

NETWORK INSULAR CHAMBRERS OF COMMERCE OF THE EUROPEAN UNION

INSULEUR Position Paper on the European Commission's Affordable Housing Act and the European Affordable Housing Plan

- POSITION PAPER -

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1. Introduction

INSULEUR – the Network of Insular Chambers of Commerce and Industry – welcomes the European Commission's proposal for the **Affordable Housing Act**, a central pillar of the European Affordable Housing Plan. The initiative responds to widespread concerns about housing affordability and availability across Europe, with more than half of city dwellers identifying housing as an urgent problem.

For **islands, remote territories, and Outermost Regions (ORs)**, the housing crisis is even more acute. These territories face structural disadvantages recognized under Articles 174 and 349 TFEU: remoteness, limited land availability, dependence on tourism, seasonal population pressures, and higher construction and transport costs.

The Affordable Housing Act provides long-awaited **legal certainty** for local authorities wishing to regulate short-term rentals, second homes, and vacancy—issues that disproportionately affect insular communities.

INSULEUR strongly supports the Commission's initiative and urges the co-legislators to ensure that the final legislation explicitly reflects the realities of **remote islands and ORs**, where housing pressures threaten social cohesion, labour mobility, and economic resilience.

2. Housing Pressures in Remote and Outermost Islands

2.1 Structural Disadvantages

Remote islands and ORs face unique constraints:

- **Geographical isolation** and limited developable land
- **High construction and renovation costs** due to transport and logistics
- **Seasonal tourism peaks** that inflate demand for short-term accommodation
- **Lower average incomes**, widening affordability gaps
- **Dependence on external labour**, with essential workers unable to find housing
- **High share of second homes**, often vacant for long periods

These factors create fragile housing ecosystems where market failures are common.

2.2 Short-Term Rentals and Tourism Pressure

The Commission notes that short-term rentals can aggravate housing availability and affordability in popular tourist destinations. For islands and ORs, a significant portion of housing stock is diverted from long-term use; seasonal profitability encourages converting primary residences into tourist units; essential workers (teachers, nurses, police, hospitality staff) struggle to secure year-round housing; and local SMEs face labour shortages because employees cannot afford to live locally.

2.3 Second Homes and Vacancy

Remote islands and ORs experience high levels of non-resident second-home ownership, prolonged vacancy outside tourist seasons, and speculative real estate investment that reduces available housing stock.

The Affordable Housing Act's provisions on acquisition conditions, transitional arrangements, and justified periods of non-occupation are particularly relevant for these territories.

3. INSULEUR's Assessment of the Affordable Housing Act

INSULEUR welcomes several key elements of the Act:

3.1 Legal Certainty for Local Authorities

The Act provides the first EU-level framework enabling authorities to justify housing-related measures affecting the single market, ensuring they are **targeted, necessary, and proportionate**. This clarity is essential for island municipalities that have faced legal challenges when regulating short-term rentals or second homes.

3.2 Identification of "Areas Under Housing Stress"

The Act introduces a common methodology for identifying areas under housing stress. INSULEUR urges the Commission to ensure that **insularity, remoteness, and OR status** are explicit criteria.

3.3 Regulation of Short-Term Rentals

INSULEUR supports targeted measures addressing activities that reduce long-term housing stock, requirement to demonstrate significant adverse effects over at least three years, exhaustion of less restrictive measures before imposing restrictions enforcement of the EU Short-Term Rental Regulation, including removal of non-compliant listings

3.4 Measures on Second Homes and Vacancy

The Act's guidance on acquisition conditions, transitional arrangements, and justified periods of non-occupation is welcome. Islands need flexibility to address speculative property acquisition and seasonal vacancy.

3.5 Housing Acceleration Plans

The accompanying Recommendation encourages faster planning, permitting, renovation, and repurposing of buildings. INSULEUR strongly supports this, as island construction processes are slower and more expensive.

4. INSULEUR Recommendations

4.1 Explicit Recognition of Islands and ORs as Priority Housing Stress Areas

The methodology should explicitly include insularity, remoteness, OR status, tourism intensity, limited land availability, seasonal population fluctuations

4.2 Stronger Local Powers for Islands and ORs

Island authorities should be permitted to adopt stricter caps on short-term rentals, limits on second-home acquisition, mandatory minimum long-term rental availability, and zoning rules prioritising primary residences.

4.3 Housing for Essential Workers

The EU should encourage dedicated housing schemes for essential workers, incentives for year-round rental, and public-private partnerships for affordable housing in islands and ORs

4.4 Renovation and Repurposing of Existing Stock

Given limited land, islands need EU support for renovating vacant or underused buildings, incentives for converting tourist units into long-term housing, streamlined permitting for adaptive reuse

4.5 Data Capacity for Remote and OR Municipalities

Island municipalities often lack the capacity to collect and analyse housing data. The EU should support digital tools, data platforms and training for local authorities

4.6 Protect SMEs and Local Economies

Housing shortages directly affect labor mobility and business competitiveness. INSULEUR recommends monitoring the impact of housing measures on local SMEs, ensuring restrictions do not undermine seasonal economic activity, supporting balanced tourism strategies.

5. Conclusion

The Affordable Housing Act is a timely and necessary initiative. INSULEUR strongly supports its objectives and welcomes the Commission's recognition that housing affordability is a matter of fairness and social cohesion.

However, **remote islands and Outermost Regions face intensified housing pressures** that require **tailored, flexible, and proportionate tools**. INSULEUR urges the European Parliament and the Council to ensure that the final legislation explicitly recognises insular realities and empowers island authorities to act decisively.

INSULEUR remains ready to collaborate with the Commission, Member States, and island municipalities to ensure that the Affordable Housing Act delivers meaningful improvements for island residents, workers, and businesses.



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