



Journal Homepage: -www.journalijar.com

INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI: 10.21474/IJAR01/19224

DOI URL: <http://dx.doi.org/10.21474/IJAR01/19224>



RESEARCH ARTICLE

THE ECONOMIC EFFECTS OF THE HOUSING CRISIS IN EUROPEAN CITIES

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Manuscript Info

Manuscript History

Received: 05 June 2024

Final Accepted: 08 July 2024

Published: August 2024

Key words:

Housing Crisis in European Cities,
Gentrification, Labor Mobility,
Urbanization and Urban Development,
Affordable Housing

Abstract

This study examines the economic impact of the housing deficit in large cities in Europe, with special emphasis on London, Berlin, Paris, and Amsterdam. This work aims to identify the causes of the crisis's emergence concerning economic, social, and political factors and the subsequent effects on labor mobility, quality of life, and urbanization processes in the context of the respective country. It points to the hike of property costs, scarcity of cheap houses, and 'gentrification' as realities that consolidate social injustice and restrains market adaptability in Southern Europe. Based on case studies, the work examines measures like rent regulation, privatization, and zoning changes used to address the crisis. Lastly, there is a discussion about the changes in policies regarding comprehensive planning, zoning ordinances, and policies on development to cater to the continuous housing problems in European cities. Future work should be directed to more comparison studies, follow-up studies, and technological developments to better understand or even solve the housing problem.

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Introduction:

Recently, the affordability crisis has manifested as one of the most pressing issues in major metropolitan areas across Europe in the past decade this has significant implications for policy makers, economists and urbanists. High rent and property prices, high demand for housing inventory, and a significantly low supply of affordable houses have, therefore, worsened social inequality while bringing the quality of life of many dwelling occupants down (Hilber and Schoni, 2022). This crisis has led to what is called gentrification that not only expels low income groups out of the city but also categorizes city-based population in to the class of elite and marginalized. This is not only a social and political question, but also an economic one, concerning employment markets, urbanization, and economic growth (Checker, 2020).

Importance of the Study:

Therefore, one should also understand the economic implications of the housing issue to be able to target the prevention and alleviation of such calamities successfully (Basaglia et al., 2020). Given the fact that European cities are expanding as well as attracting the attention of more and more people, the shortage of housing becomes the main problem of today's society, which defines the necessity of searching for the root causes and outcomes of the issue (Cocola-Gant et al., 2020). This research aims to provide insights into the economic cost and implications of the current housing deficit in labour mobility and cities' development. Studying these aspects allows viewing the multifaceted interconnection between housing, economic stability, and social well-being of states and nations, which will benefit policymakers and stakeholders.

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Scope and Objectives:

Thus, this research aims to analyze the economic impacts of the housing crisis in major European cities, with an emphasis on labor mobility and urban growth. The primary objectives are:

1. To identify and analyze the factors contributing to the housing crisis in European cities.
2. To assess the economic effects of the housing crisis on the quality of life of city residents.
3. To evaluate how the housing crisis impacts labour mobility and economic dynamism.
4. To explore urban development strategies that can help alleviate the housing crisis and its economic consequences.

Literature Review/ Overview of the Housing Crisis in Europe:

Historical Context:

The housing crisis in Europe can be attributed to the following historical factors: The housing crisis resulted from square in the organization of housing after the 2008/09 financial crisis, which affected many housing markets (Martins et al., 2021). A cut on housing investments was another consequence of the recession, thus worsening the situation on the housing deficit. Also, the privatization and deregulation witnessed across many European nations diminished the supply and shifted central dependency on the private housing market (Kohl, 2021; FEPS, 2024).

Recent Developments:

Recently, the housing shortage problem has been aggravated by the increasing pace of urbanization, increase and immobility of property prices, and stagnation in the construction of new houses. The COVID-19 pandemic worsened the situation by worsening housing insecurity and homelessness by expiring protective measures and growing economic pressures (Malpezzi, 2023; FEANTSA, 2022).

Causes of the Housing Meltdown:

Economic Factors:

The key causes include the political and economic aspects of the crisis affecting housing provision. Housing needs in urban centres are often outpaced by demand due to factors such as population increase, migration from rural areas, and the rise in foreign investments in the property market. This shifts the demand-supply equilibrium of the property market, causing housing prices and rents to skyrocket, thereby making it impossible for many residents to afford proper shelter (Gallent, 2023; EESC, 2024).

Social Factors:

Demographic trends and increasing populism act as social factors that influence the housing situation. European markets offer a large pool of consumers, such as youth in search of professional engagements and opportunities, immigrants among others, resulting in a high demand for shelter. The ageing population also requires the generation of more housing units due to the current trend in population density, showing that households are shrinking in size (EUROPA, 2023).

Political Factors:

Global political and regulatory systems play a significant role in the determination of the housing markets. The problems of housing policies, limited access to real estate, and low funding for affordable housing only intensify the situation. Lowering the capacities of social housing and placing emphasis on market approaches have lowered the access of SLPs to affordable homes (FEPS, 2024).

Effects of Housing Crises in Various Countries:

The situation implies that housing crises affect developed and developing countries alike with their overarching economic implications. High housing costs lower disposable income, thus affecting the amounts that can be spent on goods and services and, therefore, overall economic growth. They also contribute to social inequality because a large chunk of low-income households' income is used to buy houses. Furthermore, homelessness on its own is linked to health issues and general welfare (Dewilde, 2022).

Research Findings on Selected European Cities:

London:

London is experiencing a critical accommodation challenge that manifests in the increase in house prices and rents due to several factors, including limited supply and high demand. The city has adopted strategies include building

affordable houses, rent control measures, etc. However, these attempts have been partial, with the regulatory and the market being considered (EUROPA, 2023).

Berlin:

Berlin is an area whose housing market has been on the limelight for experiencing rapid gentrification coupled with increased rent charges leading to the government placing measures that can limit rent charges and encouraging new construction of homes. However, these measures have not made a breakthrough of the housing affordability for the city's residents, so more sufficient policies are required (Münch and Siede, 2022).

Paris:

The case of Paris reflects a high cost of housing and an already high demand for affordable housing. The measures used by the city are the development of buildings for social housing and the regulation of rent rise. The appropriateness of these measures is still disputable as well as the issue concerning their sustainability (Giraudet et al., 2021).

Amsterdam:

Due to this Amsterdam has been experiencing a housing shortage specifically affordable housing and high rental charges. Some of the responses by the city regarding sustainable urban development and provision of accommodation consist of the following. These entail efforts that seek to mediate the market forces and social requirements of improvements but with barriers (Wijburg, 2021; Wigger, 2021).

Analysis and Synthesis:

The literature suggests that the housing crisis in the European cities is complex involving economic, social, and political aspects.

Economic Effects on Quality of Life:

Due to the lack of affordable housing, more people are forced to spend more on living spaces, worsening the social divide and leaving little money to spend on anything else. As the affordability of housing results in the exclusion of numerous people from basic services and other necessities, it is a common indication that residents' quality of life is significantly affected by the prevailing housing costs. Gentrification also leads to the evictions of low-income people, causing shifts in population groups and raising social conflict (Schnake-Mahl et al., 2020).

Impact on Labor Mobility:

There is inadequate affordable housing stock; housing costs are high, which makes it difficult for workers to relocate from one area to another. Geographic mobility is low, so employees are not willing to move to other regions to take up new opportunities, hindering innovation and the productivity of the economy. It also affects lifestyles, such as increased time spent on commuting and deductions paid for transport, hence accruing the burden on the workers (Choudhury, 2022; Braunerhjelm et al., 2020).

Urban Development Strategies:

Sound strategies are, in this case, very essential in reducing the housing challenge common in urban centers across the world. Measures include facilitating the construction of low-income houses, putting in place control on rents and efficient use of space. Global and regional cooperation with the private sector and with furthering regulatory policies play a critical role in resolving housing affordability and scarcity (Galster and Lee, 2021).

The housing issue in today's European cities is a multifaceted problem with major economic and social consequences. Meeting this crisis requires proper approaches, perhaps based on policy changes, the supply of more houses, and a sustainable urban vision.

Factors contributing to the Emergence of Housing Crisis in the European Cities:

Economic Factors:

Supply and Demand Imbalance:

The mismatch of supply and demand is one of the key factors contributing to the state of the housing crisis in European cities. The two main reasons include rapid urbanization and population growth that, have put pressure on the demand for houses while supply is slow in meeting this demand. It leads to the continuous rise of property prices and rents through which many people are unable to afford shelter (Frayne et al., 2022).

Real Estate Investment Trends:

Flows of capital in the real estate sector have also affected the housing dilemma. This is because, over the years, speculation has come into being that housing is an investment good rather than an essential one. Many buildings are bought by investors, such as large businesses or other foreign entities, with the intent not to live in themselves but to rent out for profit, so actual people looking for homes to live in are disadvantaged by this. This has been most evidenced in leading cities in Europe, where the shortage in the housing market and the tendency for increased prices have been most keenly headed up (Hallett, 2021).

Social Factors:**Population Growth and Urbanization:**

This is specifically because the two aspects of population and urban development greatly affect the demand and supply of houses. Young learners, working young adults, immigrants, and international learners are the population groups that make up European cities, and they all have the need to be housed. These inflows result in higher demand for accommodation, which may lead to higher prices or rents being charged. Many people are found in the cities since it is central to business and employment activities, increasing the pressure for shelter (Hahn, 2020).

Demographic Changes:

Some of the factors for the housing scarcities include the following: With the population ageing, there are fewer people per home, potentially leading to low construction of homes. This sector demands more housing units since the population in single-person households is rising to compound the issue. At the same time, demographic shifts can affect trends and requirements for housing in the marketplace, which creates certain interactions. The problem intensifies due to the existing discrepancy between the types of housing currently offered in the market and the new demographic demands (Dewilde, 2022).

Political and Regulatory Factors:**Zoning Laws and Regulations:**

The codes governing the establishment and the use of space through the regulation of the area known as the 'zone' are very central when analysing housing markets. Regulations that limit the extent and height of buildings and those that limit the densities of use restrict development. Such regulations normally forbid the construction of new houses or the conversion of other structures to house units, constraining the current ability to accommodate the increasing population. Most of these pressures can be alleviated by liberalizing zoning laws to permit increased density and higher forms of accommodation (Biber et al., 2022).

Housing Policies and Their Effectiveness:

Housing policies in European cities differ in the extent of success they achieve. This is evident in specific affordable housing measures through special policies such as rent control policies and subsidies. In some cities, such measures have acted as a check on rent and the affordability of houses, while in others, they have resulted in less investment in the construction of new houses. Here lies the problem of creating policies that meet the objective of making houses cheap to build while at the same time encouraging developers to construct more houses to meet the demand of the population (FEPS, 2024). Direct state measures like affordable rental housing programs, subsidies for new housing constructions, and other forms of state support for affordable housing construction undertaken by private developers can provide the required push.

Therefore, the housing deficit in European towns and cities and its effects cannot be underemphasized as they stem from economic, social, and political challenges. Thus, it is important to understand that solving the crisis needs to be based on strategies that will help create more new housing, change the zoning rules, and adopt proper housing policies.

Economic Effects on Quality of Life:**Increase in Cost of Living:****Rent and Property Prices:**

Housing affordability through high rents and property prices is among the most apparent measures that point to the deterioration of the quality of life in European cities due to the housing crisis (Frayne et al., 2022). In many cities, rent and housing, in general, have been considerably expensive and exceed the wages that people earn, thus escalating the cost of living. For instance, according to market reports, rent and property costs in London, Berlin,

and Paris have risen in the last decade. These include high demand, scarce supply, and massive incorporation of real estate as an investment.

Impact on Disposable Income:

Due to the ever-increasing proportion of the total income used in the shelters, other basic needs like food, health and education are covered with less money. Such a burden impacts the financial stability of the residents since they cannot save, invest, or spend on other unimportant things. There is a high housing cost burden for low- and middle-income earners, thus resulting in high pressure on outlay and a poor standard of living (Haddad et al., 2022).

Social Inequality:

Wealth Gap:

The increase in the number of people who are homeless also leads to higher poverty levels, hence enlarging the social disparity. Future claims to housing become a problem for lower-income groups due to the difficult process of acquisition, while owners of property reap big profits from the realization of higher asset values. This leads to social and economic disparity among the population within cities, increasing inequality levels among higher-income groups (Dewilde, 2022).

Access to Services and Amenities:

Poverty also affects the availability of basic human needs and facilities to individuals, worsening the affordability crisis. Costs of houses render low-income earners to be housed and live in less strategic, poorly served by adequate social amenities, well-developed roads, standard schools, and hospitals, among others (Rodwin, 2022).

Gentrification:

Displacement of Lower-Income Residents:

Stakeholders are aware that gentrification, a typical occurrence in the housing emergency, entails the subversion of a zone by relocating households of superior standard and economic capacity and expulsing previous inhabitants of lesser standards. It should be stressed that this process not only displaces people but also destroys social contacts and weakens social ties. For example, when gentrification occurs in Berlin or London, significant changes are observed in the demographic profiles of the neighborhoods, and there are indications that conflicts between the rich and the poor are on the rise (Polat, 2020).

Changes in Community Dynamics:

Gentrification also affects cultural and social characteristics of areas through changing populations. This has been seen as those in the higher income bracket gain inhabitation; the local carriers and services are altered to suit this segment, hence effectively locking out original standard commercial outlets. This means switching may lead to the erosion of culture and social cohesion, impacting long-standing inhabitants' standard of living. The impact of the housing situation on the economic quality of Europeans living in cities is quite significant and involves numerous aspects (Dewilde, 2022). Higher housing costs decrease consumers' purchasing power, deepen social disparities, and cause major social and community shifts. Solving these problems requires complex policy measures to address housing accessibility and improve the situation for the population. It is essential to focus on preventing the conversion of neighborhoods and communities occupied by low-income and disadvantaged groups into zones of exclusion, and to ensure equal access to services and utilities (Saiz, 2023; Myers et al., 2023).

Impact on Labor Mobility:

Implications of Housing Price and Its Connection to Labour Market Flows:

The availability of houses and their costs greatly determine human traffic in the labour market. Exorbitant costs of housing slow mobility, hence depressing the flexibility seen in the urban labour markets. High housing costs reduce mobility because, when housing is costly, workers, especially low-wage employees, cannot afford to relocate to areas where jobs are plenty (Blumenberg and King, 2021). This is a result of high property prices and rents limiting the ability of workers to move from one region to another, leading to slow growth in the economy, especially in less affordable regions, as observed in cities such as London and Berlin.

Information Pertaining to Commuting Distance and Time:

In general, it can be said that one of the most evident consequences of the housing crisis pertains to the changes in the patterns of commuting. Employee ailments make them resent working in certain regions and compel them to reside farther from their workplace, hence experiencing elevated costs in movement and productivity. Research

findings demonstrate that the overall coverage distance in cities such as Stockholm has risen, meaning adequate housing is often far from working opportunities (Legeby et al., 2023).

Analysis of Job Market Flexibility and Worker Mobility:

It is imperative to understand that the flexibility of the job market is highly dependent on worker mobility, which is negatively influenced by housing expenses. Housing affordability is an enemy of job mobility because high prices deter workers from seeking better-paid positions by limiting their capability of finding decent shelter. This aspect can make life a little less fluid and create less mobility within the labour market. For example, Europe, where homeownership is relatively high compared to other developed nations, has lower mobility at the workplace and higher unemployment levels because being a homeowner means the individual cannot easily relocate for job opportunities (Dewilde, 2020).

Urban Development Strategies to address the housing challenge:

Promoting Affordable Housing:

In some cases, various cities have attempted to adopt different measures to ensure affordable housing. For instance, Berlin has provided land that has been used to encourage affordable housing and has also incorporated housing into every transportation project to make it affordable and accessible (Tsenkova, 2021). Likewise, Seattle works with regional transit suppliers to finance new affordable homes along light rail stations, enhancing accessibility and affordability together (Jang, 2023).

Policy Recommendations:

Utilizing Public Land:

Public land should be utilized properly by cities so that the cost of housing is not excessively high, and there is a balanced combination of residential, commercial, and leisure facilities.

Integrating Housing and Transportation Planning:

Housing provision in relation to transportation can improve access and ease of transportation, as well as commuting expenses.

Multi-Stage Public Engagement:

Public participation helps meet the development needs of communities and garner their support.

Reforming Zoning Laws:

The rigidity of zoning codes restricts the density that developers can build in some neighborhoods, and removing these restrictions will allow for the creation of more affordable housing units (Serkin, 2020).

Sustainable Urban Planning:

Green Spaces and Infrastructure:

Integrating green areas into the construction of cities is one of the key priorities for building efficient and habitable communities. Gardens and parks are environmentally beneficial, create healthy living, and thus, a brighter future for people. For instance, through urban planning in the cities such as Amsterdam, green spaces have been incorporated in the development process to enhance development while at the same time enhancing development sustainable nature (Balikci et al., 2022).

Mixed-Use Development:

Modern architectural models such as integrated and multipurpose structures – including apartment buildings with stores and leisure areas – can improve cities' quality of life and economic productivity. It minimizes daily travel distances, thereby saving time, fostering local markets, and creating a vibrant, diverse social milieu. Berlin and Seattle provide examples of implementing the mixed-use development to tackle affordable housing and boost local economies (Tsenkova, 2021).

Functions of Government and Private Sector:

Collaboration and Incentives:

Government and private sector cooperation can effectively combat homelessness. The government's support for this type of project includes offering tax credits, subsidies, and allowing developers to get approvals faster than they normally would. Through collaboration between the government and private entities, resources, knowledge, and

creativity can be optimally employed to create housing for the population that addresses different needs (Rowdin, 2022).

Regulatory Reforms:

The development of affordable housing requires easing regulations that hinder its construction. This also includes a re-amendment of the zoning laws to accommodate higher-density city housing, the eradication or simplification of bureaucratic barriers to city housing construction, while at the same time ensuring that the regulations in place encourage housing development rather than discourage it. For instance, Berlin has put some measures in place to improve the efficiency of processes and support the construction of units within the reach of many people (Knaus and Haase, 2020).

In order to solve the housing problem in European cities, it is necessary to use a systematic approach that presupposes such components as the production of affordable housing, the optimization of urban development processes, and partnership between the state and non-state sectors.

Case Studies Analysis:

London:

Current Situation:

London is experiencing a severe housing shortage, typified by the high property and rent rates. The housing industry has experienced substantial prices because of foreign investors' expansion and a low supply of homes. It has led to most people being locked out of the housing market through the provision of ownership, heightening the problem by accentuating the need for affordable rental units (Marcuse and Madden, 2024).

Implemented Measures:

London is currently facing a crisis, and to solve this issue, it has undertaken the following strategies. These are offering incentives for creating big housing complexes involving private capital, using state-owned land for new housing constructions, and amending legislation, particularly changes in zoning regulations to enhance the density of housing. The London Plan 2019 concerns house building to attain new and affordable homes, particularly with set achievable targets (Alves, 2022).

Outcomes and Challenges:

The focus is mostly on the development of classy projects that do not effectively cater to the needs of low—and middle-income earners. Further, regulatory and financial barriers persist that slow down the construction of affordable houses.

Berlin:

Current Situation:

Berlin, famous for its cheap apartments, is in a very alarming situation now—the rents were raised by 85% between 2007 and 2019. According to the census data, the city has a relatively high renter population whose costs have scaled, affecting affordability and tenure (Kusiak, 2024).

Implemented Measures:

The city has implemented various strategies and regulatory tools, such as the Mietendeckel rent cap, which was introduced in 2020 and intended to freeze rents for five years. The city has also plan for building of social housing and coming up with provision of publicly owned land to ensure new construction in order to increase the levels of housing stock (Hahn et al., 2024).

Outcomes and Challenges:

However, the everyday actions of city authorities to increase more supply of social housing, demand is still high and the cost; still out of control. In addition, it is worth noting that with financing of housing has also attracted many corporate actors to the sector and thus trying to stabilize this part of the economy is very difficult.

Paris:**Current Situation:**

The prices and rents of houses in this city have risen and are still considered high because of demand and stock shortage. High building density and historic structure, the peculiarity of a city layout also negatively affect the possibility of constructing new dwelling houses, thus aggravating housing affordability (Galster and Lee, 2021).

Implemented Measures:

These measures include capping the activities of platforms like Airbnb to release the pressure on long-term residents, introducing the ability to set higher quotas for social housing, and supporting the refurbishment and functioning of construction projects. The city has also worked to foster the construction of mixed dwelling unit tenements to enhance social inclusion (Colomb and De Souza, 2021).

Outcomes and Challenges:

However, it has not been all smooth sailing as some of the following issues are still a concern. The policies used in regulating the short-term rental accommodation have been a big challenge when it comes to implementation, and the cost of land and building materials continues to make affordable housing a mirage. The need for a home in some specific area in Paris is still a constant demand which puts pressure on the prices and stock on the market (Duca et al., 2021).

Amsterdam:**Current Situation:**

Unaffordable housing and high rental rates define Amsterdam, meaning affordable houses have become scarce. The issue of demand for houses is also occasioned by the population which finds the city attractive and economically buoyant (Wigger, 2021).

Implemented Measures:

Amsterdam has endeavored to solve the housing problem, with focusing on stimulating the construction of affordable housing through public-private cooperation, revising the measures against short-term rental platforms, and enacting certain legislation that prevents landlords from increasing rents to exorbitant levels. The city has also undertaken sustainable city planning to provide green areas and more mixed land use.

Outcomes and Challenges:

These measures have proved to have varying effects. Short-term rental law and measures have led to the enhancement of the supply of long-term inventory, though the overall supply of affordable housing is constrained.

Discussion:**Synthesis of Findings:****Poor housing situation:**

In large European cities like London, Berlin, Paris, and Amsterdam, the problem is being propelled by economic, social, and political forces. Some of the problems observed in these cities are high property prices and rents, low supply and availability of affordable housing stock, and the processes of housing market financialization. These problems have elicited various solutions in each city, including rent controls, utilization of public land, mixed-use development, and public-private partnership initiatives.

Recommendations for Policies and Standards:

The findings from the case studies suggest several implications for policy and practice:

Holistic Urban Planning:

Urban planning of cities should be holistic focusing on housing, transportation, and green areas. With the help of such stimuli, more comfortable and sustainable urban spaces can be formed.

Flexible Zoning Regulations:

Changes that need to be applied to zoning laws so that it is possible to have higher density housing including mixed-use developments can help increase the amount of supply and hence the cost.

Public-Private Partnerships:

An understanding of the roles that both the government and other stakeholders, in this case, the private sector, play towards the development of affordable housing projects is essential.

Community Engagement:

The public can be involved in the planning and development of housing projects, which will mean that the projects are tailored to meet the population's needs, and there will be slight resistance from the public.

Targeted Interventions:

Programs should be designed according to the conditions of particular cities, the population increase, the new opportunities in the field of economic development, and the provided housing.

Limitations of the Study:

The study has several limitations that must be acknowledged:

Data Availability:

Regarding the influence of data availability and quality, it is believed that it differs from city to city in terms of the comprehensiveness and reliability of housing markets and the impacts of related policies.

Scope of Case Studies:

Even though the idea is viable and the sources are adequate, the study is limited to four large European cities, and it might not identify all the problems and all the potential solutions related to housing across the European continent.

Temporal Constraints:

It also needs to be emphasized that housing markets are constantly evolving; therefore, some conclusions may be likely to become rather outdated due to changes in the policy and market conditions.

Policy Implementation Variability:

One thing that contributes to the confusion is that certain policies are applied and enforced in different ways across the different cities.

Areas for Future Research:

Future research should address the following areas to provide a more comprehensive understanding of the housing crisis and effective solutions: Future research should address the following areas to provide a more comprehensive understanding of the housing crisis and effective solutions:

Comparative Studies:

Choosing a larger number and a greater diversification of cities, from small and medium-sized ones to those that are not located in Europe, can give additional information about the state of housing problems and their possible solutions.

Longitudinal Analysis:

Rather than undertaking short term research in the effects of housing policies, it may be more beneficial to implement studies that follow the effects of the policies in the long-term.

Impact of Technological Innovations:

Exploring factors like, technological advancement and modular construction as well as smart city solutions to the housing deficit and affordability.

Socioeconomic Impacts:

Analyzing the general patterns of causal determinations of housing policies and their consequences on health and education, as well as social equity or inequity, can offer a different angle in understanding the possible advantages and disadvantages of each strategy.

Conclusion:

Summary of Key Points:

The housing crisis in European cities can be defined as a complex problem elaborated by economic, social and political factors. According to the research conducted on the four cities- London, Berlin, Paris and Amsterdam some of the emerging issues include exorbitant property prices, shortage of cheap houses and suburbanization of housing finance.

Final Thoughts and Recommendations:

The problem of social housing can be solved only through the complex and coordinated actions of those involved in housing construction, transportation, and the creation of green zones. This is due to the fact that loose zoning ordinances and well-implemented public-private partnerships are imperative in enhancing the stock of houses and their affordability. Based on the findings and implications of this study, several recommendations can be made to address the housing crisis in European cities:

Adopt Holistic Urban Planning:

It is high time that cities plan their urban design development holistically for the development of housing, transportation system, and green areas for public use. It may be used to design better and sustainable urban environments as well as decrease the burden placed on housing systems.

Reform Zoning Regulations:

By liberalizing the zoning laws for heights and use, there will be competition that will help check on the prices of homes. Cities should also adopt inclusionary zoning, where some empty areas have to be developed into affordable housing structures.

Promote Public-Private Partnerships:

In this case, the government and stakeholders in the private sector need to cooperate closely to come up with affordable housing projects. Legal measures include an offer of incentives such as tax credits and grants to induce the private sector's participation in financing affordable houses.

Enhance Community Engagement:

The stakeholders, especially the local communities, should be drawn into the planning and development process to ensure that they support the housing projects.

Limiting Demand:

The artificially increased demand for housing due to uncontrolled immigration is a significant reason for the housing shortage in Germany. The state acts as a demander for housing and is willing to pay almost any rent. These expenses, drawn from the state treasury, are then lacking in funding for housing construction projects or integration initiatives.

Implement Targeted Interventions:

When setting policies, there is a need to understand the state of each city and the general role of these cities in today's society: the rate of population growth, the availability of economic opportunities, and the existing housing stocks.

Focus on Long-Term Solutions:

Meeting the needs of the population for housing is a long-term process that, first of all, should be accompanied by steady interest and goal-oriented actions. The authorities need to focus on increasing the supply of new affordable housing, preserving the existing stock from encapsulation and portfolio instability, and supporting existing affordable pipeline projects.

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