

Summary of EAPB's contribution to the Commission's Consultation and Call for Evidence on the Reform of the SGEI Framework for Affordable Housing

The European Association of Public Banks (EAPB) welcomes the European Commission's initiative to revise the State aid rules for services of general economic interest (SGEI), with particular focus on affordable housing. EAPB considers this reform both urgent and essential, given the persistent housing shortages and affordability crisis affecting large parts of the European Union. As financial institutions with a public mandate, National Promotional Banks (NPBs) have a long-standing role in financing and delivering affordable and social housing across Member States.

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In its response to the Commission's public consultation, the EAPB supports the creation of a dedicated category for affordable housing within the SGEI rules and welcomes the Commission's proposal to introduce an official definition. The EAPB proposes defining affordable housing as: **"housing for households that cannot afford adequate housing at market conditions due to market outcomes and in particular market failures in their region or municipality, according to Member State standards."** This definition, which reflects the diversity of local realities and the structural nature of housing market failures, allows Member States to tailor policies to their own regional and national contexts while ensuring alignment with broader EU policy objectives. Importantly, the definition does not come at the expense of social housing. It enables Member States to distinguish between different segments of the affordable housing market: social housing for the most vulnerable and mid-rental or affordable ownership for middle-income groups.

Moreover, the EAPB **opposes a geographically rigid approach and calls for Member States to be allowed to define eligible regions and target groups themselves.** We underline the importance of maintaining flexibility in the definition of SGEIs. Affordable housing should not be restricted to areas experiencing absolute shortages of dwellings but should also be eligible in regions where supply is insufficient due to price inflation, gentrification, or similar market pressures.

On the question of beneficiaries, EAPB agrees that income limits may play a role but should not be the sole criterion. Affordability must be understood as a function of both household income and housing costs, and eligibility rules should reflect this. Furthermore, **Member States should retain the ability to prioritize key workers and vulnerable groups**, as well as to apply alternative mechanisms such as rent caps or cost-based pricing models.

Regarding pricing mechanisms, EAPB supports flexibility. While maximum prices may be necessary in some schemes to ensure affordability, they should be defined at national or regional level. In some cases, a minimum price may also be justified to avoid excessive public support or to maintain the financial sustainability of housing providers.

Moreover, the EAPB strongly advocates for long-term affordability. Where subsidised housing is supported by concessional loans, the duration of affordability obligations should match the financing period. The same principle should apply to resale conditions in affordable ownership schemes, with restrictions tailored to the specific support model.

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We also call for openness in the delivery model. **Affordable housing schemes should not be limited to non-profit or public providers.** An open system, where all providers can participate if they meet certain public-interest conditions, is critical for reaching scale. At the same time, simplified rules may be appropriate for dedicated not-for-profit providers who reinvest profits into housing services.

In terms of eligible measures, EAPB urges the Commission not to limit the scope of State aid coverage to new construction or renovation. The inclusion of refinancing will bolster the capacity of affordable housing providers to deliver new units and renovate existing ones. Furthermore, to avoid confusion and unnecessary barriers, it is also important that State aid rules do not introduce additional technical or building requirements (e.g. energy efficiency), which should remain under national or EU sectoral regulation. Finally, EAPB proposes that, alongside the SGEI reform, **the Commission consider introducing a dedicated exemption for housing investments under the General Block Exemption Regulation (GBER)**, applicable irrespective of whether housing is formally recognised as an SGEI in a given Member State. Such an exemption would offer a clear legal basis for public financial support—particularly through promotional banks and public financial institutions—towards construction companies and other providers. This would facilitate the scaling-up of housing supply, lower overall housing costs, and expand access to both rental and ownership opportunities. Appropriate safeguards could be included to ensure that publicly supported housing remains dedicated to affordability goals over a defined period. In this context, EAPB welcomes the recently launched public consultation on the review of the GBER, which rightly includes a focus on housing.

EAPB and its members look forward to presenting our positions in detail to the EU legislators in the months ahead and will also participate in the ongoing public consultation on the pan-European Investment Platform.

EAPB contribution to the Call for Evidence: State aid - revision of the rules on services of general economic interest– [Available](#) online

The European Association of Public Banks (EAPB) welcomes the revision of the State aid rules for services of general economic interest (SGEI). The adaptation of state aid rules is one of the main proposals outlined in our position paper on Housing. Firstly, it is pivotal to have a clear and common understanding of affordability. We propose the following definition: Affordable housing is housing for households that cannot afford adequate housing at market conditions due to market outcomes and, in particular, market failures in their region or municipality according to Member State standards. The definition does not come at the expense of social housing. It enables Member States to distinguish between different segments of the AF market: social housing for the most vulnerable and mid-rental or affordable ownership for middle-income groups. In that sense, we note that the interpretation of what adequate housing should remain with national, regional, and local authorities, who are best placed to determine adequacy based on local conditions. Similarly, market failures on housing will generally materialise specifically at the local and regional level, although housing shortages may also have national-level causes and consequences, for instance demographic dynamics. In order to avoid confusion it is important that State aid rules do not introduce additional building requirements (e.g. energy efficiency). Furthermore the scope should not be limited to newly build or renovation but also include refinancing of existing buildings. Including the refinancing of existing buildings will bolster the capacity of affordable housing providers to provide new buildings and renovate existing ones. While it is difficult to provide a pan-European estimate of the impact of our proposal, some relevant national-level studies are available. For example, a recent Dutch study (Niet-Daeb investeringsruimte) by Ortec Finance on behalf of Aedes (the national association of social housing providers) estimates that amending State aid rules to support "middenhuur" (middle-income rent) housing could facilitate the construction of 5,000 additional units annually, without requiring additional public funding. In perspective, this represents 5% of the annual target for overall housing production in the Netherlands, and it covers 14% of the yearly target for affordable houses. We underline the importance of maintaining flexibility in the definition of SGEIs, and ensuring that national and local authorities retain discretion to define them in line with their specific needs. As mentioned in the EAPB position on housing, we propose in addition to changes to the SGEI framework, that the Commission consider introducing a dedicated block exemption for housing under the General Block Exemption Regulation (GBER), applicable regardless of whether housing is formally recognised as an SGEI in a given Member State. Such an exemption could help stimulate the supply of housing, by providing a clear legal basis to support construction companies through public financial support. This could in turn help lower housing prices and increase the availability of rental and owner-occupied units. The GBER could also include conditions to ensure that newly built housing

remains dedicated to affordability objectives for a defined period. In this context we welcome the recent launch of a public consultation on the review of the General Block Exemption Regulation, including to consider measures on housing. EAPB and its members look forward to supporting the Commission and will also participate in the other ongoing public consultations.

Questionnaire for the public consultation on the Revision of the State aid rules for services of general economic interest, in particular on Housing

Fields marked with * are mandatory.

Questionnaire for the public consultation on the Revision of the State aid rules for services of general economic interest, in particular on Housing

Housing affordability has deteriorated in recent years. Most Member States are now suffering critical housing shortages, in particular in major cities. Housing costs have risen considerably relative to incomes, representing a major social challenge and burden for families, young people, and others who are unable to access appropriate housing at an affordable price. This has an impact on European competitiveness by hurting mobility and access to employment opportunities, including for key workers in the society. In addition, housing of low quality has direct negative impacts on quality of life and health. The housing challenges are particularly acute in urban areas, where three quarters of the EU population live, and also affect rural areas (with sometimes excessive demand in urban areas or falling prices due to depopulation in rural areas).

In order to address this urgent issue, strong policy action at European level is needed to support the national, regional and local levels as effectively as possible. The Commission has appointed a Commissioner for Housing and has set up a Task Force on Affordable Housing to coordinate Commission workstreams on housing. The Commission will put forward a European Affordable Housing Plan in 2026 to complement Member States, regional and local governments' housing policies and initiatives, while respecting the principle of subsidiarity in the housing sector and taking into account the various interests of the many relevant stakeholders.

Member States' support to facilitate affordable housing projects may involve a wide range of financial and regulatory instruments. The introduction of such instruments could constitute State aid and/or require State aid clearance by the Commission.

Member States may grant Services of General Economic Interest (SGEI) compensation for social housing without prior Commission approval and without any compensation limit under the [SGEI Decision](#), provided that all conditions therein are complied with.

While in principle the SGEI Decision could also cover affordable housing SGEIs, (i) affordable housing is not expressly defined in the SGEI Decision, making the use of the Decision difficult for Member States to design SGEIs for affordable housing, and (ii) to the extent that these SGEIs would go beyond the scope of social housing, compensation under the SGEI Decision could not exceed EUR 15 million per year which is insufficient to address existing needs.

Beyond EUR 15 million/year, affordable housing SGEIs could be subsidised under the [SGEI Framework](#) (applicable in cases where the SGEI Decision does not apply), subject to prior notification and Commission approval. Besides the difficulty of designing affordable housing SGEIs and the need to notify the related measures, the SGEI Framework has more stringent compatibility conditions than the SGEI Decision, which makes it impractical for funding affordable housing. Also, Member States have never notified an affordable housing compensation under the SGEI Framework.

In light of this, State aid for affordable housing measures has been approved by the Commission in a few cases directly under Article 107(3)(c) of the Treaty on the Functioning of the European Union (“TFEU”), following an assessment to verify whether the positive effects of the aid outweigh its negative effects. The Commission approved three housing schemes in recent years in this way, concerning Sweden ([SA.56305](#)) [1], Ireland ([SA.102927](#)) [2] and Czechia ([SA.106249](#)) [3]. However, such decisions require a notification and a case-by-case assessment, which makes such approach unfit for a generalised application.

Against this background, the Commission will revise the SGEI rules to offer more flexibility to Member States to support affordable housing notably through the financing of the construction of new buildings and /or renovations of existing buildings. In doing so, the Commission however also considers it essential to avoid (i) undue interference with market forces, which could crowd out private investment and distort competition, and (ii) an impact on social housing to the detriment of the most vulnerable groups in society.

With this revision, the Commission proposes to introduce a definition for affordable housing in the SGEI Decision. The Commission is currently considering the following definition for State aid purposes only and without prejudice to other definitions that Member States or other institutions may use in other circumstances:

“Housing for households, who are not able, due to market outcomes and notably market failures, to access housing that meets minimum energy performance levels at affordable conditions.”

Affordable housing SGEIs, as defined above, could be compensated under the SGEI Decision either without limitation of amount or up to a maximum amount to be determined.

The Commission will provide guidance in the SGEI rules on some general conditions that need to be considered in the design of affordable housing SGEIs, as defined above, to ensure consistency with the definition and avoid the risk of manifest errors.

In addition, the Commission proposes to clarify that the costs linked with investments in the renovation of social and affordable housing can be taken into account for the financing of social and affordable housing SGEIs.

Moreover, the Commission will also simplify, update and clarify some concepts in the SGEI Decision, and possibly the [SGEI Communication](#), without introducing new rules in this respect, further to the [evaluation](#) of the SGEI rules and [the review](#) of the [SGEI de minimis Regulation](#).

Against this background, this public consultation aims to gather input that will help shape the Commission’s revision of the SGEI rules. The public consultation is open until 31 July.

The responses from this consultation will be analysed and a factual summary of the main points and the conclusions will be made public on the Commission’s central public consultations page. A factual summary report will be published on the consultation page after the public consultation is closed. Moreover, a synopsis report will be prepared, containing a summary of all the consultation results activities.

[1] On 11 September 2020, the Commission approved an aid scheme in Sweden directly under Article 107(3)(c) TFEU, which provides support for the construction of (a) rental housing in areas experiencing population growth and housing shortages, or in municipalities experiencing population growth and suffering from a lack of a certain type of housing, and (b) student rental housing in or near municipalities which have universities or other higher education institutions.

[2] On 6 February 2023, the Commission approved an Irish aid scheme to support the building of apartments for sale to owner-occupiers in Dublin and other Irish cities with a view to increasing the supply of apartments and stimulate ownership of housing. In the context of this case, the Irish authorities demonstrated that current market prices are not sufficient to cover the increasing delivery costs of apartments and that this has resulted in a housing shortage in Irish cities.

[3] On 8 April 2024, the Commission approved a Czech aid measure to support affordable rental housing in Czechia. The measure aims at increasing the supply of affordable housing for a set of target groups (e.g. essential workers such as police, teachers, firemen, health professionals, as well as refugees), by supporting the construction and renovation of housing through grants and loans. The additional housing supply, to be rented at 'below market' rates, would not be financially viable to build without the aid.

General information on the respondent

* Category of respondent?

- ☐ Citizen
- ☐ Public authority (National)
- ☐ Public authority (Regional)
- ☐ Public authority (Local)
- ☐ Company/business
- ☒ Association of companies/businesses
- ☐ Financial institution
- ☐ Social partner
- ☐ Academic/research institution
- ☐ NGO
- ☐ Other [please, specify]

* Nationality?

- ☒ EU
- ☐ Non-EU/multinational

* EU member state

BE - Belgium

Definition of affordable housing

While there is currently no common definition of affordable housing at EU level, the notion needs to be defined for State aid purposes to identify which type of housing services may be compensated under the revised SGEI Decision. The Commission envisages to introduce the following definition of affordable housing for State aid purposes only:

“Housing for households, who are not able, due to market outcomes and notably market failures, to access housing that meets minimum energy performance levels at affordable conditions”.

* Do you consider that the proposed definition is sufficient to allow Member States to implement affordable housing SGEIs under the SGEI Decision while avoiding

(i) undue interference with market forces, which could crowd out private investment and distort competition,

and

(ii) an impact on social housing to the detriment of the most vulnerable groups in society?

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The reference to energy performance levels is redundant, as the EPBD already mandates near zero energy buildings and net zero energy buildings for new buildings. Its inclusion here risks confusion and overlap

We suggest adjusting the definition as follows:

“Affordable housing: is housing for households that cannot afford adequate housing at market conditions due to market outcomes and in particular market failures in their region or municipality according to Member State standards.”

This would make it possible to correct the result of free market development housing and take into account regional differences and local market situations.

The provision of AF not only contributes to social inclusion, but is also essential for the economic stability and development of regions with a tight housing market. In urban centers in particular, AF is a crucial factor in ensuring a functioning economy and avoiding social segregation.

This is not an unacceptable interference with market forces. The EU must have an interest in preserving social peace. Good Commission practice is to overcome market failures with the help of state aid rules. The definition does not come at the expense of social housing. It enables Member States to distinguish between different segments of the AF market—social housing for the most vulnerable and mid-rental or affordable ownership for middle-income groups. This segmentation allows for more precise policy steering and monitoring, ensuring that both groups are adequately served. The Dutch law e.g. mandates at least 30% social housing and two-thirds affordable housing (including social, mid-rental and affordable ownership), while prioritizing the most vulnerable groups through urgency declarations. By limiting the scope of the SGEI to segments of the population that are not served by the market—due to affordability constraints—the public intervention is targeted only where market failure exists.

* In your view, should affordable housing SGEIs only be defined in specific areas experiencing housing shortages?

- ☐ Yes
- ☒ No
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The problem is often not a lack of housing per se, but a lack of affordable housing. In larger cities in particular, a shortage of affordable housing leads to high rent offers on the open housing market. However, as many professional groups in the city do not pay different wages to those in other parts of the country, the resulting rent burden is much higher. As a result, certain income groups are unable to find affordable housing in the city.

Defining SGEIs too rigidly by geography would be overly static and fail to reflect the dynamic nature of housing demand, which can shift rapidly over time. Flexibility is essential to respond effectively to changing needs.

Beneficiaries of affordable housing SGEIs

Affordable housing differs from social housing in terms of the population targeted. While affordable housing generally serves lower- to middle-income groups who face difficulties accessing market-rate housing, social housing is aimed at socially less advantaged groups with more acute socio-economic needs. In order to ensure that affordable housing SGEIs effectively reach those in need and to minimise distortions to the private housing market, the following questions address the criteria that could be defined at the level of Member States to limit affordable housing SGEIs to a clear target group.

* In your view, should affordable housing SGEIs include income limits (e.g. thresholds based on income deciles) for applicants to qualify as beneficiaries of affordable housing SGEIs?

- ☒ Yes
- ☐ No
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

However, affordability is a function of both costs and income. Restricting it to income ignores the costs part. Eligibility should be up to the Member State based on their national housing systems and market conditions. These restrictions may consider locally relevant average annual household incomes (sometimes modified with an appropriate coefficient for example when market housing prices are extremely high), or a locally relevant rent burden ratio. There are also sometimes restriction alternatives related to existence of locally relevant shortages, the need for near work place housing for professional groups or the family status. Some Member States also use rent caps based on the replacement value of buildings or real construction costs, for example in Poland.

In your view, how should income limits be determined? Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

see above

* In your view, should affordable housing SGEIs contain mechanisms to ensure that income limits are consistently respected over time, so that changes in beneficiaries' income are adequately captured?

- ☐ Yes
- ☐ No
- ☒ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

* In your view, should access to affordable housing SGEIs be excluded for persons that already (co-) own residential property or land suitable for building?

- ☒ Yes
- ☐ Yes, under some circumstances
- ☐ No

☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The question is answered with the understanding that it is not about commercial builders of affordable housing. Those who already own property should generally not benefit from the promotion of affordable housing as owner-occupiers. However, Member States should have the discretion to fix the rules on this. Also, land plots should be excluded from this rule. A person could be the owner of a land plot suitable for residential housing while not being able to afford construction of a house on that property.

* Would you consider justifiable to prioritise the allocation of affordable housing SGEIs to certain groups with essential societal roles?

- ☒ Yes
☐ No
☐ I don't know

* Please provide examples of such societal roles

500 character(s) maximum

healthcare workers or emergency responders, families

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

Yes, in certain situations it can be justifiable to prioritise affordable housing SGEIs for groups with essential societal roles—such as, healthcare workers or emergency responders—especially in areas where their presence is critical to community functioning . This should be left to the discretion of Member States. The relevance of specific roles can vary over time and across regions, depending on local labour market dynamics and housing needs. Flexibility is therefore essential.
It should be allowed for Member States to also consider alternative criteria such as the existence of locally relevant shortages or the family status .

Prices for affordable housing SGEIs

In order to ensure that affordable housing SGEIs are truly accessible to those in need, setting price caps may be necessary to maintaining affordability. At the same time, introducing a minimum price level may also be justified to prevent excessive subsidies and ensure fair competition, which indirectly may also safeguard public budgets allocated to social housing. Against this background, the following questions explore appropriate pricing mechanisms that could be set for affordable housing SGEIs.

* In your view, should affordable housing SGEIs envisage a maximum price for the renting or selling of housing?

- ☐ Yes
☐ No
☒ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

There should be sufficient flexibility in the rules in order to allow Member States to choose the right system in line with the specificity of their housing programmes. While in some areas the decisive factor will be the rent burden ratio or the sustainability of a certain debt service in relation to disposable income, other areas may prefer to work with maximum prices.

There are also different support models to be considered and each of them should be addressed separately. Member States may wish to limit rent rates in the affordable housing sector to ensure affordability and differentiate them from commercial rents. They could be e.g. capped at a certain annual percentage of the dwelling's construction cost and compared to market levels. A Member State may also consider it necessary to cap purchase prices of dwellings if the affordable housing program aims to support buyers by providing them with a mortgage loan subsidy. This is essential to keep developers and banks from increasing their margins which would counteract the concessional nature of mortgage loans. However In case of rent-to-buy schemes (assuming that rent is affordable) Member States way want to sell dwellings at market prices to avoid undue State aid and "double support" of tenants.

If the decision-makers intend to set a maximum price, it should be remembered that this is set by the Member States or regions in the case of social housing. Affordable housing should be treated in the same way as social housing in order to take account of regional and local market conditions.

* In your view, should a minimum price for affordable housing SGEIs be introduced to ensure that the SGEI compensation does not exceed what is necessary to ensure affordability for the beneficiary, thereby reducing market distortions, and at the same time provide financial sustainability for the housing provider?

- ☐ Yes
☐ No
☒ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The Member States need flexibility in order to be able to act appropriately in the various regions. While a minimum price may limit the possibilities to solve the problems on the housing market, in some situations a minimum price can be justified to ensure that compensation remains proportionate, reduce market distortions and support the financial health of housing providers. In case a minimum price is introduced by a Member State, it is important that the price takes into account all relevant cost components of the housing provider, e.g. debt servicing costs, running/maintenance costs.

Do you have other suggestions on principles that could ensure the financial affordability of housing, while preventing excessive market distortions with prices that are too low compared to market prices? Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

Similarly to social housing, the long-term nature of the rental/investment is crucial for the creation of affordable housing. Experience shows that this works best if the term of the selected financing and the obligations for the borrower match as closely as possible. In concrete terms, this means that long-term loans combined with a long-term commitment to upper rent limits or to a specific target group are preferable to one-off grants.

Minimum requirements for affordable housing SGEIs

In line with the definition of affordable housing proposed above, it seems essential that affordable housing meets basic standards of quality, safety, and energy performance. The following questions therefore address the minimum requirements that should be set for subsidised affordable housing SGEIs.

- * In your view, should minimum quality standards be set at Member State, regional and/or local level for affordable housing SGEIs (e.g. minimum surface area of the dwelling, heating and cooling, ventilation, energy infrastructure, sanitary facilities and water supply, stability of the building construction and fire safety, broadband readiness of the building)?

- ☐ Yes
☒ No
☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

We do believe that adequacy must be defined on a region/municipality-specific basis. When creating affordable housing, the legal quality and climate standards have to be complied with. But we advocate for no further technical requirements over and above the existing building regulations in the Member States. This is the only way to ensure effective promotion of affordable housing. Unnecessary bureaucratization should be avoided at all costs.

Construction costs have risen in many Member States. They are the main reason for very new-build prices (e.g. of up to €6,000 per square meter in Germany). This in turn means that the rents or sales prices demanded by the builders of the buildings are far higher than what prospective buyers can afford. The buildings are constructed in accordance with the minimum legal standards. Any increase over and above the new building standards already enshrined in law in the Member States would cause construction prices to rise even further.

We therefore advocate not imposing any further technical requirements over and above the existing building regulations in the Member States. Only in this way can the current legal minimum level be achieved across the board and effective promotion made possible. State aid law should not be used to create certain technical standards - these are the responsibility of the Member States, as is the case with fire protection, for example. These stem not least from the recently adopted Energy Performance of Buildings Directive (EPBD). Our experience clearly shows that in many countries affordable housing is of high quality, with high importance given to energy efficiency.

It is generally considered that, in order to ensure long-term affordability, subsidised housing should remain affordable for a sufficiently long period. In this context, please consider the following questions:

- * Rental housing: In your view, should affordable housing providers that receive SGEI compensation be required to offer the subsidised rental housing at affordable prices for a minimum duration?

- ☐ Yes, but I don't know an appropriate minimum duration
☐ Yes, for a minimum of 5 years
☐ Yes, for a minimum of 10 years
☐ Yes, for a minimum of 20 years
☐ Yes, for a minimum of 30 years or more
☐

No

☒ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

There should not be a uniform rule at EU level but in certain cases rent affordability should be ensured throughout the entire SGEI entrustment period. This will differ from program to program, e.g. if a housing provider repays a 30-year concessional loan, it is only natural that the company will be obliged to maintain limited rent for that period as well. It should be a self-regulating process.

In the Netherlands, for example, this is already effectively addressed through the draft "Act on strengthening the direction on housing" (Wet regie op de volkshuisvesting), which sets clear retention periods for social and affordable housing. These periods are designed to ensure that public support translates into long-term affordability and to prevent speculative use of subsidies.

In order to remain within the logic of the SGEI exemption decision for housing construction and to ensure the synchronization of social and affordable housing construction, the periods of both aids should run in parallel. This will also prevent social and affordable housing from being played off against each other. As it is up to the Member States to determine the minimum period for social housing, the same procedure should be followed for affordable housing.

* Home ownership: In your view, should it be required that, once purchased, subsidised housing cannot be resold at market price/at a price beyond a certain limit or to households not meeting some eligibility requirements for a minimum duration in order to prevent its use for speculative purposes?

☐ Yes, but I don't know an appropriate minimum duration

☐ Yes, for a minimum of 5 years

☐ Yes, for a minimum of 10 years

☐ Yes, for a minimum of 20 years

☐ Yes, for a minimum of 30 years or more

☐ No

☒ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

Speculative use should be indeed excluded. The appropriate instrument for this would have to be defined depending on the type of support programme. In the experience of our members it has been found that loan regulations can be used to ensure that the property remains for owner-occupation. Local experiences with social housing already established shows that long-term loans with subsidies over the entire period do not offer any risk of incentivizing speculation. The residents remain in the subsidized property for almost their entire lives. For example in a German region, subsidy guidelines stipulate that although the owner-occupied property may be sold and the loan repaid off schedule, the recipient of the subsidy in that case will never again benefit from such a subsidy. This means that the funding recipients are very reliable. In less than one percent of all loan cases, the loan is repaid through unscheduled repayment. The reason for this is usually due to unforeseen increases in assets, such as inheritances.

Tenure type for affordable housing SGEIs

The choice of tenure type – rental housing or homeownership – can significantly impact the accessibility and long-term sustainability of affordable housing SGEIs. Rental housing is often more accessible, requiring less upfront investment, and can better adapt to changing economic and labour market conditions. On the other hand, homeownership provides long-term security and the potential for building equity, but it requires a higher initial investment and exposes individuals to financial risks, such as market downturns or foreclosure. The following question explores how these tenure types should be approached in the context of affordable housing SGEIs.

* In your view, should affordable housing SGEIs prioritise certain tenure types? If so, which of the following should be favoured?

- ☐ Yes, and rental housing prioritised
- ☐ Yes, and homeownership prioritised
- ☒ No specific priority can be defined a priori
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The approach to this differs strongly across Member States. Prioritisation should be decided at national and local level. One of the premises that can be applied to affordable housing construction, which is repeatedly evident in social housing, is that housing is needed for all needs: age-appropriate for older residents or larger apartments for young families, new construction where there is a lack of offers for a new population (or one whose needs have changed) and modernization of existing buildings where adaptations to the realities of life - including energy efficiency - are necessary. This differentiated approach also applies to the ownership situation. State aid measures in affordable housing construction are not only needed in the short term, but must also correct market misallocations and structures in the long term. This includes both renting and ownership. These should be defined at member state or regional level based on the respective market conditions (in dynamic labour markets, rental housing often makes more sense, in stable regions, ownership can be beneficial).

There is also a hybrid model, namely rent-to-buy schemes. In countries or regions where affordable rental housing is more accessible and sustainable but at the same time there is a strong attachment to ownership, such hybrid schemes may be perceived as “best of both worlds” solutions by potential tenants/buyers.

Renovation or new construction for affordable housing SGEIs

Renovating existing buildings plays a crucial role in improving their habitability and energy efficiency. However, if not anchored in appropriate regulatory frameworks, it can at times result in unintended increases in housing prices. On the other hand, relying solely on new construction may not be enough to address current housing needs. The following question explores how affordable housing SGEIs could be best allocated between renovation of existing buildings and construction of new buildings.

* In your view,

- ☐ Affordable housing SGEIs should prioritise renovation of existing buildings
- ☐ Affordable housing SGEIs should prioritise construction of new buildings
- ☒ No specific priority can be defined a priori
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

First, we would like to stress that the revision of the SGEI rules should not only be targeted to the financing of construction of new buildings and/or renovations of existing buildings. The revision should also accommodate the refinancing of the existing stock. This would enable refinancing at a lower costs, bolstering the capacity of housing providers to provide for new buildings and/or renovations of existing buildings supporting the aim of the revision.

The public housing stock and its age (and the level of fulfillment of energy requirements) differs across Member States so that this priority should be fixed at regional and local level. It is not a case of either/or, as it is not just a question of local conditions and the availability of building land, but also of meeting the needs of the population, specifically those of people looking for housing. To put it in a nutshell: not every building that is renovated will meet changing needs - a large apartment on the 5th floor of a building will probably not be usable for the elderly and people with walking difficulties even after renovation. For this group, a new build is probably the best option. Regulations should therefore only be made at regional or local level.

Types of operators eligible for subsidised affordable housing

Housing systems in Member States typically fall into two categories: 'open' and 'closed' systems. In an 'open' system, funding is available to any housing provider meeting certain criteria, either through open access for all or a competitive tender process. A 'closed' system restricts funding to a selected group of entities, typically publicly owned or non-profit housing organisations that reinvest any profits back into the social housing sector. While there are reasons why the closed system for social housing can be functional, extending it to affordable housing could exclude private operators and significantly alter market dynamics. The following questions explore how these systems should be approached in the context of affordable housing SGEIs.

* In your view, should the entrustment of affordable housing SGEIs be...

- ☒ Open to all housing providers (i.e. an "open" system)
- ☐ Restricted to selected entities such as public or non-profit providers (i.e. a "closed" system)
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

Only if all housing providers can be entrusted with the SGEI for affordable housing can a broad impact be achieved. The compensation mechanism in the SGEI Decision ensures that the provision and creation of affordable housing does not lead to excessive enrichment of companies. Public and profit-oriented housing companies may not have the financial capacity to create a lot of new housing quickly, whereas private companies may. In addition, individual owners of smaller properties represent great potential that needs to be leveraged. These should by no means be excluded. There is no other way to resolve the growing crisis on the housing market. A limited system is not sufficient and therefore not suitable.

At the same time it's worth mentioning that a closed system, based on dedicated not-for-profit providers that are required to reinvest their profits in core/statutory activities is easier to control in terms of aid measure targeting. Therefore, in our opinion SGEI regulations could be completely abandoned or at least significantly reduced in such cases, since a self-regulating scheme (concessional/preferential financing leading to limited rent, leading in turn to limited profit fully reinvested in affordable housing) is more than enough to ensure that support instruments are properly addressed without distorting competition or crowding out private investors.

The choice should be left at the Member State, reflecting the diversity of housing systems across Europe and respecting the fact that housing is a national competence.

Amount of compensation limit for affordable housing SGEIs

Member States can currently finance social housing measures under the SGEI Decision without any compensation limit (i.e., maximum amount of State aid that can be granted by a Member State for the provision of an SGEI), as long as a housing support measure meets the definition of social housing laid down in the SGEI Decision. The planned addition of a new affordable housing category to the SGEI Decision poses the question of whether the same approach should be followed for affordable housing measures and result in Member States being able to support affordable housing under similarly flexible conditions. However, affordable housing is much closer to market than social housing and the risk of market distortions is therefore higher. State aid rules could therefore impose a maximum compensation limit for affordable housing measures.

* In your view, should there be a maximum compensation amount for affordable housing SGEIs? And if so, what should the maximum compensation apply to?

- ☐ Yes, and it should apply to maximum amount per project
- ☐ Yes, and it should apply to maximum amount per year
- ☐ Yes, and it should apply to maximum amount per square metre
- ☐ Yes, but I don't know how it should apply
- ☒ No, there should not be a maximum compensation
- ☐ I don't know
- ☐ Other [please specify]

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The SGEI Decision defines social housing as “housing provided to disadvantaged or socially less advantaged groups who cannot afford housing under market conditions due to solvency constraints”. It could be argued that it does cover affordable housing, not only “purely social” housing – at least schemes where rent and household income are legally capped.

The existing overcompensation formula already ensures that providers do not receive more support than needed to cover eligible costs plus a reasonable profit. This mechanism is sufficient to prevent excessive compensation while allowing flexibility for Member States to tailor support to their housing markets and policy goals.

Other changes to the SGEI rules

In addition to changes related to social and affordable housing, the Commission envisages the possibility to make additional changes to the SGEI Decision to ensure that the rules are up to date.

* Article 2(1)(a) of the SGEI Decision limits compensation for the provision of services of general economic interest in areas other than transport and transport infrastructure to an annual amount of EUR 15 million. SGEIs in sectors that are not covered by Article 2(1)(b) to Article 2(1)(e) are therefore subject to this limit.

The Commission considers that it could be appropriate to also update the SGEI Decision threshold. Should the EUR 15 million limit be increased?

- ☒ Yes, the limit should be increased in line with inflation
- ☐ Yes, the limit should be increased but not in line with inflation [please, specify]
- ☐ No
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

As with the General De Minimis Regulation and the General Block Exemption Regulation, the SGEI Decision should also be adjusted for inflation in order to continue to take account of economic circumstances.

* Article 9 of the SGEI Decision imposes a biennial reporting obligation on Member States. The reports include a detailed overview of the application of the SGEI Decision for the different categories of services referred to in Article 2(1) of the SGEI Decision. Some Member States have raised concerns that the administrative burden of the reporting obligation is excessive. Should the reporting obligations be modified?

- ☐ The reporting obligations should be removed
- ☒ The reporting obligations should be simplified
- ☐ The reporting obligations should not be modified

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

The SGEI reporting obligations are very extensive and cause administrative burden. Limiting reporting obligations to a minimum, without detailed justifications, would help to reduce bureaucracy. The reporting obligation should therefore be reduced to essential KPIs (e.g. number of subsidized housing units, target group achievement) in order to reduce bureaucracy.

The SGEI instrument is very similar to the Altmark Trans instrument developed in case law. What both instruments have in common is that they must be carefully prepared and require a great deal of effort to be implemented. Altmark Trans does not require information to be provided to the European level. It therefore makes sense to dispense with this for SGEI as well.

If it is also desired that these instruments are used more frequently by the Member States, the administrative burden should be reduced accordingly. The question arises as to the purpose of the data reported every two years in the report; once an SGEI has been set up in housing construction, it will not change for decades, but will continue to be used with the original justification, because the promotional support system that develops around it needs time to establish itself.

* Article 4(f) of the SGEI Decision stipulates that an act (or acts) used by Member States to entrust an SGEI to an undertaking (so-called "entrustment act") shall include a reference to the SGEI Decision. This requirement aims at ensuring transparency but may result in measures meeting all other compatibility criteria under the SGEI Decision being incompatible because the SGEI Decision is not mentioned in the entrustment act. In your view, should this requirement be removed from the SGEI Decision?

- ☒ Yes
- ☐ No
- ☐ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

For the user, it is irrelevant that the state compensation measure received, which he perceives as a subsidy, is paid out on the basis of the decision. It is therefore merely a superfluous formal requirement. The deletion would help to reduce bureaucracy.

- * In March 2025, the Commission proposed the Critical Medicines Act (CMA) which aims at improving the availability, supply and production of critical medicines within the EU. In addition to the CMA, the Commission published the Guidance on the application of State aid rules in the context of the Critical Medicines Act, which aims at facilitating the funding of strategic projects ensuring the security of supply of critical medicines. This Guidance promotes the use of SGEI rules to support critical medicines. Pursuant to section IV.A of the Guidance, funding measures that constitute State aid can be granted by Member States for the implementation of strategic projects, ensuring the security of supply of critical medicines in the EU, under the SGEI Decision. In your view, should the SGEI Decision be amended to facilitate financing for the implementation of such projects, as defined in the Critical Medicines Act?

- ☐ Yes
☐ No
☒ I don't know

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

We have no experiences with the critical medicine market. However, if replicating CMA measures in affordable housing means fast tracking of scheme/program approvals and abandoning the standard net cost + reasonable profit vs. aid granted (e.g. loan GGE) calculation, it could prove highly beneficial and valuable.

- * Are there any other elements of the SGEI Decision that should be modified or updated?

- ☒ Yes [please, specify]
☐ No
☐ I don't know

- * Please specify

2000 character(s) maximum

We would suggest stating clearly that reasonable profit should be calculated on the entire net cost of the SGEI provider, and not only on its own contribution (the part of project costs that is not covered by aid instruments like concessional loans or grants). In some Member States, local authorities interpret the reasonable profit definition overly strictly, leading to marginalization of its impact on aid calculations. Moreover, IRS rates used to calculate reasonable profit should be extended/adjusted to cover long-term entrustment periods which are often essential in affordable housing. For example, in Poland a 10-year swap rate is used even though the entrustment period is 30 years. In the probable case of lack of market benchmarks, the shorter-term swaps should be increased by a specific tenor-related coefficient. Such a modification would better reflect the real circumstances for the provider who engages its equity for many years in order to deliver SGEIs. The current mismatch between swap rates available on the EC website and entrustment periods works to the detriment of SGEI providers.

The Decision could explicitly state that in cases where:

- SGEI providers are revenue-limited in order to ensure service affordability (e.g. TBS/SIM companies in Poland which are not-for-profit companies offering legally capped rent that should cover debt repayments and maintenance, not generate profit) and

- final beneficiaries are clearly targeted (income limits)
the entire SGEI framework does not apply to such schemes.

Please substantiate your reply and submit any data/information/study etc. you may have in this regard.

2000 character(s) maximum

Contact

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