

POSITION PAPER

# Position Paper

of the German Insurance Association (GDV)  
ID-number 6437280268-55

on the Communication of the European Commission:  
European Affordable Housing Plan

## KEY ASKS

- **Support private investments in housing by establishing a stable regulatory environment, streamlining administrative burdens and ensuring reliable investment parameters**
- **Mainstream climate resilience as a cross-cutting ambition of EU housing policy**
- **Simplify the legal requirements for the provision of cross-border construction liability insurance**



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The German Insurance Industry welcomes the European Commission's recent communication on the European Affordable Housing Plan. Across Europe, **housing affordability is an increasingly cross-sectoral issue**, affecting Europe's competitiveness, social fabric and broader resilience. In Germany, the housing shortage has reached a historic high, with **a current estimated shortage of [1.4 million homes](#)**. Although **housing remains a largely national competency**, the European Affordable Housing Plan is a valuable opportunity to achieve simplification, boost public and private investment, ensure climate resilience and accelerate Member State reform. The Plan marks a stronger European commitment to housing, complementing the broader EU preparedness union strategy and the European Parliament's increasing focus on housing through the newly established Special Committee on the Housing Crisis. Looking forward to the Plan's implementation, the German insurance industry stands as a reliable partner to support investment, facilitate construction and safeguard insurability.

Vast, pan-European investments are central to addressing Europe's housing shortage. The European Commission estimates that to meet current demand, the EU will need more than two million homes per year at a projected annual cost of €150 billion. **Such sizeable investments cannot be achieved through public financing alone.** The insurance industry is an essential piece in this puzzle, with the ability to provide **long-term, stable financing**. As of end 2024, German insurers' total investments amounted to €1.9 trillion, with approximately €22 billion invested in housing. To further stimulate such investments, a stable regulatory environment and reliable investment parameters are essential.

Alongside their financing capacity, German insurers have a strategic interest in the **long-term insurability and climate resilience** of Europe's housing stock. These are preconditions for long-term housing affordability and should be mainstreamed throughout the EU's housing policy. Insurers can also play an important role in accelerating European housing construction by providing effective and reliable insurance coverage. In particular, the Construction Services Act presents an opportunity to streamline the legal requirements for the provision of cross-border **construction liability insurance**, hereby increasing Europe's construction capacity.

Considering these perspectives, GDV particularly encourages the following actions as proposed by the European Affordable Housing Plan:

- **Strengthening productivity, capacity and innovation of the construction industry:** Lowering the cost of construction through a reduction and simplification of building regulations in Member States,

as well as greater standardisation and promotion of modular construction is needed to stimulate private investment in tight housing markets. Simplification should take the form of a reasonable adjustment of applicability of standards while maintaining the legal certainty of contractual duties. In Germany, the construction costs of new housing units rose by [64%](#) between 2012 and 2022, with similar trends observable across the EU. This produces uncertainty regarding the predictability of returns for private investors, acting as a significant investment deterrent.

- **Cutting red tape to accelerate housing supply:** Slow, non-digitised permitting processes, high administrative burden and converging national legislation deter private investment in the housing sector. The Housing Simplification Package foreseen for 2027 is an opportunity to streamline these issues, achieving increased digitalisation and standardisation across the European construction industry while maintaining environmental and risk standards. This would facilitate more predictable returns for private investors while ensuring long-term housing quality.
- **Mobilising additional public and private investment:** Far too often, opportunities to invest in affordable housing lack visibility or, due to their conception on a regional and local level, appear too complex for private investors. The proposed Pan-European Investment Platform for Affordable and Sustainable Housing can facilitate effective public-private partnerships, enable risk sharing and provide valuable information on opportunities for private investors in the sector.
- **Driving forward Member States' structural reforms:** The Commission's intention to support Member States in implementing structural reforms in the construction industry is both needed and welcome. In the German case, reform in areas such as the availability of land for affordable housing projects and the digitalisation of the planning process is long overdue. Such reforms would drastically simplify the construction process for affordable housing, boosting its attractiveness for private investors. In addition to the complete digitization of construction planning and approval procedures, approval requirements should be simplified and shortened. The introduction of deemed approvals in cases where procedural deadlines are exceeded should also be considered.

**Continued focus should be placed on:**

- **Climate Resilience and insurability as preconditions for long-term affordability:** Increasing the climate resilience of new and renovated housing should be a cross-cutting ambition of the EU's housing policy. Climate resilient, energy efficient buildings are better prepared to withstand the effects of climate change, reducing future repair, reconstruction, and adaptation costs and supporting long-term affordability. Concrete actions to support climate resilience include mandatory climate and natural hazard risk assessments for new construction projects and major renovations, standardised natural hazard certificates and legal construction bans in flood-prone areas. Although such measures may result in short-term cost increases, their contribution to damage reduction, the lowering of reconstruction costs and the stabilisation of insurance premiums ensures long-term housing affordability.
- **Definition of Affordable Housing:** The European Commission's definition of affordable housing should remain inclusive, encompassing not just social housing projects but also housing for middle income earners. This reflects the reality that the housing crisis increasingly impacts broad swathes of society and enables wider investment opportunities for institutional investors.
- **Re-allocation of Cohesion Funds:** The Affordable Housing Plan intends to grant Member States greater flexibility to re-allocate Cohesion funds towards affordable housing initiatives and a higher Union co-financing rate for housing investments. The specific design and implementation of projects will remain a Member State competency. To stimulate private investment alongside these public funds, proposed projects should be attractive and scalable, and this flexibility should remain a long-term feature in the upcoming MFF (2028-2034). A requirement for climate resilience by design for EU-funded projects would further serve to increase the long-term insurability, affordability and resilience of Europe's housing stock.
- **Cross-border liability insurance:** The provision of cross-border liability insurance for construction services within the EU is often associated with complex legal requirements and acts as a significant barrier to construction. For example, France's *Garantie Decennale*, an obligatory 10-year construction liability insurance, can only be underwritten by French insurance companies or insurance companies licensed in France. This regulation not only excludes foreign insurers from the French market but also creates a significant burden for

consumers. Without any option of differentiation, all construction sites are obliged to provide a costly extensive insurance cover. The European Commission's planned Construction Services Act presents an opportunity to streamline this framework, reduce regulatory burden for insurers and better facilitate the provision of cross-border construction liability insurance to accelerate construction.

The housing crisis is European-wide, its effects wide-reaching and multi-sectoral. Its solution must be similarly multidimensional, mobilising the capacity of key European-wide stakeholders such as insurers. The insurance industry, with its sizeable investment capacity, strategic interest in long-term insurability and expertise in climate resilience, can play a key role in this solution. To fully harness this potential, it is vital that the implementation of the Plan achieves genuine simplification, stable returns for institutional investors and mainstreams climate resilience across all stages of policy development and implementation.

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