

LUXEMBOURG

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Table 1: Ownership of the housing stock; Luxembourg (2021)

Ownership type	Number of dwellings	Percentage
Owner-occupied	134,497	54.2%
Rental	53,933	21.7%
- of which: <i>social rental</i>	~ 5,000	2%
Other type of ownership	4,592	1.8%
Unknown	55,288	22.3%
Total	248,310	

Source: Eurostat, Population and housing censuses, Census 2021 round, Dwellings [cens_21dwbo_r2] ; Estimate of social housing: Jean Claude Zeimet (2025). House for All: Access to Affordable and Quality Housing for All People. Country fiche: Luxembourg. ESPON.

Notes: For the most part, the 'unknown' category represents missing data, as some households chose not to answer the tenure question when replying to the Census (79% response rate). Research suggests that the 'unknowns' skew towards non-owners, especially those from foreign backgrounds.¹

Brief historical overview

Social housing policy in Luxembourg has been historically quite limited, delivered mainly through public providers; namely the *Société Nationale des Habitations à Bon Marché* (National Affordable Housing Company) founded in 1919, and the *Fonds du Logement* (Housing Fund) created in 1979. While the first remains mostly focused on delivering affordable housing for sale, the Housing Fund has increased its supply of affordable rental housing in recent years.

What is meant by social housing?

Social housing in Luxembourg includes housing both for sale and rent. The actual term used in the legal framework is 'affordable housing', comprising provision of housing for affordable or moderate priced purchase, affordable rental housing and (privately owned) housing that is managed as social rental. All these categories are further defined and regulated by the 'Law on Affordable Housing' (*Loi du 7 août 2023 relative au logement abordable*), and they are supported by public funding.

It is estimated that altogether affordable rental housing includes about 5,000 dwellings,

corresponding to roughly 2% of the overall housing stock² in Luxembourg.

Financing and supports

Funding is available to public providers for the construction of housing for affordable purchase, covering up to 50% of the cost. Units are sold to homebuyers at a price reflecting construction costs. The plot of land is leased rather than sold, and the public provider has a right to buy back the dwelling in case the owner wants to sell it (i.e., a pre-emption right). There are caps on eligible costs, which can be increased by 15% in case of dwellings with particularly high standards in terms of climate resilience.

Funding for affordable rental housing covers 75% of the cost, and the state also contributes to the operational costs of the social housing provider that manages the dwellings. Rents are fixed by law, with different rent levels reflecting household income.

In the case of not-for-profit social rental agencies (see below) a monthly compensation is paid by the state for each housing unit managed.

¹ Paccoud, A., Gorczyńska-Angiulli, M., Ferro, Y., Schiel, K., Pigeron-Piroth, I. (2021). Panorama du Logement en 2021 : du changement dans la continuité. Luxembourg : STATEC

² Jean Claude Zeimet (2024), House for All: Access to Affordable and Quality Housing for All People. Country fiche: Luxembourg. ESPON, forthcoming

Accessing social housing

To be eligible to purchase an affordable housing unit, prospective homebuyers must not own another dwelling and must have held a valid residence permit³ for more than three months. Income limits apply for affordable housing, as well as moderate-cost purchase schemes. Income ceilings vary according to the household size.

In the case of affordable housing purchase, they start from €3,595 per month (net) for a single person to €8,000 per month for a household with 3 children (plus €890 for each additional child), and in the case of housing at moderate cost they are slightly higher.

There are two broad categories of affordable rental housing. These are ‘housing for the general public’, and ‘dedicated’ housing. The latter is targeted towards asylum seekers and refugees, students, young people, beneficiaries of housing with support, people over 60, or people in particularly dire and urgent housing need.

In all cases, income ceilings apply for affordable rental housing, ranging from €3,185 (net) per month for a single person to €7,090 for households with 3 children (plus €790 per additional child and €1,050 per dependent adult).

Service delivery

The 2023 Law identifies public providers as well as not-for-profit providers of affordable housing.

Public providers include:

- **Fonds du Logement** (Housing Fund) manages the largest stock of social rental housing in Luxembourg. It is an independent

public entity operating under the supervision of the Ministry of Housing.

Its responsibilities include constructing affordable housing (for rent and for sale), purchasing and developing land, and renovating residential buildings.

Of the approximately 4,400 housing units built since its creation, half are rental—currently over 2,200 units managed at affordable rents⁴.

- **Société Nationale des Habitations à Bon Marché** (National Affordable Housing Company) is a joint-stock company whose shareholders include the state, municipalities, and some public institutions.

The company focuses on construction, land acquisition, developing plans, and creating infrastructure for land development, primarily offering affordable homes for ownership. Although the focus of its activity is housing for sale, SNHBM also manages 532 rental units.⁵

- **Local governments** of major towns and cities can also manage land and housing for both rental and homeownership
- **Not-for-profit providers** (roughly 30 associations and foundations)⁶ are usually established using a Social Rental Agency structure. This means that they act as intermediaries between private landlords and those on the social housing waiting list. This includes leasing homes from the private sector to accommodate low-income households.⁷

As a small country, with a significant need for housing and a relatively low building density, accessing land for new development is a constant theme. In most cases, municipalities will buy land and make it available to the SNHBM or others to develop affordable housing.

³ Everyone moving to Luxembourg is supposed to register with their local municipality within three months. If all conditions with regard to valid documents are met, a residence permit is granted for a maximum of three years renewable.

⁴ Website of the Fonds du Logement <https://fondsdulogement.lu/fr>

⁵ Website of SNHBM <https://snhbm.lu/>

⁶ Website of Fondation pour l'accès au Logement <https://fondation-logement.lu/>

⁷ Legally the contract signed between a private owner and the social rental agency can be both of limited or unlimited duration. The general practice is a 3-year leasing arrangement. The owner has the right to terminate the contract if there are breaches or if they can show a genuine need for the home for their own use; with a three month notice period.

However, this often involves purchasing land on the private market, rather than using public land; which in any case is not sufficient by itself to meet the need for public investment in housing.

'*Baulücken*' are vacant lots, which correspond to building plots located in residential areas that should normally have been built on already, but which have been left vacant because their private owners do not wish to develop or sell. The Ministry of Internal Affairs is actively working on property tax reform, along with the introduction of a land mobilisation tax (IMOB) and a tax on unoccupied dwellings (INOL) to help mobilise vacant lots/dwellings.⁸

Integration with social policy

Besides supporting the supply of affordable housing, the Luxembourgish Ministry of Housing also offers rent benefits to low-income households renting on the private market. This is limited to those who spend over 25% of their net income on rent. The Ministry also offers assistance with covering the payment of the rental deposit.⁹

However, according to data from the national Housing Observatory, in 2022 only about 25% of those potentially eligible for rent benefits had applied for them.¹⁰

CASE STUDY / KEY POLICY FEATURE

National affordable housing register

The Luxembourgish government has in recent years intensified its efforts to increase the supply of affordable housing and to streamline and simplify its provision and allocation. One important step in this regard has been the creation of a single national register of affordable housing (*Registre national des logements abordables* or RENLA).

RENLA is a government-managed database designed to improve access to affordable housing. It centralises information on available units, eligibility criteria, and allocation processes, ensuring a transparent and efficient distribution of housing resources. The register is overseen by government, in collaboration with municipalities and non-profit housing providers. This helps policymakers to more easily track supply and demand for affordable homes.

By streamlining the allocation process, the system prevents overlaps and improves coordination among different public and subsidised housing projects. The register is part of Luxembourg's broader strategy to address the country's housing affordability challenges. By maintaining an up-to-date record of affordable housing stock and demand, it helps to better allocate public financial supports when and where they are most needed.

Conclusions

Social housing supply has been historically very limited in Luxembourg. In recent years, however, government efforts to increase availability of affordable housing have been significant, including a 10-year programme establishing partnership agreements with local authorities (*Pacte Logement 2.0*, 2021-2032), reorganisation and simplification of all types of affordable housing provision under a new 'Law on Affordable Housing', and a special fund supporting housing supply established in 2020 and regularly re-financed since. This latter development has allowed existing public and not-for-profit providers to significantly increase their supply.

⁸ See: https://gouvernement.lu/en/dossiers.gouv2024_maint%2B2022%2Bimpot-foncier.html

⁹ Website of the Housing Ministry <https://logement.public.lu/fr/locataire/obtenir-aide-location.html>

¹⁰ LISER (2023) Étude sur le non-recours à la subvention de loyer au Luxembourg. Rapport d'analyse 8 de l'Observatoire de l'Habitat

However, a lot remains to be done, as these positive actions have been taken against a context characterised by undersupply of housing compared to strong population growth,¹¹ a very small social rental housing sector compared to neighbouring European countries,¹² and an overall problem with access to affordable housing, which is particularly problematic for young people.¹³ This is reflected in a strong increase in the number of social housing applications. For example, the number of households on the waiting list managed by the Fonds du Logement reached 5,500 in 2023 (a 43% increase compared to 2021).¹⁴

¹¹ Stráský, J. (2020). Policies for a More Efficient and Inclusive Housing Market in Luxembourg. Economics department working paper, No. 1594. Paris: OECD

¹² Housing Europe (2012). Housing Europe Review: the nuts and bolts of social housing systems in Europe

¹³ Liser (2024). Situation des jeunes adultes sur le marché du logement luxembourgeois. Note 38 de l'Observatoire de l'Habitat

¹⁴ Liser (2023). Qui sont les candidats à un logement en location abordable au Luxembourg ? Note 33 de l'Observatoire de l'Habitat