

POSITION PAPER

A European Strategy for Housing Construction

Brussels, 18/09/2025

FIEC calls for

- **Accelerating zoning, planning and infrastructure projects**
- **Fully digitalising building permit procedures**
- **Accelerating standardisation process**
- **Stepping up mobilisation of both public and private investment**
- **Addressing the labour and skills' gap**

1. Zoning, planning and infrastructure

Issues at stake:

The housing shortfall is driven by multiple constraints, including inefficiencies in the zoning and planning systems and insufficient investment in critical infrastructure. There is a lack of long-term planning and coordination of infrastructure requirements. Moreover, current EU legislation is already having an impact in this domain. The European legal framework is increasingly restricting land acquisition for construction projects, such as the Nature Restoration Regulation and the Soil Monitoring and Resilience Directive.

Proposed solutions:

FIEC advocates for a “housing-friendly” implementation of EU legislations, particularly in the energy and environmental areas. Special attention needs to be given to housing in the implementation of the Nature Restoration Law and the finalisation of the Soil Monitoring Law.

Critical infrastructure should be aligned with housing delivery: energy, transport and water infrastructure that directly enable housing delivery should be prioritised, with fast-track procedures where possible.

An overriding public interest in housing projects and the associated infrastructure, similar to the requirements for renewable energy installations (RED III), can also contribute to faster and better success in housing construction.

2. Digitalisation of building permit procedures

Issues at stake:

Currently, about a quarter of EU municipalities still use paper-based systems. Those existing digital systems don't follow any harmonised European approach and often have limited functionalities (e.g. limited to scanned PDF, rather than using BIM). These procedures depend on local regulations and the good will of local authorities. They add administrative burden and delays... which translate into very significant costs for the whole economy. Moreover, this fragmented landscape acts as a barrier to the Single Market.

Proposed solutions:

Digitalising building permit procedures is a key factor in tackling many problems at once, enabling better cooperation between all those involved in the construction process, from planning to execution: reducing administrative burden, streamlining procedures, ensuring that relevant regulations match with each other's, allowing for the implementation of AI-driven solutions, accelerating housing construction, improving productivity, reducing errors, delays and costs.

Therefore, we need local authorities to adopt

- a fully online submission and tracking system (one-stop-shop),
- integrating the Building Information Model (BIM),
- with harmonisation of the data requested,
- in parallel, the digitalisation and interoperability of administrative systems and databases, to avoid duplication,
- an automatic check of possible regulatory clashes, thanks to AI,
- the implementation of automated completeness checks and fixed statutory timelines for decision-making,
- AI-supported evaluation, with human validation,
- the introduction of performance metrics and penalties for delays,
- altogether to improve public transparency of processing times and appeals.

3. Acceleration of standardisation process

Issue at stake:

To address the climate, resource and time challenges within the construction sector, it is essential to optimise pathways for the swift integration and market uptake of new and innovative solutions.

Proposed solutions:

The affordability of a decarbonised construction ecosystem requires innovation of both building techniques and low-carbon construction products. Utilising the route of the European Organisation for Technical Assessment (EOTA) for voluntary CE marking, alongside national measures, can significantly support the implementation of new practices within the construction industry. The improved large-scale deployment of new products and methods can significantly increase efficiency and reduce costs. An accelerated standardisation process for sufficiently mature technologies and products combined with a high industry

interest is another important lever for maintaining the competitiveness, quality, safety, and environmental performance of the construction sector.

4. Financing and public procurement

Issues at stake:

While neither public funding or private investment alone will be sufficient to tackle the current housing crisis, we need to mobilise both and combine them to create leverage effects.

In parallel, public procurement plays a paramount economic role in construction. However, for now, innovative construction processes are not rewarded in public procurement. Public procurers focus too much on the details, rather than on the overall objectives, leaving very limited room for creativity from the sector. The way procurement rules are applied are not suited for innovation and more modern methods of construction.

The same is true for private development, where incentives do not adequately offset the increased cost of environmental obligations or encourage better performance than the minimum mandated.

Proposed solutions:

At national level, there are various forms of schemes which have been implemented successfully, based on the concept of mobilising and combining public funding and private investment. It can take the form of dedicated funds (e.g. the Italian National Housing Plan, backed by the Cassa Depositi e Prestiti), tax incentives (e.g. VAT reduction or fiscal deductions), targeted State guarantees (e.g. the Irish First Time Buyers scheme), etc.

As an example, public funding through targeted grants or State-backed guarantees could be used to offset the financial risks created by the increasing costs of higher sustainable performance requirements.

As regards public procurement, the EU directives should be more focused on innovative and serial construction methods, which require a greater use of functional tenders and quality-based awards, defining the main objectives only and leaving the details to the tenderers. Moreover, the European Commission could encourage the public sector to focus more on modular construction in its tenders. In that way, the public sector can act as a role model and increase the demand. Public authorities should also adopt multiannual funding commitments, to provide transparency and certainty for the companies in terms of forthcoming business opportunities.

5. Addressing the labour and skills gap in construction

Issues at stake:

The problem of the labour shortage and aging of the current working population - that will retire without generational replacement - is paramount. Not only is there a numerical shortage of labour, but there is also a mismatch between the skills on offer and the needs of a changing sector (i.e. twin transition). Looking at the housing crisis and the challenges related to decarbonisation of the existing building stock; we need to increase the workforce if we want to tackle these challenges. According to Eurofound, estimates of labour demand in a net zero scenario show that the European construction sector would require increase of 7.8% in employment to meet the 2050 targets.

Proposed solutions:

FIEC advocates for the following combined solutions:

- reinforcing the visibility of the professional opportunities in construction industry,
- promoting jobs in the construction industry early in the school curricula,
- proposing incentives to attract talent to the sector,
- proposing incentives for apprenticeship schemes,
- implementing upskilling and reskilling programmes for the current workforce,
- investing more into the development of industrialised construction processes, which are less labour-intensive,
- facilitating intra-EU mobility with initiatives for strengthening the mutual recognition of professional qualifications,
- opening the labour market to skilled workers from third-countries.