the relevant price-to-income data publicly available via the Mapadomo database. Should competent authorities have data available at more granular level (e.g. publicly available data for local transaction prices) the Commission would also be able to provide regional level income data to allow them to calculate their PTI ratio. The flexibility in selecting data for Tier 2 indicators would allow competent authorities to make use of available data instead of prescribing the use of specific data that may not be equally accessible or used across the EU.

To support implementation, the Commission would also provide practical supporting material explaining the calculation of the Tier 1 indicators and the application of the Tier 2 assessment. This support would facilitate consistent application without removing the responsibility of competent authorities to select and substantiate the locally relevant evidence or to assess the proportionality of individual measures.

Benefits

The principal benefit of the common framework would be to improve legal certainty by establishing a common methodology and common procedural requirements. This would reduce methodological uncertainty for competent authorities and provide a clearer basis for demonstrating compliance with Union law.

The framework is also expected to reduce administrative effort associated with developing methodologies from scratch and lower the risk of avoidable litigation arising from inconsistent evidential approaches, unclear territorial delimitation, insufficient justification or inadequate review arrangements.

The framework would also have an important capacity-building effect, particularly for competent authorities with less developed analytical or legal expertise. It would not remove the need to collect evidence or assess individual measures, but it would provide a common methodology and procedural template for carrying out assessments already required under Union law.

A principal benefit of the Tier 1/Tier 2 methodology (see Annex 4) would be to provide competent authorities with a structured evidential framework both for identifying housing stress and for demonstrating the justification of subsequent housing-related interventions. Tier 1 establishes a common EU-wide screening methodology, while Tier 2 enables authorities to complement that assessment with objective, transparent and verifiable local evidence reflecting specific territorial circumstances. This would strengthen the evidential link between housing stress, the choice of intervention and the assessment of proportionality, while preserving flexibility to reflect local housing market conditions.

Illustrative estimate of potential administrative effort and cost-savings associated with preparing housing-related interventions (PO2a and PO2b)

The estimate below is illustrative, not based on observed data, as no comparable EU framework currently exists. It uses the baseline staff-time proxy developed under PO0, where preparing housing-related interventions is assumed to require 12 FTE months in a simpler and 24 FTE months in a more demanding case, covering the development of the analytical framework, methodology and data sources, territorial delimitation, collection and analysis of local housing market data, together with the assessment of the justification, necessity and proportionality, publication and preparation of the review cycle.

For illustrative purposes, the baseline workload was decomposed into three task blocks: 1) preparation of the declaration framework, including data sources, *methodology and indicators, estimated at 40% of the baseline effort; 2) local data collection and territorial analysis of housing market, assessment of the proposed measures, analysis of their proportionality and preparing the publication concerning the selected measures, estimated at 50%; and 3(publication and periodic review, estimated at 10%. This decomposition is an assumption, not an observed cost breakdown.*

A common framework to designate areas under housing stress (see PO2a), with predefined indicators, common public data sources and a clearer intervention logic could reduce a major part of the methodological work required from competent authorities, especially where no existing framework is in place. It would not remove the need to delimit the area, assess local housing-market conditions, assemble local evidence, link local drivers to planned measures, publish the methodology and underlying data, or review the designation.

On this basis, the illustrative calculation is as follows:

- ***Building the framework** (est. 40% of the baseline cost): choosing indicators, identifying data sources, designing a methodology, describing the evidence and drafting a declaration. In this area, the common framework could potentially save up to 75% of the time and effort needed, because most methodology-design work can be avoided on the basis of the common indicators, public data sources and already developed intervention logic ([86]).*
- ***Place-specific analysis** (est. 50% of the baseline costs): determining area boundaries, checking the local housing market, assembling local evidence, linking local drivers to planned measures and performing a proportionality assessment. Most local authorities would still have to perform territorial delimitation and local evidence gathering and thus the potential savings are lower, estimated at 10-20% range.*
- ***Procedural and publication costs** (10% of baseline costs): there may be no cost savings associated with this stage, as PO2 requires competent authorities to publish the methodology and the underlying data within three months of any designation, and prepare for regularly reviewing the designation.*

Therefore, the total savings of the administrative costs associated with the declaration could be calculated by netting the potential savings against the potential cost increase as follows:

Table 2: Estimated administrative cost savings associated with PO2 (as % of baseline costs)

Task block	***Share of PO0 baseline effort***	***Illustrative saving under PO2a***
Preparation of declaration framework, data sources, methodology and indicators	*40%*	*75%*

([86]) No directly comparable EU estimate exists for the designation of housing-stress areas; the assumption is based on a task-based staff-time decomposition and is cross-checked against Commission simplification evidence showing that common data, digitalisation and simpler procedures can reduce administrative burden.

Place-specific analysis, including territorial delimitation, local evidence and link to planned measures, proportionality analysis	*50%*	*10-20%*
Publication, data disclosure and periodic review	*10%*	*0%*
Total	***100%***	***35-40%***

On these illustrative assumptions, PO2 would reduce the administrative cost of preparing housing-related interventions by 35-40% for competent authorities without an existing framework, leaving 60-65% of the baseline cost. The estimate should be interpreted as a sensitivity assumption rather than an observed saving.

For competent authorities with existing frameworks or already designated areas, PO2 would not lead to such cost reductions, primarily due to the adjustment costs related to reviewing existing methodologies, updating evidence, adapting review cycles or revising existing designations. For competent authorities with more advanced or already aligned frameworks, both adjustment costs and savings may be limited but legal certainty could still improve.

Indirect impacts on public authorities

PO2 could have some indirect fiscal effects for local authorities, but these are too uncertain and implementation-dependent to quantify. PO2 would make the designation of stressed areas and the adoption of restrictions more predictable, which could in turn impact on tourist tax-related revenues, VAT revenues or local property tax-related revenues. The actual impact would depend on STR host response, the availability of hotels and other accommodations and whether visitor demands shifts to neighbouring areas, none of which can be modelled as previously noted.

6.4.1.2. Impact of sub-options on the introduction of restrictions (PO2b)

This section assesses the two areas in which Section 5 identifies alternative approaches under PO2.

First, the framework establishes common procedural requirements governing the assessment of the necessity and proportionality of housing-related restrictions. While competent authorities are already required under Union law to demonstrate that restrictions affecting internal market freedoms are justified, proportionate and non-discriminatory, neither the Treaty, the Services Directive nor the case law of the Court of Justice provides an operational methodology for carrying out those assessments. Unlike existing case law, which assesses individual measures ex post and on a case-by-case basis, the proposed framework would establish ex ante requirements that competent authorities would apply before measures are adopted. The principal benefit would be greater legal certainty regarding the compatibility of housing-related measures with Union law. While the future number of complaints and court proceedings cannot be quantified, the common framework would make the assessment of restrictions more transparent, consistent and predictable, thereby reducing avoidable sources of litigation and the associated administrative and compliance costs.

The two sub-options reflect different approaches to achieving these objectives:

- **Sub-option b1 – Substantive harmonisation (list of permitted measures and measures not permitted under any circumstances):** This sub-option would provide the highest degree of ex ante legal certainty by identifying measures considered compatible, or incompatible, with Union law in areas under housing stress. It would reduce legal interpretation costs, simplify policy preparation and be particularly beneficial for competent authorities with limited legal or analytical capacity.

Its main drawback is reduced flexibility. The causes and manifestations of housing stress differ considerably across local housing markets, and the proportionality of any restriction depends on the specific circumstances of the area concerned and on the design of the measure itself. There is insufficient economic evidence to conclude that particular housing-related restrictions are always proportionate or always disproportionate in every situation. A predefined list would therefore risk being insufficiently adaptable to future developments and diverse local conditions. Overall, sub-option b1 would maximise legal certainty and administrative simplicity but at the expense of flexibility and subsidiarity.

- **Sub-option b2 – Procedural harmonisation:** This sub-option would establish common procedural requirements governing the necessity, proportionality, transparency and review of housing-related restrictions while leaving competent authorities free to determine whether intervention is necessary and which measures are best suited to local circumstances. Competent authorities currently have to translate general Treaty principles, the Services Directive and case-specific CJEU jurisprudence into local measures without a common operational framework. PO2b would reduce this methodological uncertainty by establishing common procedural requirements governing the evidence to be gathered, the assessment of proportionality, transparency obligations and periodic review. This would make the legal assessment of housing-related restrictions more consistent and predictable while reducing challenges linked to insufficient evidence, weak documentation, excessive territorial scope or inadequate review.

  The main administrative cost would arise where competent authorities need to amend existing restrictions to ensure compatibility with the new procedural framework, for example by introducing periodic review or additional transparency requirements. At the same time, because competent authorities are already required under Union law to assess the justification and proportionality of restrictions affecting internal market freedoms, the common methodology could reduce rather than increase the analytical burden by replacing ad hoc approaches with a structured procedural framework. In addition, exempting from the current notification procedure for STR restrictions under the Services Directive would reduce administrative costs associated with the existing notification process.

Sub-option b2 would also reinforce the principle that restrictions should remain measures of last resort by requiring competent authorities to assess them in the context of broader efforts to address housing shortages, while leaving decisions on housing supply measures entirely to the competent authorities concerned.

In summary, **sub-option b1 would provide the highest degree of legal certainty but the least flexibility, whereas sub-option b2 would strike a better balance between legal certainty and adaptability to local conditions**.

Secondly, as described in section 5.2.2 in determining the scope of restrictions affecting STR activity, the framework could distinguish between occasional home-sharing and more professional or commercial forms of short-term rental activity to limit restrictions to STR activities most likely to remove properties from the housing market.

Limiting STR restrictions to certain categories of hosts would reinforce proportionality, because restrictions would focus on the activity most likely to remove dwellings from the long-term rental market in areas under housing stress, while clearly preserving the possibility for occasional home-sharing. This could be achieved using various proxies:

- **Legal structure:** Classifying any legal person as professional host has the benefit of a simple approach. However, no suitable EU-wide quantitative data exist to assess the likely effects of such a definition. Moreover, in several Member States, it is common for families to set up legal structures to organise joint ownership of a dwelling, meaning that legal form alone is not a reliable proxy for professional activity.
- **Number of days rented:** As illustrated in Annex 7, in many cities and tourist hotspots, more than 50% of all Airbnb listings are available for more than 120 nights per year. In cities such as Venice, Athens, Florence or Porto, this share reaches 75%. Availability does not necessarily mean that the listing has effectively been rented out for more than 120 nights. A definition of STR "professional hosts" based on the number of days rented out per year would have the advantage of uniform application across the EU and could be better determined through the data collected via the STR Regulation. However, the lack of evidence of what number of nights would necessarily qualify as professional activity makes this option hard to reconcile with the principle of subsidiarity. There are a number of different so-called "night caps" in place (ranging from 30 to 120 days, and sometimes varying within a single Member States) described in Annex 8, but these are limits on STR activity rather than a definition of professional hosts. Moreover, restrictions would only apply ex post (after a full year when the numbers of days the units have been rented is known) and require annual reassessment. A differentiation based on numbers of days would also risk qualifying small scale individual hosts renting out their primary residence as professional.
- **Type of residence:** As detailed in Annex 6, the percentage of listings that are managed by a single entity (host or property manager) with two or more units reached between 60% and 70% in Barcelona, the South Aegean Islands, Malta, Valencia, for instance. This suggests that the rate of hosts renting more than one unit is higher in tourist hotspots than elsewhere. Limiting STR restrictions on the type of residence rented (non-primary residence) would preserve the rights of individuals occasionally letting their primary residence or part of it.

In summary, **a property-based approach focused on non-primary residences would be easier to administer, more closely linked to housing-market impacts, and more consistent with the *Cali Apartments* judgment.**

6.4.1.3. Impact of the Recommendation to Member States on supply in areas under housing stress

The accompanying Recommendation encourages competent authorities to consider restrictions affecting the non-primary use of housing as part of a broader response to housing shortages, while leaving decisions on whether and how to increase housing supply entirely to the competent authorities concerned. It provides practical guidance and examples of good practice for increasing housing supply in and around areas under housing stress. To the extent that such guidance is taken up, it could contribute to more coherent and effective local responses to housing stress over the longer term. Its impacts, however, remain dependent on voluntary implementation and local circumstances.

6.4.2. Internal market, legal certainty and litigation impacts

PO2 is expected to improve legal certainty, transparency and predictability by establishing common evidential and procedural requirements governing the justification and proportionality of housing-related interventions affecting the internal market. The common framework would provide competent authorities and economic operators with greater clarity regarding the conditions under which restrictions may be adopted, maintained and withdrawn, thereby reducing uncertainty arising from divergent interpretations of Union law.

While the number of future complaints and court proceedings cannot be quantified, the common procedural framework is expected to facilitate the assessment of housing-related measures by national courts and the Commission, as compatibility with Union law would be assessed against clearer and more transparent procedural requirements. This should reduce avoidable sources of litigation, improve the predictability of decisions and lower administrative and compliance costs associated with legal disputes.

PO2 is expected to have a strong positive impact on the functioning of the internal market by improving the consistency, transparency and predictability of the procedural framework governing housing-related interventions. Greater legal certainty would particularly benefit cross-border operators, including online STR platforms, hosts operating in several Member States and investors active in residential property markets across the Union. While housing-related restrictions would continue to differ according to local housing market conditions and policy choices, they would be assessed, justified and reviewed within a common procedural framework based on shared requirements regarding evidence, transparency, proportionality and periodic review.

Within PO2, sub-option b2 provides the most appropriate balance between legal certainty and subsidiarity. Rather than prescribing which housing-related measures may or may not be adopted, it establishes common proportionality requirements and procedural safeguards governing their necessity, design, transparency and review, while leaving competent authorities free to decide whether intervention is necessary and which measures are best suited to local circumstances.

6.4.3. Impact on local residents and communities (indirect impact)

PO2 would increase the likelihood that interventions are targeted at areas where housing pressures are demonstrated and remain proportionate over time.

By encouraging restrictions to be considered alongside broader efforts to increase the supply of affordable and social housing, PO2 would also support more balanced and effective local responses to housing stress. To the extent that such supply-side measures are implemented, they could contribute to addressing the structural supply-demand imbalance underlying housing pressures.

6.4.4. Impact on SMEs (indirect impact)

The main benefit of PO2 for SMEs would be greater visibility and predictability about when, where and for how long local restrictions would be introduced. PO2 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.

At the same time, the potential negative impacts mentioned under PO1 would be more likely to materialise where areas are designated and measures are adopted. As shown in Annex 6 (SME assessment), 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 under sub-options b1 and b2.

Therefore, PO2 would offer a trade-off: more legal certainty and predictability for SMEs overall, but also a greater likelihood that some SMEs in areas under housing stress – especially STR hosts and auxiliary services linked to their activity – would face actual constraints on their business model. At the same time, 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.

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.

6.4.5. Impact on tourism (indirect impact)

PO2 could lead to more areas being designated as under housing stress and, consequently, to more housing-related restrictions being adopted. By reducing legal uncertainty, it may facilitate interventions in sectors that depend on non-primary use of dwellings or investment from non-local property owners.

Under PO2, reductions in the volume or variety of STR accommodation would become more likely and more predictable in designated areas. This could reduce flexibility and choice in the most pressured destinations, and contribute to demand shifting towards hotels, B&Bs, and other types of accommodation. At the same time, it could facilitate the redirection of tourism to neighbouring municipalities or less-pressured destinations that could benefit from increased economic activity thus contributing to a more balanced territorial distribution of tourism.

While tourism-dependent businesses in some high-pressure destinations may experience adjustment costs, these effects would be accompanied by greater legal certainty and a more predictable framework for public intervention.

6.4.6. Impact on subsidiarity

In subsidiarity terms, PO2 would involve a limited and proportionate EU intervention. It would neither require Member States or competent authorities to designate areas under housing stress nor oblige them to introduce housing-related measures. However, where they decide to do so, they would be required to apply common procedural requirements governing the justification and proportionality of those measures. This limited procedural harmonisation is warranted by the need to ensure a more consistent application of Union law and to improve legal certainty for competent authorities and economic operators while respecting local housing policy choices.

PO2 would establish a common methodology for identifying housing stress through harmonised Tier 1 headline indicators, complemented by Tier 2 evidence allowing competent authorities to take account of objective, transparent and verifiable local data. This ensures a consistent analytical framework across the Union while preserving the flexibility needed to reflect diverse territorial and housing market conditions.

6.4.7. Social and economic impacts

PO2 has the potential to generate more positive **social effects** by improving the ability of public authorities to preserve the availability and affordability of housing for residents in areas under housing stress, including groups already identified as particularly exposed to the housing crisis, such as low- and middle-income households, young people and essential workers.

PO2 could also generate a more balanced social effect over time by encouraging restrictive measures to be considered broader efforts to increase the availability and supply of affordable and social housing. This should reduce the risk that public authorities rely only on restrictive measures without addressing the underlying supply-demand imbalance. To the extent that such supply-side measures increase the availability of affordable and social housing, they may also improve housing opportunities for vulnerable groups and households facing the greatest affordability pressures.

However, any effects on housing affordability and availability are expected to be indirect and depend on the implementation choices of competent authorities and broader local housing market conditions.

Potential **environmental impacts** of PO2 would be expected to remain limited and mainly indirect, and the main channels would be changes in tourism intensity, local mobility patterns and the use of residential building stock. Given that PO2 would serve to facilitate the introduction of restrictions on STRs or other non-primary uses in stressed areas, this could moderate tourism concentration and associated local pressures in the most affected neighbourhoods, with possible positive effects in terms of congestion, noise, waste generation and management, water and energy consumption, transport emissions and pressure on local infrastructure, including transport. The supply-side condition and accompanying recommendations on renovation, repurposing, planning and permitting could also support better use of the existing building stock leading to a relative reduction of greenhouse gas emissions associated with new-built housing.

6.5. Policy Option 3 – Legislative initiative based on the harmonisation of stress criteria and housing measures

6.5.1. Impact on public authorities

Unlike PO2, the administrative burden under PO3 would arise primarily from the mandatory governance framework—regular assessments, planning, reporting and coordination—rather than from the assessment of the proportionality of individual restrictions, as these would be more extensively harmonised at Union level.

Administrative costs associated to designating areas under housing stress and developing affordable housing plans

PO3 would transfer a substantial volume of work to Member State administrations and remove their discretion over whether to carry out a housing stress assessment. National authorities would need to organise regular territorial assessments of affordability, ensure the designation of areas meeting the EU thresholds for housing stress, establish or empower competent authorities, coordinate the preparation and submission of affordable housing plans, monitor implementation, report progress, notify the Commission within fixed deadlines, and manage periodic review cycles.

Under PO3, local authorities would also have less discretion in designing restrictions, as key elements would be harmonised at Union level. While this would reduce the need for case-by-case proportionality assessments of individual restrictions, it would also make local implementation more rigid and reduce the ability to tailor interventions to local housing market conditions.

Compared with PO2, these tasks would become part of a recurring governance system, leading to a higher burden for Member States linked to submission, monitoring and reporting of affordable housing plans. Because housing policy, zoning/planning, tourism regulation, building supply, land use, and internal-market compliance is often managed by different Member State authorities, PO3 would require tighter coordination between national ministries, regional administrations, municipalities and sectoral regulators, and impose further administrative/coordination costs.

There is also a risk of capacity asymmetry across Member States and municipalities, where larger administrations with established housing observatories, planning departments and legal units would be better placed to comply with PO3's monitoring and planning requirements. Smaller or lower-capacity authorities would struggle with the practical tasks of running recurring assessments, producing supply plans and maintaining reporting cycles.

Estimating the administrative cost of PO3 for the designation of areas under housing stress

For the current calculations, we assume that

- *Cost savings associated with using the framework proposed in PO2 would remain the same*
- *While all 27 Member States would have to carry out the assessment, designate areas under housing stress, prepare measures / restrictions and report the results to the Commission, some would start from a different baseline. Therefore, the estimates below*

capture the likely cost for Member States without prior housing plans or experience in assessing housing stress or in designating areas.*

- *20% of national NUTS3 regions would be designated*
- *12 FTE months for a designation of a NUTS3 region at local level for data collection, consultation, based on the calculations for the baseline*
- *One-off national coordination costs for the initial assessment of about EUR 119,000-170,000 per Member State*
- *Recurring national costs of about EUR 100,000 per year per Member State for monitoring and reporting (based on the Impact Assessment prepared for the STR Regulation).*

Using that revised method, the results are as follows:

All figures in EUR	***Total NUTS3 regions in the EU ([87])***	***Designation cost (EUR) for 20% of NUTS3***	***National coordination costs – one-off at EU level***	***National coordination costs – recurring at EU level***	***Total administrative cost for Year 1 at EU level***
Lower bound	*1,165*	*20,000 x 232 = 4.6 million*	*119,000 x 27 = 3.2 million*	*100,000 x 27 = 2.7 million*	*10.5 million*
Central estimate	*1,165*	*40,000 x 232 = 9.3 million*	*140,000 x 27 = 3.8 million*		*15.8 million*
Upper bound	*1,165*	*60,000 x 232 = 14 million*	*170,000 x 27 = 4.6 million*		*21.3 million*

Thus, the indicative one-off aggregate administrative burden for EU-27 ranges from around EUR 10.5 million to around EUR 21.3 million. This estimate excludes any further recurrent costs at local or national level.

Estimating the administrative cost of PO3 for developing affordable housing plans

PO3 would require Member States that have designated an area under housing stress to develop affordable housing plans setting out measures to increase the supply of affordable and social housing. The Commission would provide a template to assist Member States in drawing up these housing plans and would assess them and may issue recommendations.

Therefore, PO3 would entail three categories of additional costs:

- *development of a template by the Commission to assist Member States*

([87]) Based on the NUTS 2024 classification that is valid from 1 January 2024. It lists 92 regions at NUTS 1, 244 regions at NUTS 2 and 1 165 regions at NUTS 3 level.

- *design of national housing plans by Member States*
- *Commission analysis of housing plans and recommendations*

Using the EPBD Impact Assessment ([88]) as a reference, the costs of developing the housing plans were estimated as unit costs. Since PO3 would require all Member States to carry out the assessment, designate areas under housing stress, prepare supply plans and report results to the Commission, the closest comparator is the cost associated with Long-Term Renovation Strategies (LTRS3), i.e. EUR 150,000 per Member State.

The calculation in the previous box of the administrative cost for the affordability screening and the designation of areas under housing stress already assumes one-off national coordination costs, therefore these costs are not included here.

The cost estimate for the Commission assumes a one-off cost for developing EU templates for affordable housing plans, plus recurring costs, per reporting cycle, for assessing these plans.

All figures in EUR	***Amount***	***Comment***
One-off Commission cost for developing templates	*300,000*	*Derived by separating the EPBD LTRS3 combined Commission cost of EUR 450,000 into a one-off guidance component of EUR 300,000*
EU-wide Member State cost for developing plans	*150,000 x 27 = 4.1 million*	*Equivalent to EPBD LTRS3 national costs*
Recurring Commission costs for assessing 27 housing plans	*150,000 per reporting cycle*	*Derived from EPBD LTRS3 combined Commission cost into residual assessment cost*
Total EU-wide cost for developing, reviewing and updating housing plans in Year 1	*4.55 million*	

Benefits

The main benefit of PO3 would be the highest degree of legal certainty and procedural consistency through a centrally defined system of indicators, mandatory assessment and review cycles, harmonised restrictions and common reporting requirements.

This would substantially reduce ambiguity regarding the identification of areas under housing stress and the restrictions applicable in those areas, thereby reducing legal interpretation costs and methodological differences across Member States.

([88]) SWD(2021) 453 final, Part 4, Annex L, page 401.

National administrations and Union institutions would also benefit from a standardised monitoring and reporting framework, improving comparability across Member States and facilitating oversight of the application of Union law.

Indirect impacts on public authorities

PO3 would make indirect fiscal effects much more likely that under PO2. Mandatory designation requirements, the reporting and review cycles imposed on public authorities would make local intervention much more systematic across Member States. This could lead, in designated areas, to the reduction of STRs, lower number of visitors, lower economic activity, lower property transactions and lower tax-related revenues for municipalities. These impacts could be partially offset if demand shifts to hotels in the same area, instead of neighbouring municipalities or alternative destinations.

6.5.2. Internal market, legal certainty and litigation impacts

PO3 would provide the highest degree of legal certainty and consistency in the application of Union law by introducing mandatory designation of areas under housing stress together with more extensive harmonisation of the conditions governing housing-related interventions. Compared with PO2, it could further reduce uncertainty regarding the applicable legal framework. However, these additional benefits would come at the cost of reduced flexibility for competent authorities, higher administrative burdens and greater risks in terms of subsidiarity and proportionality, as the framework would be less capable of accommodating diverse local housing market conditions.

While PO3 could further reduce legal uncertainty, it is not possible to quantify any additional reduction in litigation compared with PO2.

6.5.3. Impact on local residents and communities (indirect impact)

Compared with PO2, the wider impacts of PO3 would be similar in type but stronger in intensity, because PO3 would make them more systematic across Member States.

PO3 is expected to have the strongest positive impact on local communities in areas under housing stress. Mandatory designation, and linked housing-supply plans would make action less dependent on local discretion and would therefore make the expected benefits for housing availability and affordability more widespread and more immediate. However, the local-community impact would not be exclusively positive: where EU-level criteria and restrictions do not fit well with specific local conditions, local communities and competent authorities would have less discretion to define the affected area, choose the appropriate mix of measures, or phase restrictions in a way that reflects local economic and social conditions.

This option could reduce local discretion and therefore the scope for local democratic choices regarding the timing and design of interventions.

6.5.4. Impact on SMEs (indirect impact)

The impact of PO3 on SMEs would be overall negative, although not uniform across sectors. Professional STR hosts, property management companies, cleaning and other ancillary services linked to STR activity would face a higher probability of constraints in areas under housing stress. Tourism-facing SMEs in the designated areas – including restaurants, cafes, local retail and visitor services – could also be affected where reduced STR capacity and increasing accommodation prices would lead to lower visitor volumes.

Although PO3 would provide greater legal predictability for companies operating across several Member States, the increased likelihood of restrictions means that the overall impact on affected SMEs is expected to be negative. However, the impacts would not be uniform: accommodation providers such as SMEs active as hotels, guesthouses and B&Bs could benefit from a shift in demand away from restricted STR activity, while SMEs active in construction, renovation and housing development could benefit from the housing acceleration plans and associated supply-side measures.

6.5.5. Impact on tourism (indirect impact)

PO3 could have a potentially negative impact on **visitors** in designated areas, because the restrictions could reduce the volume and variety of accommodation available in such places, while overall visitor numbers would remain the same (see Box 6.5.5 below). This could reduce the flexibility and choice for tourists and, depending on the local accommodation supply, could increase prices for accommodation.

Box 6.5.5 - Impact of STR restrictions on visitor numbers – empirical evidence from Lisbon and Barcelona

Available evidence from Barcelona and Lisbon suggests that STR restrictions can reduce, stabilise or redirect STR supply, but do not necessarily reduce the number of visitors.

A 2025 study of Barcelona ([89]) found that regulation and enforcement affected STR supply: the authors estimate that, without regulation, Airbnb listings would have been almost double the observed level – around 20,000 instead of 10,700 (at the time). Official tourism data suggest that despite limited STR growth, visitor demand remained high. In 2024, Barcelona city received 15.6 million tourists, only 0.2% fewer than in 2023, while the wider Barcelona area (the city and surrounding region) received 26.1 million tourists ([90]).

Lisbon introduced a Municipal Regulation on Local Accommodation in 2019 ([91]), including containment area, mandatory registrations in containment areas and later suspending new registrations in parishes where the ratio between local accommodation establishments and permanent dwellings reached at least 2.5%.

Tourist overnight stays in Lisbon increased by 145% between 2009 and 2019, reaching 14 million overnight stays in 2019, before the pandemic caused an abrupt fall in 2020. However, by 2024, the municipality of Lisbon reached 15.7 million overnight stays, up 3.6%, with non-resident overnight stays up 4.4% ([92]).

([89]) AHA-BIB-087.
([90]) AHA-BIB-089.
([91]) AHA-BIB-090.
([92]) AHA-BIB-091.

These examples suggest that the main tourism effect of STR restrictions may be a change in the accommodation mix, the spatial distribution of the tourism flow, and accommodation prices rather than a direct, immediate reduction in visitor numbers.

For the **wider tourism industry**, the impacts would be mixed: traditional accommodation providers, such as hotels, hostels and B&B, could absorb part of the demand displaced from STRs if the designated area had surplus capacity. Other tourism-dependent businesses in high-pressure areas could face adjustment costs if visitor flows shift to other destinations due to the restrictions.

Conversely, PO3 would strongly support a more even territorial distribution of tourism demand, diverting visitors towards less-pressured areas and promoting sustainable tourism. Such neighbouring or alternative areas would be able to absorb the increased flows, while providing a positive impact on the local economy, without aggravating local housing stress.

6.5.6. Impact on subsidiarity

PO3 would raise subsidiarity concerns. As described above, PO3 would substantially reduce Member State, regional and local discretion in housing policy. In particular, the mandatory designation of areas under housing stress, based on centrally defined thresholds, harmonised restrictions, and mandatory housing supply plans would move the intervention closer to partial harmonisation of housing governance in an area that remains primarily within the competence of Member States, regions and cities.

The subsidiarity impact is particularly high because PO3 would not only harmonise procedures, but also substantive policy choices. EU-wide rules on STR activity, change-of-use authorisations or rules to limit professional/commercial STR activity could prevent competent authorities from tailoring restrictions to local housing market conditions. A uniform threshold or EU-wide night cap may fit some high-pressure tourist areas but may also be too strict, too weak or poorly targeted in other areas. This would create tensions with the need for place-based housing policy. Even a number of cities who strongly favour restricting STRs and other non-primary uses of housing would resist loss of their ability to decide what is best for them at a local level.

Overall, PO3 would pose a significantly stronger risk of regulatory overreach and over-harmonisation. By making restrictions quasi-automatic and uniform, PO3 could create more far-reaching barriers to the freedom to provide services than are strictly necessary in some territories, where a less restrictive and more locally adapted measure would be sufficient.

6.5.7. Social and environmental impacts

The **social impact** of PO3 would most likely be positive and stronger than under PO2. By making action in stressed areas more systematic, PO3 would increase the likelihood that demand-side restrictions are linked to supply-side measures intended to protect or improve access to social and affordable housing for local residents, including low-income households and other groups facing difficulties accessing adequate housing. The main limitation is that PO3's uniformity could reduce the scope for locally tailored balancing between housing objectives and other local social or economic priorities.

The **environmental impacts** of PO3 would probably be mixed. On the positive side, PO3 supports a more efficient use of the existing housing stock. The conversion of vacant or underused dwellings, brownfield development and more systematic housing acceleration plans in designated stressed areas could have positive impact on GHG emissions, land consumption and resource efficiency. To the extent these measures increase housing availability, they could also limit additional land use, reduce pressure for greenfield developments, remediate contaminated areas, preserve biodiversity and make better use of the existing urban infrastructure, public transport networks, utilities and local services, with positive impacts on water and energy consumption, waste generation and management, noise, pollution and GHG emissions.

PO3 could also reduce environmental pressures linked to highly concentrated tourism activity in the most stressed areas. By reducing visitor concentration in specific neighbourhoods, it could reduce congestion, noise, waste generation and pressure on local water and energy systems. Besides improving local environmental quality, PO3 would also ease pressure on municipal waste collection, cleaning, transport and law enforcement services.

However, these positive effects could easily be offset if housing demand, tourism activity or investment demand would be displaced to neighbouring areas, commuter belts or rural territories outside the designated stressed area. The environmental effect could become negative if such areas are not sufficiently prepared, less dense or less well served by public or active modes of transport, so residents and visitors need to rely more heavily on private cars. The increase in commuting activity would lead to congestion, greenhouse gas emissions, air pollution and noise – basically exporting environmental pressures from the designated areas, instead of reducing them.

The overall environmental impact is therefore assessed as mixed, because it depends on the territorial distribution of displaced demand and on whether supply-side plans prioritise the better use of existing buildings rather than additional land take for construction.

6.5.8. Uncertainty acknowledgment

This impact assessment explicitly recognises that the expected impacts of all options are subject to significant uncertainty. Under PO1, uncertainty is highest because uptake of guidance would be voluntary. Under PO2, the legal and procedural effects are clearer, but the housing and tourism impacts remain dependent on local choices and enforcement. Under PO3, impacts would be more uniform and potentially stronger, but also less flexible and more likely to generate disproportionate administrative, subsidiarity and stakeholder impacts.

The main expected effect of the preferred option would be improved legal certainty, transparency and proportionality, while indirect improvements in housing availability and affordability are expected only where competent authorities use the framework to adopt effective, targeted and enforceable local measures.

7. HOW DO THE OPTIONS COMPARE?

The three options described above differ in legal intensity, degree of harmonisation and effects on local discretion: PO1 would provide only guidance and leave the current legal framework unchanged. PO2 would create binding conditions *only* when competent authorities choose to limit non-primary use of housing for affordability objectives, but preserve local powers over the choice of concrete measures. PO3 would make the assessment, designation and housing planning more systematic and mandatory and harmonise substantive restrictions. This distinction allows the impact assessment to compare different levels of EU intervention against effectiveness, subsidiarity and proportionality.

To make the options comparable, Table 3 below summarises for each options: 1) the legal nature of the interventions; 2) the addressees; 3) whether the measures are voluntary or binding; 4) whether the option applies to new and/or existing designations and restrictions; 5) the role of supply-side measures and 6) the link with the Services Directive.

Table 3: Comparison of the Policy Options

	Policy Option 1	Policy Option 2	Policy Option 3
Legal nature	Non-binding Communication / notice	Regulation, complemented by a Recommendation	Directive or Regulation, including mandatory housing plans
Addressees	Member States and competent authorities choosing to use guidance	Member States and competent authorities choosing to designate or intervene	All Member States and relevant competent authorities
Designation of areas under housing stress	Voluntary, based on a guidance	Voluntary decision to designate, with binding criteria, transparency and review obligations	Mandatory assessment and designation if EU thresholds are met
Restrictions on non-primary use of housing	Voluntary guidance base on existing EU law	Voluntary decision to adopt restrictions, but binding procedural and proportionality rules	Harmonised restrictions and minimum requirements in designated areas
Existing designations	No direct effect	Existing designations and restrictions within scope will have to be reviewed and aligned, transition period	Existing national frameworks need to be adapted to national implementation, transition period
Supply-side measures	Non-binding recommendations based on good practices	Supply considerations integrated into the framework (housing supply trends considered under Tier 2 when assessing housing stress; restrictions assessed in the context of	Housing supply trends considered under Tier 2 when assessing housing stress; Mandatory housing acceleration

		broader efforts to increase housing supply) + Recommendation on best practices	plans linked to designated areas
Services Directive	Continues to apply to all STR restrictions	Replaced by *lex specialis* for housing-related STR restrictions (without notification obligation). Continues to apply to STR restrictions for other policy objectives.	Replaced by *lex specialis* for housing-related STR restrictions (without notification obligation). Continues to apply to STR restrictions for other policy objectives.
Legal certainty	Limited improvement	Significant improvement	High improvement

The comparison of options below is based on their efficiency and effectiveness, coherence with EU law, their impact on subsidiarity, their proportionality and their impact on the internal market. It also assesses and compares whether each option improves legal certainty (for competent authorities and other stakeholders) while supporting (indirectly and conditionally) better targeted action in areas under housing stress.

7.1.1. Efficiency, effectiveness and coherence

Options	Efficiency	Effectiveness	Coherence
PO 1	+	-	++
PO 2	++	++	+++
PO 3	---	+++	+++

Legend: +- almost no impact; + some positive impact; ++ positive impact; +++ significant positive impact; - minor negative impact; -- negative impact; --- significant negative impact; +/- mixed impacts.

The comparison among the options presented in section 5 is based on three main criteria (efficiency, effectiveness and coherence), equally relevant and carrying the same weight for this assessment.

PO1 impact on efficiency and effectiveness is minimal due to the voluntary nature of the measures, while being coherent with other EU laws and policies (cf Annex 11). Experience with the Commission's 2016 and 2018 guidance on short-term rentals suggests that non-binding guidance, which relies on the voluntary uptake by competent authorities, is not sufficient on its own to reduce legal uncertainty or ensure a more consistent application of Union law across the Union and differences in the procedural assessment, justification and review of housing-related interventions are likely to persist. Since uptake is voluntary and there is no mechanism to ensure consistent application, the option is expected to have limited effectiveness in addressing the governance challenge.

PO2 adds value at Union level by establishing common conditions for identifying housing stress and assessing, justifying and reviewing housing-related restrictions, without harmonising substantive housing-policy choices. The common requirements on evidence, territorial targeting, non-discrimination, proportionality, publication, duration and review would reduce uncertainty regarding the process and information on which competent authorities should base their decisions. They would also provide affected parties, courts and the Commission with a clearer and more transparent basis for scrutiny.

PO2 also preserves the flexibility needed to reflect differences between local housing markets. Competent authorities would retain certain discretion in the selection of Tier 2 indicators, the definition of the relevant territorial area and the choice and design of measures. This means that the option cannot eliminate all uncertainty regarding the compatibility of individual measures with Union law or predetermine the outcome of judicial review. It should nevertheless reduce avoidable uncertainty arising from insufficient evidence, unclear territorial delimitation, inadequate consideration of less restrictive alternatives, or the absence of publication and periodic review.

PO2 does not mandate specific supply-side measures. However, housing-supply conditions would form part of the Tier 2 assessment, and restrictions would be considered in the context of the broader causes of housing stress. This should reduce the risk that demand-side restrictions are adopted in isolation, while leaving decisions on housing supply entirely to the competent authorities

PO3 is the least efficient option, mostly due to the substantial volume of work required from Member State administrations and potential negative impact on tourism and SMEs, but the most effective as it imposes a series of clear obligations to Member States and competent authorities in favour of legal certainty and uniformity for the internal market. The coherence of PO3 is similar to PO2.

7.1.2. Alignment with policy objectives (Effectiveness)

Options	General Objective 1	General Objective 2	Comment
PO 0 (baseline	--	--	Does not advance either objective
PO 1	-	-	Supports common understanding through voluntary guidance. May support better response when used
PO2 a	+++	+	Directly supports SO1.1 and SO1.2 Helps identify areas under housing stress, but does not itself guide the selection of measures.
PO2 b1	++	+	Provides legal certainty on specific measures, but risks weaker alignment with subsidiarity and proportionality
PO2 b2	+++	+++	Best aligned with SO1.2 Best support to SO2.1 .
PO2 c	++	++	Supports the broader proportionality context Supports GO2 by encouraging competent authorities to consider supply-side measures
PO 3	+++	+/-	Strongly advances uniformity, but raises subsidiarity and proportionality concerns Could force stronger action, but is less aligned with the objective of proportionate, place-based responses

Legend: +- almost no impact; + some positive impact; ++ positive impact; +++ significant positive impact; - minor negative impact; -- negative impact; --- significant negative impact; +/- mixed impacts.

PO1 contributes to both objectives, but only to a limited extent, due to its non-binding nature. PO2 aligns strongly with the two objectives. PO3 scores high on GO1, but it is the least aligned with subsidiarity and proportionality.

7.1.3. Subsidiarity and stakeholder support

Options	Subsidiarity	Support by stakeholders	Spillover risk
PO 1	+++	++	+/-
PO 2	++	++	+/-
PO 3	-	--	+

Legend: +- almost no impact; + some positive impact; ++ positive impact; +++ significant positive impact; - minor negative impact; -- negative impact; --- significant negative impact; +/- mixed impacts.

PO1 is the most compatible with subsidiarity and the most flexible option because it is voluntary, non-binding, and leaves competent authorities free to decide whether and how to act. PO2 represents the best balance between effectiveness and subsidiarity: it establishes common Union requirements only for the assessment, justification and review of interventions affecting internal market freedoms, while leaving decisions on whether to intervene, which measures to adopt and how to increase housing supply to the competent authorities in line with their local and national specificities. PO3 is the weakest option on subsidiarity because it would require mandatory assessment and designation, introduce harmonised substantive restrictions, and impose mandatory procedural steps, timelines and housing plans.

While the consultation did not describe specific policy options, responses to the targeted written consultation generally reflected a preference among, Member States and some local authorities for approaches preserving maximum flexibility and subsidiarity, broadly corresponding to elements of PO1. Views on a more structured EU framework were initially mixed, while there was little support for approaches resembling PO3 Mayors, local communities, SMEs and other stakeholders expressed stronger support for an approach closer to PO2 – citing the need for legal clarity and certainty, while emphasising the importance of respecting subsidiarity, and opposing a prescriptive approach such as PO3. Subsequent discussions with Member States, regions and cities, including dedicated workshops and the meeting with public authorities of 19 June 2026, indicated growing support for a procedural harmonisation approach under PO2. In particular, public authorities increasingly recognised the value of common criteria and procedural safeguards to support the assessment, justification and proportionality of housing-related interventions, while preserving local discretion regarding whether and how to act.

STR hosts and platforms stressed the importance of legal clarity and proportionality. While most of them in their written responses saw no need for additional legislation, therefore indicating PO2 and particularly PO3 as less desirable options, some nevertheless expressed concerns that PO1, as just guidance, would not suffice to prevent local authorities from taking disproportionate measures. They also highlighted the importance of addressing other factors behind the housing crisis than STRs, namely secondary homes and underoccupied buildings, and the need for more supply. As in the case of public authorities, stakeholders have subsequently during meetings signalled that a procedural harmonisation which does not focus on curbing STR activity may be of added value.

7.1.4. Costs and benefits for key stakeholders (Efficiency)

Option	Public authorities (direct impacts)	Local communities (indirect impacts)	SMEs (indirect impacts)	Tourism (indirect impacts)
PO 1	+/-	+/-	+/-	+/-
PO 2	++	++	+/-	+/-
PO 3	---	++	--	--

Legend: +- almost no impact; + some positive impact; ++ positive impact; +++ significant positive impact; - minor negative impact; -- negative impact; --- significant negative impact; +/- mixed impacts.

PO1 keeps direct costs low for authorities and businesses, but its benefits are also limited and uneven. For local communities and the tourism economy, impacts are expected to be limited, as any housing-related benefits remain uncertain and dependent on local implementation, while any costs and territorial spillovers likewise depend on local choices.

PO2 provides a clearer and more predictable framework, improving legal certainty for national and local authorities and supporting more evidence-based and proportionate decision-making. Compared with PO1, the additional administrative costs of PO2 are expected to be offset by reductions in litigation risks, methodological uncertainty and compliance costs. For SMEs and the tourism sector, the balance remains mixed: PO2 improves predictability and consistency in the procedural framework, while restrictions adopted in designated areas under housing stress may give rise to adjustment costs for some economic operators.

PO3 provides the highest degree of harmonisation and legal certainty, which could strengthen the consistency of implementation and indirectly support housing-related benefits for local communities. However, these benefits are offset by the highest administrative burden, the lowest flexibility for competent authorities, greater subsidiarity concerns and the strongest adjustment effects. For SMEs, visitors and the tourism sector, the overall balance becomes negative because restrictions would be more extensive and less adaptable to local circumstances than under PO2.

7.1.5. Other impacts

Options	Social impacts	Environmental impacts	Reduction in litigation
PO 1	+/-	+/-	+/-
PO 2	+	+	++
PO 3	++	+/-	+++

Legend: +- almost no impact; + some positive impact; ++ positive impact; +++ significant positive impact; - minor negative impact; -- negative impact; --- significant negative impact; +/- mixed impacts.

PO1 has limited and uneven economic effects; social impacts are mildly positive where guidance is used; environmental effects remain limited, indirect and uncertain depending entirely on local choices.

PO2 generates more positive economic and social effects than PO1 because legal certainty improvements are combined with stronger transparency, review and proportionality safeguards, and the framework is geared towards considering restrictions as part of broader efforts to rebalance supply and demand. Environmental impacts remain mainly indirect but somewhat more positive than under PO1.

PO3 could strengthen social impacts in stressed areas by making action more systematic and more uniform, but its economic balance is mixed because the stronger intervention and heavier burden also imply larger adjustment costs. Environmental effects remain indirect and could become more pronounced in either direction.

8. PREFERRED OPTION

8.1. Preferred policy option

The preferred option is PO2 combining sub-options a, b2 and c.

- It improves legal certainty by establishing a common methodology and procedural safeguards for assessing housing-related restrictions, while preserving local flexibility regarding whether, where and how to intervene.
- It respects subsidiarity by leaving competent authorities free to decide whether to designate areas under housing stress and which measures to adopt.
- It combines the common framework for demand-side restrictions with the systematic consideration of housing supply and accompanying voluntary guidance on supply-side responses.

Among the sub-options described in section 5, the combination of **sub-options a, b2** and **c is preferred**. It establishes a common methodology for identifying areas under housing stress, combining harmonised Tier 1 headline indicators with objective, transparent and verifiable Tier 2 evidence, together with common procedural requirements for assessing the necessity and proportionality of restrictions, while preserving discretion regarding whether and how to intervene. It would operationalise the Union law principles of justification and proportionality by establishing common procedural conditions governing when housing affordability and availability may justify restrictions affecting internal market freedoms and how the proportionality of those restrictions should be assessed. **Rather than introducing a new assessment obligation, it would specify the procedural requirements and methodology for applying existing obligations under Union law.** It therefore improves legal certainty and supports compliance with Union law without prescribing housing policy outcomes.

The assessment suggests that a **property-based approach** focused on non-primary residences is preferable because it is more directly linked to housing availability, easier to administer and more consistent with the objective of targeting activities most likely to remove dwellings from the long-term housing market, without preventing competent authorities from adopting less restrictive approaches, including exempting additional categories of properties (e.g. secondary residences) or hosts from their local restrictions.

Table 4: Comparison of the impacts of policy options 1, 2 (including sub-options) and 3

Impact	PO1	PO2				PO3
		a	b1	b2	c	

Alignment with objectives	+	+	+	+++	++	+++
Subsidiarity	+++	++	+	++	++	-
Impact on public authorities	+/-	+	+/-	+	+	---
Impact on local communities	+/-	++	++	++	++	++
Impact on SMEs and local economy	+/-	+/-	+/-	+/-	+/-	--
Social and environmental impacts	+/-	+	+	+	+	+
Spillover risks	+/-	+/-	+/-	+/-	+/-	++
Stakeholder support	++	++	++	++	++	--

Legend: +- almost no impact; + some positive impact; ++ positive impact; +++ significant positive impact; - minor negative impact; -- negative impact; --- significant negative impact; +/- mixed impacts.

PO1 maximises flexibility and minimises direct costs, but its effectiveness is constrained by its voluntary nature. While it may improve understanding of existing Union law, it is unlikely to significantly reduce legal uncertainty, improve consistency in the procedural assessment of housing-related measures or reduce litigation risks.

PO2 provides the best balance between effectiveness, subsidiarity and proportionality. The preferred combination of sub-options a, b2 and c improves legal certainty, transparency and predictability by establishing common procedural requirements while preserving local discretion regarding the choice of measures and housing supply responses.

PO3 would severely limit flexibility for Member States and competent authorities and establish mandatory procedural steps and timelines. This option would provide the highest level of legal certainty, procedural consistency and predictability across the Union, but the main trade-off is that it would impose the highest administrative and coordination burden on Member States and local authorities, raise greater subsidiarity concerns. PO3 would also imply an increased burden for the European Commission, linked to the creation of a mandatory framework to identify areas under housing stress and harmonised EU-wide rules governing restrictions on the non-primary use of housing in those areas.

Overall, **PO2 provides the most balanced response to the problems identified in Section 2.** Its added value lies in strengthening the ability of competent authorities to respond appropriately to housing stress in a manner consistent with Union law, rather than harmonising housing policy outcomes, which remain dependent on local circumstances. It does this by establishing a common methodology and procedural safeguards through which competent authorities assess, justify and periodically review housing-related interventions under Union law. Compared with PO1, it substantially improves legal certainty, transparency and consistency in the application of Union law. Compared with PO3, it achieves these benefits without mandatory designations, harmonised restrictions or housing plans. It therefore offers the most appropriate balance between effectiveness, flexibility and respect for national, regional and local competences. While the preferred option is expected to significantly reduce legal uncertainty, it cannot eliminate it entirely, as the assessment of individual measures will continue to depend on the specific circumstances of each case and the quality of the supporting evidence.

8.2. REFIT and the application of the 'one in, one out' approach

This section is not applicable to this proposal.

9. HOW WILL ACTUAL IMPACTS BE MONITORED AND EVALUATED?

The Commission will monitor the implementation and application of the initiative, in cooperation with Member States and competent authorities, with a view to assessing its effectiveness. The general effectiveness of the initiative will be monitored based on the set of KPIs listed in Table 5 below. Monitoring will focus on the effective operation of the Union framework, including the designation and review of areas under housing stress, legal certainty in the application of Union law, and the integration of housing supply considerations into local responses to housing stress. They will not assess the housing policy choices of competent authorities, but rather whether the Union framework effectively supports transparent, evidence-based and proportionate decision-making. The first evaluation should take place not earlier than 5 years after the entry into force of the initiative. This would allow sufficient implementation experience to accumulate and would enable the Commission to take account of the evaluation of Regulation (EU) 2024/1028 due in 2031.

Table 5: Key Performance Indicators for the evaluation of the initiative

Indicator	Definition	Objective	Baseline	Target	Data source
KPI 1: **% of competent authorities designating areas under housing stress using the common criteria**	Number of newly designated areas under the framework using the harmonised criteria, divided by the total number of designations adopted (in all MS) during the reporting period (not earlier than 5 years from the entry into force of the legislation).	**Effectiveness** – whether the initiative succeeds in persuading local authorities to base the declarations of "stressed areas" on the criteria proposed	0% Existing areas under housing stress cannot be considered a baseline for this KPI as they all use a different approach to the one proposed	100%	Publication / notifications by Member States/competent authorities; national or local publication of designation decisions and methodologies
KPI 2: **Share of designations renewed or terminated in accordance with the framework**	Number of areas that are renewed because stress persists and areas that exit the designation because housing stress conditions no longer apply using the harmonised criteria adopted (in all MS) during the reporting period (5 years since the designation of an area under stress)	**Impact and Effectiveness** – whether the initiative succeeds in maintaining designations only if justified by housing pressures	Number of areas under housing stress designated using the common criteria established under the new initiative	75%	Publication / notifications by Member States/competent authorities; national or local publication of designation decisions and methodologies

Indicator	Definition	Objective	Baseline	Target	Data source
KPI 3: Reduction in litigation and successful legal challenges **(Absolute number & in %)**	Annual number of court or administrative cases contesting such measures introduced in stressed areas, and the proportion of those cases in which the authority's measure is annulled or suspended for lack of adequate justification or proportionality	**Impact and efficiency** - the initiative reduces legal uncertainty, litigation risk and related administrative burdens	n.a.	A measurable reduction, over the evaluation period, in the number of **successful** legal challenges based on insufficient justification, discrimination or disproportionality	National court databases; administrative appeal bodies; Commission complaint handling
KPI 4: **Share of restrictions accompanied by housing supply measures** (in absolute number and in %)	Restrictive measures in areas under housing stress that are accompanied by a housing affordability plan or equivalent measures to increase housing supply in areas designated under stress using the harmonised criteria.	**Impact and effectiveness** The initiative effectively supports competent authorities with the selection of interventions that are appropriate to local housing conditions and contribute appropriately and proportionately to addressing identified housing pressures	0% Existing areas under housing stress cannot be considered a baseline for this KPI as they all use a different approach to the one proposed	The number of housing affordability plans or equivalent measures to increase housing supply in areas designated under stress using areas designated increases over time	Publication by Member States/competent authorities; national or local publication of designation decisions and methodologies

ANNEX 1: PROCEDURAL INFORMATION

Lead DG, Decide Planning/CWP references

The Lead DG is the Directorate-General for Energy, Task Force Housing.

Decide number of the initiative: PLAN/2026/242

Organisation and timing

The initiative follows the adoption of the European Affordable Housing Plan ([93]) on 16 December 2025.

The Secretariat-General set up the Inter-service Coordination Group (ICG) on affordable housing in the second quarter of 2025, which has met nine times and held several written consultations.

The following DGs were invited to contribute to this impact assessment: SG (Secretariat-General), CLIMA (Climate Action), COMP (Competition), CNECT (Communications Networks, Content and Technology), ECFIN (Economic and Financial Affairs), EMPL (Employment, Social Affairs & Inclusion), ENV (Environment), ESTAT (Eurostat), FISMA (Financial Stability, Financial Services and Capital Markets Union), GROW (Internal Market & Industry), JRC (Joint Research Centre), JUST (Justice and Consumers), REGIO (Regional and Urban Policy), MOVE (Mobility and Transport), SJ (Legal Service), TAXUD (Taxation and Customs Union) and TRADE (Trade).

The preparation of the EAHP included a public consultation that lasted from July to October 2025, which also covered areas relevant to this initiative.

In preparation of this specific initiative, and complementing the previous open public consultation, the Task Force Housing organised targeted consultation 06/03/2026 to 03/04/2026. This included a Call for Evidence, inviting stakeholders to submit their views and analysis, as well as a detailed questionnaire published on the TFH portal and open to anyone who wished to reply. 617 unique stakeholder and citizen feedbacks were received to the Call for Evidence, and 303 answers were provided to the detailed questionnaire. The Commission organised 4 workshops with Members States, regions and cities, stakeholders and experts, and a subsequent meeting with public authorities on 19 June.

Consultation of the RSB

The RSB was consulted in an upfront meeting on 16/03/2026. The present impact assessment report was submitted to the RSB on 06/05/2026. The impact assessment was discussed with the RSB on 03/06/2026, and the RSB issued a negative opinion on 05/06/2026. Based on the RSB recommendations, the impact assessment has been substantially revised to address the highlighted key issues and areas for improvement. The problem definition, objectives, subsidiarity assessment, policy options and impact analysis have been restructured to clarify that the initiative addresses a governance challenge relating to the application of Union law, rather than the housing crisis itself. The preferred option has been reframed as a procedural framework improving legal

([93]) AHA-BIB-050.

certainty, transparency and predictability through a common methodology and procedural safeguards, while preserving local discretion regarding housing policy outcomes. The report also strengthens the subsidiarity and legal basis analysis, clarifies the intervention logic and expected impacts, better distinguishes direct and indirect effects, and adopts a more evidence-based approach to litigation, spillover effects and impacts that cannot be robustly quantified. Additional stakeholder analysis and monitoring arrangements have also been incorporated. The RSB issued a positive opinion with reservations on 17/07/2026, and the impact assessment further clarified the coherence with other housing-related initiatives, the effectiveness of the preferred option, how the Commission will support implementation, access to input data and the link with the existing STR Regulation (table 7).

Table 6: Overview of RSB recommendations and changes to the Impact Assessment

RSB recommendation	**Revisions introduced**
(B) Key issues	
(1) The report is not clear about its scope and the problem at the EU level that it aims to address. It does not substantiate the problem related to the single market with appropriate evidence. The general and specific objectives are not defined in line with better regulation requirements.	The scope has been clarified and the problem definition refocused on insufficient legal certainty regarding the compatibility of measures on short-term rentals and other non-primary use of housing with EU law governing internal market freedoms. The problem drivers and consequences have been more clearly defined and substantiated with evidence from the Annexes. Additional evidence from the targeted consultation, studies and case law was introduced to demonstrate the governance challenges arising from divergent procedural approaches, legal uncertainty and the absence of a common operational framework under Union law. The objectives were also reformulated to reflect this intervention logic and align with better regulation requirements. Relevant sections: Sections 1, 2 and 4; Annexes 2, 8 and 9
(2) The policy measures and options are not sufficiently and clearly defined to allow for the assessment of their impacts. The impacts of the policy options on the single market and on the affordability of housing are not sufficiently analysed.	The policy options and their measures have been substantially revised and clarified to enable a more robust assessment and comparison of impacts. The revised report clearly distinguishes between a voluntary non-legislative approach (PO1), a common procedural framework including a common methodology combining Tier 1 headline indicators with objective, transparent and verifiable Tier 2 evidence, as well as common proportionality requirements (PO2), and a more prescriptive harmonised approach involving additional mandatory obligations (PO3). The assessment of the impact has also been strengthened. The revised report provides a more detailed analysis of impacts on legal certainty, administrative costs, predictability, as well as indirect impacts on housing affordability and availability.

	Additional analysis was introduced on spillover effects, impacts on SMEs, tourism, local communities and public authorities, allowing for a more comprehensive comparison of the policy options. The revised report further clarifies the relationship between the initiative and housing affordability. It explains that the initiative does not directly regulate housing supply, rents, prices or the operation of housing markets. Rather, it aims to improve the framework within which competent authorities assess and justify housing-related interventions. Any effects on housing affordability and availability are therefore presented as indirect, localised and dependent on implementation choices by competent authorities. Relevant sections: Sections 5, 6 and 7; Annexes 5 and 7.
(3) The conformity with subsidiarity and proportionality principles is not sufficiently demonstrated to justify the proposed action at the EU level.	The subsidiarity and proportionality assessment was fundamentally rewritten. The revised report distinguishes between housing policy competences retained by Member States and local authorities and the Union's competence to address fragmentation affecting the internal market. The preferred option was clarified as a procedural framework that establishes common procedural requirements governing the justification and proportionality assessment of housing-related interventions while preserving competent authorities' discretion regarding whether, where and how to intervene. Relevant sections: Section 3.1; Section 3.2; Section 8.1
(C) What to improve	
(1) The context and scope of the initiative should be better explained, especially in relation to the Services Directive, the Short-Term Rentals Regulation and the Digital Services Act. Based on this, the report should clearly delineate the problem the initiative aims at and how it relates to the broader housing challenge. The magnitude of the problem at EU level should be demonstrated.	The revised impact assessment clarifies the context, scope and problem definition of the initiative. It introduces a clearer explanation of the interaction with the Services Directive, the STR Regulation and the Digital Services Act, and clarifies that the initiative does not regulate housing markets as such but establishes a complementary framework governing the justification and proportionality of housing-related restrictions affecting internal market freedoms. The revised report also clarifies that the initiative does not create new assessment obligations or a new area of Union competence but operationalises existing Union law governing the justification and proportionality of restrictions affecting internal market freedoms. The problem definition has been fundamentally revised to distinguish more clearly between the broader housing

	challenge, driven by local supply-demand imbalances and falling primarily within national, regional and local competences, and the specific problem addressed by the initiative: insufficient legal certainty regarding the compatibility with Union law of housing-related interventions affecting the internal market. The revised report explains how housing stress creates pressure for public intervention (problem driver 1), while the absence of a common operational framework for such interventions (problem driver 2) contributes to fragmentation, legal uncertainty and compliance costs across the Union (consequences). The magnitude of the problem at EU level is demonstrated through additional evidence on the increasing use of housing-related restrictions across Member States, the diversity of approaches used to identify housing stress and regulate non-primary uses of housing, the growing number of notifications, complaints, pre-infringement dialogues and litigation cases, and the cross-border nature of the affected activities, including short-term rentals and real-estate investment. The analysis of impacts on legal certainty, administrative costs, predictability and the functioning of the internal market has also been strengthened. Relevant sections: Sections 1 and 2; Annexes 2, 8 and 9.
(2) The report should provide evidence of negative effects on the Single Market caused by the alleged fragmented approach to demand-side restrictions. In line with a revised problem definition the report should analyse the problem drivers, based on available evidence. The assessment of the problems of legal uncertainty faced by public authorities should be enhanced based on available evidence.	The revised impact assessment strengthens the evidence base concerning the effects of fragmentation on the internal market and the legal uncertainty faced by public authorities and economic operators. The problem definition and problem-driver analysis have been restructured and are now supported by additional evidence from consultations, studies, notifications, complaints, litigation and Commission enforcement experience. The revised report demonstrates more clearly how divergent approaches to identifying housing stress and designing housing-related restrictions create legal uncertainty, divergent procedural approaches and increased administrative, compliance and litigation costs across the Union. It includes additional evidence on the diversity of national, regional and local measures, the growing number of notifications, complaints, pre-infringement dialogues and court cases, and the limitations of relying solely on case-by-case application of existing general legal principles. The assessment of legal uncertainty has also been strengthened. The revised report explains in greater

	detail the practical difficulties faced by public authorities in demonstrating the justification and proportionality of housing-related interventions in the absence of common operational criteria, methodologies and evidentiary standards. It also quantifies, where possible, the administrative and litigation costs associated with the current fragmented framework. Relevant sections: Sections 2.2 and 2.3; Annexes 2, 8 and 9
(3) The objectives should subsequently be revised to reflect the actual aim of the intervention. The report should establish clearly the link between the proposed measures, the objectives and the problems to show how this intervention will concomitantly improve both the functioning of the single market in this area and the affordability of housing, without aggravating the housing problem locally.	The objectives were reformulated to comply with Better Regulation requirements and to establish a clearer intervention logic linking the identified problems, problem drivers, objectives and policy measures. The revised report distinguishes between the broader housing challenge and the specific governance problem addressed by the initiative, and aligns the objectives with the areas where Union action can add value. The general objectives now reflect the two problem drivers identified in Section 2: improving the functioning of the internal market and legal certainty regarding housing-related restrictions, and supporting competent supporting competent authorities in responding to housing stress through a more systematic consideration of housing supply. The specific objectives are directly linked to the identified drivers and to the corresponding policy measures assessed under each option. The revised report also strengthens the explanation of how the proposed measures contribute to the objectives. It clarifies that the initiative primarily improves the framework within which the justification and proportionality of housing-related interventions is assessed, documented and reviewed, thereby improving legal certainty, transparency and consistency in the application of Union law. Any effects on housing affordability and availability are presented as indirect and dependent on local implementation, thereby reflecting the limits of Union competence and respecting the principles of subsidiarity and proportionality. Relevant sections: Sections 2, 4, 5 and 6.
4) The policy measures and options should be clearly defined to allow for the assessment of their impacts and comparison. In particular, it should be clear which obligations stem from which policy option, for whom and under what	The policy options have been substantially revised and clarified to allow a more robust assessment and comparison of their impacts. For each option, the revised report specifies the actors concerned, the obligations that would arise, the circumstances under which they would apply, and whether the relevant

circumstances, and what is the interplay among the measures under each policy option. The voluntary or compulsory nature of the proposed measures should be made clear. For example, option 2 includes recommendations to Member States on supply. However, at the same time, option 2 under b2 includes measures increasing supply as one of the obligations to access to restrictions that would be exceptionally permitted.	elements are voluntary or mandatory. The interaction between the different components of each option has also been clarified and reflected consistently throughout the impact assessment. The revised report clearly distinguishes between: (i) a fully voluntary non-legislative approach (PO1); (ii) a legislative framework establishing common procedural requirements for the assessment, justification and proportionality of housing-related interventions (PO2); and (iii) a more prescriptive harmonised approach involving additional mandatory obligations and reduced discretion for competent authorities (PO3). The description of the options, the impact assessment and the comparison of options have been aligned accordingly. Within PO2, the revised report separately assesses PO2a, PO2b1, PO2b2 and PO2c and explains the rationale for selecting PO2b2 as part of the preferred option. It also clarifies the distinction between the legislative and non-legislative components of PO2, including regarding supply measures. The preferred option combines a binding framework governing the conditions under which restrictions affecting internal market freedoms may be justified and assessed, with a separate non-binding Recommendation offering best practices for housing supply responses. The revised report further clarifies that the legislative component under PO2 does not impose mandatory housing investment obligations or supply-side measures. Rather, it requires competent authorities to assess restrictive measures in the context of broader housing market conditions and existing efforts to address housing shortages, while the accompanying Recommendation provides voluntary guidance on housing supply responses. The choice, design and implementation of any housing supply measures remain entirely with Member States and competent authorities. This distinction between mandatory procedural requirements and voluntary operational recommendations is now reflected consistently throughout the report. Relevant sections: Sections 5, 6 and 7.
5) The policy measures should better take into account available evidence. For example, given the limited evidence on effectiveness of demand-side measures and their context dependence, the report should demonstrate that developing a	The revised impact assessment strengthens the evidence base underpinning the policy measures and clarifies the limits of the available evidence. It explicitly recognises that the effectiveness of demand-side measures is context-dependent and that such measures cannot, by themselves, resolve structural housing shortages.

harmonised framework is feasible, i.a. regarding the definition of areas under stress. The report should also clarify how the proposed measures will relate to existing restrictions, if and how they will be applied in situations of a potential mismatch between the areas identified as being under housing stress and the area of action by local authorities, and how the conformity of the measures will be assessed and by whom. The report needs to be clear how legal certainty will be ensured for public authorities regarding all the proposed elements	Accordingly, the revised options do not prescribe specific housing restrictions but focus on establishing a common governance framework for housing-related interventions. The feasibility of the proposed framework has been strengthened and better demonstrated. The revised report introduces a two-tier methodology for identifying housing stress, combining a common headline screening indicator with supplementary diagnostic indicators reflecting local housing market conditions. The methodology is supported by additional analysis and sensitivity testing and is designed to be operational for competent authorities while accommodating local specificities. The revised report also clarifies how the proposed framework would apply in practice. It explains the relationship with existing designations and restrictions, including transitional review and alignment mechanisms. It further clarifies that the territorial scope of areas designated as under housing stress should be evidence-based and may differ from administrative boundaries where housing market pressures extend across a wider functional area. The assessment of conformity has also been clarified. The revised report explains that responsibility for demonstrating compliance with the requirements of justification, proportionality and non-discrimination remains with the competent authorities introducing or renewing restrictions. Legal certainty is strengthened not by replacing local discretion, but by operationalising existing Union-law requirements through common criteria, methodologies and procedural rules. The analysis of economic, social and environmental impacts has been expanded and strengthened through the use of additional evidence and data sources. The findings from the assessment of existing restrictions, including those presented in Annexes 8 and 9, have been integrated more systematically into the impact assessment. Relevant sections: Sections 5 and 6; Annexes 4, 8, 9 and 12.
(6) The effectiveness of the proposed measures needs a more thorough analysis. Given that the harmonised criteria proposed for assessing the conformity of the demand-side restrictions in areas under housing stress leave a significant	The revised impact assessment substantially strengthens the analysis of effectiveness and EU added value. It clarifies that the principal direct effects of the preferred option are improved legal certainty, transparency, predictability and more robust decision-making regarding housing-related restrictions affecting internal

leeway to the authorities introducing them, the report should consider to what extent an EU regulatory approach can bring added value. The effectiveness and practical aspects of the requirement to propose supply-side measures in order to be allowed to introduce demand-side restrictions needs to be carefully assessed. In case mandatory supply side measures are considered, the report should provide an assessment regarding their costs and enforcement. In addition, the analysis of the potential spillover effects to areas neighbouring those with demand-side restrictions should be strengthened.	market freedoms. Any impacts on housing affordability and availability are presented as indirect, localised and dependent on implementation choices by competent authorities. The revised report also provides a more detailed assessment of the added value of an EU framework despite the discretion retained by competent authorities. It explains that housing stress, tourism pressures, supply constraints and non-primary uses of housing vary considerably across locations and therefore require local decision-making. The added value of EU action lies not in harmonising housing policy outcomes, but in establishing common criteria, methodologies and procedural safeguards governing the assessment, justification and proportionality of housing-related interventions insofar as they fall within the scope of, or are affected by, EU law. Compared with PO1, the preferred option is assessed as more effective in improving legal certainty, transparency and predictability through a common procedural framework. Compared with PO3, it achieves these benefits in a more proportionate manner while preserving local flexibility and respecting subsidiarity. The revised report further clarifies the role of housing supply measures. The report clarifies that under the preferred policy option, the Regulation does not require the adoption of housing supply measures but ensures that restrictions are assessed in the context of broader housing market conditions and existing efforts to address housing shortages. The accompanying Recommendation provides voluntary guidance on supply-side responses. The choice, design, financing and implementation of supply-side measures remain entirely with Member States and competent authorities. As a result, the assessment focuses primarily on the administrative costs associated with the framework itself, and clarifies that the preferred option does not create an entirely new assessment obligation but establishes a common methodology for carrying out assessments already required under Union law. The analysis of potential spillover effects has also been strengthened. The revised report includes a dedicated assessment of possible displacement of STR activity, shifts in housing demand, tourism substitution effects and price or rent impacts in neighbouring areas. It explains that such effects may be positive or negative, are highly location-specific and depend on the design and territorial scope of the measures adopted. The monitoring framework has been expanded accordingly,

	including indicators relating to designations, reviews, litigation outcomes and accompanying supply-side measures. Relevant sections: Sections 3.2, 6, 7 and 8; Annexes 4, 8 and 9.
(7) The report should improve the justification for acting at EU level on housing which is primarily a national/regional/local competence. The subsidiarity and proportionality assessment needs to take into account the effectiveness of the proposed approach and the distribution of competences among various levels of governance.	The revised impact assessment substantially strengthens the subsidiarity and proportionality assessment and provides a clearer justification for action at Union level. It explains more explicitly that housing policy, land-use planning and housing supply remain primarily within the competence of Member States and their regional and local authorities, while the justification and proportionality of restrictions affecting internal market freedoms are matters governed by Union law. The revised report clarifies the distribution of responsibilities across governance levels and demonstrates more clearly how the initiative respects the principle of subsidiarity. It explains that the initiative does not harmonise housing policy outcomes, housing market regulation or local planning decisions. Rather, it establishes a common framework governing how housing-related interventions affecting internal market freedoms are assessed, justified and applied. The report also emphasises that competent authorities remain responsible for determining whether housing stress exists, whether intervention is necessary and which measures, if any, should be adopted. The justification for EU action has been strengthened by linking the identified problems and drivers more directly to the functioning of the internal market. The revised report explains how the absence of common criteria, methodologies and procedural safeguards contributes to legal uncertainty and compliance costs across the Union, and why these challenges cannot be addressed effectively through uncoordinated action at national, regional or local level. The assessment of policy options has also been revised to take greater account of subsidiarity, proportionality and effectiveness. The report compares the implications of each option for different levels of governance and explains why the preferred option strikes the most appropriate balance between improving legal certainty and preserving local discretion. In particular, it clarifies that the preferred option harmonises procedural requirements governing the assessment, justification and proportionality of restrictions, while leaving

	substantive housing policy choices to competent authorities. Relevant sections: Sections 3, 7 and 8; Annexes 8 and 9.

Evidence, sources and quality (see Annex 12)

Table 7 Overview of RSB 2nd opinion and changes to the Impact Assessment

RSB recommendation	**Revisions introduced**
(B) Key issues	
(1) The effectiveness of the preferred option is not sufficiently assessed.	The text better demonstrates the effectiveness of the preferred option, including how a procedural approach will reduce legal uncertainty and what implementation support will be available to competent authorities. Relevant sections: section 5,7
(2) The coherence of the initiative with other initiatives impacting on housing is not sufficiently analysed.	The report now explains more clearly the AHA's specific role within the wider European Affordable Housing Plan and its complementarity with other EU instruments. Relevant sections: section 1,7
(C) What to improve	
(1) The report should better assess and demonstrate the effectiveness of the preferred option, given the focus on the process and the uncertainties related to the embedded flexibilities. The report should clarify whether competent authorities will receive additional support (e.g. guidance, tools) for implementing the proposed framework. The report should also analyse to what extent relying exclusively on a procedural approach – while contributing to the transparency of the process and accountability of the competent authorities – will sufficiently reduce legal uncertainty.	The assessment of the preferred option has been strengthened to explain more clearly how common requirements on evidence, transparency, proportionality and periodic review improve legal certainty while preserving local flexibility. The report also acknowledges the limits of a procedural approach: it is expected to significantly reduce, but cannot eliminate, legal uncertainty as individual measures remain dependent on local circumstances and supporting evidence. The report further clarifies the Commission's role in supporting implementation, including through guidance, methodological support and monitoring. Relevant sections: 5, 7
(2) The report should significantly strengthen the analysis of coherence of the preferred option with the other related initiatives having a bearing on housing (in particular the European Affordable	The report now explains more clearly the AHA's specific role within the wider European Affordable Housing Plan and its complementarity with other EU instruments. In particular, cohesion policy and other funding instruments support investment and housing

Housing Plan, cohesion policy, short term rentals Regulation).	supply, while the AHA provides the evidential and procedural framework for housing-related restrictions. The analysis of the STR Regulation has been expanded to distinguish its registration, data-sharing and enforcement functions from the AHA's role in assessing and justifying housing-related measures. Relevant sections: 1, 7
(3) Given that the preferred option relies on access to robust granular data at local level, the report should assess how the access to the input data needed for the calculation of Tier 1 and Tier 2 indicators will be ensured. In addition, for Tier 2 indicators, the report should analyse the availability and robustness of data resulting from the implementation of Short-Term Rentals Regulation from the perspective of how it may improve the effectiveness of the proposed initiative.	The report and methodological annex have been strengthened with further detail on data sources, availability and territorial granularity. For Tier 1, access to comparable price and income data is explained, including through the Commission’s Mapadomo database and Eurostat. For Tier 2, the report identifies available local data sources and explains how data collected under Regulation (EU) 2024/1028 – including location, nights booked and guest numbers – will strengthen the evidence available to assess the concentration and intensity of STR activity, alongside other local housing-market evidence. Relevant sections: section 5, 6 and Annex 4

ANNEX 2: STAKEHOLDER CONSULTATION (SYNOPSIS REPORT)

In preparation for the European Affordable Housing Plan, the Commission carried out an open public consultation between July and October 2025 which attracted 13,330 responses on a broad range of topics including vacant properties, short-term rentals, speculation, construction, zoning and permitting, financing among others. The replies were summarised in a Synopsis Report published with the EAHP on 16 December 2025.

Complementing this broad open public consultation, the Commission ran a **targeted consultation for the Affordable Housing Act.**

Annex 2.1: CONSULTATION STRATEGY

The objective of the consultation was to gather views from a wide range of stakeholders on the potential elements of the Affordable Housing Act: (i) identification of areas under housing stress, (ii) measures to protect housing affordability; and (iii) measures to increase the supply of housing in these areas. Several consultation activities were carried out, which were all promoted on the Commission's central press corner and on the Housing Task Force's internet page, as well as social media channels.

1. Call for evidence

The call for evidence ran for a 4-week period from 6 March 2026 to 3 April 2026. It was published on the Commission's "Have Your Say" web portal and available in the 24 EU official languages. **The Call for Evidence received 617 replies, from 600 respondents.** The largest group of replies was EU citizens (394 replies, 62.4%). Public authorities were represented by 33 replies (5,23%). Other key groups were: Non-governmental organisations, Business associations, Companies, Research Institutions. They represented between 1% and 8% of replies each.

Responses were received from 19 European countries: **Spain** (292 responses, 47,3%,), **Belgium** (70 responses, 11,35%), **Italy** (50 responses, 8,1%), **Germany** (43 responses, 6,97%), **France** (34 responses, 5,4%). Out of the 394 responses from EU citizens, 196 came from the Canary Islands, mostly citizens of STR hosts emphasising the importance of holiday rentals as a source of income both for hosts and for other tourism-related activities.

2. Detailed questionnaire

The detailed questionnaire was published on the EU Survey page and was available from 6 March 2026 to 29 March 2026. All questions were open-ended questions except for one question which asked respondents to rank ten indicators by order of relevance.

This detailed questionnaire received 303 replies. Respondents represented a wide array of stakeholders, with the largest group identifying as STR hosts and platforms (77 responses, 25.4%). National authorities are represented by 16 responses (5%), local authorities are represented by 16 responses (5%) and regional authorities by 13 responses (4%). Other key groups were: tourism and consumer associations, providers of public, cooperative, and social housing, professionals from the architectural, construction, and renovation sector, and owner and tenant organisations. They represented between 4 and 9% of responses each.

Respondents were from 25 European countries, with the majority of responses coming from **Italy** (47 responses, 15.51%), **Portugal** (46 responses, 15.18%), **Spain** (37 responses, 12.21%), **France** (32 responses, 10.56%), **The Netherlands** (23 responses, 7.59%) and **Ireland** (19 responses, 6.27%). No responses were received from: Cyprus and Greece. In addition, 34 respondents (11.22%) stated that they were active in more than one country.

3. Workshops

Four different workshops with Member States (1.), regions and cities (2.), stakeholders (3.) and academia (4.) were held during the consultation process for the Affordable Housing Act. They were complemented by a meeting with public authorities from Member States, regions and cities on 19 June.

Annex 2.2: Results of each Consultation Strategy

1. Call for evidence

The majority of responses to the call for evidence focused on STRs.

All of the responses from EU citizens located in the Canary Islands highlighted the positive effects of STRs for hosts (extra income for studies, mortgage, retirement), for the local economy (jobs and income for the tourist sector) and for STR guests (cheaper accommodation). They criticised restrictions and put forward the responsibility of the government in not building more affordable housing, and of a legal system perceived as too protective of tenant rights. Several respondents called for a distinction between professional and non-professional hosts.

The majority of the other responses from citizens not linked to the Canary Islands also highlighted the positive effects of STRs and stated that STRs are not the main cause of the housing crisis. Several also put forward the nuisances caused by the excessive number of STRs in their buildings and flats. One quarter of citizen responses stressed the need to tackle the housing crisis in general and therefore called for STR regulation (restrictions and taxes), better use of vacant housing, more construction, taxation of speculative behaviours. Others stated that long permitting times and excessive regulation were limiting construction.

2. Detailed questionnaire

Question 1. ***Are you aware of any policies by a Member State/regional/local government which define areas under housing stress?*** *If so, how are they defined, at what geographical scale, how are they monitored and reassessed and at what frequency?* 207 respondents answered question 1.

Respondents cited the following Member States which have defined and designated stressed areas at the national level.

- **France** (*zones tendues),* based on rent and price data, social housing waiting lists, revised every year

- **Spain** (*zonas de mercado residencial tensionado)*, based on housing costs, and price increase compared to inflation, revised every 3 years
- **Croatia,** based on housing gap and housing affordability index (ratio between the local median price of a housing unit and the annual local average net income), revised each year
- **Slovenia**, based on housing prices in municipality in relation to average prices on national level and STR share, revised every 2 years

The regional or local governments in the following countries define and designate stressed areas:

- **Germany** (*Angespannte Wohnungsmärkte)*, based on rental indicators, criteria and regulation differ across federal states
- **Portugal** (*Zonas de Pressaeo urbanistica)*, based on housing prices, demographic trends, supply shortages on the municipal level, revised every 5 years
- **Italy** (*Comuni ad Alata Tensione Abitativa)*, based on proposal from the regions, based on non-standartised critera which differ across regions
- **Netherlands,** decided on regional and municipal level, based on housing shortage

Respondents also mentioned **Ireland** where legislation on areas under housing stress has changed to be applied nationwide (Rent Pressure Zones).

(further details on existing legislation to define areas under housing stress see Annex 10).

Question 2. ***Please rank the following indicators by relevance for identifying areas under housing stress.*** *What other indicator would be relevant?* 303 respondents answered question 2.

The most supported indicators were the **price to income, rent to income** and **housing cost over burden rate**. **Future housing needs, building permits** and **overcrowding rates** came after in the ranking**. Short term rentals** (as a % of the long-term rental stock or per 1000 inhabitants) and **share of primary residences** were deemed not so relevant to measure housing stress.

Although difficult to measure, indicators related to **vacancy** were mentioned most often as additional indicators. Other frequently mentioned indicators were related to **housing supply and demand** (social housing waiting lists, construction activity), **residential stability and mobility** (eviction rate, timing of leaving the parental home), and **demographic factors** (timing of leaving the parental home and population growth).

A respondent from Austria specifically rejected the idea of an EU definition for areas under housing stress.

Some stakeholders opposed the ranking of indicators and more generally the use of indicators to measure areas under housing stress, emphasising the importance of the local context and a holistic approach to housing-related issues in a city or region.

Question 3. ***What should be the policy implications of designating an area as under housing stress?*** *Should they be focused on short-term rentals, demand-related measures (e.g. measures relating to acquisitions or usage), and/or supply measures (e.g. incentives to use vacant housing, permitting measures, social and affordable housing provision, renovation/repurposing, energy performance improvement, other)? Are there any* *particular fields in which an initiative at EU level could add value?* 243 respondents answered question 3.

The majority of responses prioritised **supply-side measures**. Some responses referred to the conversion and use of vacant buildings, and the renovation of existing buildings to address energy poverty. Others highlighted the importance of improving and speeding up permitting. The role of the EU was seen on data collection (on vacancy rates for instance), and funding.

Regarding **potential regulations and restrictions on STRs**, STR hosts and platforms were critical of regulation of STRs at EU level. They emphasised that any measures must be weighed against the benefits generated by STRs and should complement supply-side measures. Additionally, they argued that such regulations must be locally evaluated and proportionate. Local and regional authorities were in favour of stricter regulation of STRs and more accountability of platforms (e.g. removal of illegal listings). Many civil society organisations also highlighted the need for more accountability of platforms. All stakeholders emphasised the importance of being able to design responses at the local level. In particular, several local and national authorities did not consider a new EU initiative to be necessary or effective.

Measures on **rent control** were called for particularly by local authorities and tenant organisations, as long as they responded to local context and were implemented alongside other measures to increase supply. Some also highlighted the negative long-term effects of rent control measures and the legal uncertainty surrounding the implementation of such measures.

Question 4. ***What type of measures on non-primary use or acquisition of housing or on STRs have been put in place at the local, regional or national level in your country? Have the effects of these measures already been evaluated, and, if so, what is the assessment of their impact (please provide references if possible)?*** 212 stakeholders answered question 4.

Measures to **regulate STRs** include authorisation through mandatory registration (e.g. France, Slovenia, Germany, Netherland); licensing requirements for all STRs (e.g. North Rhine-Westphalia, Germany) or beyond a certain number of nights (e.g. Hamburg, Munich); restriction to primary residences only (e.g. Paris, Berlin, Amsterdam, Vienna); quantitative restrictions such as night caps (Amsterdam, Paris, Denmark; Vienna); local bans (e.g. Pamplona, Berlin, Athens), bans on STRs in public housing (e.g. Austria) and tax measures (e.g. France).

Notable measures to **increase primary use** include bans on the conversion of residential property (e.g. Germany, Ireland, Portugal), prior authorisation of conversion (e.g. Spain), taxes on non-primary residence and bulk purchase of residential buildings (e.g. Catalonia), as well as improvements to the data available on non-primary use and vacancies.

Respondents highlighted that **no long-term assessment** of the measures introduced was yet available, except in Ireland where the evaluation of rent pressure zones indicated improved housing affordability. Other participants, especially the group of STR hosts and platforms, pointed out that it remains unclear whether STR restrictions benefit the primary housing market.

***Question 5*. Do you have any concerns with regards to STR that you would like to see addressed at EU level** *(such as lack of legal certainty, too much or too little regulation, fragmentation, litigation, implementation or enforcement of regulation)?* 218 stakeholders replied to question 5.

STR hosts and platforms largely shared the view that no additional legislation at EU level was warranted. Instead, they called for better enforcement of existing rules and warned that excessive bureaucracy would particularly harm small hosts. They requested legal clarity and predictability on justified and proportionate measures, as some local regulations were seen as disproportionate. They criticised the fragmentation of existing rules and the lack of evidence to justify restrictions.

Public authorities all emphasised the importance of being able to govern in a way that was flexible and appropriate to local contexts, but also their need for legal clarity as litigation was frequent and they had difficulties in proving that restrictions on STRs fulfilled the conditions set out in the Services Directive. Some local authorities have called for targeted exemptions from the Services Directive, viewed as a constraint and an administrative burden hindering the introduction of measures to ease pressure on the housing market. Most tenant and civil society organisations emphasised legal certainty and the importance of being able to operate locally within an EU-level regulatory framework. They called for measures to stop the commodification of housing.

The need for better data to inform policy was recognised by the majority of local authorities, but their lack of capacity was also highlighted. The need for platform operators to comply with applicable law, enforce it by removing illegal listings, and share the relevant data was highlighted, and support from the EU was requested in this regard.

6. Should professional and non-professional STR hosts be distinguished, and if so what criteria should be taken into account (*e.g. number of units rented, number of nights per year, legal form, combined use with owner-occupied or renter occupied dwelling? What additional requirements, if any, should professional STR hosts be subject to and why?* 194 stakeholders answered the question.

91 responses preferred a clear distinction between professional and non-professional hosts while 45 responses opposed such a distinction.

Small STR hosts called for this distinction, stressing the need for extra requirements for professional hosts, especially on consumer protection. The criteria mentioned for a distinction were the number of units rented, the number of nights per year, the legal form, and whether the property was also used as an owner-occupied or renter-occupied dwelling.

Several stakeholders, and especially local and regional authorities, did not support a distinction at European level as it could increase administrative burden and undermine existing rules, creating a dual regulatory system easy to bypass. Civil society organisations answered that this distinction is not relevant for them, as the main issue is the impact on the housing market.

7. Are there any concerns related to the protection of consumers using STRs? e.g. fire safety or other public health safeguards, quality of properties, price transparency, dispute resolution, other? 170 participants answered question 7.

The concerns related to consumer protection were: fire safety and public health, quality of property, price transparency, dispute mechanism and fraud and misleading information. There were no clear differences in the responses between the various stakeholder groups.

Some STR hosts said that the review and rating process on platforms ensured quality standards and thus indirectly consumer protection. Other stakeholders, such as tourist associations, argued that reviews could not replace consumer protection regulations for STR guests. Some respondents emphasised the importance of effective enforcement of existing regulations but not the need for new regulation in general and specifically at EU level.

<u>Question 8.</u> What key steps have public authorities or other relevant players taken to increase the supply of affordable and social housing in areas under housing stress, and, if so, what did they achieve? *For example, what has been done to secure land for affordable and social housing? Has the potential for renovation and for the conversion of existing non-residential buildings into residential buildings been assessed? How have construction costs and maintenance costs been contained? How were the projects financed? How have administrative procedures been simplified/accelerated? Have any other measures been taken to address affordability issues?* 206 respondents answered question 8.

Securing land was emphasised, through public land ownership and long-term public leases (Vienna, Barcelona, Basque Country, Portugal); inclusive zoning or laws with social housing targets (France SRU, Binding Social Objective in Flanders); preemption rights (e.g. France, Amsterdam, Vienna); CLT (Bail Réel Solidaire on vacant buildings).

Half of the respondents put forward **repurposing existing buildings**: mapping vacant buildings, vacancy taxes and grants, office to housing conversions, brownfield development, publicly owned vacant buildings (barracks, hospitals, public offices). Several stakeholders highlighted the importance of renovation to improve housing affordability, and in this respect several countries are preparing or implementing laws on maintenance of multi-apartment buildings.

Respondents referred to **modern methods of construction** to reduce costs and speed up delivery. Some also suggested **simplifying building standards**, as in Germany. Concept-based tendering was mentioned as a way to encourage innovation rather than higher prices.

Proposals included **flexible planning policies allowing for mixed use**; **fast-track approval processes,** such as BauTurbo in Germany; and the **digitalisation of planning and permitting procedures**. Other steps taken included **setting time limits on permit decisions**, as in Slovenia, and **simplifying rules for improvements in buildings.**

Other initiatives mentioned were direct employer initiatives for housing; fiscal measures (tax relief for low rent leases, taxes on bulk purchases (Ireland, Catalonia); predictable and stable financing, through interest rate subsidies, discounted land for instance and governance (territorial action plans for stressed zones and technical assistance for municipalities).

<u>Question 9.</u> Which difficulties were encountered when developing and implementing these measures and how could they be lifted? *In which way could the designation of* *areas under housing stress help lift these barriers?* 157 stakeholders answered this question.

Several stakeholders highlighted that some countries do not have a legal framework allowing non-profit housing providers or community land trusts.

Many stakeholders reported that **slow permitting**, fragmented regulations, legal uncertainty, coordination problems between different levels of government and outdated planning instruments create obstacles when developing housing. Some **environmental regulations**, such as those on nitrogen deposition, were seen as barriers to housing construction. **Fast-tracking and relaxing zoning rules for social housing and digitalisation were identified as solutions.**

Financial barriers to the development of social and affordable housing were also mentioned: high upfront costs, low returns and perceived high risk, make it unattractive for private funding. Several stakeholders, including civil society organisations and providers of social housing, stressed that social housing is inherently not profitable and therefore needs subsidies. Some respondents regretted the absence of a NPBI in their country. The SGEI decision, balance sheet debt and EIB loan threshold were seen as limitations for investment. **Several respondents argued that EU funds, public money and public land should be targeted at social and affordable housing only.** Some **tax regimes** were seen as discouraging for renovation, vertical extensions and social housing.

As land is often privately owned, vacant housing and brownfield sites are often tied up in complex ownership situations and there is lack of serviced land. Several respondents pointed out that long term vacancy is low in areas under housing stress, and that repurposing is technically and legally complex.

Factors such as NIMBYism, changes in political leadership and legal challenges were also mentioned as difficulties. Lack of data or capacity in municipalities were seen as barriers by several stakeholders. **Integrated plans between different levels of governance and technical assistance provided by the EU to weak municipalities were seen as ways to lift these barriers.**

Question 10. ***Have public authorities or other relevant players in your Member State adopted measures to promote making better use of the existing building stock (vacant dwellings, conversions, renovations, brownfield development, densification) and if so, which ones? What did they achieve?*** 190 respondents answered question 10.

The majority of respondents mentioned measures to address **vacant buildings**, such as taxes and subsidies, but they also noted difficulties identifying vacant dwellings. Some countries have platforms to track vacancies and also intermediation programs. Stakeholders reported on programmes and initiatives to **repurpose buildings,** such as offices or pubs (Ireland) into social housing. Further measures included **renovation** through subsidies for retrofitting and MMC. **Densification** (infill development as vertical extensions) and **brownfield development** were also mentioned. However, several stakeholders highlighted that brownfield development is often more expensive, faces ownership challenges as well as regulatory barriers (zoning rules which do not allow housing), and that some buildings are difficult to adapt to housing codes. Actions that could be addressed at the European level include mandatory data collection on vacant housing, funding and guarantees, and technical assistance for municipalities.

3. Workshop with Member States

The workshop with Member States was held on 17 March 2026. 26 Member States were represented.

All Member States expressed the view that the criteria used to define areas under housing stress should cater for the many different situations of housing stress.

Several Members States expressed caution against legislation which would prevent them from adopting certain measures, limit local autonomy or force public authorities to amend current legislation/measures. They saw an interest in clarifying measures which are in compliance with the principles of justification and proportionality. No points were raised on restrictions to acquisition and use, consumer protection or professional and non-professional hosts.

They highlighted the following issues regarding supply: public land supply and zoning, modern methods of construction, dereliction, social housing expansion, gentrification. Several Member States underlined the issue of public debt.

4. Workshop with regions and cities

The workshop with representatives of regions and cities, held on 23 March 2026, brought together nearly 150 participants, both in person and online. Regions and cities of 18 countries were represented. The cities represented were mainly larger cities.

All contributions highlighted the challenges caused by short-term rentals (STR) in a wide variety of contexts: large cities, rural coastal villages, EU's outermost regions, islands.

Participants illustrated the diverse factors leading to housing stress and called for a multi-level governance framework to define areas under housing stress. Questions emerged regarding the appropriate scale to define those areas with different views expressed from neighbourhood to municipality level. The reasons for which cities regulate STRs were put forward: housing affordability, overtourism. Concerning regulations, several cities and regions called for a toolbox of measures compatible with EU legislation, though others questioned whether the AHA alone would eliminate all litigation risks.

Regarding housing supply, regions and cities highlighted the need for funding, particularly for land acquisition. They also mentioned brownfield development, repurposing, and bringing vacant housing back to the market should be prioritized. They highlighted the importance of ensuring that new legislation does not create additional burdens, and takes into account rural-urban linkages.

5. Workshop with Stakeholders

The workshop with stakeholders was held on 30 March 2026. 180 people took part online, representing STR hosts & platforms, tenant organisations, social housing providers and professionals from the construction sector and civil society organisations.

On the identification of areas under housing stress, several STR hosts and platforms emphasised the importance of distinguishing between the symptoms (housing affordability) and the root causes: the lack of housing supply was seen as the cause of the crisis rather than STRs in many cases, while recognising that in some instances STRs were an issue.

These same stakeholders put forward the importance of correctly implementing the existing regulations, and some requested legal clarity and certainty regarding justified and proportionate restrictions as local governments were taking measures they saw as disproportionate. They also stressed that all causes of the housing crisis should be addressed.

Stakeholders representing tenants, students, vulnerable groups, social housing providers, civil society organisations all said that STRs were aggravating the housing crisis. They called for restrictions on STRs, an increase in social and affordable housing and controls or caps on rents. All stressed that EU funding should be limited to long-term social/affordable/accessible housing.

Many stakeholders insisted that renovation, repurposing vacant buildings, and densification be prioritised. Lengthy permitting procedures were often identified as a barrier to increasing supply with many calls for digitalisation of permitting.

6. Land-use Workshop

The workshop on land policies and affordable housing, organised jointly with IW Koln, was held on 27 March 2026 and brought together 80 experts of land issues on-site and online: cities and region representatives, land agencies, community land trusts, lawyers, representatives from the construction sector, social housing providers and financial institutions.

An overview of land policies presented by Dr Christian Oberst, and practical examples from CLT Brussels (BE), the city of Paris (FR), the city of Heusden-Zolder (BE) and the Land Development Agency (Ie). They covered the Community Land Trust model, and different actions taken to increase social and affordable housing and transport-oriented development.

Several different topics were addressed in the breakout groups

- Several participants applauded that the cost of land was now recognised as increasing housing prices.
- It was often easier to look for unbuilt land (greenfield) rather than brownfield sites. Public investment in pre-planning/due diligence could make such sites more viable.
- Understanding legal requirements and conditions (described as a jungle of rules) is a precondition to innovate and introduce changes in land acquisition and management. Land agencies were presented as essential actors in several different countries with technical know-how.
- Important interventions by the State include investment in public transport ("transport-oriented development") and other infrastructure.
- Difficulties caused by EIB rules on land acquisition, private/public cooperation and nature restoration laws were put forward.

7. Workshop with public authorities

Subsequent discussions were carried out with Member States, regions and cities, including a dedicated workshop on 19 June 2026 which brought together 105 participants.

These discussions indicated growing support for a procedural harmonisation approach under PO2. In particular, stakeholders increasingly recognised the value of common criteria and procedural safeguards to support the assessment, justification and proportionality of housing-related interventions, while preserving local discretion regarding whether and how to act.

Questions from public authorities on the legislative proposal concerned the choice of indicators and how much flexibility would be left to public authorities; the impact on existing legislation concerning STRs; and the responsibility of platforms regarding illegal listings.

On the recommendation on housing supply, participants indicated that they thought the coverage of topics was complete. They insisted on the territorial and integrated dimension of spatial planning, and asked questions on targets for social and affordable housing and taxation, including taxation of vacant dwellings.

ANNEX 3: WHO IS AFFECTED AND HOW?

Annex 3.1: PRACTICAL IMPLICATIONS OF THE INITIATIVE

The initiative would primarily affect those national, regional and local public authorities, that choose to designate areas under housing stress or adopt housing-related restrictions, The implications of the initiative for households and economic operators active in or around housing-stressed areas would be indirect.

This Annex summarises the impacts that were already discussed in Section 6.

The main direct addressees of the initiative would be **Member States and competent authorities** that choose to designate areas under housing stress or adopt housing-related restrictions. The preferred option would establish a common framework for identifying areas under housing stress and for assessing, justifying, reviewing and publishing housing-related interventions affecting internal market freedoms. Compared with the baseline, this would create limited additional analytical, publication and review obligations for authorities that choose to act, while improving legal certainty, transparency, comparability and consistency in the application of Union law. Public authorities would remain free to decide whether and how to intervene, provided that common proportionality and review requirements are respected. Existing measures may need to be adapted to comply with the new framework, notably regarding transparency and periodic review. The initiative is also expected to reduce legal uncertainty, litigation risks and compliance costs associated with housing-related measures affecting internal market freedoms.

For **local residents and households** in areas under housing stress, the initiative is expected to have mainly indirect but potentially significant positive effects. These groups are most exposed to exclusion from high-demand housing markets when constrained housing stock is converted to non-primary purposes. By improving the capacity of authorities to identify housing stress and to apply justified and proportionate measures in those areas, the main expected benefit is a greater likelihood that public intervention is better targeted, evidence-based and legally robust, thereby increasing the potential effectiveness of measures adopted to address local housing pressures.

For **SMEs**, the initiative may indirectly affect those that operate in areas under housing stress, including certain STR hosts, property management companies and SMEs and microenterprises providing services linked to STR activity, such as cleaning, reception, maintenance and guest-facing digital services. The intensity of these effects would depend on the specific local measures adopted, and on the position of each SME within the relevant value chain. At the same time, SMEs would benefit from greater transparency and predictability regarding the circumstances under which restrictions may be introduced, maintained or withdrawn. SMEs active in housing supply, including construction, renovation, refurbishment and related professional services, may also benefit indirectly where authorities adopt measures aimed at increasing the supply of affordable and social housing.

For **investors, property buyers, STR platforms and other cross-border economic operators**, the main indirect effect is expected to be greater legal clarity and predictability of local measures adopted under the proposed framework. By clarifying the conditions under which areas may be designated as under housing stress and the circumstances in which certain housing-related restrictions may be justified and proportionate, the initiative should reduce regulatory uncertainty and compliance costs associated with divergent local approaches, while preserving local discretion regarding whether and how to intervene.

For **tourism and related services**, the initiative may have mixed effects. In areas under housing stress, competent authorities may adopt measures that moderate part of the short-term accommodation offer where they consider this necessary to address housing pressures. This could reduce accommodation capacity or increase prices in certain locations. At the same time, if restrictions are targeted to genuinely stressed areas and remain proportionate, impacts on tourism activity overall are expected to be limited and may partly be offset by shifts towards neighbouring areas or other forms of accommodation.

Neighbouring or other areas not under housing stress may also be indirectly affected through shifts in tourism and related economic activity, as the proposal seeks to balance housing affordability objectives with sustainable tourism, rather than to suppress tourism activity as such.

Overall, the preferred option is expected to have its most direct effects on legal certainty, transparency and the functioning of the internal market, while any effects on housing affordability and availability will depend on the measures subsequently adopted by competent authorities and local market conditions.

Annex 3.2: SUMMARY OF COSTS AND BENEFITS

I. Overview of Benefits (total for all provisions) – Preferred Option		
Description	***Amount***	***Comments***
Direct benefits		
Greater legal certainty and more defensible action by local authorities	Not quantified.	Under the preferred policy option (PO2), local authorities that choose to designate an area under housing stress would operate under a clearer and more defensible framework, with common mandatory criteria and a more uniform evidential chain.
Administrative cost savings for local authorities when preparing a housing-stress designation	Estimated reduction of baseline administrative preparation costs by about 35-40%.	These potential savings would be linked to the availability of a common framework, including: • common mandatory criteria, • common indicators, • publicly available data sources, a two-tier structure linking designation to policy response. The saving is calculated from assumed savings in framework-building and place-

		specific analysis, with no saving for publication/review tasks.
Easier identification of housing stress and clearer link between evidence and policy response	No quantified estimate.	The two-tier indicator system is beneficial because it help LAs to separate the identification of stress from the diagnosis of local causes, thereby strengthening the necessary justification for local measures.
Lower legal and administrative risk in selecting measures compatible with the EU internal market	No quantified estimate	The proposed guidance on permissible measures would reduce the uncertainty about which measures are likely to be compatible with EU internal market rules, lowering the risk of later challenges as unjustified or disproportionate.
Indirect benefits		
Social benefit for local residents through better targeted, more effective affordability protection in designated areas.	No quantified estimate	The initiative aims to promote housing affordability by emphasising the need to target restrictions and to accompany them with supply-side measures.
Potential benefit for SMEs and the local tourism economy through greater predictability	No quantified estimate	While most of the effects of the initiative would impact STR hosts and the related ecosystem, these firms would benefit from a more predictable, more targeted, more transparent and harmonised local measures.

II. Overview of costs – Preferred option							
		Citizens/Consumers		**Businesses**		**Administrations**	
		One-off	**Recurrent**	**One-off**	**Recurrent**	**One-off**	**Recurrent**
Action (a)	Direct adjustment costs	0	0	0	0	0	0
	Direct administrative costs	0	0	0	0	Around EUR 22,000-40,000 in a lighter case; around EUR 45,000-60,000 or more in a more demanding case.	Review costs will occur at regular intervals, these cannot be quantified at this stage.

	Direct regulatory fees and charges	0	0	0	0	0	0
	Direct enforcement costs	0	0	0	0	0	0
	Indirect costs	0	0	0	0	0	0

III. Application of the 'one in, one out' approach – Preferred option(s)			
[M€]	**One-off** (annualised total net present value over the relevant period)	**Recurrent** (nominal values per year)	**Total**
Businesses			
New administrative burdens (INs)	n.a.	n.a.	n.a.
Removed administrative burdens (OUTs)	n.a.	n.a.	n.a.
Net administrative burdens*	n.a.	n.a.	n.a.
Adjustment costs**	n.a.	n.a.	
Citizens			
New administrative burdens (INs)	n.a.	n.a.	n.a.
Removed administrative burdens (OUTs)	n.a.	n.a.	n.a.
Net administrative burdens*	n.a.	n.a.	n.a.
Adjustment costs**	n.a.	n.a.	
Total administrative burdens***	n.a.	n.a.	n.a.

Annex 3.3: Sustainable Development Goals

The initiative is most directly linked to SDG 8, as a better functioning housing markets support labour mobility and local economic resilience. There is also a link to SDG 11 on sustainable cities and communities. The initiative is also linked to SDG 10, insofar as housing unaffordability disproportionately affects vulnerable and lower-income groups, and SDG 16 (strong institutions).

IV. Overview of relevant Sustainable Development Goals – Preferred Option(s)		
Relevant SDG	**Expected progress towards the Goal**	**Comments**

SDG 8: Decent work and economic growth	**Positive contribution, not quantifiable.** The preferred option is expected to support labour mobility and local economic functioning indirectly by improving housing affordability conditions in stressed areas and enable essential workers and other members of the local community to access affordable housing.	The housing affordability crisis weakens competitiveness by limiting labour and educational mobility. The EAHP also linked housing unaffordability to labour shortages and reduced mobility in growth poles. The initiative helps competent authorities act more appropriately and proportionately in stressed areas, thus support better access to housing for workers and contribute indirectly to labour-market functioning.
SDG 11 - Sustainable cities and communities	**Positive contribution, not quantifiable.** The preferred option is expected to improve the capacity of competent authorities to identify areas under housing stress and to adopt better targeted, evidence-based, justified and proportionate measures to improve affordability.	The initiative is aimed at public authorities, in full respect of subsidiarity, to support them in taking measures to protect and promote housing affordability in stressed areas. The initiative therefore links directly to the urban affordability, territorial resilience and local governance dimensions of SDG 11. The expected contribution cannot be quantified credibly at this stage because the initiative does not itself impose or harmonise the substantive local restrictions or supply-side measures; outcomes will depend on whether Member States and competent authorities use the framework, how many areas are designated, and what accompanying measures are adopted locally.
SDG 10 - Reduced inequalities	**Potential positive contribution.** The preferred option is expected to contribute indirectly by improving the ability of public authorities to address housing pressures that disproportionately affect lower-income households, younger and older people as well as vulnerable groups such as Roma, people with disabilities and LGBTIQ+ people in high-demand areas.	The housing crisis is explicitly distributional: it affects disadvantaged households most strongly, but increasingly also middle-income households, essential workers, young people; older people, Roma, persons with disabilities, LGBTIQ+ people, religious minorities. The initiative is expected to support more targeted interventions supporting these groups.
SDG 16 - Peace, justice and strong institutions	**Positive contribution.** The preferred option is expected to strengthen evidence-based public decision-making, transparency of methodology, and the legal defensibility of local action.	The initiative is fundamentally a governance and legal-certainty instrument: the preferred option would introduce a common framework, common criteria and a clearer evidential basis for designation and review. That supports stronger institutions and more transparent public decision-making.

ANNEX 4: ANALYTICAL METHODS

This annex provides information on the rationale and methodology behind the development of the indicator framework to designate areas under housing stress. The objective of the framework is to provide competent authorities with an approach to identify areas under housing stress using a **transparent, evidence-based approach which is easy to implement across all Member States** ([94]). It is not to determine individual eligibility for housing support or to provide a complete household-level diagnosis of affordability. Identifying who does and does not have access to affordable housing, the underlying reasons for exclusion, or the quality of housing that households are paying for, is outside the scope of this proposal. The designation of areas under stress is not meant to provide targeted housing support to specific groups but to help public authorities, in full respect of subsidiarity, identify the areas where housing pressures are sufficiently acute to justify public action and to better determine the cause(s) of stress and the most suitable measures to address it.

First, a set of potentially relevant indicators were qualitatively assessed for their relevance, data availability, comparability etc. Commission services considered that indicators should capture aspects of the housing market that highlight affordability concerns and are likely to require policy intervention more urgently than in most other regions. Based on this initial assessment, a more refined set of indicators was selected in each category and combined to limit misclassification. A sensitivity assessment was carried out. Each step is described in the sections below.

<u>Step1: Indicators and sources</u>

The first step analysed a list of relevant indicators that could be used to identify areas experiencing housing stress, based on criteria currently used in Member States (as illustrated in Annex 11), recommendations of the Housing Advisory Board, SGEI ([95]) indicators to define affordable housing, and proposals by the Mayors4Housing.

Table 8 at the end of this Annex categorises these indicators, outlines their relevance, advantages and disadvantages and indicates the most appropriate data sources. For each indicator, the availability of EU-wide data is indicated as well as the territorial granularity. The final column in Table 8 indicates a **policy choice based on professional judgement, data availability and relevance** about whether the indicator could be included in the framework approach to define areas under housing stress.

To ensure applicability and comparability across all Member States (MS), the following data sources were preferred:

- **Eurostat housing data**: provides over 200 indicators from 14 statistical domains and 213 database objects, mainly country-level information;
- **Census data:** covers detailed LAU level data on housing and population for 2 years (2011 and 2021);

([94]) AHA-BIB-189.
([95]) AHA-BIB-092.

- **Mapadomo:** a Commission built (ECFIN-JRC collaboration) regional housing database which includes granular data (NUTS3 or LAU) on housing stocks and transaction prices. Currently 15 MS include updated information, 8 MS have data up to 2020. A full update for all MS will be completed by November 2026;

- **ESPON House4all**: web scraping exercise of sales and rental online advertisements listings (all MS, 2025);

- **Short-term rentals (STR) data:** JRC web scraping based on AirDNA data (2025). The new regulation on short-term rentals ([96]) will allow via a single digital entry point to collect information on short term rentals for territories where the registration procedure applies.

- **ARDECO:** Annual Regional Database of the European Commission (ARDECO) provides consistent and harmonised time-series of demographic and socio-economic statistical data at the regional and sub-regional levels.

<u>Disaggregation level for data availability</u>

Three main potential disaggregation levels were considered for the data to use and their availability and comparability:

1. Local administrative units (LAUs) – EU total 92,054 LAU regions,
2. NUTS 3: small regions (for specific diagnoses) – EU total 1164 NUTS3 regions,
3. NUTS 2: basic regions (for regional policies) – EU total 240 NUTS2 regions.

Analysis should be performed at the most granular level possible. Census data provides information on population and housing stock across the EU at LAU level but there are no continues time series available. House price listing data (web scraped) would be available from the ESPON House4ALL project at this level for 2024. ECFIN-JRC Mapadomo will provide EU wide time series with more recent data on house prices and stock.

Data on short-term rentals from the JRC collection based on AirDNA data (2025) is available at LAU level. The availability of data under Regulation (EU) 2024/1028 will depend on whether a Member State has established or maintains a registration procedure in the area concerned and on the operational implementation of the national single digital entry point.

<u>Section 2: How to combine indicators?</u>

Each indicator proposed is related to a particular aspect linked to areas under housing stress: housing affordability, demographic dynamics and supply and demand trends.

The proposed framework includes two types of indicators:

a) Tier 1 - The headline indicator should come from a pre-defined list. To allow a uniform EU-wide, evidence-based approach, a few conditions are applied:

([96]) Regulation (EU) 2024/1028 of the European Parliament and of the Council of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/172.

- Headline indicators should be based on **existing and comparable data across the EU**
- It should be mandatory for any competent authority wishing to designate an area as being under housing stress to assess how they measure against these indicators.

b) Tier 2 - Auxiliary indicators could be used and assessed to provide additional evidence. Examples of auxiliary indicators: population growth, share of STR as a percent of the overall stock and rental market, speed of issuing construction permits or share of vacant dwellings in stressed areas.

Several options on how indicators are selected and best combined to identify areas under housing stress were considered. A summary with pros and cons is provided below.

<u>Option1: Assessment of a combination of indicators in parallel</u>

Under this option, headline indicators would be defined for each category (affordability, demographic dynamics, supply and demand trends) and would be assessed simultaneously to establish whether an area is considered under stress. All indicators are considered of equal importance.

- Pros: Provides a framework that is easy to work with.
- Cons: Not all indicators are supported by EU-wide data/different levels of granularity, plus may not sufficiently reduce risk of fragmentation in internal market

<u>Option 2: Two-tier approach: screening of headline stress indicator followed by assessment of specific stress conditions</u>

Under this option a decision to designate an area under stress would be based on a stepwise approach. In a first phase the competent authority would first screen the stress conditions based on affordability indicators, followed by an assessment of specific potential causes/aggravating factors. The results would allow the competent authority to determine whether targeted interventions can be justified.

- Pros: More uniform screening across the EU of stress conditions using an affordability indicator for which EU-wide data is possible and thresholds can be determined. Better understanding of local housing market and link to possible policy interventions.
- Cons: Tier 2 indicators other than STR data not supported by EU-wide data/different levels of granularity, and not possible to determine uniform thresholds

<u>Option 3: multi-level approach</u>

The multilevel approach is a further extension of the two-tier approach. Additional indicators, for example some of the indicators listed can be added to identify areas under housing stress.

- Pros: Allows precise identification of areas under housing stress and the underlying reason

- Cons: too complex as too many indicators might be involved. It would require sufficient data for each of the indicators, the correlation between indicators would need to be verified.

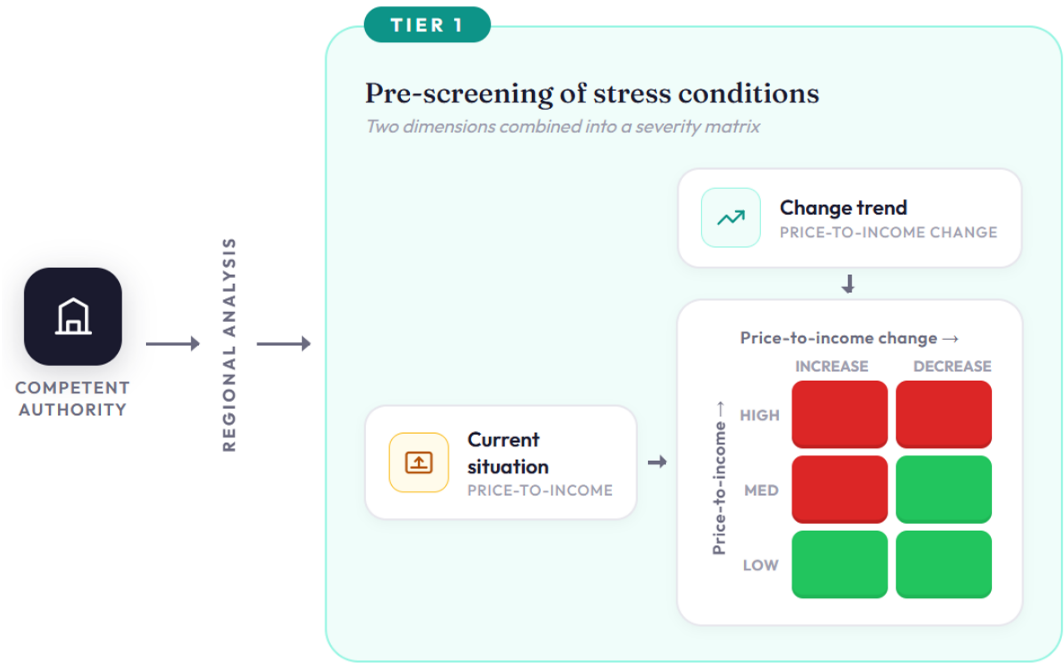
Preferred option: In this context, the **two-tier approach offers a pragmatic pathway to identify areas under housing stress and, crucially, to understand *why* they occur.** By first flagging areas through simple and harmonised affordability indicators and then applying a more nuanced, data-driven diagnostic, policymakers can design interventions that are both targeted and evidence-based, avoiding the pitfalls of overly simplistic or excessively complex methodologies.

<u>Section 3: Headline indicators</u> (Tier 1)

Based on the qualitative assessment described under section 2, the following headline indicators were assessed and deemed suitable.

<u>Affordability indicator</u>

Under the preferred policy option 2, the initiative would establish the price-to-income ratio as the headline indicator, defined as the average transaction price of a dwelling in the area over the disposable income for the Member State population, is equal to or exceeds a specific threshold (defined in the legal proposal and that could be subsequently amended via delegated act); and where the price-to-income ratio has increased over the period of the preceding ten years.



The **Price-to-Income (PTI)** ratio measures the affordability of housing by comparing the cost of acquiring a dwelling with the earnings of the household or population that is expected to purchase it and can help identify territories where housing market prices are structurally high relative to purchasing capacity. It is not capable of providing a full household-level distributional analysis of affordability but can help identify territories where housing market prices are structurally high relative to purchasing capacity. To avoid relying on a purely static measure, the framework proposes to combine the PTI level with the ten-year change in PTI. This gives a more nuanced view of current affordability pressure and recent affordability dynamics, and it helps identify emerging hotspots where PTI may still be moderate but is deteriorating rapidly.

Both the numerator (price) and the denominator (income) can be defined in several ways; the choice determines the spatial resolution, the relevance for policy-making and the comparability across regions.

For price this could be average transaction price or price per m^2. It is proposed to keep the average transaction price as this takes into account also the actual dwelling typologies which can differ markedly across the EU. For the PTI, it is recommended to use the **average transaction price of a dwelling** at most granular level. This balances data availability with the need to capture regional price structures.

The PTI ratio can also be used as a proxy for rent-to-income, as there is a positive correlation between house prices and rents. Generally, when house prices rise, rents tend to follow, albeit with a lag ([97]). This link is partly driven by demand-side factors – higher house prices can push potential buyers into the rental market, increasing competition and driving up rents. Higher purchase prices may make it unattractive for new buy-to-let investors – whether institutional or otherwise – to invest, unless they are able to extract a corresponding rent ([98]). Conversely, in areas where homeownership is unaffordable, rental demand remains strong, sustaining higher rents ([99]). On the supply side, higher house prices can incentivise landlords to sell properties for capital gains rather than retain them as rental investments, potentially reducing rental supply and further increasing rents ([100]). However, the relationship is not always linear; for instance, regional variations also play a role, with urban areas often experiencing more pronounced price-rent dynamics due to higher demand and constrained supply ([101]). During economic downturns, falling house prices may coincide with rising rents if mortgage lending tightens and more households are forced to rent ([102]).

For income, national official statistics are available and provide median and average income. EU-SILC ([103]) based official statistics provide NUTS2 regional income with the potential additional breakdown by age. Additionally, average income of households by NUTS 2 region is available through the regional economic accounts provided by Eurostat ('Income of households by NUTS 2 region, [nama_10r_2hhinc]). Estimates of income based on national average or estimates of income at more granular level could also be used.

Choice of average transaction price and income: The choice of PTI ratio as affordability indicator allows to identify areas under housing stress in all Member States using existing and comparable data. 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

([97]) AHA-BIB-093.
([98]) AHA-BIB-022.
([99]) AHA-BIB-094.
([100]) AHA-BIB-095.
([101]) AHA-BIB-096.
([102]) AHA-BIB-097.
([103]) AHA-BIB-098.

areas. The option to calculate PTI with LAU level prices and incomes has been discarded because LAU-level time series are not yet consistently available across the EU and would generate higher uncertainty over time. At very local level, indicators can be affected by small numbers of transactions, changes in the composition of dwellings sold, missing values and heterogeneous local data practices. JRC's household income for 2024 has been constructed by drawing on the spatial distribution of household income at the latest available point in time (typically 2019)[104], and rescaled to the most recent household NUTS2 income level in 2024 by Eurostat.

In addition, 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. For this reason, the use of NUTS3 housing prices combined with NUTS2 income is considered a more robust and comparable basis for EU-wide pre-screening.

Figure 2 and Figure 3 show which areas would be considered under stress depending on whether national average income or regional income were considered ([105]).

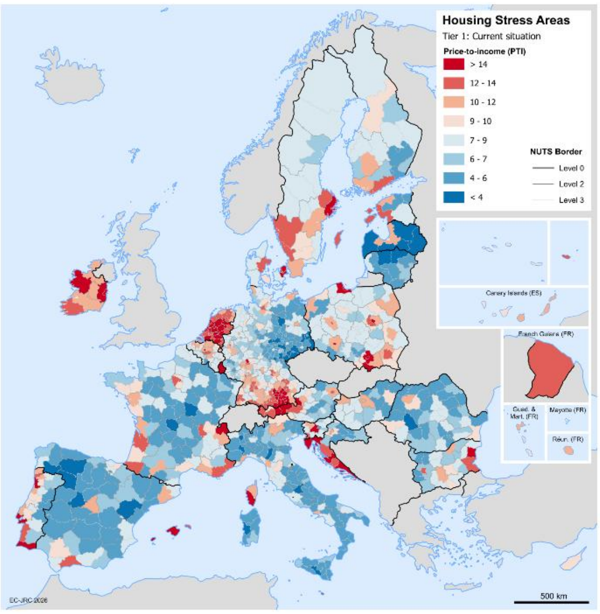


Figure 3: Price-to-Regional Income 2024 based on average housing prices - ECFIN/JRC (Mapadomo) and NUTS 2 disposable income, net [nama_10r 2hhinc] - Source: JRC 2026

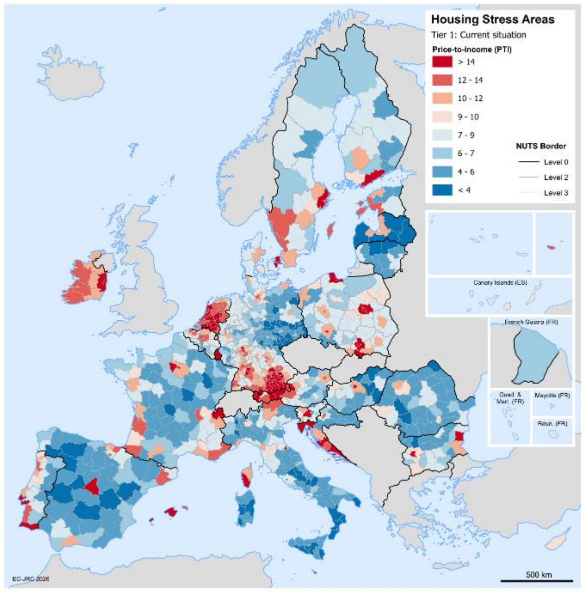


Figure 2: Price-to-income 2024 based on average housing prices ECFIN/JRC (Mapadomo) and national mean equivalised net income - ESTAT [nama_10r_2hhinc] - Source: JRC 2026

The **change of PTI over 10 years** is then combined with the use of the previous calendar year (in this case 2024) data on PTI. By coupling price-to-income ratio with its ten-year change, a competent authority can obtain a more nuanced picture of recent affordability dynamics. Pre-screening these combined indicators avoids misclassifying areas with modest PTI but explosive growth (emerging hotspots) and potentially exclude them from being identified as areas under housing stress.

([104]) Retrieved from AHA-BIB-099.
([105]) All maps are based on Mapadomo's available data, so excluding Czechia, Greece and Slovakia.

Figure 4 and Figure 5 show the change trend between 2014 and 2024 based on Price-to-Income ratio estimated based on national mean equivalised net income and on average housing prices and NUTS2 regional income respectively.

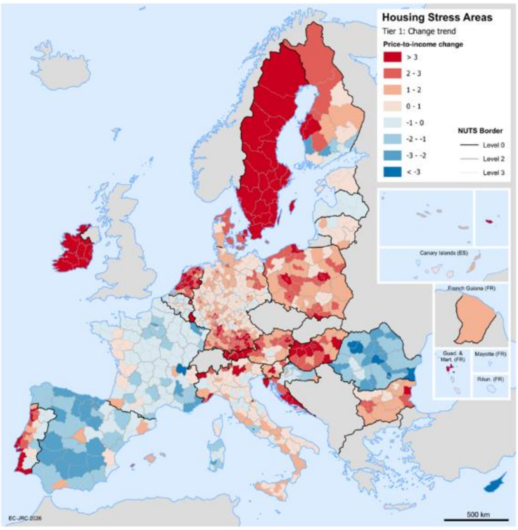


Figure 4: Price-to-income change 2014-2024 based on Average housing prices -ECFIN/JRC (Mapadomo) Prices / ESTAT - NUTS 2 Disposable income, net – [nama_10r_2hhinc]- Source: JRC 2026

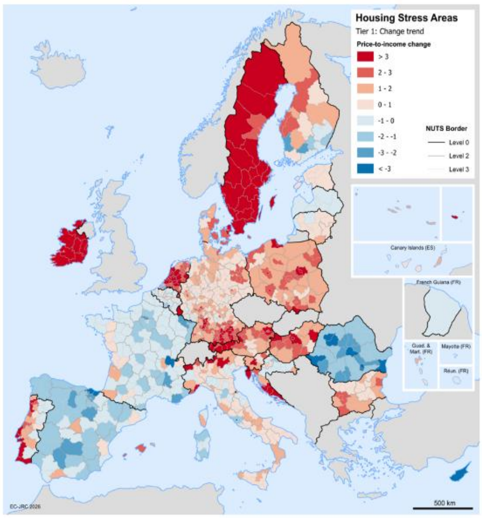


Figure 5: Price-to-income change 2014-2024 based on Average housing prices - ECFIN/JRC (Mapadomo) and National Disposable income, net - ESTAT [nama_10r_2hhinc] - Source: JRC 2026

<u>Sensitivity analysis</u>

The pre-screening combining these two headline indicators together to map the areas in the EU that have faced increasing affordability issues in the past ten years presupposes setting a threshold for these indicators to designate areas under stress. Commission services conducted a sensitivity analysis to assess the impact of different thresholds across the EU.

Figure 6 shows the potential impact of a low to high PTI threshold (based on mapadomo average housing prices and ESTAT - NUTS 2 income) and a PTI change > 0. Figure 6 shows the results with an applied median PTI of 8.

Based on this threshold, applying the Tier 1 indicator would identify 42% of NUTS3 regions facing high housing affordability pressures. **Housing stress would concentrate in highly populated areas, corresponding to 46.8% of the population and 24.4% of municipalities**.

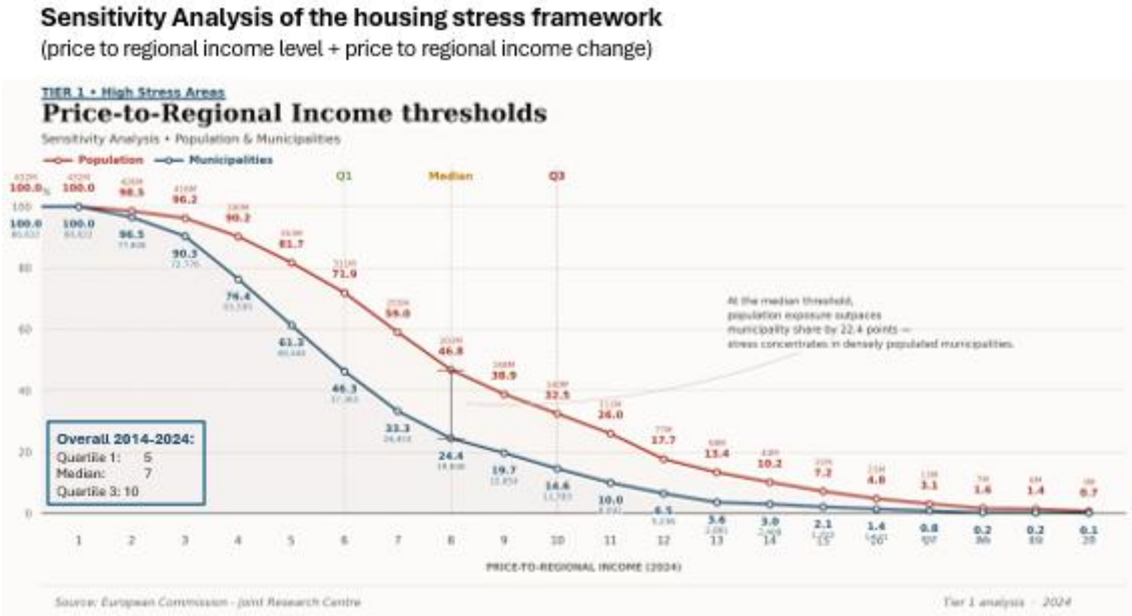


Figure 6: Sensitivity analysis of the housing stress framework PTI level based on mapadomo average housing prices and ESTAT - NUTS 2 disposable income + PTI change between 2014 and 2024. Source: JRC 2026.

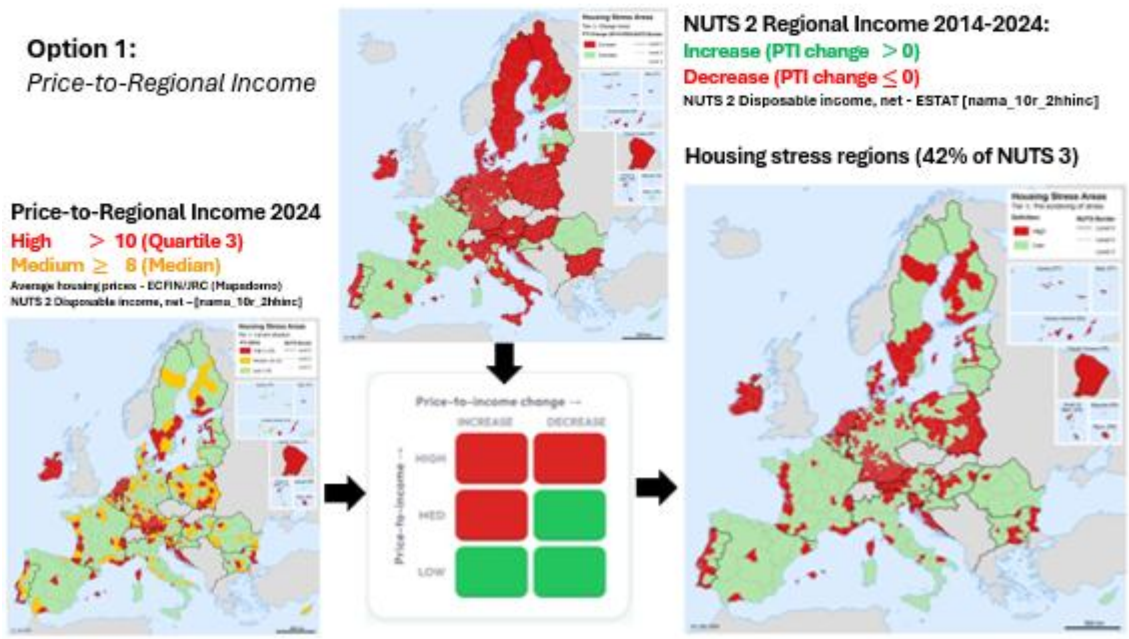


Figure 7: Areas under housing stress by applying a median PTI threshold of 8

By applying the same thresholds to PTI ratio based on mapadomo average housing prices and national mean equivalised net income (ESTAT) and a PTI change > 0, **areas under housing stress would cover 40% of NUTS3 regions** (see Figure 9). Areas under housing stress would correspond to 47.6 % of the population and 25.1% of municipalities, indicating that the choice of geographic income level is not the most impactful on the results.

As general headline PTI indicator the use of the **average disposable income for the whole population** at **NUTS2**, as provided by regional economic account is suggested.

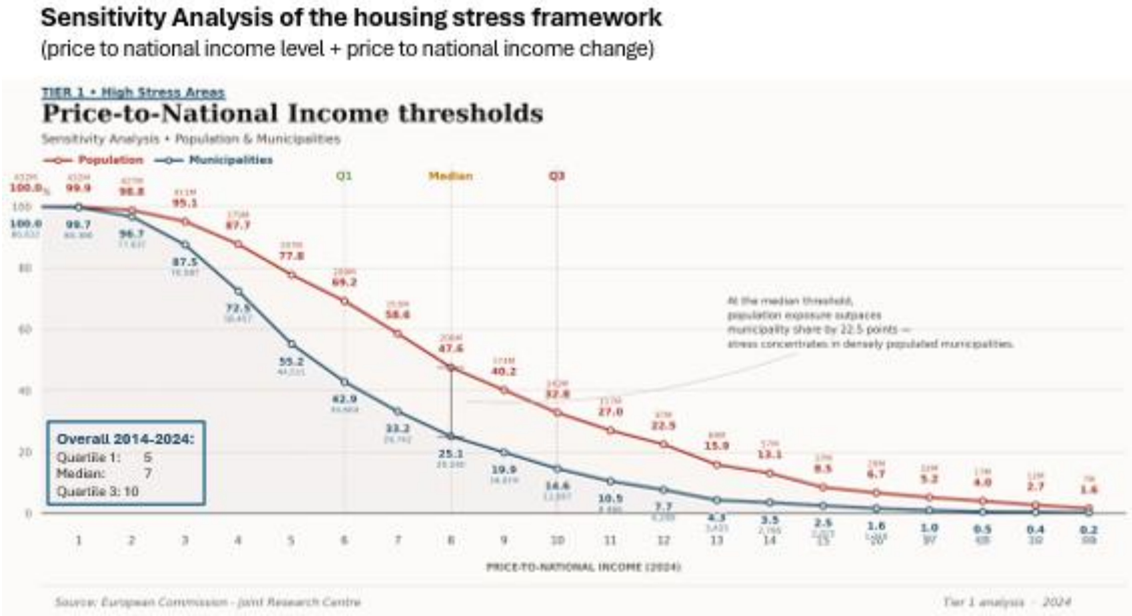


Figure 8: Sensitivity analysis of the housing stress framework PTI level based on mapadomo average housing prices and national mean equivalised net income (ESTAT) + PTI change between 2014 and 2024. Source: JRC 2026.

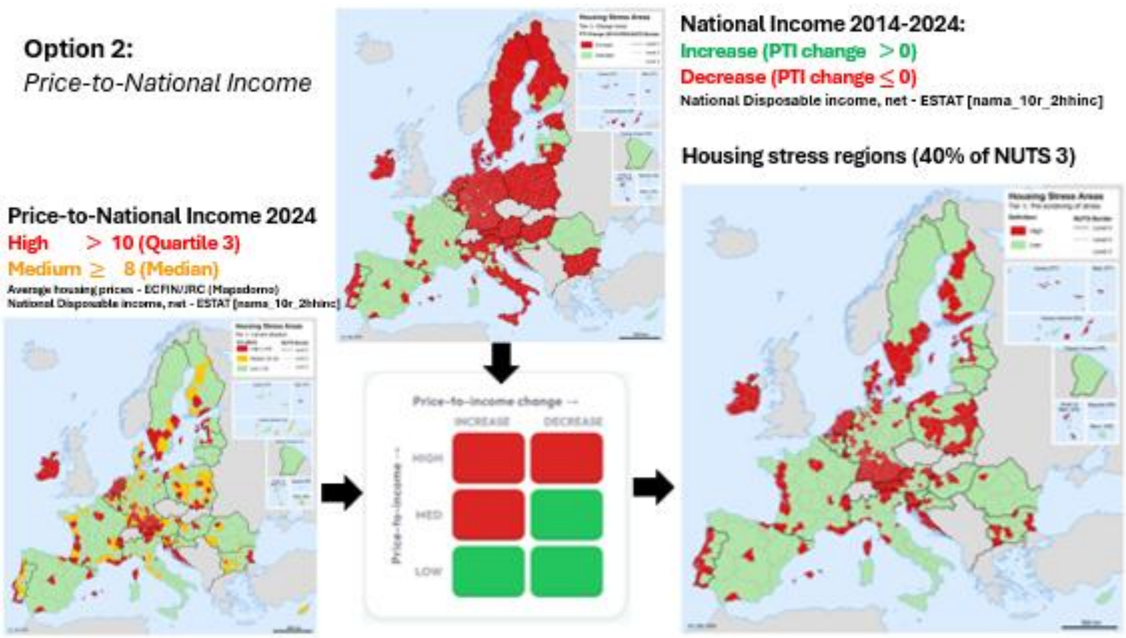


Figure 9: Areas under housing stress by applying a median PTI threshold of 8

Figure 10 and Figure 11 show the areas that, based on the affordability indicators, would result under stress if lower thresholds are applied. Figure 10 shows the potential impact with an applied median PTI threshold of 5 (based on mapadomo average housing prices and ESTAT - NUTS 2 income) and a PTI change > 0. **Based on this threshold, 77% of NUTS3 regions could be considered areas under stress.** The same threshold applied to PTI ratio based on mapadomo average housing prices and national mean equivalised net income (ESTAT) and a PTI change > 0, **areas under housing stress would cover 74% of NUTS3 regions** (see Figure 11).

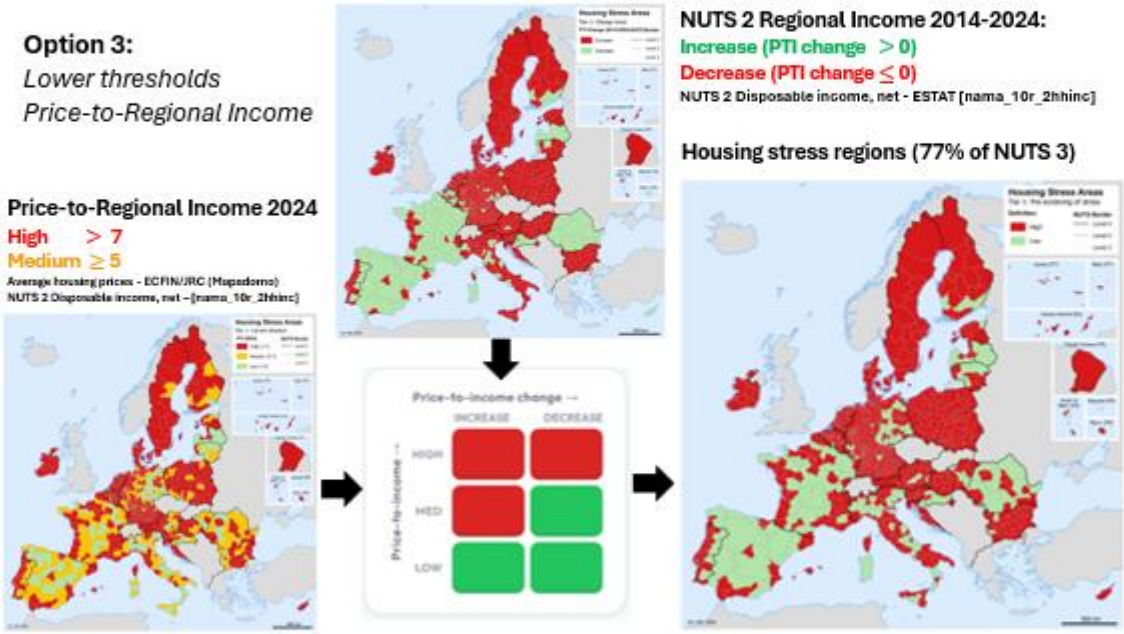


Figure 10: Areas under housing stress by applying a high PTI threshold of 7 and median PTI of 5, based on mapadomo average housing prices and ESTAT - NUTS 2 disposable income, net - ESTAT [nama_10r_2hhinc]- Source JRC, 2026

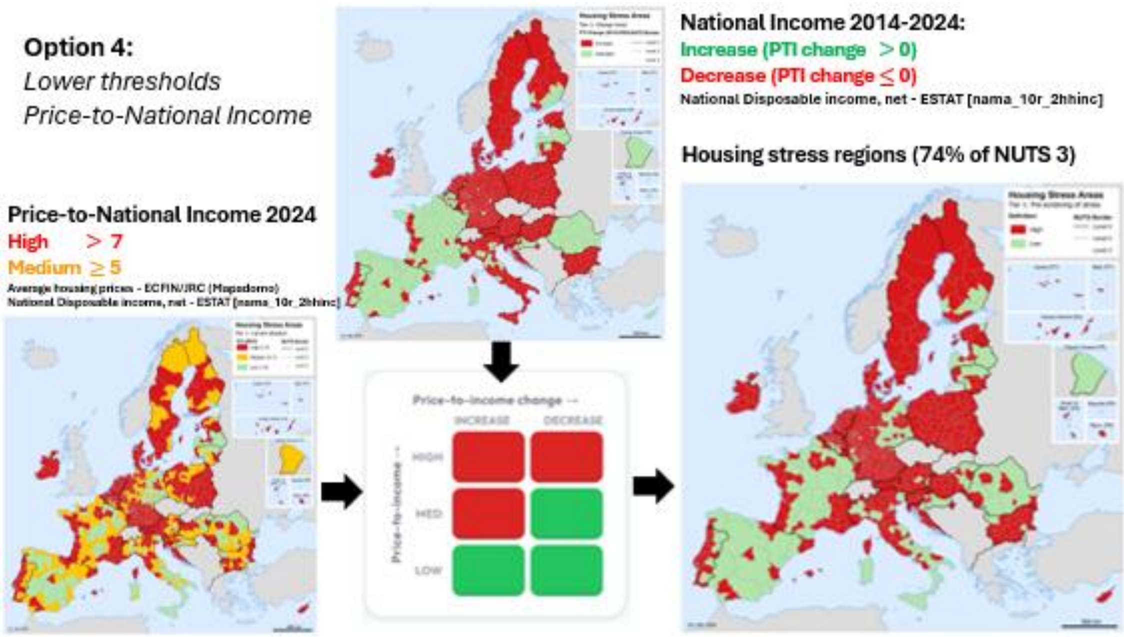


Figure 11: Areas under housing stress by applying a high PTI threshold of 7 and median PTI of 5, based on mapadomo average housing prices and national mean equivalised net income (ESTAT) + PTI change between 2014 and 2024. Source: JRC 2026.

The sensitivity analysis indicates that the choice of geographic income level is not the most impactful on the results, and that the definition of the thresholds applied the headline indicator (price-to-income ratio) is the key factor influencing the definition of areas under housing stress. High thresholds would restrict the geographical coverage of the areas that would be identified under stress. Applying moderate thresholds, like those used in Figure 10 and Figure 11, would capture over 70% NUTS3 regions and even labelling entire countries as under stress.

<u>Section 4: Auxiliary indicators (Tier 2)</u>

Once areas under housing stress are pre-screened on housing affordability, a larger list of indicators could be applied, looking at specific issues like increased population dynamics (e.g. projections of total population, projections of number of households, 5 years projections of population by age group and sex), supply (e.g. permits, construction rate, vacant housing units, land availability) and demand pressures (e.g. non-primary use of housing, including STR) to better understand housing pressures and therefore justify specific policy intervention. Competent authorities would be required to provide information on at least one additional indicator in order to designate an area under housing stress, and in assessing the justification and proportionality of individual measures establish a clear link between the indicators and the policy measures.

This limited set of additional indicators should be measured based on publicly available and accessible data of acceptable quality and timeliness. The approach to Tier 2, less prescriptive than Tier 1, would allow maximum flexibility for competent authorities to define their own thresholds to demonstrate housing stress based on publicly available data.

To the extent possible, data should be made available to the competent authorities to help assess these indicators. For Tier 1 indicators, the continuity of the ECFIN-JRC Mapadomo should be guaranteed. The current update of ECFIN-JRC Mapadomo is funded under an AA running until November 2026, the maintenance and update of the database is estimated 3 FTEs from Commission staff overall.

Examples of additional indicators for Tier 2 and data availability

Demand trend indicator

Population change over the last 5 years can be obtained from ARDECO at NUTS3. This indicator reflects observed change but would be a good indicator in absence of currently unavailable recent regional projections on population.

Supply trends indicator

Change in number of dwellings over the last 5 years. It can be obtained using ECFIN-JRC Mapadomo at NUTS3. It is a key indicator of how the housing stock has expanded in a given area. An increase in stock may not always translate into occupied homes if many units remain empty, and this indicator would not capture vacancy rates. Short-term fluctuations (e.g., a temporary construction boom) can distort the trend, so the 5-year view could potentially be complemented with longer-term data (e.g., 10-year change) for a fuller picture.

Short term rental indicator

Active entire-place STRs as share of dwelling stock. This indicator can be obtained by combining STR data from the JRC web-scraping based on AirDNA data (2025) with dwelling stock information ECFIN-JRC Mapadomo at NUTS3. It captures the proportion of the housing supply that is currently being used for tourist or transient accommodation rather than long-term residence. It normalises the number of active listings against the total number of dwellings in a given area, allowing comparisons across municipalities or regions with different population sizes and housing stocks. Focusing on "entire-place" listings isolates the most impactful form of short-term renting; the "active" component—counting only listings that have bookings or are currently available. Data collected via the Regulation 2024/1028 on short-term rentals will also allow to collect information on short term rentals via a single digital entry point for territories where the registration procedure applies.

Table 8: List of indicators considered for Tier 1, based on criteria currently used or proposed to identify areas under stress (Source JRC)

Indicator	Category	EU wide data available?		Comments	Fit for use?
Public, social and affordable housing shortage	Demand	no EU wide data available		Depending on national regulation; EU-wide comparison could be difficult	no
% population that can afford adequate housing	Demand	Eurostat: SILC based NUTS2, time series		"Adequate housing" is not a single standard indicator at fine geography. Results depend on choices.	yes
Number of housing requests compared to the annual number of move-ins in the public rental housing stock	Demand	no EU wide data available		Move-ins also depends on the availability of public rental housing stock and regulation	no
Rate of demographic growth over the past five years	Demand	inhabitants: Eurostat: NUTS2, time series; ARDECO: NUTS3, time series		Should be compared with the housing stock	no
Vacancy rate	Demand	census: MS, NUTS3 &LAU, 2011-2021		Census data refer to dwellings not occupied for primary reason. Not possible to identify vacancies.	no
Population growth without sufficient new housing	Demand	Dwelling stock: census: MS, NUTS3 &LAU, 2011-2021; ECFIN-JRC mapadomo: NUTS3/LAU1, time series	inhabitants: Eurostat: NUTS2, time series; ARDECO: NUTS3, time series	Combines demand with supply like used in the investment needs calculations	yes
Housing Cost Overburden Rate= ≥10% of the population spending ≥40% of household disposable income on housing	Overburden	Eurostat: SILC based NUTS2, time series		Measures the actual 'social' stress arising	yes
Overcrowding Rate	Overburden	Dwelling stock: census: MS, NUTS3 &LAU, 2011-2021; ECFIN-JRC mapadomo: NUTS3/LAU1, time series	inhabitants: Eurostat: NUTS2, time series; ARDECO: NUTS3, time series	Good indicator of inadequate housing space. Compare to national average as cultural/structural differences might emerge by country.	yes
Housing Affordability Gap = ratio between housing prices and wages over a period of several years	Prices	PRICE DATA: Eurostat: MS, time series; ECFIN-JRC mapadomo: NUTS3/LAU1, time series; ESPON; LAU, 2025	INCOME DATA: EUROSTAT: MS, time series, age breakdown EUROSTAT SILC: NUTS2, time series ESPON: LAU level estimates for 2025		yes
Housing Price Inflation Gap = Housing prices > 3% above Consumer Price Index over a period of several years	Prices	PRICE DATA: Eurostat: MS, time series; ECFIN-JRC mapadomo: NUTS3/LAU1, time series; ESPON; LAU, 2025	INCOME DATA: EUROSTAT: MS, time series, age breakdown EUROSTAT SILC: NUTS2, time series ESPON: LAU level estimates for 2025	Sensitive to CPI basket composition	yes (but 9 prefered)
Change in price-to-income ratio over past 3 years	Prices	PRICE DATA: Eurostat: MS, time series; ECFIN-JRC mapadomo: NUTS3/LAU1, time series; ESPON; LAU, 2025			yes
High purchase prices for old buildings housing	Prices	PRICE DATA: Eurostat: MS, time series; ECFIN-JRC mapadomo: NUTS3/LAU1, time series; ESPON; LAU, 2025		Age of building only in census	no
Rapid increases in housing prices	Prices	PRICE DATA: Eurostat: MS, time series; ECFIN-JRC mapadomo: NUTS3/LAU1, time series; ESPON; LAU, 2025		Should be compared with income	yes (but 11 prefered)
Average burden of the cost of the mortgage or rent	Prices/rental	Eurostat: SILC based NUTS2 of Averall housing cost overburden rate, time series 5 years		Lowest level of disaggregation is NUTS2	yes
Gross Rental Yield	Rental	no EU wide data available		Rental Yield is the inverse of Price-to-rent in levels; Difficult to calculate as it should compare for similar dwellings transaction price with rent	no
High rent levels	Rental	Eurostat: rent to income (SILC based) ESPON; LAU, 2025			yes
Rental price	Rental	Eurostat: rent to income (SILC based) ESPON; LAU, 2025		ESPON data available for a subset of less than 50% of EU municipalities	yes
Average rent burdens of households	Rental	Eurostat: rent to income (SILC based) ESPON; LAU, 2025			yes
Rental vacancy rate	Rental	no EU wide data available		No EU wide data available	no
Rental price growth	Rental	Eurostat: rent to income (SILC based)		Not available at regional level	no
Number of eviction orders issued by competent judicial offices	Rental	no aggregate data	no aggregate data	No EU wide data available; Regulatiuon might differ accross countries	no
Short-term rental saturation	STR	see 24.		High proportion of housing stock used for short-term rentals.	yes
Prevalence of short-term rentals	STR	STR: JRC collection based on AirDNA data, LAU or aggregates, 2025			yes
STR listings as % of total housing stock	STR	STR: JRC collection based on AirDNA data, LAU or aggregates, 2025	Dwelling stock: census: MS, NUTS3 &LAU, 2011-2021; ECFIN-JRC mapadomo: NUTS3/LAU1, time series		yes
STR density per 1000 inhabitants	STR	STR: JRC collection based on AirDNA data, LAU or aggregates, 2025	inhabitants: Eurostat: NUTS2, time series; ARDECO: NUTS3, time series		yes
STR share belonging to hosts with multiple listings	STR	STR: JRC collection based on AirDNA data, LAU or aggregates, 2025		No distinction between owner of several listings or manager of listings from several owners	no

Annex 5: Competitiveness check

1. Overview of impacts on competitiveness

Dimensions of Competitiveness	Impact of the initiative (++ / + / 0 / - / -- / n.a.)	References to sub-sections of the main report or annexes
Cost and price competitiveness	**0**	**2, 3, 5, 6**
International competitiveness	**0**	**n.a.**
Capacity to innovate	**0**	**n.a.**
SME competitiveness	**-**	**2, 5, 6**

2. Synthetic assessment

The preferred option is not a sector-specific regulation and does not impose a single, immediate and harmonised set of obligations directly on firms across the Union. It establishes a common framework for competent authorities wishing to identify areas under housing stress and adopt housing-related measures affecting the non-primary use of housing. The main direct addressees are therefore public authorities rather than economic operators.

As a result, competitiveness effects are expected to be indirect and dependent on local implementation choices. The initiative is expected to improve legal certainty, transparency and predictability for economic operators active across multiple jurisdictions by clarifying the circumstances in which housing-related restrictions may be justified and proportionate. At the same time, where competent authorities introduce or amend restrictions in areas under housing stress, some economic operators may face adjustment costs or limitations on certain activities. Overall, the impacts on competitiveness are expected to be limited and mixed across sectors. This Annex nevertheless presents a mainly qualitative assessment.

3. Competitive position of the most affected sectors

The initiative is directed at public authorities, therefore the competitiveness impacts are largely indirect, depending on whether local authorities decide to act and if they do, what measures are adopted. That is why the following competitiveness assessment of the preferred policy option 2 is largely qualitative.

Cost and price competitiveness. The overall effect is assessed as neutral (0). The initiative is expected to improve legal certainty, predictability and transparency for economic operators active in markets affected by housing-related restrictions. STR hosts and platforms, property buyers and investors currently would benefit from greater clarity regarding the circumstances in which restrictions may be introduced, maintained or withdrawn, reducing compliance costs, litigation risks and regulatory uncertainty. At the same time, where competent authorities introduce or strengthen restrictions in designated areas under housing stress, some STR hosts, property-management companies and related service providers may face adjustment costs and reduced business opportunities. These effects are expected to remain geographically concentrated and dependent on local implementation choices. Overall, positive effects linked to greater legal certainty are expected to broadly offset potential adjustment costs.

International competitiveness. The overall effect is assessed as neutral (0). The initiative does not directly regulate internationally traded goods or services (or indeed any economic activity) and is not materially affect the external competitive position of European firms. Its effects are concentrated on the functioning of the internal market. Any impacts on tourism, real-estate investment or accommodation services are expected to be localised and dependent on the measures adopted by competent authorities in areas under housing stress. However, as an initiative which contributes to addressing the housing crisis, it is expected to contribute to the EU's competitiveness, which is currently affected by the ability of people to find affordable housing where their jobs and education opportunities are.

Capacity to innovate. The overall effect is assessed as neutral (0). The initiative is not designed to stimulate or constrain research, development or innovation activities. Any indirect effects are expected to be limited. The accompanying Recommendation may encourage the dissemination of best practices relevant to increasing housing supply, including innovative approaches to construction (in line with the European Strategy for Housing Construction), renovation and the better use of existing building stock, but these effects are expected to remain indirect and difficult to quantify.

SME competitiveness. The overall indirect effect is assessed as mixed (+/-). While the initiative does not impose any rules or obligations on SMEs, some SMEs may be negatively affected where competent authorities introduce or strengthen restrictions affecting short-term rental activity, notably professional STR hosts and SMEs providing services linked to that activity, such as property management, cleaning or guest services. At the same time, SMEs operating in construction, renovation, refurbishment, maintenance, architecture and other activities linked to increasing the supply of affordable and social housing may benefit indirectly from measures adopted in response to housing shortages. Greater legal certainty and predictability may also reduce compliance costs for SMEs operating across multiple jurisdictions. The overall impact therefore depends on local implementation choices and market conditions.

ANNEX 6: SME CHECK

OVERVIEW OF IMPACTS ON SMEs

Relevance for SMEs
The preferred policy option 2 is only indirectly relevant because it does not directly regulate SME activities. Its primary purpose is to establish a common framework governing how competent authorities assess, justify and review housing-related interventions affecting internal market freedoms. Even though measures adopted in Member States under this framework could be relevant for SMEs, these would be the result of local action and not stem directly from the EU initiative. The intensity of the indirect impact on SMEs will thus depend on whether or not an area is designated as under housing stress, which specific measures are adopted or amended locally, and whether the SMEs present in such areas are active as an STR host, a services provider (e.g. cleaning services), active in the wider tourism economy, small property developers, or small landlords or investment firms. The proposed definition of “professional hosts” is relevant because some SMEs letting STRs are most likely to fall within the scope of local restrictions adopted under the framework. The definition would not affect all STR hosts equally. Occasional hosts and hosts letting their primary residence would be less exposed, while SMEs operating non-primary residences, multiple units or high-intensity STR activity in designated stressed areas would be more exposed. The main policy rationale for distinguishing professional hosts is proportionality. It would help competent authorities focus restrictions on the type of STR activity most likely to remove dwellings from the long-term housing market, while preserving occasional home-sharing and reducing the risk that measures apply too broadly to small-scale or non-commercial hosts.

(1) IDENTIFICATION OF AFFECTED BUSINESSES AND ASSESSMENT OF RELEVANCE
Are SMEs directly affected? In which sectors?
No, SMEs are not directly affected by the preferred policy option.
Estimated number of directly affected SMEs
not applicable (n.a.)
Estimated number of employees in directly affected SMEs
(n.a.)
Are SMEs indirectly affected? In which sectors? What is the estimated number of indirectly affected SMEs and employees?

Yes, SMEs are indirectly affected by the preferred policy option, but it is difficult to quantify how many SMEs and employees may be indirectly affected by measures that public authorities could adopt based on the new EU framework.

SMEs owning property: Data is insufficient to quantify how many SMEs could be affected by measures that limit non-primary housing. Limited data exists on the ownership of residential property across Europe. One recent study on France has shown that households own a large share of all dwellings (approx. 80%), but there is no breakdown of other types of ownership ([106]).

In the field of STRs. using Inside Airbnb data on 47 cities and tourist hotspots in the EU in September 2025, a recent study ([107]) concluded that:

- amongst the 446,501 hosts covering 863,331 listings, 102,115 hosts had more than 2 listings (and an average of 5.1 listings per host). Using a combination of indicators (common company abbreviations or terms associated with professional accommodation services in the name string of the host, operational indicators such as instant booking enabled, very high acceptance rate or verified work mail and the size of their portfolio), the authors estimated that 34,185 hosts were likely commercial, but without detailing how many were run by SMEs.
- amongst the active hosts for entire dwellings, there are 45,716 hosts with two or more listings (and an average of 5.0 listing per host) of which 23,517 are likely commercial.

Given that accounts can be both hosts and property managers, these figures give an over-estimation of the number of SMEs affected. This is compensated by the fact that they only cover Airbnb listings and not all areas under housing stress.

SMEs that can also be indirectly affected are those **active in the tourism sector**. 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. Virtually all ancillary-services providers are SMEs. Eurostat reports that in 2023, the EU tourism industries comprised 2.7 million enterprises, and more than 99% of tourism enterprises are SMEs ([108]). 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.

These figures should be interpreted as describing the **maximum possible** population of SMEs and employees exposed to local measures, instead of the number expected to be affected in practice. The actual number of SMEs indirectly affected by the proposal is expected to be substantially lower, since only a fraction of competent authorities (approx. 25%, depending on

([106]) AHA-BIB-100.
([107]) AHA-BIB-159.
([108]) AHA-BIB-072.

the threshold used for the price-to-income ratio, as explained in Annex 4) are expected to designate areas under housing stress and adopt or amend local restrictive measures.

The preferred option is expected to have mixed indirect impacts on **small property developers, small landlords and small investment firms that qualify as SMEs**. These are expected to benefit from improved legal certainty and predictability, reduced information and compliance costs, and newly created opportunities for SMEs active in renovation, refurbishment, repurposing, and small-scale housing supply. Benefits will be particularly relevant for SMEs operating across multiple jurisdictions or in sectors affectedby frequent changes to local housing regulations.

SMEs involved in STR activity or secondary home letting or other types of non-primary use of dwellings, or investment demand in designated stressed areas, may face constraints if public authorities adopt restrictions. The overall impact cannot be quantified in advance, but expected to be minimal under the preferred option.

The indirect impact of the uptake of the supply recommendations cannot be quantified ex ante. The Recommendation would encourage measures such as modern methods of construction, land acquisition and management, repurposing, renovation, refurbishment of the existing building stock, and streamlined planning and permitting. If competent authorities apply these recommendations, SMEs in the construction and renovation value chain would be the major group indirectly benefiting from the initiative.

The sectors most directly benefiting from these measures include small builders, renovation and refurbishment companies, specialist trades, small developers, architectural and engineering services, planning and design services, and firms active in repurposing or adapting existing buildings.

In the EU, the construction-of-buildings sector is comprised of around 960 000 enterprises, almost 3.5 million persons employed, and EUR 177.9 billion in value added in the EU in 2022 ([109]). Since SMEs represent 99.8% of EU business-economy enterprises, the affected supply-side ecosystem is expected to be overwhelmingly SME-based, but the actual number of SMEs benefiting from the preferred policy option cannot be estimated in advance.

(2) CONSULTATION OF SME STAKEHOLDERS

How has the input from the SME community been taken into consideration?

Yes, the Commission specifically sought the views and input of SMEs.

SMEs were involved in several stages of the consultation process.

- They took part in the open public consultation in the autumn 2025 in preparation of the European Affordable Housing Plan.
- They contributed to the detailed questionnaire and call for evidence in spring 2026.
- They took part in the stakeholder workshop on this initiative on 30 March 2026.

([109]) AHA-BIB-101.

In the detailed questionnaire, 73 STR hosts and association of STR hosts from 11 different MS (France - 14, Italy - 16, Netherlands - 13, Ireland - 10, Germany - 5, Slovenia - 3, Portugal - 3, Romania - 3, Belgium - 2, Bulgaria - 1, Lithuania - 1) participated. The respondent SMEs either fall under the tourism sector (26 contributions from 7 countries) or the construction and architecture sector (18 contributions from 8 countries). In the Stakeholder Workshop 5 STR hosts, 25 professionals from the architectural, construction and renovation sector and 5 participants from the tourism sector took part. Contributions from participants in the SME community were analysed and compared with those from other stakeholders (see results of the consultation in Annex 2).
Are SMEs' views different from those of large businesses?
No, the views of SMEs coincided largely with those of large businesses. 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. They also converged on the importance of correctly implementing existing legislation, including the new STR Regulation. There were also requests for the Commission to clarify whether a number of restrictions in place across the EU are proportionate and justified. It is worth noting some specific points: - During the consultation, there were differing views among SMEs on whether there should be a **distinction between professional and non-professional hosts**. Micro-enterprises often do not regard themselves as professional hosts, even if they manage more than 2 listings. - Some SMEs emphasised the need for a differentiated approach between **commercial and non-commercial STR models** ([110]), arguing that the latter do not withdraw housing from residential use (with 73% of listings on HomeExchange being primary residences) ([111]). - Most SMEs (all different groups) demanded **simplified procedures and long-term legal certainty**, emphasising their limited resources and different operational capacities compared to larger businesses.

(3) ASSESSMENT OF IMPACTS ON SMEs ([112])
What are the estimated direct costs for SMEs of the preferred policy option? *n.a.*
Qualitative assessment

([110]) Non-commercial models are understood as non-for-profit provision of accommodation which can, but does not have to, be reciprocal, e.g. example platform such as HomeExchange or Couchsurfing.
([111]) AHA-BIB-102.
([112]) The costs and benefits data in this annex are consistent with the data in annex 3. The preferred option includes the mitigating measures listed in section 4.

n.a. (see section 6 and Annex 5)
Quantitative assessment
n.a.
What are the estimated direct benefits/cost savings for SMEs of the preferred policy option ([113])?
Qualitative assessment
n.a. (see section 6 and Annex 5)
Quantitative assessment
(n.a.)
What are the indirect impacts of this initiative on SMEs?
See section 6 and Annex 5.

(4) MINIMISING NEGATIVE IMPACTS ON SMES
Are SMEs disproportionately affected compared to large companies? *No* **If yes, are there any specific subgroups of SMEs more exposed than others?**
(n.a.)
Have mitigating measures been included in the preferred option/proposal?
(n.a.)

CONTRIBUTION TO THE 35% BURDEN REDUCTION TARGET FOR SMES
Are there any administrative cost savings relevant for the 35% burden reduction target for SMEs?
No

([113]) The direct benefits for SMEs can also be cost savings.

Annex 7: The EU housing crisis and trends in non-primary use of the housing stock

1. THE EU HOUSING CRISIS AT A GLANCE

The European Union is facing a housing affordability crisis: since 2015, nominal house prices across the EU have increased by nearly 65% through the 4th quarter of 2025 ([114]), growing faster than household income, while average rents have risen by around 20% ([115]), with new rents having become significantly more expensive ([116]). The most disadvantaged are struggling the most, given the rising rents and limited access to social housing, where waiting lists are long and increasing in many countries across the Union ([117]).

The crisis is increasingly affecting a growing number of households: middle-income households are facing difficulties in accessing affordable housing; essential workers – including teachers, nurses, fire fighters or police officers – and seasonally displaced workers can no longer afford to live in the communities they serve, and young people cannot afford to live where they want to work or study.

The demand for housing is affected by a range of factors, some of which are structural and change slowly, others vary strongly in a short amount of time. Household income and wealth, as well as and demographic factors ([118]) – such as population growth, migration, household size and structure – are key long-term drivers of housing demand. Mortgage credit conditions are a significant factor that translates income into demand: for example, lower interest rates can lead to strong increase in demand by boosting mortgage availability.

In recent years, the significant increase in tourism in the EU spurred the conversion of residential housing into short-term tourism rentals (STRs). In tight urban housing markets with limited scope to expand supply, diverting dwellings to tourism use contributes to increasing prices, displaces local workers and hinders recruitment of essential staff such as nurses and teachers.

Other forms of non-primary use have also increased housing demand. There are growing concerns that residential housing is treated as an investment asset for speculative capital gains or keeping dwellings vacant for price appreciation or diverting them to non-residential use rather than to serve the needs of local communities as primary long-term residence ([119]).

([114]) 2015 vs Q4-2025, AHA-BIB-152.
([115]) 2015 vs 2025, AHA-BIB-153.
([116]) Estimated, for prime locations (AHA-BIB-154).
([117]) Poland: Polish national Statistics Office (GUS) found 119 338 households on waiting lists for municipal dwellings in 2024, a 12% decrease since 2020 (AHA-BIB-155);
France: As of 31 December 2024, 2.77 million social housing applications remain pending (AHA-BIB-156);
Italy: it is estimated that around 650 000 households are registered at local level on waiting lists for public social housing (AHA-BIB-157);
Spain: between 180,000 and 250,000 households are estimated to be on waiting lists for social housing, with waiting times of up to five years in large cities (AHA-BIB-158).
([118]) AHA-BIB-059.
([119]) AHA-BIB-053.

In some urban and touristic areas, STRs and other forms of non-primary residences can reach a substantial share of the dwelling stock. As this additional demand has not been matched by housing supply growth in all regions, it is causing a reduction in the housing stock available to local residents, and an increase in local housing prices and rents (see below). Public opinion mirrors the conclusion of academic studies. According to a 2025 Eurobarometer of public opinion on urban challenges ([120]), a majority of respondents (75%) think that affordability of housing in their city could be improved by taking actions (as defined in the poll) as aiming to control property usage (e.g. by taxing vacant properties, regulating short-term rentals, or by capping the number of tourists).

At the same time, housing supply is not keeping up with demand. This is due to several factors, including low productivity in the construction sector, caused by lack of innovation, the insufficient uptake of modern construction methods and other innovative technologies; shortages of skilled labour; restrictive local zoning and permitting policies; the high cost and low availability of developable land; the high costs of energy and building materials; and insufficient public and private investment in housing. Government expenditure on social and affordable housing development is limited ([121]): investment into new social or affordable housing is only around 0.04% of GDP (EUR 7 billion in 2023) ([122]). At the same time, the existing building stock is not being efficiently used: 9% of offices are vacant and nearly 20% of dwellings across the EU are not currently used as primary residence ([123]), including vacant dwellings that could be returned to primary residential housing use.

The housing stock in the EU increased from 218 million dwellings in 2010 to around 248 million by the end of 2024 ([124]). Despite this increase, supply has not kept up with growing demographic demand in one third of the EU's regions ([125]). Housing needs are uneven across the EU, with the sharpest shortages in urban and high-demand regions with strong economies or tourism. In those regions, the demographic evolution since 2010 would have required 4.6 million homes in addition to what has been constructed ([126]). Building permits for new construction and renovations of dwellings have declined by 17.8% since 2021 ([127]), signalling constraints on future supply.

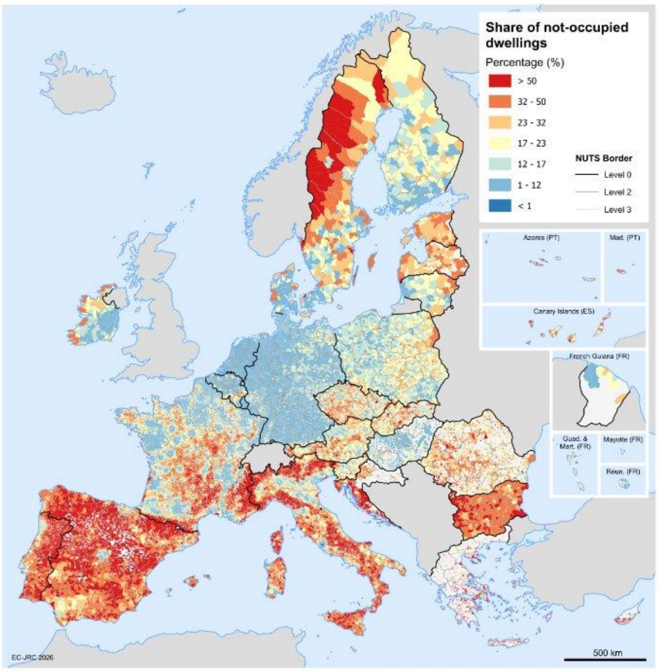
As a result of inelastic supply, increases in housing demand have translated into higher prices rather than stimulating supply ([128]). To bridge the supply-demand gap over the next decade, the Commission has estimated ([129]) that about 650,000 dwellings per year will

([120]) AHA-BIB-051.
([121]) AHA-BIB-105.
([122]) AHA-BIB-105.
([123]) AHA-BIB-104.
([124]) AHA-BIB-106.
([125]) This refers to NUTS3 level regions, small regions with a population ranging from 150,000 to 800,000 inhabitants.
([126]) AHA-BIB-037.
([127]) AHA-BIB-107.
([128]) Supply elasticity can be visualised as the steepness of the supply curve: if the curve is steep and demand increases, it is price 'p' rather than quantity 'q' that will increase. Housing supply elasticities seem to be low in Europe, reflecting both land scarcity, sectoral problems and a strict regulatory environment.
([129]) AHA-BIB-037.

need to be added to the 1.6 million currently built in Europe. Delivering the additional housing units would cost EUR 150 billion per year ([130]).

2. NON-PRIMARY USE OF HOUSING: TRENDS AND IMPACTS

Figure 12: Overview of occupation rates including secondary homes, frictional vacancy and structural vacancy, 2021



Source: European Commission: Joint Research Centre 2026, based on Eurostat Census hub

A significant share of the dwelling stock is not used as a primary residence: according to the population and housing censuses published by Eurostat ([131]), between 2011 and 2021, the proportion of dwellings not used for primary residence increased from 17.8% to 19.7% ([132]). This category covers secondary homes (homes used less than half the year by their owners), frictional vacancy (vacant dwellings on the market to buy or to rent), and structural vacancy (vacant dwellings not on the market) ([133]). In cities, the share of non-primary residences is 14.1%, in towns and suburbs, 18.7% and in rural areas 29.4% ([134]).

As illustrated by Table 9, non-primary housing reflects a great diversity of situations and distinguishing between these different phenomena is extremely difficult without national disaggregated data. Not all European National Statistical Institutes collect disaggregated data on secondary residences and vacant dwellings, and the methodology and categories

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([130]) AHA-BIB-037.
([131]) AHA-BIB-103 and AHA-BIB-104.
([132]) AHA-BIB-038.
([133]) STRs are accounted in all categories of occupation of dwellings: they can be found in primary residences, secondary residences, and depending on how vacant dwellings are defined and enumerated, also in vacant dwellings.
([134]) AHA-BIB-051.

collected vary from one country to another, such that comparisons should be made with caution.

Table 9: Share of secondary and vacant dwellings in a selection of regions and cities

	Share of non-primary residences		Share of secondary residences		Share of vacant dwellings	
	2011	**2021**	**2011**	**2021**	**2011**	**2021**
France	16.7%	17.7%	9.4%	9.7%	7.3%	8.0%
Paris	14.1%	19.6%	6.8%	9.8%	7.3%	9.8%
Biarritz	46%	42.9%	43%	40.7%	2.9%	2.1%
Portugal	31.9%	30.6%	19.3%	18.5%	12.5%	12.1%
Lisbon	26.5%	24.3%	11%	9.3%	15.5%	14.9%
Algarve Region	52.6%	50.6%	39.4%	38.6%	13.2%	11.9%
Madeira	28.6%	27.7%	15%	13.9%	13.6%	13.7%
Croatia	31.2%	37.1%	12.1%	11.0%	19.1%	26.1%
Zagreb	20.8%	22.9%	1.4%	1.1%	19.4%	21.7%
Split	35.8%	40.6%	13.1%	10.7%	22.8%	29.9%
Dubrovnik	32.0%	38.0%	12.2%	11.1%	19.8%	26.9%
Greece	35.3%	34.4%	21.2%	22.5%	14.1%	12.0%
Attica region (incl. Athens)	28.7%	24.3%	13.9%	12.5%	14.8%	11.8%
South Aegean Region	49.3%	50.1%	32.8%	34.5%	16.6%	15.6%
Crete Region	36.7%	38.9%	21.4%	23.3%	15.3%	15.6%

Sources : National statistical institutions returns for the 2021 and 2022 censuses.
Notes: The census data for France was collected in 2022 rather than 2021 because of covid. For Croatia: secondary residences includes census categories "for vacation" and "seasonal agricultural activity"; vacant includes "unoccupied primary residences" for 2021 and "temporarily unoccupied" and "abandoned" for 2021. For Greece, secondary residences includes "vacation" and "secondary" and vacant includes "for sale', "for rent" and "other reasons". Share of Airbnb listings: number of Airbnb listings provided by Inside Airbnb (2025) as a share of total conventional dwellings (2021); data not available for cities in Croatia.

Table 9 and Figure 12 and illustrate different trends regarding secondary homes and vacant housing for selected countries.

- **In large cities and urban areas, the share of secondary homes can be substantial, albeit generally lower than national averages.** As illustrated in Table 9, secondary homes often represent 10-15% of the dwelling stock of certain large cities. Other examples include the inner city of Vienna (8.7% in 2021) ([135]), Barcelona (6,9% in 2021), Madrid (6,5% in 2021) ([136]). In some capital cities, such as Paris, the share of secondary homes has increased between 2011 and 2021 from 6.8% to 9.8%.
- **Some tourist areas under housing stress, and in particular coastal and alpine regions,** display very high shares of secondary homes, often above 30% of the dwelling

([135]) AHA-BIB-109: in Inner Vienna 13,3% of dwellings do not details on residence, so the share of secondary homes is probably higher.
([136]) AHA-BIB-110.

stock and sometimes reaching shares such as 62,2% in Arcachon (France) in 2022, 39.5% is Lagos (Portugal) in 2021). This increase has also been fuelled by the rise in online STR platforms: depending on censuses STR in non-primary residences is accounted for either in the category secondary homes (e.g. France) or in the category vacant housing (e.g. Croatia)
- **Rural areas** are also characterised by a high share of secondary homes, and increasing numbers of structurally vacant homes.

Some national studies offer more detailed analysis on the location and causes of vacant dwellings. In France, long-term vacancy is more frequent in rural areas ([137]) and lower in urban areas: in Paris for instance, 18 600 dwellings had been vacant more than one year in 2021 ([138]), representing 1.3% of the housing dwelling stock. Recent evidence from Lisbon indicates that empty homes are the result of regulatory instability, legal mistrust, and socio-cultural norms ([139]) From a different angle, restrictive local planning systems, which can lead to housing shortages and housing stress, can also cause the share of vacant properties to be higher ([140]).

Cross-border demand has also been fuelling the increase in demand for secondary homes. In Spain for instance, 13.5% of residential property purchases were made by non-nationals ([141]) in the last quarter of 2025. In some provinces, the percentage is much higher, including areas experiencing acute housing pressures such as the Balearic Islands (31.5%) or Santa Cruz de Tenerife (26.4%). In Malta, according to the 2021 census, 23.8% of the dwelling stock is owned by non-nationals only. This share reaches 35.1% in Northern Harbour Region ([142]). As a comparison, in 2022 only 6.2% of purchases were made by foreigners in France (both resident and non-resident foreigners) ([143]).

In areas under housing stress, the increase in non-primary uses, and in particular secondary homes, may be putting additional pressure on housing markets, by reducing the availability of housing. The JRC ([144]) shows that the share of unoccupied dwellings (covering vacant and secondary homes) is positively correlated with housing prices, probably driven by secondary homes located in highly valued locations. They also show that the correlation is substantially stronger in cities.

The recent economic literature showing a causal impact of the increase in secondary homes on housing prices is scarce and concentrated on the US before the Great Global Crisis**.** A first study ([145]) shows that second home buying causes higher house prices in a panel of US cities. A second study ([146]) documents the impact of the rise in out-of-town demand for secondary homes in vacation areas during the housing boom. Areas of the US with higher secondary home purchases experienced a sharper "boom and bust": home

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([137]) AHA-BIB-111.
([138]) AHA-BIB-112.
([139]) AHA-BIB-113.
([140]) AHA-BIB-114.
([141]) AHA-BIB-115.
([142]) AHA-BIB-116: the table distinguished between dwellings owned by Maltese, by non-Maltese and by both Maltese and non-Maltese.
([143]) AHA-BIB-117.
([144]) AHA-BIB-038.
([145]) AHA-BIB-118.
([146]) AHA-BIB-119.

prices rose faster in those areas between 2000 and 2006 compared to the rest of the US, but then declined more sharply from 2006 to 2010. More broadly, several studies document the importance and the impact of non-owner-occupied home purchases (second and investment homes) on real estate prices ([147]).

Other studies look at **the impact of foreign real estate buyers on housing prices.** For the typical US metropolitan area ([148]) foreign real estate investment leads to substantial rises in house prices and rents, resulting in welfare gains for homeowners and losses for renters. These flows of capital from abroad also explain some of the volatility in real estate prices as they are dependent on conditions in the originating country ([149]). In Paris ([150]), international demand for luxury secondary residences concentrates in specific areas, thereby increasing local housing prices overall. The Golden Visa scheme in Spain ([151]) has led to an increase in real estate investment, that the beneficiaries paid a premium for their dwellings and that this had small but positive spillover effects on the rest of the real estate market, i.e., it became more expensive. While these studies do not address all secondary homes, but only those bought by foreigners, it is reasonable to assume that similar effects would be produced by domestic buyers of secondary homes who are much more numerous.

3. SHORT-TERM RENTALS: TRENDS AND IMPACTS

Short-term accommodation rentals (STRs) ([152]) are accommodations used for short stays by guests. STRs may take the form of a room in a dwelling, an entire apartment or house where very minimal complementary services (e.g. cleaning services, breakfast), if any, are provided on location. STR services consist of the repeated letting (for a day, week or month), for remuneration, whether on a professional or non-professional basis, of furnished accommodation. In this report, **data on STRs** covers listings from all four major platforms (Airbnb, Booking, Expedia and Tripadvisor), while **data on Airbnb** covers only listings from the Airbnb platform as they are more easily available than combined data for

([147]) AHA-BIB-120.
([148]) AHA-BIB-122.
([149])AHA-BIB-168.
([150]) AHA-BIB-121.
([151]) AHA-BIB-123.
([152]) Short-term accommodation rentals (STRs) are accommodations used for short stays by guests. STRs may take the form of a room in a dwelling, an entire apartment or house where very minimal complementary services (e.g. cleaning services, breakfast), if any, are provided on location. STR services consist of the repeated letting (on a daily, weekly or monthly basis), for remuneration, whether on a professional or non-professional basis, of furnished accommodation.

the four main STR platforms in the EU. Estimates on Airbnb are a likely underestimation of all STRs, as in some markets Airbnb could account for half of STR listings or less ([153]).

Between 2018-2024, STRs booked through four major online platforms recorded a 93% growth ([154]). As a result, STRs amount approximately to one quarter of tourist accommodation in the EU in 2024 ([155]). This increasing trend has been driven by the development of low-cost airlines, the development of all year round tourism, insufficient hotel supply, as well as by a shift in traveller preferences for social distancing and self-catering during COVID ([156]) which has not been reversed since the end of COVID restrictions ([157]).The emergence of online platforms facilitated this strong growth, as they allow hosts to reach out directly to guests from other countries or indeed let properties in a different Member State, and facilitate bookings and payment. The increasing professionalisation of the sector also contributed to its growth.

The rapid growth in STR has multiple effects on the economy.

- They represent an additional source of income to homeowners. In 2025, Airbnb hosts in EU Member States earned approximately EUR 17.4 billion and the "typical host" ([158]) earned around EUR 4,600 ([159]). Even for low and middle-income hosts who only occasionally rent out their own residence, STRs can be an important source of additional revenue to help cover the rising cost of living, avoiding foreclosure ([160]) or encouraging renovation of dwellings ([161])
- They offer greater choice and cheaper accommodation for tourists ([162])
- They have contributed to local economic development, in particular in less developed areas ([163]), through the development of associated small- and medium enterprises, in particular food, beverage and entertainment establishments ([164], [165]). This in turn has led to job creation, in particular low-income jobs ([166]).

([153]) There is no official analysis of market shares of the main STR platforms in the EU. Skift Research estimates that in 2024 Airbnb held around 44% of the global short-term rental market share, followed by Booking.com with about 18%. Scraped listing data (e.g. AirDNA, InsideAirbnb), industry reports, national housing and tourism studies, and various internet sources suggest that in countries such as France, Italy and Spain Airbnb accounts for about 50-60% of STR listings, followed by Booking with 25-35%, Expedia Group 5–10%, and Tripadvisor in low single digits. The picture is different in Germany and other Central and Northern European countries, where Airbnb and Booking are estimated to be roughly on par with STR shares of around 35–45% each. Data on listings might be affected by double counting if a same dwelling is referenced on several platforms, while data on bookings isn't.
([154]) AHA-BIB-038.
([155]) AHA-BIB-124.
([156]) AHA-BIB-073.
([157]) AHA-BIB-125.
([158]) AHA-BIB-131.
([159]) AHA-BIB-131.
([160]) AHA-BIB-183.
([161])AHA-BIB-184.
([162]) AHA-BIB-127.
([163]) AHA-BIB-126.
([164]) According to Airbnb, by welcoming over 114 million guest arrivals EU-wide in 2025, its hosts helped contribute more than €53.2B to the EU's GDP and supported more than 904,000 jobs.
([165]) AHA-BIB-178.
([166]) AHA-BIB-185.

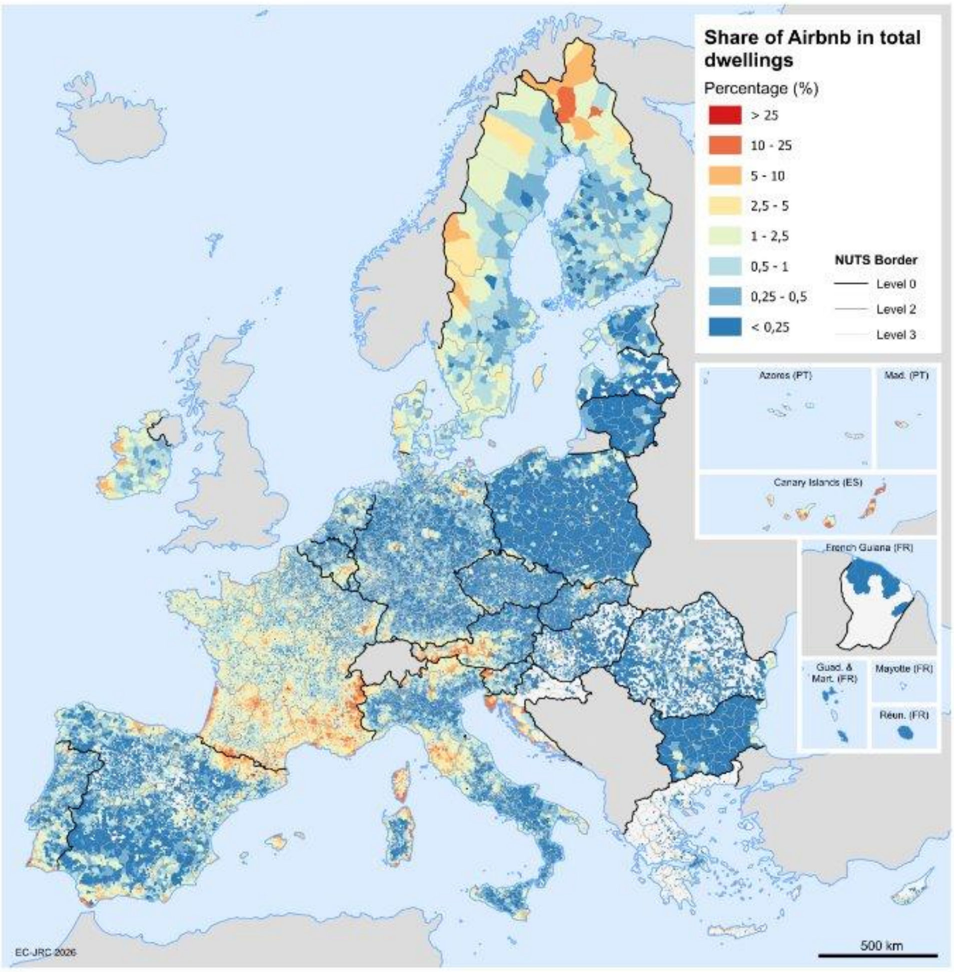
- Revenue of hotels has decreased, in particular for low-end hotels and hotels that do not cater for business travellers ([167], [168]) and there have been concerns regarding lack of level playing field with traditional accommodation providers that have to comply with stricter quality, safety and insurance requirements ([169]),
- Discriminatory booking practices have also been documented ([170], [171]).

These aspects are not addressed in this impact assessment, which focuses on the availability and affordability of housing.

STR activity is often concentrated in specific neighbourhoods of cities and in tourist hotspots and therefore can account for a substantial share of the local dwelling stock. On average in the EU, STR listings represent 1.2% of the EU housing stock. Comparing the number of Airbnb listings – with the total number of dwellings ([172]) reveals significant variance in Airbnb distribution, with **more than 20% of the dwelling stock linked to Airbnb in specific touristic hotspots and some areas of some EU cities**, a number which diminishes rapidly towards the periphery of cities and is less than 1% in most of the respective commuting areas ([173]). Figure 13 maps the share of entire-place Airbnb in the total dwelling stock for all municipalities. For some municipalities, this share reaches 25%.

([167]) AHA-BIB-085.
([168]) AHA-BIB-186.
([169]) It should be noted, however, that purely economic objectives, such as the protection of competitors or ensuring the economic basis of specific categories of providers, do not constitute an overriding reason relating to the public interest (judgment of 22 December 2010 in case C-338/09, *Yellow Cab. Verkehrsbetrieb*, para 51).
([170]) AHA-BIB-187.
([171]) AHA-BIB-188.
([172]) Tucci, M., Pigaiani, C., Freire, S., and Batista, F. developed the JRC-CENSUS Dwelling Grid 2021 (updated 2025).
([173]) Note: these estimates are based on figures for STRs booked via Airbnb, excluding other major platforms such as Booking, Expedia or Tripadvisor.

Figure 13: Share of entire-place Airbnb (2025) in relation to total number of conventional dwellings (2021)



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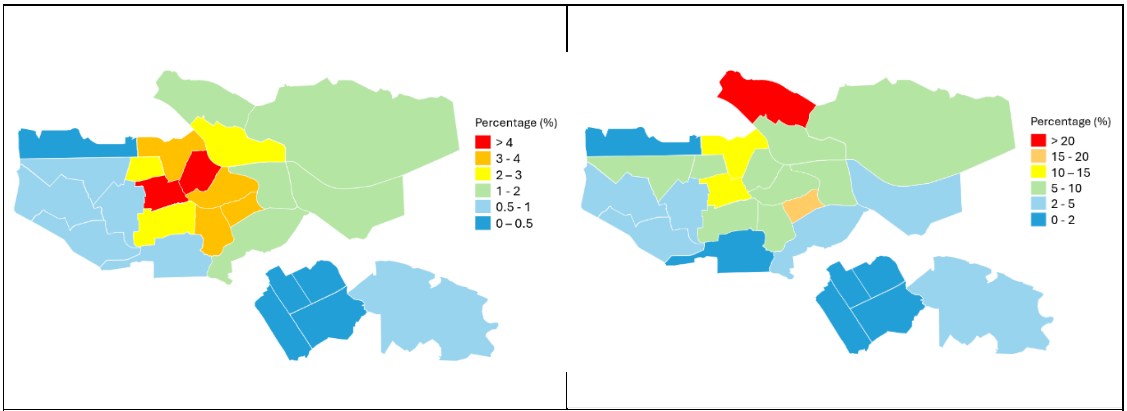
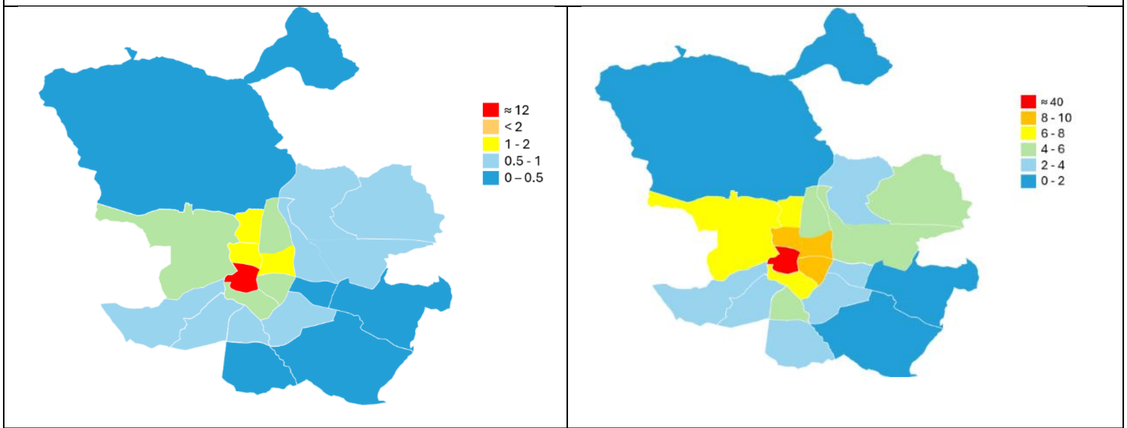
Source: European Commission: Joint Research Centre 2026, based on Eurostat Census hub and AirDNA.

Figure 14 illustrates that within a city, there can be substantial variations between neighbourhoods, and that even where Airbnb listings represent a small share of the dwelling stock, they **can represent a sizeable share of rented housing stock** (defined as the number of rented primary residences). Indeed, it seems more relevant to analyse the concentration of STR compared to the long-term rental stock rather than its percentage of the overall housing stock.

Figure 14: Airbnb listings as share of total dwellings (lhs) and total private long-term rentals (rhs) in Amsterdam (top row) and Madrid (bottom)



Source: European Commission: Housing Task Force, 2025, based on data Municipality of Amsterdam ([174]) and Inside Airbnb data ([175]).



Source: European Commission: Housing Task Force, 2025, based on data from the Spanish housing census (2021) ([176]) *and Inside Airbnb ([177]).*

While housing prices and rents are influenced by a number of factors, STRs can impact housing prices by reducing the number of dwellings available for long-term residency. On the other hand, to the extent that STRs are a substitute for hotels, this will reduce the net extent to which STR growth reduces the availability of existing housing for use as a primary residence.

A growing body of research shows that STR activity appears to cause an increase in rents and housing prices, thus creating additional pressure on local housing markets in densely populated areas and highly popular destinations. A study ([178]) on the impact of Airbnb on housing markets in Barcelona finds that Airbnb activity is associated with an

([174]) AHA-BIB-128.
([175]) AHA-BIB-130.
([176]) AHA-BIB-129.
([177]) AHA-BIB-130.
([178]) AHA-BIB-132.

increase in rents and prices ([179]): in a neighbourhood with the average level of Airbnb listings, rents are 2% and prices are 4.4% higher than a neighbourhood with no Airbnb activity. This could rise up to 7% for rents and 17% for prices in neighbourhoods in the top decile of the Airbnb activity distribution.

Similar results have been documented in many other contexts, including Madrid ([180]), Lisbon ([181]), Amsterdam ([182]), Berlin ([183])Italian cities ([184]), French cities ([185],[186]) Croatian cities ([187]) and several U.S. cities ([188],[189], [190], [191])

Some of these studies ([192],[193], [194]) also describe a reduction in population density in neighbourhoods with more STR, both as a direct consequence of owners short-term rental over long-term rental, and indirectly as higher prices prevent residents from moving into the neighbourhood.

STR growth, and more generally over-tourism, has also sparked concerns about noise, waste ([195], [196]), local residents' dissatisfaction with restaurants ([197]) and crime ([198]).

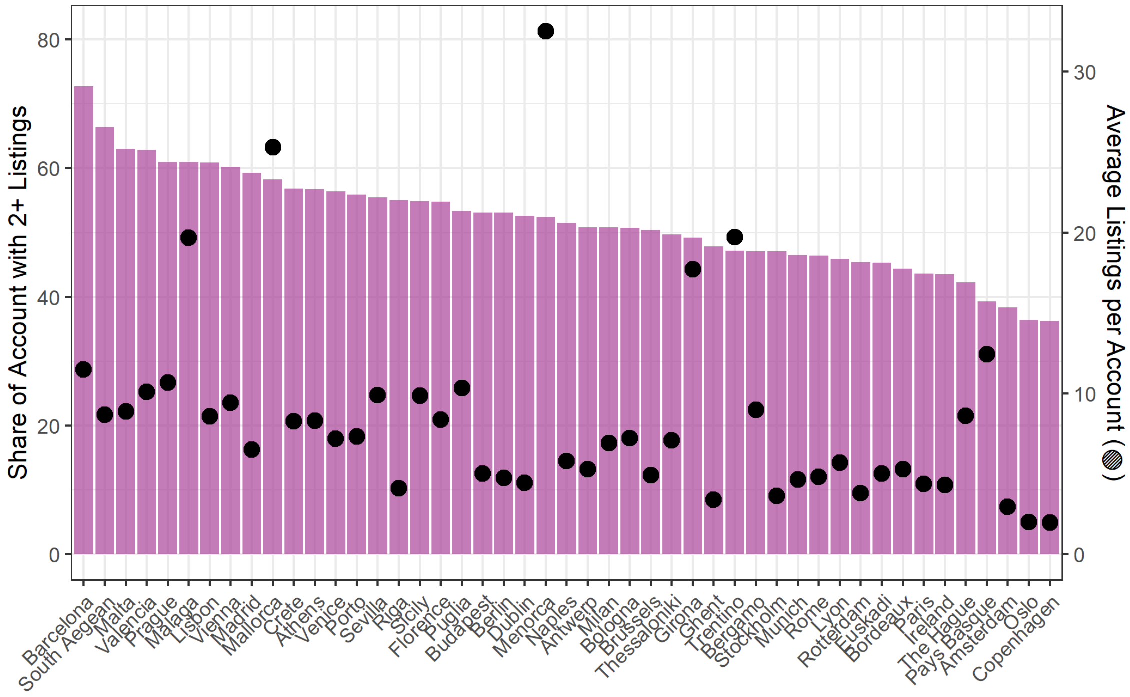
Furthermore, the expansion of **STRs has evolved from occasional peer-to-peer activity towards a significant professional and commercial activity in some markets** ([199]), **especially in highly touristic cities and regions.**

According to Airbnb ([200]), approximately 80% of its hosts rented out just one entire home on average across the EU in 2025. However, Inside Airbnb data ([201]) demonstrates the **high**

([179]) The study above uses Airbnb data obtained through InsideAirbnb, but the conclusions can be extrapolated to STRs listed on other platforms. To demonstrate the causal impact of Airbnb listings on prices and rents, the authors use a both panel fixed-effects and instrumental variables approaches.
([180]) AHA-BIB-178.
([181]) AHA-BIB-133.
([182]) AHA-BIB-135.
([183]) AHA-BIB-140
([184]) AHA-BIB-136.
([185]) AHA-BIB-182.
([186]) AHA-BIB-181.
([187]) AHA-BIB-180.
([188]) AHA-BIB-138.
([189]) AHA-BIB-139.
([190]) AHA-BIB-036.
([191]) AHA-BIB-179.
([192]) AHA-BIB-132.
([193]) AHA-BIB-178.
([194]) AHA-BIB-036.
([195]) AHA-BIB-016.
([196]) AHA-BIB-175.
([197]) AHA-BIB-176.
([198]) AHA-BIB-177.
([199]) While there is no EU-wide definition of professional hosts, Airbnb itself considers an individual host *"when your hosting on Airbnb is only a side activity, or your accommodation is only listed occasionally on Airbnb, for example when you are away on holiday"*. Criteria to determine whether a host is acting as a business include whether the hosting activity is the primary profession or source of income, the legal entity of the host, hosting over a longer period of time in order to make a profit, and the number of listings. It adds "*If you're unsure about your status as a host, we recommend seeking advice from a lawyer or other professional adviser"*.
([200]) AHA-BIB-131.
([201]) AHA-BIB-134.

proportion of multi-property listings in highly popular destinations that are experiencing housing pressures. The data indicates that the percentage of listings that are managed by a single entity (host or property manager) with two or more units reached **between 60 and 70%** in Barcelona, the South Aegean Islands, Malta, Valencia, for instance. This suggests that the rate of hosts renting more than one unit is higher in tourist hotspots than elsewhere.

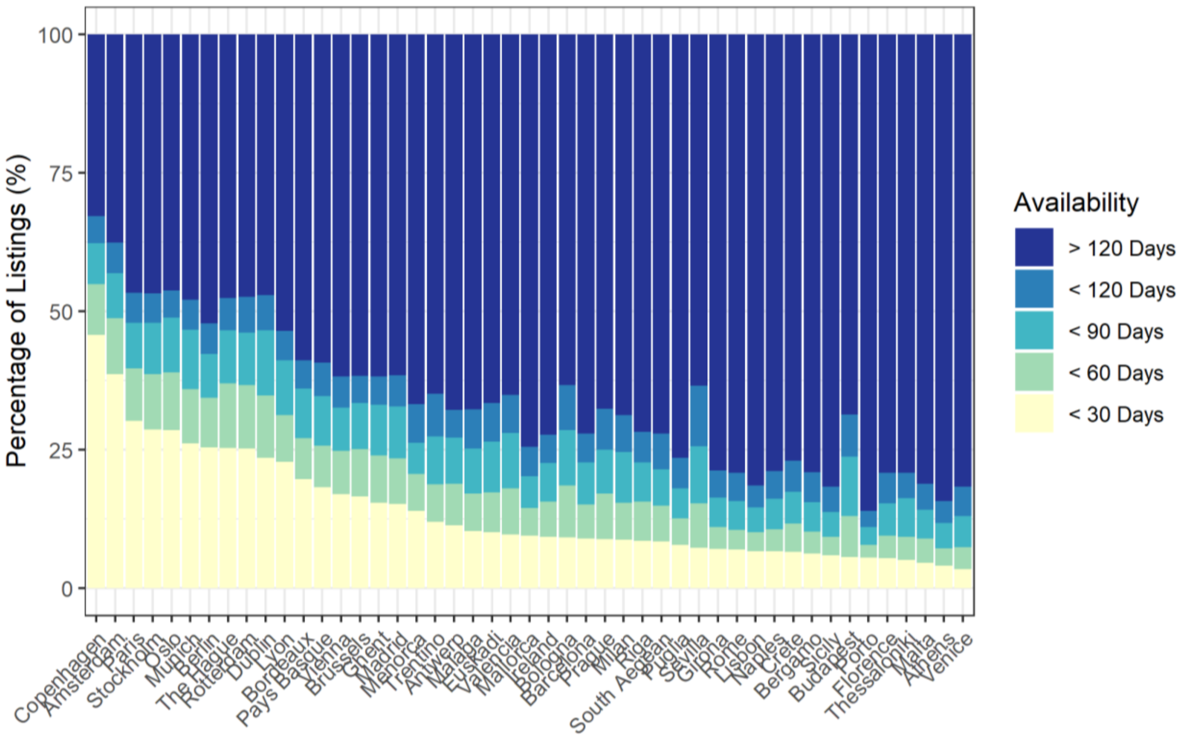
Figure 15: Account concentration among total listings, 2025



Authors: Banabak & Sielker (2026); Source: Inside Airbnb

Furthermore, as illustrated by **Error! Reference source not found.** in many cities and t ourist hotspots, more than 50% of all Airbnb listings are available for more than 120 nights per year. In cities such as Venice, Athens, Florence or Porto, this share reaches 75%. Availability does not necessarily mean that the listing has effectively been rented out for more than 120 nights.

Figure 16: Listing availability by city, 2025



Authors: Banabak & Sielker (2026); Source: Inside Airbnb, Census 2021

Research shows that the impact of listings by multi-unit hosts on rents and house prices is stronger than listings owned by single-unit hosts ([202]). Multi-unit hosts have also been shown to drive out single-unit hosts despite operating in different segments of the market ([203]). In Berlin, empirical evidence suggests ([204]) that the decrease in the number of long-term rentals and the increase in rental prices caused by Airbnb is driven in particular by commercial Airbnb listings (defined in the study by high revenues or 180 days or more availability).

([202]) AHA-BIB-141.
([203]) AHA-BIB-142.
([204]) AHA-BIB-140.

ANNEX 8: ACQUISITION, OWNERSHIP AND USE OF RESIDENTIAL PROPERTY: EU LEGAL FRAMEWORK, RESTRICTIONS IN MEMBER STATES AND LITIGATION

1. EU legal framework

Member States have competence to regulate the real estate markets. In doing so, however, they must respect the basic principles of the EU Treaties, first and foremost the fundamental freedoms. The right to acquire, use or dispose of real estate falls notably under the free movement of capital principles set out in Articles 63 et seq. of the Treaty on the Functioning of the European Union (TFEU), or, depending on the purpose, under freedom of establishment pursuant to Article 49 TFEU. In addition, the right of Union citizens to free movement within the European Union (Article 21 TFEU) as well as other fundamental freedoms can come into play ([205]). As a rule, these freedoms prohibit any restrictions on the acquisition, use or disposal of real estate as well as direct or indirect discrimination on grounds of nationality unless they are justified by legitimate reasons of public interest as recognised in the Treaties or in the jurisprudence of the CJEU ([206]). Additional justifications may apply to restrictions on third country investors. Restrictions on the free movement of capital include any unjustified measures which are likely to discourage investors from other Member States or third countries from making investments in immovable property. This may apply, inter alia, to any scheme of prior authorisation of investments, pre-emption rights, price controls, price caps, residence requirements, prohibitions on selling to certain categories of buyers, acquisition caps, privileges in favour of certain (local) acquirers.

The Court has in a number of rulings ([207]) considered several housing-related objectives as overriding requirements of the general interest which can justify restrictions to the acquisition or use of land or residential property, including: limiting secondary residences in tourist regions, preventing housing shortages for locals, maintaining stable rural or local communities, preventing speculative property investment, protecting regional planning policies. However, any restriction must be proportionate to the pursued objective. In terms of the assessment of the proportionality of individual measures, the Court follows a very strict approach to any authorisation schemes that grant competent authorities broad discretionary powers, or are based on criteria that directly or indirectly discriminate against non-residents.

2. Actions taken to address other non-primary use of dwellings and their impact

Across the EU, a considerable number of measures have been put in place to preserve the residential use of housing and to prioritise access to housing for local residents.

([205]) CJEU, Joined cases C-197/11 und C-203/11, Eric Libert a.o., n 37 et seq

([206]) See CJEU, Joined cases C-197/11 und C-203/11, Eric Libert a.o., n 37 et seq.

([207]) Case KONLE (C-302/97) of 1 of June 1999; Joined Cases Reisch and others (C-515 to C-527/99), of 5 March 2022; Case Festersen (C-370/05) of 25 January 2007; Joint Cases Libert and others (C-197/11 and C-203/11) of 8 of May 2013; Case BA v Finanzamt X (C-670/21)

- In Austria, residential property acquisition is governed by regional legislation (Grundverkehrsgesetze), with significant restrictions in Alpine regions. In Tirol, the acquisition of building land by non-residents is subject to authorisation. If the intended use is as a secondary residence, authorities are generally required to refuse authorisation to prevent local housing shortages. The Salzburg and Vorarlberg regions have embedded primary residence (Hauptwohnsitz) requirements directly into land-use plans. This creates a permanent use restriction on the building itself, and failing to register a property as a main residence can result in administrative fines or court-ordered sales.

- In France, by virtue of the Le Meur Law, municipalities in a stressed area ("zone tendue") can designate areas reserved exclusively for primary residences if more than 20% of the housing stock consists of secondary residences. In these zones, deeds and leases must explicitly mention the primary residence obligation. Mayors may also use a "stay of proceedings" or adjournment (sursis à statuer) to suspend building permits for projects that do not guarantee primary residency. Anti-speculation clauses may be included in deeds for 5–10 years, particularly for subsidised developments, and may mandate primary residence use, a minimum ownership period, or profit-sharing/repayment of subsidies upon resale. Based on the Loi Montagne II, in mountain regions, buyers of new builds in tourist residences can recover VAT if they commit to professional management for a set period. However, local planning may still impose conditions on how these are rented to balance tourism with local housing needs.

- In Germany, some towns and municipalities use the so-called "Einheimischenmodell" (locals model) to control access to building land. This scheme allows municipalities to sell or allocate building plots at reduced prices and to give preference – under certain conditions – to local residents ("Einheimische"). Typical beneficiaries are people already living in the municipality or people with strong local ties (e.g. family, local employment). The main objectives are to prevent speculation and rising land prices, to ensure locals can still afford housing and to maintain social cohesion in smaller communities. The German authorities adapted rules to ensure that the criteria are objective and transparent and based on social factors.

- Local governments in cities like Berlin, Munich, Hamburg, Cologne, Stuttgart, Freiburg or Heidelberg also use Zweckentfremdungsverbote (misappropriation bans) to ensure that apartments remain available to residents rather than being converted into more profitable commercial ventures. An apartment is generally considered "misappropriated" if it is used for STRs, as an office, medical practice, or other commercial/professional use, left empty for an extended period (typically more than 3 to 6 months, depending on the city) without a valid reason like renovation or demolished to build commercial structures without providing replacement housing.

- Spain utilises regional laws and specific "stressed zone" designations under the national Housing Law (Ley de Vivienda). In Catalonia, in areas under housing stress, purchasing is permitted only if the property serves as a habitual residence or a price-capped rental. Entities with 10+ properties are prohibited from buying individual apartments and must commit to long-term, price-capped rentals for entire buildings.

- Individuals in Catalonia may own only one secondary property, which must be in a different municipality from their primary home. Additional properties must be dedicated to regulated rental or transferred to family for habitual use. Catalonia and the Valencian Community further use pre-emption rights or "right of first refusal" (Tanteo y Retracto), allowing the government to pre-emptively purchase residential buildings sold to investment funds to convert them into social housing. The Spanish government has also discussed a possible ban on non-EU foreigners buying houses if they do not live in the country targeting non-EU speculation, but the plan was not pursued. Similarly, in the Balearic Islands, the regional government explored but then dismissed a total ban on non-resident property purchases to combat extreme price inflation. The regional government of the Canary Islands is exploring similar measures.

- In the Netherlands, since 2022, municipalities like Amsterdam and Rotterdam have introduced self-occupancy obligations (zelfbewoningsplicht). In Amsterdam, buyers of homes with an estimated market value (Waardering Onroerende Zaken) up to €512,000 must occupy the property themselves for the first four years and are prohibited from renting it out. Exceptions are rare (e.g. renting to immediate family).

- Portugal adopted a "Mais Habitação" (More Housing) law package in 2023. It removes real estate investment from its Golden Visa scheme to curb speculation and redirect foreign capital into other sectors (business, research, culture). It also introduces the possibility to force the mandatory lease of residential properties that have been vacant for more than two years in high-density areas, requiring them to be placed on the long-term rental market.

- A number of different countries negotiated permanent or transitional exceptions to EU free movement rules regarding property in their accession protocols. Denmark restricts the acquisition of summer houses and secondary residences by non-residents. Malta imposes restrictions on secondary residence acquisition for non-residents and even non-resident EU citizens based on length of residency. Finland maintains a total restriction on property acquisition in the Åland Islands by those without regional citizenship to preserve the local culture and economy.

The economic literature looking at the impact of these bans is limited. Hilber and Schöni (2020) ([208]) show that the ban on the construction of new secondary homes in tourist locations in Switzerland lowered the price growth of primary residences by 15% but increased the price growth of secondary residences in the areas affected by the ban by 26%, while also increased the local unemployment growth rate in those areas by 12%. Somerville et al. (2020) ([209]) study the case of China where restrictions on the purchase of a second or third residence were implemented in 2010-2011. They find a substantial reduction in the number of transactions but no significant impact on prices. Deng, Liao, Yu and Zhang (2022) ([210]) study similar restrictions on purchases of second of third

([208]) AHA-BIB-108.
([209]) AHA-BIB-143.
([210]) AHA-BIB-169.

residences which were implemented in 2016-2017 and find that they significantly reduced house prices growth, but had spillover effects whereby neighbouring cities with no restrictions saw an acceleration of house price growth.

Taxation is also a policy with which Member States and local governments try to steer the housing stock towards primary residency._In general, broad-based recurrent property taxes without extensive exemptions can also encourage the permanent use of property. Dedicated taxes on secondary homes and vacant homes exist in several members states. Only one working document, Belgodere and Casamatta (2023) ([211]), has looked at the impact of the French tax on secondary homes, showing a decrease in the number of secondary homes, an increase in local tax revenue, and no impact on housing prices. They also point out that the decrease in secondary homes might reveal tax avoidance rather than a change in occupation. Two studies look at the impact of dedicated taxes on vacant housing. Segu (2020) ([212]) show that the French vacant housing tax led to a 13% decrease in the number of vacant dwellings between 1997 and 2001. Han et al. (2024) ([213]) show that the vacant homes tax in Vancouver led to a short-term decrease in rents and sales prices. Taxes on foreign buyers are also implemented in some countries. Studying Canada, Australia and New Zealand, Hartley et al. (2024) ([214]) show that foreign buyer taxes had negative, large, and persistent effects on house price growth, with bigger effects in locations with higher taxes and with larger immigrant shares. Du et al. (2022) ([215]) also demonstrate that foreign buyer taxes reduced house prices in Toronto and Vancouver though the effect was short-lived.

3. Litigation and enforcement

Court of Justice of the European Union

The CJEU has recognised the availability and affordability of housing as a relevant overriding reason relating to the public interest ([216]). At the same time, the Court has held that purely economic objectives, such as the protection of competitors or ensuring the economic basis of specific categories of providers, do not constitute an overriding reason relating to the public interest ([217]). With respect to proportionality, the Court of Justice has ruled that, when taking these measures, Member State cannot rely on a general

([211]) AHA-BIB-144.
([212]) AHA-BIB-145.
([213]) AHA-BIB-146.
([214]) AHA-BIB-147.
([215]) AHA-BIB-148.
([216]) A non-exhaustive list of overriding reasons of general interest is provided in Article 4(8) and Recital 40 of the Services Directive. For the effectiveness of fiscal supervision see Case C-233/09, Dijkman paras. 54, 58; Case C-254/97, Baxter and Others, para 18; Case C-478/98, Commission v Belgium, para. 39. For housing policy objectives see Case C-567/07 Woningstichting Sint Servatius, para. 30, Case C-302/97, Konle, para. 40; for combating the long-term rental housing shortage see Joint Cases C-724/18 and C-727/18, Cali Apartments, paras. 65 and 66.
([217]) With regard to the TFEU, see Case C-400/08, Commission v Spain, para 74; Case C-338/09, Yellow Cab. Verkehrsbetrieb, para 51.

presumption of an objective being put at risk ([218]) and that they must present precise evidence enabling their arguments to be substantiated ([219]).

- Case Konle (C-302/97) concerned an Austrian law (Tyrol) requiring a prior administrative authorisation for the acquisition of land, specifically aimed at preventing the proliferation of secondary residences. The Court ruled that while the objective of town and country planning (limiting secondary homes) is legitimate, a prior authorisation scheme that is discriminatory or lacks objective, non-arbitrary criteria violates the free movement of capital.
- Joined Cases Reisch and others (C-515/99 to C-527/99) concerned an Austrian provincial law (Salzburg) requiring buyers of land to provide a declaration that the property would not be used as a secondary residence. The Court ruled that even a prior notification/declaration scheme constitutes a restriction on the free movement of capital. It held that such measures are only permissible if they are necessary and proportionate to achieve a public interest objective (like housing affordability) and are applied without discrimination.
- Case Festersen (C-370/05) concerned a Danish law requiring the acquirer of agricultural land to take up permanent residence on that land as a condition for the purchase. The Court ruled that a mandatory residence requirement is a restriction on the free movement of capital. It found the measure disproportionate because the objective (preserving agricultural land) could be achieved by less restrictive means that do not require the owner to personally live on the property.
- Joined Cases Libert and others (C-197/11 and C-203/11) concerned a Flemish Decree ("Wonen in Eigen Streek") that made property acquisition in certain target communes conditional upon the buyer having a sufficient connection to the area (e.g. prior residency or local employment). The Court ruled the measure incompatible with EU law. It held that requiring a local link is a direct restriction on the freedom of establishment and the free movement of capital that goes beyond what is necessary to protect the local population from rising property prices.
- Case BA v Finanzamt X (C-670/21) concerned German tax legislation that granted a 90% reduction in inheritance tax for residential properties located in Germany (or the EU/EEA), provided they were rented out for long-term residential use, but excluded certain "third-country" properties. The Court ruled that such a tax advantage constitutes a restriction on the free movement of capital. It held that a Member State cannot justify favourable tax treatment for residential property based solely on its location within the national territory if it discourages investment in similar properties elsewhere.

<u>EU enforcement activities:</u>

- In June 2025, the Commission launched an infringement procedure against Spain ([220]) for failing to align its rules on taxation of non-resident taxpayers on their dwellings used as habitual residence with the free movement of workers (Article 45 TFEU and

([218]) See Case C-577/10, Commission v Belgium, para 53.
([219]) See Case C-161/07, Commission v Austria, para 36.
([220]) INFR(2025)4007.

Article 28 EEA) and with the free movement of capital (Article 63 TFEU and Article 40 EEA). While resident taxpayers are not subject to tax on deemed income attributable to their dwellings used as habitual residence, non-resident taxpayers are required to pay income tax on 2% of the cadastral value of their dwellings used as habitual residence as deemed income.

- Malta has a permanent protocol on the acquisition of secondary residences in Malta (Protocol 6, annexed to the EU Treaties when Malta joined in 2004) which allows Malta to require authorisation for non-residents buying property. In October 2020, the Commission opened infringement proceedings against Malta over its investor citizenship scheme (often referred to as "Golden Passport"). While the ensuing CJEU ruling in 2025 ([221]) does not directly concern housing, it is indirectly relevant in that it ruled that a transactional naturalisation procedure in exchange for predetermined payments or investments (including in residential property) is illegal.
- While not a formal enforcement action, in a written reply on 12 April 2023 to a parliamentary question ([222]) asking about the compatibility with Union law of plans in the Balearic regional government to ban non-residents from buying homes, the Commission answered that such restrictions may be justified on grounds of public policy or public security, or by overriding reasons in the public interest as recognised in the jurisprudence of the CJEU, unless those restrictions are discriminatory and disproportionate to the desired objective.

([221]) C-181/23, Commission vs Malta.
([222]) E-000421/23.

ANNEX 9: SHORT-TERM RENTALS: EU LEGAL FRAMEWORK, RESTRICTIONS IN MEMBER STATES AND LITIGATION

1. EU legal framework

Regarding the freedoms to provide services and of establishment, the requirements of non-discrimination, justification and proportionality stem from primary Union law (Articles 49 and 56 TFEU as interpreted by the CJEU).

In the absence of specific secondary legislation on access to STR services, the **Services Directive (**[223]**)**, as interpreted by the Court of Justice, constitutes the main legal act governing access to and restrictions on STR services. The Services Directive applies to services supplied by providers established in a Member State, except for those specifically excluded from its scope. The relevant provisions in Chapter III of the Services Directive do not lay down any condition as to the existence of cross-border interest; therefore, it applies to situations where all the relevant elements are confined to a single Member State ([224]), although the cross-border dimension of STR services is clear.

The Services Directive applies to requirements that affect the access to, or the exercise of, a service activity. The concept of 'requirement' covers any obligation, prohibition, condition, or any other limitation imposed on service providers (or recipients of services), like making a declaration to competent authorities, whether they are provided for in law, regulation or administrative provision and whether they are provided for at national, regional or local level.

The Services Directive completely prohibits certain requirements, like those that discriminate based on nationality. For other requirements, like those imposing quantitative or territorial restrictions on access to a service activity, it provides that they must be justified by an overriding reason in the general interest, non-discriminatory and proportionate. Access to a service activity or the exercise thereof must not be subject to an authorisation scheme, i.e. a prior formal decision of the competent authority, unless similar conditions are satisfied.

Accordingly, based on the Services Directive, STR hosts or platforms as service providers are not to be subject to market access or other requirements, such as authorisations, unless they are non-discriminatory (i.e. not directly or indirectly discriminatory with regard to nationality or place of establishment), justified by an overriding reason relating to the public interest and proportionate (i.e. suitable to achieve the objective pursued, not going beyond what is necessary to attain the objective and not replaceable by less restrictive means to attain the same objective)[225].

([223]) Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market, OJ L 376, 27.12.2006.

([224]) Judgment of 30 January 2018 in joined cases C 360/15 and C-31/16, X, paragraphs 98-110.

([225]) See Articles 9, 15 and 16 of the Services Directive. Articles 9 and 15 (establishment) allow Member States to justify the introduction of new requirements with any of the overriding reasons related to the public interest which have recognised by the Court of Justice (e.g. consumer protection, protection of the urban environment and adequate housing). However, according to Article 16 (free movement of services) Member States may only justify new restrictions with public policy, public security, public health or the protection of the environment.

The Services Directive also requires Member States to ensure that procedures and formalities applicable to access to a service activity are sufficiently simple, and may be easily completed, at a distance and by electronic means through the relevant point of single contact and with the relevant authorities.

The Services Directive contains a list of requirements that Member States are explicitly prohibited from imposing on services providers[226], and a list of requirements that can be imposed, provided that they are non-discriminatory, necessary and proportionate[227]. With respect to authorisations, the Services Directive requires that authorisation schemes be non-discriminatory, justified and proportionate and that their conditions be non-discriminatory, justified, proportionate, clear and unambiguous, objective, made public in advance and transparent. Authorisations must, in principle, not be granted for a limited period and the procedures and formalities must be clear, made public in advance and allow for an objective and impartial assessment of the application. The Services Directive also requires Member States to ensure that procedures and formalities applicable to access to a service activity are sufficiently simple, and that may be easily completed, at a distance and by electronic means through the relevant point of single contact and with the relevant authorities.

The **Regulation on Short-Term Rentals** ([228]), applicable from 20 May 2026, establishes a registration system for STR units and a comprehensive framework for the collection, sharing, and processing of data concerning STR services across the EU. The Regulation is designed to provide a harmonised registration system for STR units and provide MS with reliable data on STR from online platforms. By providing data at local level, the Regulation allows for more effective micro-level interventions without overregulating where pressure is less intense. With harmonised data, policymakers can evaluate trends and impacts across regions and jurisdictions, facilitating targeted regulations. The Regulation equips authorities with the tools and information needed to design and implement localised, effective, and data-driven housing protection strategies - mitigating the individual and cumulative housing impacts at the micro-level where they are most intense. However, the Regulation does not provide clarity on which measures comply with the applicable EU law principles (in particular non-discrimination, justification and proportionality), and therefore challenges remain for public authorities in tailoring such measures. The STR Regulation is complementary to this initiative, as it will facilitate the flow of data which should underpin the assessment of the necessity to intervene in areas under housing stress. The platforms will provide the registration number and exact address of the housing unit, allowing public authorities to circumscribe exactly the areas where STR activity may contribute to housing pressures. The STR Regulation is not limited to improving transparency and data availability. It also introduces mechanisms aimed at improving

([226]) See Article 14 of the Services Directive. Prohibited requirements include economic needs tests; however, this prohibition does not concern planning requirements which do not pursue economic aims but serve overriding reasons relating to the public interest.
([227]) See Article 15 of the Services Directive. Requirements subject to evaluation include quantitative or territorial restrictions.
([228]) Regulation (EU) 2024/1028 of the European Parliament and of the Council of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation (EU) 2018/172.

enforcement against illegal listings, including compliance-by-design obligations for platforms and verification mechanisms such as random checks.

The STR Regulation constitutes a *lex specialis* in relation to the **Digital Services Act** (DSA) ([229]) with regard to matters specifically regulated therein, while the DSA continues to apply to aspects that are not specifically addressed by the STR Regulation. The DSA may nevertheless remain relevant in several respects, in particular, Article 10 ("orders to provide information"), Article 30 ("know your business customer"). Finally, for the enforcement of certain obligations, including compliance-by-design requirements and random checks, the STR Regulation relies on mechanisms established under the DSA, including, where applicable, the supervisory and enforcement framework provided under Chapter IV. The Digital Markets Act, however, is not directly relevant to the regulation of short-term rental activities by local authorities, as it regulates the conduct of digital platforms designated as "gatekeepers" (e.g. whether it engages in self-preferencing, restricts data portability, imposes unfair ranking conditions, limits business users' access to customers, creates anti-competitive lock-in effects). To date, the Commission has designated Booking.com as a DMA gatekeeper with respect to its online intermediation service, whereas no dedicated short-term rental platform has yet been designated.

Other relevant EU legislation

- Directive 2000/31/EC of the European Parliament and of the Council on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (the '**e-Commerce Directive'**)
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (**General Data Protection Regulation** - GDPR) 255 and Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC
- Regulation (EU) 2023/2854 of the European Parliament and of the Council of 13 December 2023 on harmonised rules on fair access to and use of data and amending Regulation (EU) 2017/2394 and Directive (EU) 2020/1828 (**Data Act**)
- Commission Communication (2023/C 263/01) "**Towards a Common European Tourism Data Space**: boosting data sharing and innovation across the tourism ecosystem"
- Regulation (EU) 2024/1183 of the European Parliament and of the Council of 11 April 2024 amending Regulation (EU) No 910/2014 as regards establishing the **European Digital Identity Framework**
- Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services (the '**P2B Regulation'**)
- Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information,

([229]) Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act).

to procedures and to assistance and problem-solving services (the '**Single Digital Gateway Regulation**')
- Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation (**'DAC7**')
- Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax260 (**'VAT Directive'**)
- Council Directive 93/13/EEC of 5 April 1993 on **unfair terms in consumer contracts**
- Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning **unfair business-to-consumer commercial practices** in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive')
- Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on **consumer rights**, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council

Notification obligation under the Services Directive

Before adoption of national restrictions to STR activities and authorisation schemes, Member States shall internally assess its compliance of the proposed national measure with these principles and in particular the relevant provisions of the Services Directive. Member States have to be able to demonstrate compliance with the above criteria in case of litigation or concerns formally raised by the Commission.

According to the Services Directive, Member States have an obligation to notify legislative changes affecting the freedom of establishment (Article 15) and the free movement of services (Articles 16 and 39(5)) either before or (shortly) after their adoption to the Commission and to the other Member States. Notifications received suggest that Member States do not consistently comply with the notification obligation ([230]).

The obligation regarding establishment is limited to a closed list of national requirements, whereas the obligation regarding free movement of services covers any national requirements unless specifically exempted in Article 17 of the Services Directive.

As regards freedom of establishment, the scope of the existing notification obligation is thus not fully aligned to the scope of the Services Directive. Member States must according to Articles 15 and 16 assess whether the requirement in question is non-discriminatory (i.e. not directly or indirectly discriminatory with regard to nationality or place of establishment), justified by an overriding reason relating to the public interest and proportionate (i.e. suitable to achieve the objective pursued, not going beyond what is

([230]) 2025: Notifications 781365, 740768 and 736057 from Spain and notification 846629 from Slovenia. 2024: no STR related notifications. 2023: Notification 520950 from Portugal and notification 574918 from Spain.

necessary to attain the objective and not replaceable by less restrictive means to attain the same objective).

The notifying Member State directly uploads a notification into the Internal Market Information system (IMI) containing the following information: Level of requirement imposed (national, regional, local); Status of the act with date (or expected date) of entry into force; Specific provision/article in the act that contains the notified requirement; Services activity/ies to which the notified requirement applies; Type of requirement and brief description; Indication of the justification and detailed statement of ground; Proportionality analysis.

All other Member States and the Commission are informed via an automatic e-mail of the notification and of any subsequent document uploaded into the system. Other Member States and the Commission can upload comments and/or questions on the respective notification in IMI. The notifying Member State is invited to consider these comments and to respond to them again via IMI. The IMI system closes the notification after 3 months from the date of the receipt of the translation of the original notification.

The Commission examines the compatibility of notified requirements with EU law, and may according to Article 15(7) of the Services Directive, where appropriate, adopt a Decision requesting the notifying Member State to refrain from adopting the requirements or to abolish already adopted national measures. The possibility for the Commission to issue Decisions, however, is limited to requirements affecting the freedom of establishment and does not cover requirements concerning temporary cross-border service provision Such a Decision is legally binding upon the Member State concerned.

Besides the main notification procedure under Article 15(7), Member States notify in IMI measures applicable in the context of the freedom to provide services cross-border on a temporary basis (Article 39 of the Services Directive). This notification covers all requirements affecting temporary cross-border service provision, unless they concern services which are not covered by the exemptions in the Directive. Unlike for notifications under Article 15(7), there is no possibility for the Commission to adopt a Decision requesting the Member State in question to refrain from adopting the notified measure or (where it is already adopted) to abolish it. The only possible option available to the Commission is opening enforcement action where it believes that a notified requirement is not in conformity with Union law.

Over the last years, several local, regional and national authorities across the EU have introduced a wide range of restrictions on STR services provided by hosts, which have resulted in a considerable number of complaints lodged to the Commission by stakeholders (like individual hosts, platforms and associations representing them). Based on these complaints, the Commission has opened one infringement procedure and three pre-infringement dialogues. Additionally, several Member States have notified to the Commission, under the Services Directive, restrictions on STR services.

The Commission is generally bound by confidentiality obligations in the context of its enforcement actions. Nevertheless, reference can be made to some recurrent characteristics that have been identified.

Several objectives have been invoked to justify the introduction of restrictions, like the protection of consumers (for instance, to require certain equipment or minimum surface in the premises used) or the protection of neighbours (for instance, to require the agreement of the other co-owners of a building to use a flat for STR services). However, the most common justification invoked for restricting STR services is the objective of ensuring access to affordable housing.

The typical restriction consists of a suspension on new STR activities, with a transitional period for existing hosts. The provision of new STR activities and the continuation of existing STR activities at the end of the transitional period usually require that the relevant municipality specifically lays down in its urban planning rules the possibility of providing such activities and can fulfil certain strict criteria laid down by the regional or national legislation.

One of the recurrent concerns raised by Commission services regards the geographical scope of the restrictions. The relevant authorities typically provide some general evidence about the overall significant inflationary effect of STR activities which could justify restrictive measures in certain areas or neighbourhoods. However, they apply the restrictions in very vast areas, covering most of or all the territory of a region or Member State. In some cases, the causal link between STR activities and housing stress is not sufficiently established.

In some cases, the restrictions even apply to primary residences, despite the fact that their use for STR activities has no effect on the long-term rental market.

A different type of restrictions that Commission services have not always found to be duly justified is the limitation of the number of days per year in which a dwelling can be used for STR activities. If an entire main residence (as opposed to only part of it) is used for STR activities, such limitation, in a consistent manner with the number of days in which a person is required under national law to live in a dwelling to consider it a main residence, can pursue legitimate objectives such as fighting tax fraud. However, this limitation often applies to all types of dwelling used for STR activities and seems to aim to make those activities less attractive from an economic viewpoint.

The STR legal framework of the Brussels-Capital Region, which is subject to a reference for a preliminary ruling before the CJEU (Case C-813/24, *Smartflats*), illustrates the main problem explained above in relation to the urban planning rules. The extensive authorisation requirements entail a burdensome procedure and the submission of several documents, including an urban planning certificate that each municipality has he discretion to grant or refuse (even for main residences), without any legal remedy available for the applicant.

2. Actions taken by local governments to regulate STRs and their impact

In many European cities and regions, STRs of entire homes are effectively **limited to the host's primary residence**, either explicitly banning the use of secondary properties or "investment" property or deterring STRs on non-primary homes through **change of use** authorisation requirements and so-called **"night caps"**.

- In Amsterdam, hosts can only rent their main home for a maximum of 30 nights per year and must live in the premises themselves.
- In Paris, STRs of entire homes are strictly limited to primary residences for up to 90 nights, and renting a secondary residence is explicitly prohibited unless the owner

undergoes a "change of use" process, which often requires compensation (purchasing a commercial space of equal size and converting it back into residential housing).

- Slovenia's new Hospitality Act (effective since early 2026) introduces STR day caps in the entire Slovenian territory (with different intensity depending on the municipality and limits as low as 30 days in "high risk" areas), co-owner consent requirements and capacity limits.
- In Brussels, entire-dwelling rentals are generally only permitted if the property is the host's principal residence.
- In Berlin, owner-occupiers can rent their primary residence without a day limit (with a permit), whereas secondary residences are strictly capped at 90 days per year and require a specific permit.
- The Balearic Islands have since 2025 an explicit ban on new STRs in apartment buildings, allowing new STRs only in single-family homes such as isolated houses or villas.

Several European cities and countries have implemented mechanisms of **spatial planning** to limit STRs in specific zones where housing is under significant "stress". These areas often face stricter licensing caps, outright bans, or special authorisation requirements.

- In France, over 1,100 municipalities are classified as under housing stress, giving local authorities the power to implement registration systems, limit the number of days a primary residence can be rented, and requiring a change of use permit for any property that is not a primary residence being used for STR. The city of Saint-Malo was a pioneer in France for implementing a sector-based quota system that limits the percentage of residential units that can be used for STRs, ranging from 1% to 12.5% depending on the sector.
- Portugal uses a system of containment zones based on STR concentration (neighbourhoods with a ratio of STR units to permanent dwellings exceeding 10% are blocked from new registrations, while areas with a ratio between 5% and 10% require exceptional municipal authorisation for new licenses).
- Under the Spanish Housing Law, regions can declare specific municipalities or neighbourhoods as stressed markets: Catalonia has identified areas under housing stress, applying rent caps and stricter STR oversight in these areas; Seville implements a "ring of protection" in the city centre where STRs are only permitted in detached single-family homes, effectively banning them in standard apartment buildings; Barcelona has divided the city into four zones under its Special Urban Plan for Tourist Accommodation (PEUAT), with Zone 1 (the historic centre) being a "zero-growth" area where no new licenses are issued even if an existing one is cancelled. Valencia has moved to restrict STRs to the first and ground floors of buildings in many areas.
- Ireland introduced the concept of Rent Pressure Zone, where STRs in secondary homes are strictly prohibited without specific planning permission (the framework was subsequently withdrawn).
- Vienna uses residential zones in its zoning plan where commercial STR activity is severely restricted to preserve long-term housing.

- Rome limits STRs in central “UNESCO zones” mainly to single-family homes, while Florence has moved to ban new STR licenses in its historic centre to alleviate housing stress.

Some cities establish a **maximum number of listings a single host can manage** to preserve occasional and room-sharing hosts and limit commercial STR activity (Saint-Malo, Portugal, Valencia).

In some Member States, new STR rental applications require the **consent of a majority of co-owners in apartment blocks**, for example in Brussels, Croatia, Amsterdam, Spain, Slovenia.

Vienna, Berlin and Paris are some of the cities with specific measures or legal frameworks that **restrict the use of subsidised or social housing for STR.**

Some cities **link restrictions with other public policy objectives**. For example, Nice argues that its combination of measures (a limit on renting primary residences a maximum of 120 days per year, authorisation requirements to change a secondary home to a commercial, furnished rental, and unanimous approval of neighbours in buildings with multiple units) aim to ensure that rental properties are not permanently removed from the market, freeing up housing for residents and students outside of the touristic season.

The most restrictive approach is to **ban** or phase out professional entire-home STRs in certain areas or across a whole city ([231]). Greece has implemented a freeze on new STR licenses until at least end of 2026 in saturated districts to protect local housing. Berlin temporarily banned most whole-unit STRs between 2016 and 2018, forcing many dwellings back into long-term use, before softening the rules to allow limited primary-residence letting. Barcelona froze new STR licences in 2014 and now plans not to renew existing licences in order to phase out all STR licenses by November 2028 with the aim of returning these approximately 10,000 units to the local housing market for long-term residents.

Enforcing and potentially reinforcing taxation of STR income can help to shift properties back to the long-term rental market. Where tax evasion is more prevalent and feasible in the STR sector than for long-term rentals it can encourage the use of property for non-compliant STR activity. It is important to ensure that existing tax obligations are effectively enforced in the STR sector, including by strict reporting by platforms of income generated by hosts to tax authorities (in application of the DAC7 Directive). Broad-based recurrent property taxes without extensive exemptions can also encourage the permanent use of property. Some MSs also have rules that tax STR and long-term rental income differently. Examples include higher flat-rate taxes (e.g. 26% on non-primary residence rentals in Italy), VAT application for frequent rentals, stricter compliance rules to prove that the property offered for short-term rental is the main residence by providing tax notices (e.g. in France), as well as specific tourist taxes and, in some cases, higher property taxes for units used for short-term rather than long-term housing. Portugal encourages transitioning STR units to long-term residential rentals by offering income tax exemptions on rental income until 2029. In Greece, any host managing three or more listings is legally

([231]) Bans have been introduced (and sometimes reversed by the courts) in Nice, Amsterdam, Balearic Islands or Barcelona (total ban).

reclassified as a professional business, must register as a company, pay 13% VAT, and pay social security contributions.

A number of econometric studies attempt to evaluate the causal impact of these stricter regulations on (i) the number and duration of STR listings, (ii) the number of units brought back to the long-term rental market and (iii) housing affordability.

While many studies document the subsequent reduction on STR listings or availability following the implementation of restriction ([232], [233]), the impact of these restrictions on housing prices and rents is ambiguous and case specific. Indeed, restrictions can increase the supply of long-term rental options and make home-ownership less profitable – leading to a decrease in rents and prices – but can also make neighbourhoods more attractive if they were suffering from over-tourism – leading to an increase in rents and prices.

- A study conducted on Lisbon ([234]) assessed the impact of the partial ban on new STR listings that was implemented starting in November 2018. It shows that for neighbourhoods targeted by the ban, one year later real estate prices had decreased by 8% (including a 20% fall in price of 2-bedroom apartments) – a decrease which was not observed in the adjacent neighbourhoods not concerned by the ban ([235]).
- Studies on Berlin ([236],[237]) show that registration obligations and restrictions on STRs implemented in Berlin led to a decrease in the number of STR listings and an increase in the number of long-term rentals. These studies however find no evidence of a decrease in rents due to the restriction.
- Studies on Los Angeles ([238]), New Orleans ([239]) and Irvine ([240]) examine the impact of neighbourhood or city bans on STRs. They show that the bans led to a decrease in the number of listings, and increase in the number of long-term rentals and a decrease in prices and rents. While no evidence was found of spillover effects on non-targeted neighbourhoods/cities for Los Angeles and Irvine, the study on New Orleans showed that STRs moved to adjacent neighbourhoods where prices consequently increased. Several studies also show that taxation can be an efficient way to reduce pressure from STRs on housing market. Studies on Taiwan ([241]) and Florida ([242]) show that taxing STRs can reduce the number of listings and prices.

Disentangling the impact of each restriction is difficult as often several measures are adopted simultaneously by local authorities. One study in particular ([243]) looks at data from

([232]) AHA-BIB-088
([233]) AHA-BIB-167.
([234]) AHA-BIB-149.
([235]) In November 2018, the ban concerned 9 neighbourhoods. In November 2019 the ban on STR was extended to 14 neighbourhoods.
([236]) AHA-BIB-140.
([237]) AHA-BIB-150.
([238]) AHA-BIB-139.
([239]) AHA-BIB-170.
([240]) AHA-BIB-171.
([241]) AHA-BIB-172.
([242]) AHA-BIB-173.
([243]) AHA-BIB-088: Cities studied are Amsterdam, Athens, Barcelona, Berlin, Brussels, Copenhagen, Lisbon, London, Madrid, Paris, Stockholm, Venice and Vienna,

13 European cities and compares ([244]) different outcomes before and after specific restrictions are implemented (number of listings, number of nights available, number of reviews). It also distinguish between “non-commercial” hosts and “commercial” ones, defined as those who offer more than one entire home on Airbnb in a given month. This study shows that by in large the availability of the listings and the number of reviews decreases after the restrictions are implemented. Some types of restrictions, night cap and local bans, do not affect commercial and non-commercial hosts the same way while restrictions targeted at one specific group o hosts can have an impact on non-targeted groups as well.

Finally, several qualitative studies put forward the importance of proper enforcement (,[245],[246]) for restrictions to be efficient and that the policy-mix is less important than the degree of stringency of the restrictions.

- Bei (2025) ([247]) compared Barcelona, where a zonal restriction was implemented, and Paris where temporal restrictions were introduced. Barcelona experienced a greater decongestion of short-term rentals in the city centre, but the difference was the mainly due to the effectiveness of policy enforcement, highlighting that time restrictions are very challenging to monitor.
- Gyódi, Mazur and Cocola-Gant (2025) ([248]) and Colomb and Moreira de Souza (2023) ([249]) emphasise the importance of data sharing with platforms for proper enforcement of regulations, as well as sufficient human resources within the city staff

3. Litigation and enforcement

Court of Justice of the European Union

The CJEU in its landmark *Cali Apartments* judgment ruled that STR authorisation schemes can be justified by housing shortages as an overriding public interest ([250]). The case concerned the French Construction and Housing Code, which allowed, but did not oblige, French municipalities to impose prior authorisation requirement on short-term rentals and, on the basis that the units were considered as no longer residential use, made the authorisation subject to an offset requirement in the form of the supporting the conversion of non-residential premises into housing. The Court found that the restrictions foreseen in French law were justified by an overriding reason relating to the public interest. The Court of Justice reached this conclusion after considering a number of elements in this case, in particular ([251]) : (i) the evidence provided by the national authorities about the significant inflationary effect of STR activities on long-term rent levels in certain localities or part of them; (ii) the applicability of the restrictive measures only to neighbourhoods of a few densely populated municipalities experiencing tensions on rental housing following an

([244]) Authors use a difference in difference specification with control variables, and show correlation between the restrictions and the outcomes.
([245]) AHA-BIB-016.
([246]) AHA-BIB-088: Cities studied are Amsterdam, Athens, Barcelona, Berlin, Brussels, Copenhagen, Lisbon, London, Madrid, Paris, Stockholm, Venice and Vienna.
([247]) AHA-BIB-151.
([248]) AHA-BIB-087.
([249]) AHA-BIB-174.
([250]) See also judgment C-724/18 - *Cali Apartments*, Joined Cases C-724/18 and C-727/18.
([251]) Joined cases C-724/18 and C-727/18 *Cali Apartments*, paragraphs 69-73, 83 and 88.

increase on STR activities; (iii) the applicability of the restrictive measures only to housing which did not constitute the host's main residence, as the letting of main residences has no effect on the long-term rental market.

As a result of a reference for a preliminary ruling from the Court of Appeal of Brussels, a case of pending before the Court of Justice (Case C-813/24, *Smartflats*) concerning the Brussels Region' authorisation scheme for STR and the interpretation of the Services Directive. The Advocate General in this case delivered his opinion on 5 February 2026 ([252]), taking into account the assessment of the necessity and proportionality of restrictions on STR activities that was conducted by the Court of Justice in the *Cali Apartments* judgment (see in particular paragraph 77 of the opinion).

Legal cases in EU Member States

- Barcelona: The Special Plan for Tourist Accommodation (PEUAT) was approved in January 2017. It applies to all types of tourist accommodation (hotels, hostels and STR) and is based on a principle of 'zero growth' of the existing total number of licenses for such forms of accommodation. In August 2019, the Court published a decision that called for the cancellation of the PEUAT on the grounds of a lack of evaluation of the financial and economic impacts of its implementation. In other decisions, it only invalidated some parts of the PEUAT. The regional court, however, did not question the overall objective of the plan (i.e. the strict regulation of tourist accommodation in certain parts of the city for reasons of public interest), nor did it suggest it contravened the Spanish legislation translating the EU Services Directive (see Section 5.3). In November 2019, the city government of Barcelona appealed against the cancellation of the PEUAT in front of the Spanish Supreme Court, which has yet to issue its ruling. Meanwhile, the plan remains valid. Academics indicate that, as of early 2020, nearly 100 legal cases against the PEUAT had been lodged in front of the High Court of Justice of Catalonia ([253]).
- Madrid: In March 2019, a special plan to regulate STR was approved (Plan Especial de usos del Hospedaje. It imposed "strict conditions for the granting of a license, requiring in particular a STR unit to have a separate entrance and lift from those used by the residents of the building. These rules apply in specific zones defined in the plan that cover the historic centre and surrounding neighbourhoods. These strict requirements de facto turned 95% of the existing STR offer in Madrid (approximately 10,000 flats) into illegal units. The plan was challenged in Court. In February 2021, the High Court of Justice of the Madrid Region upheld the plan approved in March 2019, ruling that its objectives constitute acceptable 'reasons of public interest' to avoid the desertification and gentrification of specific neighbourhoods.
- Amsterdam: The city government banned all vacation rentals from three city centre districts in the old town from 1 July 2020, responding to concerns about 'overtourism'. The professional organisation representing STR operators (Amsterdam Gastvrij) challenged the ban, which was declared illegal by the Court of Justice of Amsterdam on 12 March 2021. The court argued that a system of permits cannot contain a total prohibition, which infringes on the right to property and the free movement of services.

([252]) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62024CC0813.
([253]) AHA-BIB-061.

- Berlin: the relevant framework is the Law on the Prohibition of Misuse of Housing of 2013 (Zweckentfremdungsverbot) and the associated decree of 2014, which banned the use of apartments for purposes other than permanent residence. 'Misuse' includes commercial use, long-term vacancy and short-term letting. The law included a 2-year transition period for 'misuses' that were active before 1/05/2014, allowed until 1/05/2016. After that, STR was only allowed if a permit was obtained from district (Bezirk) authorities. The law was modified on 20/04/2018 (following court rulings) to allow the STR of a primary or secondary residence subject to condition.
- Brussels Region: In 2023, regional authorities won a case against five professional landlords who argued that registration and zoning requirements violated EU internal market rules. However, new challenges were filed as recently as August 2024 by the Short Term Rental (STR) Association seeking to annul even tighter rules. The abovementioned pending *Smartflats* case before the Court of Justice will determine whether the Brussels Region's rules are EU-compliant.
- Paris: The city has faced hundreds of individual legal proceedings following its "change of use" and "compensation" rules. The Cali Apartments case itself originated from a dispute in Paris.
- Italy: Recent rulings by the Council of State and regional courts have annulled certain local bans on "remote check-ins" (key boxes) and questioned whether local entities have the competence to regulate non-business homeowners at all.

EU enforcement action:

- In January 2019, the Commission opened an infringement procedure against Belgium under Article 258 TFEU on account of the Brussels region authorisation scheme, which includes the obligation to produce an urban planning certificate [INFR(2018)4142]. This infringement procedure remains open.
- In March 2023, the Commission opened three 'EU-Pilots', currently known as pre-infringement dialogues, with regard to the Netherlands [DLGE(2023)10438, concerning Amsterdam], Germany [DLGE(2023)10439, concerning Berlin] and Spain [DLGE(2023)10440, covering several autonomous communities and cities]. These pre-infringement dialogues remain open.
- Since October 2023, several Member States have notified to the Commission under Articles 15(7) and 39(5) of the Services Directive and using the Internal Market Information System, rules on STR, for the most part as quantitative or territorial restrictions. The Commission services issued comments on all these notifications, covering Portugal (all its territory), Spain (Catalonia, Toledo, Canary Islands and Balearic Islands) and Slovenia (all its territory).

ANNEX 10: EXISTING LEGISLATION TO DEFINE AREAS UNDER STRESS

The notion of area under housing stress has already been introduced in some Member States. The existing definitions and criteria are summarised in the table below, based on the input received by competent authorities during the consultation held in March 2026 (see also Annex 2)

Table 10 Definition of "areas under housing stress" in EU Member States

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Croatia	Ministry of Physical Planning, Construction and State Assets Croatia	National	a) Housing gap b) Local housing affordability index (ratio between the local median price of a housing unit and the annual local average net income)	The housing gap was defined as the required number of affordable housing units for individuals and households that currently do not have their housing needs adequately met. The housing gap was primarily calculated based on the analysis of demographic trends, including population ageing, migration flows, and changes in settlement patterns. Another key indicator is the local housing affordability index, calculated as the ratio between the local median price of a housing unit and the annual local average net income, representing the overall level of housing affordability. Currently, the housing gap has been calculated with projections up to 2030, corresponding to the duration of the National Housing Policy Plan, and the local housing affordability index is calculated for each year.	
France		National: Law 89-462/1989 - article 18	a) High rent levels b) High purchase prices for old buildings housing c) A high number of housing requests compared to the annual number of move-ins in the public rental housing stock. A decree issued by the Council of State, after	Zones tendues are based on rent and price data, social housing waiting lists, revised every year. Zone tendues are "Areas of continuous urban development with more than 50,000 inhabitants, where there is a significant imbalance between housing supply and demand, resulting in serious difficulties in accessing housing." Three main zoning systems (TLV, ABC, 123) currently coexist in France to differentiate the public response across regions in terms of both market regulation and the production of different categories of housing. The zoning for the vacant housing tax	The TLV zoning system (enables the implementation of measures to revitalize the existing private housing stock): tax on vacant housing and the housing tax on second homes. It also serves as the basis for triggering rent control measures and for piloting rent level controls, in order to

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
			consulting the National Consultative Commission, annually sets the maximum allowable increase in rents for vacant dwellings and for renewed contracts in these tense areas.	(TLV) classifies municipalities as “tight housing markets” if they are characterized by high rents and property prices, a high proportion of second homes (so-called “tight and tourist” zones), and significant pressure on the demand for public housing. This zoning primarily aims to re-mobilize the vacant housing stock and combat the attrition of the primary residence stock. The ABC zoning system, used to guide rental investment subsidies, housing production, and the setting of rent and income caps, aims to prioritize local markets according to their relative level of pressure. It takes into account housing prices, demographic and employment trends, as well as rental demand pressure, in order to adjust the level of public support according to the region and expand the housing supply. Thus, while the ABC and TLV zoning systems share the same objective of reducing the imbalance between housing supply and demand and use a concept similar to the definition of housing market tension, the tools used to achieve this differ (expanding supply vs. optimizing the existing housing stock).	limit inflationary pressures in the most unbalanced markets. The ABC zoning system, for its part, structures most of the tools for making demand solvent and supporting the production of affordable housing. In particular, it determines: • the eligibility and terms of the zero-interest loan (PTZ), which aims to make homeownership affordable for low- and middle-income households in areas where prices are highest; • the targeting of support mechanisms for rental investment and intermediate housing (LLI), designed to develop a supply of rental housing with controlled rents in areas with tight housing markets;

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Germany		National : German Civil Code article 556d	a) rents are rising significantly faster than the national average; b) the average rent burden for households exceeds the national average; c) the resident population is growing without corresponding new housing construction; or d) there is a low vacancy rate combined with high demand.	Germany does not provide for a single, uniform legal definition of "areas under housing stress". Instead, it relies on a set of interconnected legal provisions referring to "tight housing markets", which are typically designated by the federal states through statutory ordinances and serve as a trigger for various housing policy measures. It may be based on the following criteria: a) rents are rising significantly faster than the national average; b) the average rent burden for households exceeds the national average; c) the resident population is growing without corresponding new housing construction; or d) there is a low vacancy rate combined with high demand.	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Germany	State of Baden-Württemberg	Regional		The set of criteria may vary in different states and regions, but as well depending on the regulation to which they apply. In Baden-Württemberg there are two types. 1) First, the federal government authorizes the 16 regions (state governments) to designate by statutory ordinance (parts of) municipalities in which “areas under housing stress” exist. In these areas, stricter rules apply regarding rent levels for existing housing (under private law). Hence, the designation of these areas must comply with strict constitutional and property law requirements. To identify these areas, comprehensive expert reports are prepared, and highly detailed databases are created by collecting individual data for all cities and municipalities within a region (federal state). The current report for Baden-Württemberg comprises 48 pages and maps regional housing market structures precisely and in detail. Even within a single region (federal state), the housing market situation proves to be highly heterogeneous. 2) Under the existing "Act on the Prohibition of Misuse of Residential Property" (Zweckentfremdungsverbotsgesetz), an "area of housing shortage" must first be established before any regulatory measures can be taken. This determination is assigned to the municipalities themselves if they wish to make use of this instrument. In contrast to “areas under housing stress,” each city and municipality independently assesses and decides whether such a designation is warranted.	

Germany	State of North Rhine-Westphalia	Regional: § 12 of the Housing Reinforcement Act		**National level** For the purpose of limiting rental prices and the limitation of termination (Sections 556d, 558, 577a of the Civil Code) and for the mobilisation of building land (Section 201a of the Civil Code), provisions have been adopted which apply only in areas with housing difficulties. In order to determine areas with a tight housing market, the federal legislature provides in particular for the following indicators: 1. Rents are rising much more strongly than the national average, 2. The average rent burden of households significantly exceeds the national average, 3. The resident population grows without the necessary housing being created by new construction activity, or 4. Low vacancy with high demand. The legislator provides a framework that can be used or filled by other criteria. **Regional (Land) level** On the basis of different enabling standards, the Land of North Rhine-Westphalia has defined areas in which there is a tight housing market. In order to determine the areas with a tense housing market in North Rhine-Westphalia on a secure data basis, a scientific report was commissioned and developed in each case. To the extent that the tense housing market is the basis for the application of extended tenant protection rules, the following indicators were used to determine the tense housing market: - Amount of offer rents - Dynamics of offer rental prices - Building land prices - Calculated rental charge - Share of transfer recipients in the working population Insofar as the tense housing market serves as a **precondition**	In areas with a "tight housing market" municipalities may, by issuing statutes, stipulate that housing can be diverted from its purpose only with authorisation. The legal consequences set out in the articles of association may include both demand-side and supply-side measures. In particular, the following shall be regarded as misused: Use of dwellings for commercial purposes; the use of housing for the purpose of short-term rentals; demolition of housing; changing or repurposing housing; or the empty space.

				for the use of certain building law instruments by cities and municipalities, the following indicators were used to determine the tense housing market: - Status of the offer rental prices - Development of offer rental prices - Building land prices The reports were geographically based on the municipal level as a framework for analysis. Territories with tight housing markets are usually defined for a period of around five years, depending on the validity of the enabling standards on which you are based. **Municipal level** The municipalities in North Rhine-Westphalia may adopt statutes to protect the local housing market on the basis of § 12 of the Housing Reinforcement Act if there is a tense housing market and a problem of misuse of housing. The statutes are generally adopted for a period of 5 years. At both state and local level, the housing market situation is reassessed once the period has expired.	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Germany	State of Bavaria	Regional		In Germany, there are already rules on 'areas under housing stress' in various areas of public and private law. The regulations are designed flexibly in order to be able to take due account of the different regional specificities. Areas with tense housing markets may then exist if the sufficient supply of rented housing to the population in a municipality or part of the municipality is particularly at risk under appropriate conditions.	
Germany	State of Berlin	Regional: 201a of the BauGB	One of the non-exhaustively regulated criteria within the meaning of points 1 to 4 of the fourth sentence of Paragraph 201a of the BauGB (corresponding to the national criteria) were met.	With regard to the characteristics examined, it is established that Berlin as a whole is an area with a tight housing market, the regulation from 2021 was renewed 2025 and is in effect until 31.12.2029.	

Germany	City of Munich	Municipal: BayRS 2130-16-B	Definition of stressed housing market The housing market is stressed if the adequate supply of rental apartments for the population in a municipality or part of a municipality is particularly at risk of being provided under reasonable conditions. This may be the case, in particular, when: 1. rents are rising significantly more than the national average, 2. the average rent burden on households significantly exceeds the national average, 3. the residential population is growing without sufficient new housing being created through construction activities, or 4. there is low vacancy despite high demand.	**Current regulations** According to § 201a of the Federal Building Code (BauGB) are the state governments authorized to define areas with a stressed housing market by means of regulatory ordinance. According to § 250 of the Federal Building Code (BauGB) requires the establishment or division of condominium ownership or partial ownership for existing residential buildings in areas with stressed housing markets a permission of the local administration. . The Bavarian State Government has designated the City of Munich as an area with stressed housing market. https://www.gesetze-bayern.de/Content/Document/BayGBestVBau Definition of stressed housing market The housing market is stressed if the adequate supply of rental apartments for the population in a municipality or part of a municipality is particularly at risk of being provided under reasonable conditions. This may be the case, in particular, when: 1. rents are rising significantly more than the national average, 2. the average rent burden on households significantly exceeds the national average, 3. the residential population is growing without sufficient new housing being created through construction activities, or 4. there is low vacancy despite high demand. Geographical scale The geographical scale of the regulations is the municipality. Monitoring/Frequency: The List of the areas with stressed housing market is	Type of measures: • requirement of approval for misappropriation of residential space • A fine of up to five hundred thousand euros may be imposed on anyone who uses or makes residential space available for purposes other than residential use without the required approval. • A fine of up to fifty thousand euros may be imposed on anyone who fails to provide information, provides incorrect or incomplete information, or does not submit documents or submits them incompletely Law: (Gesetz über das Verbot der Zweckentfremdung von Wohnraum, (Zweckentfremdungsgesetz – ZwEWG) Vom 10. Dezember 2007 (GVBl. S. 864) BayRS 2330-11-B) Article 1: Regulation on Misappropriation of Residential Space: Municipalities may determine, through a statute with a validity period of no more than five years, that residential space

				monitored by the Bavarian state government based on a scientific report. The report was first prepared in 2018 and subsequently updated in 2021 and 2025. "	in areas where the adequate supply of rental apartments for the population at reasonable conditions is particularly at risk may only be used for purposes other than residential use with their approval, if they cannot remedy the housing shortage in other ways with reasonable means and within a reasonable time. 2. Misappropriation is particularly present when the residential space (1.) is used or made available for commercial or professional purposes for more than 50% of the total area, (2.) is structurally altered or used in such a way that it is no longer suitable for residential purposes, (3.) is used for guest accommodation purposes for more than a total of eight weeks in the calendar year, (4.) remains vacant for longer than three months, or (5.) is demolished.

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Ireland		National: Residential Tenancies (Amendment) Bill 2025 (Rent Pressure Zones)		Rent Pressure Zones, based on rent inflation was local, but is now nationwide (since June 2025)	• Rent can only be increased once every 12 months (or for existing tenancies in new RPZs the first review is permitted 24 months from the last rent review or the start of that tenancy) • Rents cannot be increased by more than 2% per year, or by the rate of inflation if this is lower. (Harmonised Index of Consumer Prices - HICP). • Depending on when the timing of a rent review and the HICP rate at the time, the allowed rent increase may be below 2% or none.
Italy	Region of Campania	Municipal	Housing cost; % of rental housing compared to owner-occupied housing; short-term rentals density	The Italian State has identified the list of cities with high housing tension, based on proposals from the Regions. The criteria used to select the cities are not the same for each Region. Campania proposes using 3 main criteria: a) housing cost; b) % of rental housing compared to owner-occupied housing; c) short-term rentals density	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Italy	Region of Emilia-Romagna	Municipal	https://emiliaromagnainnodata.art-er.it/faber/	In Italy, there is a system for designating municipalities with high housing demand (known in Italian as ATA - comuni ad alta tensione abitativa). These municipalities are selected by the regions based on non-standardized criteria. In ATA municipalities, tax incentives for renting and financial assistance are available for households that are in arrears through no fault of their own. The boundaries of the ATA municipalities were established in 2002. The central government has begun the process of updating them. The Emilia-Romagna region has also developed in 2022 FABER: an interactive, independently searchable online dashboard that collects data from institutional sources. It is composed of five thematic areas: demographic trends, social and income conditions, housing supply and market dynamics, housing hardship, and fragility indicators. Through this tool, it is possible to analyse down to the municipal level: population trends, families' socio-economic conditions, real estate market dynamics, and housing-related vulnerabilities. Also, it has integrated data such as the number of households on the public housing waiting list and the distribution of rental households by ISEE income brackets. The section of indices of fragility permits to analyse each municipality in the region using a housing vulnerability index, complemented by three other indicators measuring demographic, social, and economic fragility. Faber is updated regularly.	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
The Netherlands	Ministry of the Interior and Kingdom Relations	Municipal: Housing Allocation Act (Huisvestingswet 2014) Vacancy Act (Leegstandswet)		The Act aims to ensure a balanced and fair distribution of housing. This legislation serves as a "toolbox" for municipalities, which can adopt their own local housing ordinance (Huisvestingsverordening) . This ordinance contains the new local regulations. Municipalities may introduce these regulations when there is scarcity on the housing market. They should provide evidence that this is the case. After evaluation, in 2024 the Housing Allocation Act now gives municipalities more flexibility to support specific target groups, their own residents, and people with certain professions (for example teachers) in finding affordable rental housing or newly built owner-occupied homes. Municipalities can designate whether an area is under housing stress, often linked to liveability as an argument, with a view to preserving the composition of the housing stock or maintaining the liveability of the residential environment. When an area is as under housing stress, these regulations allow for measures that can prioritise certain groups for housing allocation, such as low-income groups, local inhabitants, or those with specific needs. Municipalities can also introduce mechanisms to prevent misuse or speculation in the housing market (public and private), such as regulating rental price or controlling housing transactions.	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
				Under the Vacancy Act (Leegstandswet), Dutch municipalities can use an ordinance to gain insight into and take action against vacancy.	
Netherlands	Provincie Overijssel	Municipal	Housing shortage	Yes, in the provinces and in the Netherlands in general, we monitor the housing shortage per municipality, per region, per province and at national level by measuring demand, supply and shortage. We are currently focusing mainly on new construction through the residential buildings. Numbers and characteristics of completed homes are monitored on a monthly basis through Statistics Netherlands (CBS), information comes from the Municipal Basic Administration. Plan stock is monitored annually via a plan monitor that municipalities fill in and is reported by the province to the government. Here too, in addition to numbers, there are a number of characteristics such as single-family multi-family, rent-purchase, price ranges and (since short) e.g. fitness for care. This plan monitor is fed in Overijssel from a public private monitor in which both municipalities and corporations / market parties keep track of the status of plans and whether there are obstacles. The demand side is mainly calculated from demographic models and household forecasts	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Portugal		National to local	Housing affordability, demographic evolution, waiting lists for public housing, availability of housing stock, density STR units	Portugal has introduced several policy frameworks that implicitly or explicitly recognise areas experiencing severe housing affordability pressures, particularly in large metropolitan areas and high-tourism cities such as Lisbon and Porto. At the national level, housing policy instruments such as the National Housing Strategy and the Local Housing Strategies (Estratégias Locais de Habitação) require municipalities to identify housing shortages and affordability problems in their territories. These strategies rely on data related to housing affordability, demographic evolution, waiting lists for public housing, and the availability of housing stock. In addition, the regulatory framework governing short-term rentals (Alojamento Local) allows municipalities to designate containment areas, where the density of short-term rental units is considered excessive and where new registrations can be restricted or suspended. In cities such as Lisbon, these containment zones correspond to neighbourhoods experiencing particularly strong housing market pressures. Housing stress is assessed at multiple geographical levels: national monitoring of housing affordability indicators, metropolitan areas (such as the Lisbon Metropolitan Area), municipal level, neighbourhood level in high-pressure tourism areas.	

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
Slovenia	Ministry of the Future of Solidarity Slovenia (Ministrstvo za solidarno prihodnost)	Municipal	The housing inaccessibility index is based on data on the prices of residential houses and apartments in each municipality in relation to the average prices of residential houses and apartments on the national level	Areas under housing stress are determined on the level of municipalities. A municipality is classified as having a high risk of negative impacts from short-term rentals if both of the following criteria are met: - a high level of housing inaccessibility in the municipality (the housing inaccessibility index*), and - a large volume of dwellings being rented out for short-term rental within the municipality (in relation to national level). A municipality is classified as having a high risk of negative impacts from short-term rentals for 2 calendar years (after that another reassessment is needed). *The housing inaccessibility index is based on data on the prices of residential houses and apartments in each municipality in relation to the average prices of residential houses and apartments on the national level.	
Spain	Ministerio de Vivienda y Agenda Urbana	National: Law 12/2023 - article 18	Evidence of household overburden, meaning that households devote an excessive share of their income to housing costs; or A disproportionate increase in housing prices.	In Spain, areas under housing stress ("zonas de mercado residencial tensionado") are defined in Law 12/2023 on the Right to Housing. The law establishes a specific designation procedure (art. 18), enabling the application of state-level measures such as rent containment in lease contracts and other instruments aimed at increasing the supply of affordable housing within the designated area. These areas are designated by the Autonomous Communities (regional authorities) through a transparent and participatory procedure, and they are published quarterly by the Ministry of Housing and Urban Agenda, whose resolutions determine the entry into force of each designation. During the procedure, the regional authority must demonstrate	• Application of rent-containment measures in new lease contracts, in accordance with paragraphs 6 and 7 of Article 7 of Law 29/1994 on Urban Leases, limiting rent increases and establishing reference index-based caps in stressed areas. • Fiscal incentives in the Personal Income Tax (IRPF) for new residential lease contracts, as set out in Article 23.2 of Law

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
				that the area meets at least one of the two conditions set out in Article 18.3 of the law: - Evidence of household overburden, meaning that households devote an excessive share of their income to housing costs; or - A disproportionate increase in housing prices. The designation is valid for three years and may be renewed annually, following the same procedure and supported by updated justification. Additionally, the authority declaring the area must prepare a plan of measures aimed at addressing and reversing the conditions that led to the housing stress situation, including a timeline for implementation. Further information is available at: https://www.mivau.gob.es/vivienda/alquila-bien-es-tuderecho/serpavi/consultar-zonas-de-mercado-residencial-tensionado https://www.boe.es/eli/es/l/2023/05/24/12/con	35/2006, promoting affordable rental housing. • Mandatory allocation of land obtained through urban development obligations (Article 15.1.e of Law 12/2023), which must be devoted to the construction and management of social or public housing, unless there is a duly justified social-interest alternative, as established in Article 18.1.b of the Revised Land and Urban Regeneration Law (Royal Legislative Decree 7/2015). • Enhanced obligations of cooperation and information for large housing holders in the designated area, in accordance with Article 19.1 of Law 12/2023. • Specific programmes within national housing, rehabilitation, regeneration and urban/rural renewal plans, as foreseen in Article 24.5 of Law 12/2023, ensuring targeted support for stressed areas.

Country	Authority	Geographical Scope and Law	Indicator(s) used	Additional info (provided via consultation)	Policy Implication(s)
					• Priority access to the Affordable Housing Fund, in line with Article 25.4 of Law 12/2023, to mobilise investment towards increasing affordable supply. • Priority consideration in the management of State-owned real estate assets, pursuant to the second additional provision of Law 12/2023. • Setting specific housing targets for social policy purposes in municipalities that have declared stressed residential market areas, in accordance with the second transitional provision of Law 12/2023.

ANNEX 11: COHERENCE WITH OTHER EU LEGISLATION AND POLICIES

Coherence with fundamental rights and freedoms: the **right to property** may be affected by this initiative only to the extent that it frames possible actions that Member States may take. As described in the preferred Policy Option 2, the initiative seeks to operationalise the justification and proportionality conditions to ensure that restrictions to the acquisition and use of housing are limited to the strict necessary, and that measures on STRs preserve the possibility for hosts to rent out their primary residence. While the right to property must be respected, it does not preclude Member States from adopting measures necessary for the general interest to safeguard access to affordable housing, which has been recognised by the CJEU as overriding public interest. Furthermore, the initiative is expected to have a positive impact on the **fundamental right to housing,** which is enshrined in the Articles 7, 34 and 36 of the Charter**.** This will be achieved by increasing the supply of affordable and social housing in areas under housing stress, which is the specific objective of the initiative. Additionally, the initiative is anticipated to **enhance the right to good administration** through providing greater clarity on what measures are legally possible.

Commission-led exercise on improving data collection on housing and increase transparency in the housing markets: The Commission is working in parallel to improve knowledge and data collection on housing. One area of specific relevance for this initiative is an analysis, due by end 2026 on financialisation in the housing market, potential speculative behaviours and non-primary use of housing. The Commission will investigate these trends and their impact on housing affordability and identify data gaps. This will feed in a large transparency exercise led by the Commission on ownership and real estate transactions to enable public authorities to monitor emerging market developments.

Services Directive: Under policy options 2 and 3, the initiative would de facto constitute a *lex specialis* to the Services Directive. Any STR authorisation requirements or other market access restrictions outside an area under housing stress (or in an area under stress for other public interest reasons than housing e.g. consumer protection, protection of the urban environment, social policy objectives, or protection of national historical and artistic heritage) would still fall under the Services Directive. The exemption from the current notification requirement would not require amending the Services Directive. Under policy option 1, the Services Directive continues to apply fully.

STR Regulation: The initiative is complementary to Regulation (EU) 2024/1028 on short-term rental data collection and sharing. The Regulation, applicable since May 2026, establishes the harmonised registration and data-sharing framework needed to improve transparency and evidence at local level; the Affordable Housing Act initiative would build on that data layer by clarifying how that data can help competent authorities identify whether in areas of housing stress measures to limit the impact of STRs on local housing markets may be justified, as well as providing clarity on the type of measures that may be deemed proportionate. The STR Regulation is not limited to improving transparency and data availability. It also introduces mechanisms aimed at improving enforcement against illegal listings, including compliance-by-design obligations for platforms and verification mechanisms such as random checks. The two instruments therefore address different but linked problems: the STR Regulation improves market transparency and enforcement capacity, while this initiative addresses the remaining legal uncertainty over the compatibility of authorisation requirements and other restrictions with internal market rules.

e-Commerce Directive and Digital Services Act: The initiative is coherent with the e-Commerce Directive and the Digital Services Act because it would operate within the existing horizontal framework for information-society and intermediary services, ensuring consistency and avoiding duplication. The e-Commerce Directive aims to remove obstacles to cross-border online services, while the DSA establishes EU-wide fully harmonised rules for intermediary services and preserves core principles such as the liability exemptions and the prohibition of general monitoring obligations. The DSA applies to aspects that are not specifically addressed by the STR Regulation. The DSA may nevertheless remain relevant in several respects, in particular, Article 10 ("orders to provide information"), Article 30 ("know your business customer"). Finally, for the enforcement of certain obligations, including compliance-by-design requirements and random checks, the STR Regulation relies on mechanisms established under the DSA, including, where applicable, the supervisory and enforcement framework provided under Chapter IV. The Affordable Housing Act initiative therefore remains focused on the substantive conditions under which Member States may adopt housing-related measures, while relying on and in accordance with the existing digital acquis for platform responsibilities, cross-border orders, notice-and-action mechanisms and limits on monitoring obligations.

Digital Market Act: The Digital Markets Act is not directly relevant to regulating of short-term rental activities by local authorities, as it regulates the conduct of digital platforms designated as "gatekeepers" (e.g. whether it engages in self-preferencing, restricts data portability, imposes unfair ranking conditions, limits business users' access to customers, creates anti-competitive lock-in effects). To date, the Commission has designated Booking.com as a DMA gatekeeper with respect to its online intermediation service, whereas no dedicated short-term rental platform has yet been designated.

Digital Fairness Act: The Commission will ensure coherence with the planned Digital Fairness Act, which the Commission has announced for 2026 as a legislative initiative under Article 114 TFEU to address unethical digital commercial practices and strengthen consumer protection in the digital environment. The two initiatives would address different regulatory issues: the Digital Fairness Act is expected to tackle horizontal consumer-facing practices in digital markets, whereas the Affordable Housing Act would address the housing market and internal market effects of platform-mediated STRs and other demand-side pressures in areas of housing stress, but would not impose obligations on online platforms.

Sustainable tourism strategy: The Commission is also working in close coordination among relevant services to ensure coherence and complementarity between this initiative and the forthcoming European strategy on sustainable tourism, which will address better distribution of tourism through a number of measures in support of destination management organisations and lesser-known destinations (rural, remote and border destinations) focusing on tourism management, connectivity and branding. Specifically, by the end of the year, the Commission will propose guidelines for destinations on balanced tourism management. The initiatives are complementary as the Strategy aims to contribute to a more balanced management of tourism flows, alleviating pressures on areas under housing stress.

Simplification package: The initiative is coherent with the housing simplification package announced in the European Affordable Housing Plan for 2027. The simplification package will include comprehensive mapping of relevant EU legislation and initiatives and their combined impact on housing supply and affordability identifying any opportunities to reduce unnecessary administrative burden particularly for SMEs, accelerate permitting and renovation processes, and improve cost efficiency, while respecting wider policy goals. It will also support Member States in the effective implementation of EU rules, including simplification opportunities introduced under the proposal for a Regulation on speeding up environmental assessments and sharing best practices of simplification at national, regional and local level within the European Housing Alliance with a particular focus on digitalisation as an enabler. The two initiatives are therefore mutually reinforcing: the simplification package will address significant structural bottlenecks to the supply of affordable housing, while this initiative aims to help local authorities address demand-side pressures as well as supply-side constraints specific to their specific circumstances. The overall impact on simplification would depend on the Policy Option chosen.

European Strategy for Housing Construction: The focus on increasing supply under the non-legislative part of the initiative is coherent with the implementation of the December 2025 Strategy for Housing Construction. With the goal to increase innovation and productivity in both construction and renovation, the roll-out of the Strategy includes steps to promote the uptake of Modern Methods of Construction, support a shift to more circularity and digital processes, facilitate the cross-border provision of construction services, and improve access to skilled labour.

New European Bauhaus: The initiative is coherent with the NEB, as it is intended to create an operational framework for affordability-related public intervention in pressured areas, whereas the NEB provides a crosscutting sustainability, quality and inclusion framework for ensuring that housing responses do not focus on price alone. This coherence is visible in the first European Affordable Housing Plan adopted in December 2025, which states that Europe's housing transformation should, "*inspired by the New European Bauhaus*," unite affordability, sustainability and quality. The EAHP also notes that the NEB supports affordable, sustainable and quality housing by scaling up funding and replicating solutions for inclusive, fair and accessible neighbourhoods and follows the principle of looking at housing affordability at the scale of neighbourhood rather than the building.

Pan-European Investment Platform: The initiative is coherent with the Pan-European Investment Platform for affordable and sustainable housing, which the European Affordable Housing Plan places under the investment pillar and which the Commission and EIB have begun preparing. The PEIP is intended to mobilise additional public and private finance for affordable and sustainable housing. The two instruments address different sides of the same problem: the investment platform supports the financing and delivery of housing supply, while the Affordable Housing Act addresses the framework for alleviating short-term demand-side pressures and enabling longer-term local initiatives driving supply.

Funding instruments: the initiative is coherent with EU funding instruments as it is intended to create an operational framework for affordability-related public intervention in pressured areas without directly connecting the designation of area under stress to access to finance. The mid-term review (MTR) Cohesion policy Regulation 13 now allows Member States and regions to allocate funding for affordable housing on top of the EUR 10.4 billion already planned for energy efficiency and social housing, while also providing them with flexibilities and financial incentives when reprogramming funds towards housing. These regulatory flexibilities and the possibility for a higher Union co-financing rate for housing investments will remain in place until 2029-2030, which will facilitate further re-programming in the coming years. Finally, a new financial instrument model will help leverage Cohesion policy funding with other resources.

New funding possibilities will be unlocked in the next long-term EU budget for 2028-2034. In particular, the future National and Regional Partnership Plans include social and affordable housing as one of their specific objectives, allowing Member States to address their specific challenges with housing related investments and reforms. The EU Facility also contributes to social and affordable housing while Erasmus+ can provide housing support to students to facilitate and increase access to mobility, volunteering and learning. Moreover, the European Competitiveness Fund includes social infrastructures among its general objectives and it enables supporting the decarbonisation of buildings.

As well as enhanced support at EU level, Member States must also step up investment. That is why the Commission is making it easier for Member States to financially support affordable housing via the revision of State aid rules set out below.

This initiative is also fully aligned with the SGEI decision adopted in December 2025, which updates the State aid rules to facilitate investments in affordable housing at national, regional and local level and is included among the key actions to enable faster and simpler public support for social and affordable housing in the EAHP.

Moreover, as set out in the European Affordable Housing Plan, the Commission is working on providing guidance to Member States to assist them in designing financial and legal solutions to support social and affordable housing, that also takes into account public debt considerations.

ANNEX 12: BIBLIOGRAPHY, EVIDENCE AND DATA SOURCES

Literature used for the preparation of the Impact Assessment

The Task Force Housing relies on existing academic literature and other input documents on the impact of the housing crisis, the effect of non-primary housing demand on local house and rental prices, as well as assessing the impact of the proposed Policy Options. The purpose of this annex is to organise the literature base for the Impact Assessment in a way that supports traceability.

Depending on the source, these were used either as core evidence (COR), supporting some elements in the IA (SUP) or providing context (CON).

IA theme	Tier(s)	Reference to source documents
Definition of housing stress areas	COR	AHA-BIB-002
Financialisation, investment and residence schemes	SUP	AHA-BIB-040
Housing affordability, housing stress and baseline	COR, SUP	AHA-BIB-001, AHA-BIB-022, AHA-BIB-024, AHA-BIB-032, AHA-BIB-033, AHA-BIB-041
Housing rights, social impacts and fundamental rights	SUP	AHA-BIB-014, AHA-BIB-026, AHA-BIB-031
Housing supply, construction and stock	COR, SUP	AHA-BIB-042, AHA-BIB-043, AHA-BIB-047
Housing supply, investment needs and place-based drivers	COR	AHA-BIB-037, AHA-BIB-038
Legal / policy context	SUP	AHA-BIB-016
Political/stakeholder demand for EU STR action	CON	AHA-BIB-011
SME impacts and tourism ecosystem	COR, SUP	AHA-BIB-018, AHA-BIB-025
STR effects on rents and house prices	COR, SUP, CON	AHA-BIB-003, AHA-BIB-021, AHA-BIB-036, AHA-BIB-049
STR regulation, enforcement and public administration	COR, SUP	AHA-BIB-017, AHA-BIB-019
Short-term rentals and housing markets	COR, SUP, CON	AHA-BIB-004, AHA-BIB-005, AHA-BIB-007, AHA-BIB-008, AHA-BIB-009, AHA-BIB-010, AHA-BIB-012, AHA-BIB-013, AHA-BIB-015, AHA-BIB-020, AHA-BIB-027, AHA-BIB-034, AHA-BIB-039, AHA-BIB-044, AHA-BIB-045, AHA-BIB-046, AHA-BIB-048

Core sources

Ref ID	Title	Theme	IA use
AHA-BIB-001	ECFIN.B1: Housing Monitor, February 2026	Housing affordability, housing stress and baseline	Core source for baseline and problem definition.
AHA-BIB-002	Mayors for Housing: Proposal for Stressed Housing Market Areas: introduction and solutions	Definition of housing stress areas	Core source for indicator design, after reviewing methodology.
AHA-BIB-022	DG ECFIN: Housing in the European Union: Market Developments, Underlying Drivers, and Policies (Oct 2025)	Housing affordability, housing stress and baseline	Core source for baseline and problem definition.
AHA-BIB-032	Housing in Europe - 2025 edition - Interactive publications - Eurostat	Housing affordability, housing stress and baseline	Core baseline/statistical source.
AHA-BIB-024	ESPON: House4all main report	Housing affordability, housing stress and baseline	Review and extract before citation.
AHA-BIB-042	OECD Affordable Housing Database: HM1.1. HOUSING STOCK AND CONSTRUCTION	Housing supply, construction and stock	Use for triangulation of housing stock and construction indicators.

AHA-BIB-037	JRC: Housing investment needs in the EU, Oct 2025	Housing supply, investment needs and place-based drivers	Core evidence for EU-level housing need and place-based determinants.
AHA-BIB-038	JRC: Place-based determinants of housing prices in Europe, 2025	Housing supply, investment needs and place-based drivers	Core evidence for EU-level housing need and place-based determinants.
AHA-BIB-018	Classification of Tourism SMEs (Yakup ERDOĞAN)	SME impacts and tourism ecosystem	Core SME-check source after extracting definitions and figures.
AHA-BIB-021	Article: Do STRs increase house prices – Lisbon?	STR effects on rents and house prices	Review and extract before citation.
AHA-BIB-017	Challenges and effects of short-term rentals regulation - A counterfactual assessment of European cities	STR regulation, enforcement and public administration	Review and extract before citation.
AHA-BIB-045	Short-stay accommodation offered via online collaborative economy platforms - monthly data - Statistics Explained - Eurostat	Short-term rentals and housing markets	Core source for platform STR activity and baseline trends.
AHA-BIB-029	Do short-term rentals increase housing prices? Quasi-experimental evidence from Lisbon (GEE Papers 155)	STR regulation, enforcement and public administration	Core source for Lisbon-specific STR-price effects after extracting estimates.

Supporting sources

Ref ID	Working title	Theme	IA use
AHA-BIB-040	Malta’s Golden Visas: What Problem Are They Solving and Who Benefits?	Financialisation, investment and residence schemes	Used as contextual case-study evidence, not as EU-wide estimate.
AHA-BIB-033	Housing in the EU: more than 2 million new homes per year needed by 2035 to meet demand – DG JRC	Housing affordability, housing stress and baseline	Used as contextual case-study evidence.
AHA-BIB-041	Measuring the housing gap: a novel approach to assessing housing affordability	Housing affordability, housing stress and baseline	Used as contextual case-study evidence.
AHA-BIB-014	Housing and Housing Rights in the EU Charter of Fundamental Rights (Dr. Padraic Kenna)	Housing rights, social impacts and fundamental rights	Used for framing the housing crisis.
AHA-BIB-031	Housing as social right Flynn Montalbano)	Housing rights, social impacts and fundamental rights	Used for framing the housing crisis.
AHA-BIB-026	EU FRA: A rights-based approach to affordable housing	Housing rights, social impacts and fundamental rights	Used in legal context, social impacts or fundamental rights discussion.
AHA-BIB-043	Repeat after me: building any new homes reduces housing costs for all - Financial-Times, 2023	Housing supply, construction and stock	Used as contextual or illustrative source
AHA-BIB-047	Supply Skepticism Revisited, March 2025	Housing supply, construction and stock	Used as supporting evidence
AHA-BIB-016	The regulatory aspects of short-term rentals in the EU - IN-DEPTH ANALYSIS Requested by the HOUS Special Committee	Legal / policy context	Used as contextual or illustrative source
AHA-BIB-025	FR Assemblee Nationale - Communication - Logement et tourisme	SME impacts and tourism ecosystem	Used as SME-check source
AHA-BIB-003	Airbnb and the Rent Gap - Gentrification Through the Sharing Economy	STR effects on rents and house prices	Used as supporting evidence
AHA-BIB-049	What AirBNB does to the housing market	STR effects on rents and house prices	Used as supporting evidence
AHA-BIB-019	Consumers demand for STR licencing - Paris	STR regulation, enforcement and public administration	Used as supporting evidence
AHA-BIB-005	Airbnb in the European Union: An integral part of the urban fabric, local economy and housing ecosystem, March 2026	Short-term rentals and housing markets	Used as contextual or illustrative source
AHA-BIB-007	ANALIZA PONUDBE NAMESTITEV KRATKOROČNEGA NAJEMA NA PLATFORMAH AIRBNB IN VRBO V SLOVENIJI	Short-term rentals and housing markets	Used as contextual or illustrative source
AHA-BIB-027	From autonomy to algorithm: AI s impact on Airbnb hosts	Short-term rentals and housing markets	Used as contextual or illustrative source

AHA-BIB-046	Slovenia STR study	Short-term rentals and housing markets	Used as contextual or illustrative source
AHA-BIB-048	The greedy unicorn - AirBNB and capital concentration	Short-term rentals and housing markets	Used as contextual or illustrative source
AHA-BIB-015	Business Review: A Lisbon story: short-term rental platforms and the housing market	Short-term rentals and housing markets	Used as contextual or illustrative source
AHA-BIB-023	Contract, Property, and the Market: Regulating Short-Term Rentals in Comparative Perspective	Short-term rentals and contract law	Used as contextual or illustrative source
AHA-BIB-028	The Right to Adequate Housing – UN Habitat	Right to housing	Used for framing or triangulation.

Contextual sources

Ref ID	Working title	Source type	IA use
AHA-BIB-011	Ten cities ask EU for help to fight Airbnb expansion - The Guardian	Press article	Used as contextual or illustrative source.
AHA-BIB-036	Is home sharing driving up rents - Evidence from Airbnb in Boston	Research paper / report	Used as contextual or illustrative source
AHA-BIB-004	Airbnb Barons - How A Handful Dominate Malta's Multi-Million Euro Short-Let Market - Amphora Media	Investigative / national case-study report	Used as contextual or illustrative source
AHA-BIB-008	Airbnb in Spain: Is Airbnb driving up rents? Spain's competition commission says no - Economy and Business - EL PAIS English	Press article	Used as contextual or illustrative source
AHA-BIB-009	Airbnb in Spain: The battle against vacation rentals spreads beyond Madrid - Economy and Business - EL PAIS English	Press article	Used as contextual or illustrative source
AHA-BIB-010	How Airbnb took over the world - The Guardian	Press article	Used as contextual or illustrative source
AHA-BIB-012	Tourism: Local authorities act to curb holiday rentals in Spain - Economy and Business - EL PAIS English	Press article	Used as contextual or illustrative source
AHA-BIB-013	Tourist accommodation: How tourist apartments are hurting Madrid's neighborhoods - Life in Spain - EL PAIS English	Press article	Used as contextual or illustrative source
AHA-BIB-020	Displacement by disruption: short-term rentals and the political economy of belonging anywhere in Toronto	Research paper / report	Used as contextual or illustrative source
AHA-BIB-034	How Airbnb Short-Term Rentals Exacerbate Los Angeles housing crisis	Research paper / report	Used as contextual or illustrative source
AHA-BIB-039	Lawless Lets: Unlicensed Short-Term Rentals Boom And Outpace Enforcement - Amphora Media	Investigative / national case-study report	Used as contextual case-study evidence, not as EU-wide estimate.
AHA-BIB-044	Short lets In Numbers: How Tourist Rentals Reshaped Malta - Amphora Media	Investigative / national case-study report	Used as contextual case-study evidence, not as EU-wide estimate.
AHA-BIB-006	ALPN_fev2026_Technical Diagnosis	Research paper / report	Used as contextual or illustrative source
AHA-BIB-030	Europe's housing crisis is fuelling the rise of the far right. Our research shows how to address it - Tarik Abou-Chadi, Silja H#U00e4usermann and Bjorn Bremer _ The Guardian	Press article	Used as contextual or illustrative source
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