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Introduction

The European Association for Investors in Non-Listed Real Estate Vehicles¹ (INREV) welcomes the European Commission's initiative to revise the State aid rules for services of general economic interest (SGEI), with a particular focus on affordable housing. The deterioration of housing affordability across the EU, particularly in major urban centres, constitutes not only a growing social crisis but also a structural constraint on economic mobility and cohesion. While the Commission's forthcoming European Affordable Housing Plan (2026) signals a welcome recognition of the urgency, revision of the State aid framework is a vital and necessary precondition for the success of any such strategy.

The current rules—rooted in the 2012 SGEI Decision and Framework—were not designed with today's housing market challenges in mind. They lack the clarity, flexibility and scope to support the delivery of affordable housing at the scale and speed required. INREV's contribution to this public consultation offers valuable insights into how the rules could be revised to better reflect market realities, promote subsidiarity, and catalyse investment in housing solutions for a broader cross-section of society.

This response seeks to articulate key principles and policy recommendations, drawing on the Commission's problem definition and proposed objectives, and grounded in INREV's evidence and arguments.

Redefining the Scope of Affordable Housing: Beyond Social Housing

A central barrier under the current SGEI rules lies in their outdated conceptual boundaries. The SGEI Decision enables Member States to support “social” / low-income housing through compensation mechanisms, without prior notification, if the relevant conditions are fulfilled. However, the Decision does not clearly define “affordable” / middle-income housing or acknowledge that many European households with moderate or middle incomes now struggle to access adequate housing at sustainable costs.

The Commission rightly notes that the affordability crisis extends beyond lower-income groups. The working population, including key workers such as teachers, nurses, and police officers, as well as young people entering the workforce, increasingly face housing insecurity in high-pressure markets. Housing unaffordability is also driving labour shortages in cities and undermining green and digital transition goals by limiting residential mobility.

INREV recommends that the revised SGEI Decision introduces a distinct SGEI category for affordable / middle-income housing – separate from social / low-income housing. This enables the adoption of a

¹ INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. We provide guidance, research and information related to the development and harmonisation of professional standards, reporting guidelines and corporate governance within the non-listed property funds industry across Europe.

INREV currently has more than 500 members. Our member base includes institutional investors from around the globe including pension funds, insurance companies and sovereign wealth funds that provide critical income security for more than 172 million people, as well as investment banks, investment managers, fund-of-funds managers and advisors representing all facets of investing in non-listed real estate vehicles in Europe. Our investment manager members manage more than 500 non-listed real estate investment funds, as well as joint ventures, club deals and separate accounts for institutional investors.

broad, functional definition of affordable housing. INREV proposes defining beneficiaries not solely by income thresholds but according to housing need—measured by the income-to-rent ratio, family size, or local market conditions. This flexible, needs-based approach would enable Member States to tailor interventions while ensuring transparency, legal certainty and compliance.

Clarifying Eligibility and Avoiding Legal Ambiguity

Legal uncertainty continues to discourage public authorities from using the SGEI rules for social housing. The lack of clear eligibility conditions, target groups, and permissible aid forms under the current Decision and Framework limits their practical utility.

If the SGEI rules were expanded to encompass affordable / middle-income housing, INREV notes that this regulatory opacity would likely still be a significant deterrent to the deployment of SGEI-based housing measures. This would be particularly acute for municipalities and regional authorities with limited resources to navigate complex State aid procedures.

INREV believes that the revised Decision should include a more precise set of design parameters to guide Member States. These should include:

- A clear, operational definition of affordable housing for State aid purposes, based on what the Commission has proposed, but which is not necessarily linked to market failure, and which is sufficiently flexible to adapt to future market conditions (see details below);
- Permissible cost categories (e.g. land acquisition, renovation, energy upgrades);
- Indicative eligibility thresholds or needs indicators;
- Duration of affordability obligations;
- Permissible providers (specifically including for-profit developers).

Providing this regulatory scaffolding would support legal certainty while allowing local discretion and innovation.

Regarding the Commission's proposed definition of affordable housing, INREV believes the proposed definition poses several problems. First, INREV wishes to highlight that the housing stress across Europe is not necessarily the result only of classic market failure. On the contrary, some of the root causes lie in the underperformance of publicly controlled systems, including inefficient planning and permit systems, excessive regulatory burdens, as well as the removal or weakening of support or aid schemes for construction. Therefore, before declaring housing affordability a systemic market failure warranting broad SGEI designation, we call on the European Commission to require Member States to conduct an objective external evaluation of the causes of the housing crisis and the efficiency of current social housing models that concludes the crisis has been caused by market failure before expanding them.

However, INREV also believes that the concept of “market failure” should be more clearly defined. Without further criteria, this concept could be interpreted so broadly that large segments of the residential market might be designated as SGEIs. This would of course run counter the exceptional nature of SGEIs, which may only be used when the public interest cannot be delivered by the market under normal conditions. Nevertheless, some form of objective assessment of market failure by Member State authorities — whether based on need, affordability gaps, or structural supply

constraints — remains essential before granting SGEI status. This can and should include regulatory shortcomings, as long as the proportionality and neutrality of the aid are ensured.

Third, the definition needs to guarantee a genuine level playing field between public and private operators. Otherwise, it could open the door for Member States to impose obligations on private developers to integrate fixed shares of affordable housing within their projects without providing sufficient compensation or under conditions less favourable than those offered to public, non-profit, or limited-profit operators. In fact, this asymmetry already occurs in several Member States. This results in cross-subsidisation within private developments, where the financial burden is shifted to end-users in the open market, pushing up housing prices and worsening affordability.

Regarding whether affordable housing SGEIs only be defined in specific areas experiencing housing shortages. INREV believes that it depends on whether there is a genuine level playing field between different types of housing providers. If that is not the case, and only public, non-profit, or limited-profit operators benefit from access to subsidies, tax treatment, planning tools or financing, then territorial restrictions are essential to contain distortions of competition. In that case, SGEIs for affordable housing should be limited to areas where significant needs are demonstrated and where shortages of affordable housing have been identified based on objective criteria. This helps avoid widespread market interference and subsidy leakage into areas where no difficulties exist.

In contrast, if equal treatment for all actors is guaranteed, a broader geographic application of SGEIs could be acceptable, provided safeguards are in place to ensure proportionality and transparency. In this light, INREV strongly supports the introduction of a reduced VAT rate for the purchase of newly built homes used as a primary residence, regardless of location. If applied equally, the reduced VAT rate would promote access to ownership across income groups without distorting competition. In any case, INREV stresses that all support must be neutrally available to all actors and coherently with the territorial scope. At present, this is not the case, because some public or non-profit housing operators benefit from property tax exemptions on undeveloped land across entire Member States, regardless of housing pressure, while private developers are even in priority zones subject to full tax liabilities.

Leveraging Private Sector Participation Without Market Distortion

A revised SGEI regime should foster genuine public-private cooperation while safeguarding competition. As INREV emphasises, the exclusion of private actors from SGEI designation—either formally or de facto—significantly constrains housing delivery capacity and innovation. Given that most housing across the EU is delivered by private developers, excluding them from eligibility undermines efficiency and scalability.

At the same time, it is essential that public support to private entities linked to affordability outcomes be monitored for compliance.

INREV strongly believes that any revision of the SGEI framework must guarantee equal access for all housing providers, including private for-profit developers. An open system in which all housing providers equally compete for support, on the basis of objective criteria, is the best guarantee for a sufficient supply of affordable housing by undertakings genuinely capable of delivering the SGEI, and, thus, for the efficient use of public resources. Moreover, this system also reduces the risk of unjustified distortions of the internal market. Indeed, in decision SA.102927, the Commission already clearly confirmed that an open system ensures compatibility with Article 56 TFEU, as it does not restrict the freedom to provide services.

It must, however, be stressed that any future framework must include safeguards that in formally “open” systems private developers are not de facto excluded or discriminated. In particular, it should be avoided that private for-profit operators are denied access to subsidies, land or preferential financing or subject to planning obligations without compensation, purely based on their legal form. In addition, the principle of equality requires that, if under the affordable housing SGEIs social or public operators are permitted to expand their activities into the middle-income market segment, private for-profit actors must also be allowed to access the social segment, with access to the same aid measures. Anything less would amount to an unjustified and discriminatory restriction of competition. An “open” system is all the more justified by the fact that in many Member States, closed systems are structurally underperforming, with long waiting lists and stagnant supply.

In this context, we recall the Höfner & Elsnér ruling (C-41/90) from which it follows that granting exclusive rights to an entity “manifestly not in a position to satisfy demand prevailing on the market” is contrary to Articles 102 and 106(2) TFEU.

INREV therefore believes that the new rules should explicitly allow both for-profit and non-profit entities to implement affordable / middle-income housing SGEIs, provided they are subject to appropriate controls and oversight. Performance-based aid tied to affordability targets and duration commitments could reconcile market efficiency with public interest.

Moreover, INREV recommends that all State aid measures and compensation mechanisms be made equally available to for-profit and non-profit actors, as well as between them, to ensure a level playing field and avoid competitive asymmetries. Since many private for-profit actors refrain from engaging in affordable housing due to low or non-existent profit margins, excluding them from State aid measures and compensation mechanisms under the revised SGEI framework would only worsen this trend and deepen existing asymmetries.

Expanding the Aid Threshold and Enabling Long-Term Support

The current EUR 15 million annual ceiling for social / low-income housing compensation under the SGEI Decision is insufficient to meet real market needs, especially in the context of rising construction costs, decarbonisation requirements, and land scarcity in urban zones and should be amended to encompass affordable / middle-income housing as well.

INREV notes that this low threshold creates a bottleneck effect, forcing Member States to either truncate their support to housing by limiting its use for low-income housing, or resort to the more burdensome SGEI Framework and Article 107(3)(c) TFEU, both of which involve lengthy notification processes and case-by-case assessments.

INREV encourages the Commission to amend the current EUR 15 million cap in the revised Decision to better reflect the scale and cost of social and affordable housing delivery, while being careful to ensure that excessive compensations beyond the current threshold do not give rise to distortions of competition. Appropriate compensation limits could be calibrated based on objective indicators, such as population size, housing need index, or urban pressure metrics. Greater flexibility in aid intensity—especially for renovation of existing buildings—would unlock long-term investment and planning.

Regarding the issue whether the current Article 9 SGEI Decision biennial reporting obligation on Member States, including 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 should be modified INREV believes the reporting obligations should not be modified. The current reporting obligation under Article 9 of the SGEI Decision is limited to (i) a description of the services falling within the scope of the SGEI

Decision, (ii) the total amount of aid granted in accordance with the SGEI Decision, (iii) potential difficulties or complaints by third parties on the application of the SGEI Decision and (iv) any other information required by complaints by third parties on the application of the SGEI Decision and (iv) any other information required by the Commission.

This concerns basic information. The biennial reporting of this information cannot be labelled as an excessive administrative burden. In addition, it should be underlined that the current revision of the State aid rules is aimed at widening the scope of the SGEI Decision through the inclusion of affordable housing as a SGEI. It therefore does not seem appropriate to loosen the reporting obligations. The European Commission must be able to supervise the application of affordable housing SGEIs to ensure that the aid does not lead to undue interference with market forces or adversely impacts the most vulnerable groups in society.

INREV considers that the requirement contained in Article 4(f) of the SGEI Decision, which stipulates that an act (or acts) used by Member States to entrust an SGEI to an undertaking (so-called “entrustment act”) must include a reference to the SGEI Decision, should not be changed. This requirement aims at ensuring transparency but may result in measures meeting all other compatibility criteria under the essentially serves the purpose to increase transparency and improve compliance with the rules. Accordingly, and considering that the present initiative aims precisely to extend the SGEI Decision in order to give Member States more flexibility to provide support for affordable housing, it seems necessary to maintain this requirement.

Moreover, it should be underlined that the requirement to refer to the SGEI Decision cannot be labelled as an excessive administrative burden for Member States. For service providers, the reference to the SGEI Decision guarantees legal certainty, as it allows them to know the framework within which they are operating. This is all the more important because undertakings are “entrusted” with the provision of an SGEI while Member States determine the scope of the public service obligation. Consequently, the undertakings at issue clearly benefit from being informed that the service and the public support fall within the scope of the SGEI decision.

Compensation limits for affordable housing SGEIs

INREV considers that the question of a compensation ceiling is closely linked to the question whether the SGEI framework creates a genuine level playing field between public, non-profit, and private for-profit housing providers or not. In an open and neutral system where equal access to State aid is guaranteed for all qualifying actors under clear, objective and transparent conditions, a strict EU-wide compensation ceiling is less necessary. In that case, INREV supports leaving flexibility to the Member States to define appropriate ceilings based on national housing market dynamics, cost structures, and budgetary considerations.

On the other hand, when compensation is de facto reserved for a limited group of public and non-profit providers or is allocated unequally, a European reference ceiling could serve as a safeguard against overcompensation, minimise distortion of competition and crowding out of unsubsidised supply, and, thus, ensure that public money is used efficiently and proportionately. In any case, INREV emphasises that any maximum compensation amount for affordable housing SGEIs must apply equally to all entities benefiting from SGEI compensations. Exempting certain operators or applying different metrics (e.g. per dwelling versus per square meter) would exacerbate the existing market imbalances and go against the principles of neutrality, transparency and competition.

Blended Finance and Institutional Investment

Achieving the necessary scale of affordable housing investment will require more than public subsidy. The rules should accommodate hybrid financing models that leverage institutional capital—such as real estate funds, pension schemes, insurers, or national development banks—while ensuring the affordability mandate is preserved.

INREV advocates for enabling State aid to be deployed as a 'cornerstone' within wider financial platforms. These could include public guarantees, co-investment vehicles or demand-side incentives (e.g. rent guarantees or indexed leasing), so long as such State aid is equally accessible to all parties and does not distort competition.

We encourage the Commission to clarify in the revised Decision that State aid can be blended with private investment, provided the aid component is proportionate and directly linked to the SGEI service. Risk-sharing mechanisms that unlock long-term private capital while anchoring affordability are essential.

Income limits (e.g. thresholds based on income deciles) for applicants to qualify as beneficiaries of affordable housing SGEIs

INREV believes the application of income limits is necessary to ensure the appropriateness, proportionality, and efficiency of State aid for affordable housing SGEIs. Clearly defined income ceilings guarantee that support is targeted at those who genuinely cannot access housing and would uphold the exceptional nature of SGEIs. According to INREV, it is also important to guarantee that these income limits would be defined sufficiently narrow and in a consistent manner across Member States. Indeed, INREV points out that under the existing SGEI Decision, the term “disadvantaged citizens or socially less advantaged groups” has been interpreted extremely broadly in some Member States (such as France, Belgium, the Netherlands and Austria). As a result, large portions of the population outside the most vulnerable groups are eligible for social housing schemes that benefit from specific support. This situation risks creating structural imbalances (see above) that undermine overall housing affordability. If the revised SGEI framework would allow Member States to expand access to subsidised housing without clear income limits, the risk is that these distortions will be institutionalised and further entrenched. Such an outcome would contradict the principle of fair competition and undermine the goal of an effective internal market.

Regarding how these limits should be determined, INREV believes that it depends on whether there is a genuine level playing field between the different types of housing providers. In closed systems where private for-profit operators are excluded from the affordable housing market or do not have the same level of access to aid measures, we believe that there should be strict income ceilings to avoid market distortions. In this situation, affordable housing SGEIs must be limited to lower income groups.

In contrast, if equal treatment for all actors is guaranteed, income limits can be defined more broadly. In that case, the affordable housing SGEIs should nonetheless be accompanied by compensation mechanisms that are equally available to all operators and that allow to off-set the costs of the SGEIs at issue. This is particularly the case in situations where obligations are imposed on private operators to provide fixed shares of affordable housing within their projects because, absent an appropriate compensation, the private for-profit operators would need to shift the financial burden to end-users in the open market, pushing up prices and worsening overall affordability.

We reaffirm our view that public support must be targeted at those who genuinely cannot access housing. Accordingly, it would be unacceptable that households would continue to benefit from the

affordable housing SGEIs although they no longer fall within the target income group for affordable housing. Such an unlimited 'entry ticket' to the affordable housing SGEIs would run counter to the exceptional nature of SGEIs, open the door to abuse and perpetuate or even worsen the housing need. According to INREV, the mechanisms must be defined at the level of the Member States, who are most able to respond to local circumstances, but within a framework that allows the European Commission to exercise the necessary monitoring.

From the perspective of State aid law and sound policy design, INREV does not consider it justifiable to prioritise specific occupational groups with so-called "essential societal roles" within the SGEI framework for affordable housing. According to INREV, such a criterion is inherently vague, politically sensitive and raises difficult normative questions about which groups should be considered more or less "essential". These decisions risk being arbitrary, non-transparent or driven by lobbying pressure - rather than by objective needs or housing market failures. In addition, it must be stressed that targeting by occupation diverts attention away from the true cause of the housing crisis, which is structural affordability and supply constraints. INREV indeed vindicates that structural affordability challenges call for systemic solutions, not for occupational privileges. Finally, it cannot be ruled out that a criterion linked to a so-called "essential" role would give rise to hidden forms of discrimination that would impose barriers for individuals in a precarious economic situation outside the favoured categories.

Pricing mechanisms and fair compensation

On the issue whether affordable housing SGEIs should adopt a maximum price for the renting or selling of housing, INREV believes that there should be a maximum price for affordable housing SGEIs. Such maximum price would ensure that public support is limited to situations of genuine market failure. Price ceilings also limit the risk of aid overshooting and distortion of higher segments of the market. INREV, however, wishes to express a clear caveat. Indeed, while the principle of maximum prices is acceptable in theory, it becomes highly problematic when private for-profit developers are required - through legal, regulatory, extra-regulatory, planning or zoning obligations - to deliver housing at those capped prices without adequate or equal compensation compared to public or non-profit providers.

In such a case, private developers have to implement housing policy without being recognised as legitimate partners. This undermines fair competition, discourages private investment in affordable housing, and ultimately inflates prices in non-regulated segments of residential projects. Therefore, it must be stressed that a system with maximum prices but without equal access to aid would institutionalise unequal treatment and distort market dynamics.

We do not consider that a one-size-fits-all approach can be used to set a maximum price. Indeed, given that the market dynamics in the Member States are not similar, each Member State must be able to take in account the relevant factors.

When determining whether pricing limits for the renting or selling of housing in the framework of affordable housing SGEIs consider other housing costs, such as energy costs or the energy-performance of the building. INREV considers that the only relevant factors to consider are those related to the need to ensure a continuous supply of housing—both rental and ownership—capable of meeting the needs of different population groups.

INREV believes, however, that there should be a minimum price in order to avoid undue market distortions. This is particularly the case in situations where there is no genuine level playing field. In such cases, the absence of a minimum price for affordable housing SGEIs could favour public or non-

profit providers who receive multiple layers of support, including land subsidies, infrastructure funding or tax exemptions, allowing them to offer low(er) prices. For-profit developers, on the contrary, would be unable to provide a similar housing offer, given they are subject to full market costs. This would of course further distort the level playing field and reduce incentives for private investment in affordable housing.

The minimum price should be determined so that it would guarantee that housing operators can recover the development and construction costs of an average, well-run undertaking, including a reasonable profit, to provide affordable housing SGEIs, while also providing a reasonable return for institutional investors during the operational phase to ensure the financial sustainability and attractiveness of such investments.

INREV also believes affordable housing can be made accessible to a wide range of income groups through innovative, market-driven mechanisms that enable private developers to deliver diverse housing solutions, without extensive state intervention. For instance, INREV believes that affordable housing can be promoted via a simplified and equitable tax system in which affordable housing is treated as a basic need. This means that taxes associated with the creation of affordable housing, including VAT, should be abolished or reduced to a minimum. By exempting affordable housing from fiscal burdens, households can gain easier access to suitable and sustainable homes.

In addition, spatial planning is essential to achieve sustainable and large-scale affordable housing solutions. Spatial planning should not only focus on expanding residential areas but also on restructuring and transforming urban spaces. This requires that private developers be seen as partners that have the expertise and resources to carry out these transformations, provided they have access to the right tools and incentives. Likewise, it should be underlined that one of the reasons of the current housing crisis lays in the slow urban planning authorisation procedures in many Member States. Permitting policies that represent a significant barrier to the construction of affordable housing need therefore to be reformed. Binding deadlines may ensure predictability and prevent projects from being stuck in administrative limbo for years.

Additionally, measures that minimize bureaucracy, enhance transparency, and accelerate progress are required, such as the establishment of one-stop-shops and the digitalisation of permitting processes. Finally, Member States should avoid gold-plating in technical standards. Although high technical requirements for new constructions and renovation contribute to the creation of high-quality and future-proof housing, these standards lead to significantly higher construction costs, which are ultimately passed on to buyers and tenants. The affordability is even more jeopardized when Member States apply stricter requirements than these minimum standards. Standards need therefore be standardized at EU level.

Tenure type for affordable housing SGEIs

INREV strongly believes that no single tenure model should be prioritised by default. Affordable housing SGEIs must be designed to accommodate different housing needs and provide flexible, needs-driven and transitional housing solutions. For instance, in several EU Member States, homeownership remains the dominant and culturally preferred form of housing, including for low- and middle-income households. A possible restriction of the SGEI support to rental models would therefore limit access for the target group to affordable housing, whereas they could benefit from affordable ownership pathways through rent-to-buy or shared equity models.

Moreover, if State aid eligibility under SGEIs were to favour rental tenure, this would exclude many private for-profit developers that operate in the homeownership segment and collaborate with public

authorities or social landlords through block sales or negotiated affordability agreements. Such a decision would create a systemic bias in favour of public or non-profit operators that distorts competition, reduces supply and narrows the range of housing options available to European citizens. This being said, it should be underlined that, in closed systems, the actions of public and non-profit actors should be strictly limited to the rental segment of the market to avoid an undue interference with market forces on the affordable housing market.

Prioritising Renovation and Adaptive Reuse

The Commission's intention to clarify that renovation costs may be compensated under the SGEI rules is welcome. The climate transition, combined with affordability pressures, requires a paradigm shift towards upgrading the existing housing stock, including vacant or underutilised buildings.

As INREV and others note, one-third of EU homes are under-occupied, and energy poverty remains widespread. However, energy-efficient retrofitting—especially of older dwellings—often leads to rent increases that may displace existing tenants or reduce affordability unless linked to aid conditionality.

INREV believes that both renovation and construction are necessary to address the housing needs and to guarantee housing affordability in the long term. Indeed, although renovation plays a vital role to improve the quality, energy performance and sustainability of the existing building stock, as such, it does not create additional housing supply. For that supply, new construction remains essential. According to INREV, the choice between renovation and new construction must therefore remain flexible, taking into account (i) the actual housing needs and spatial planning constraints of each region, (ii) the capacity to mobilise land and (iii) the level of public support available under a fair and competitive framework. Crucially, INREV stresses that an effective and sustainable boost in affordable new construction requires a genuine level playing field between private for-profit and public or non-profit housing providers. Any attempt to stimulate construction through SGEIs that disproportionately favour public or non-profit developers will distort the market, discourage private initiative, and ultimately worsen the housing affordability.

INREV strongly believes that SGEI aid should support both new construction and renovation, with explicit provisions for adaptive reuse of buildings and energy efficiency upgrades. Appropriate conditions should be attached to safeguard long-term affordability for tenants, and grant support could be front-loaded to offset private investment risk.

Minimum requirements for affordable housing SGEIs

INREV is of the opinion that minimum quality standards are essential in order to guarantee basic liveability, safety and sustainability for the beneficiaries. Nonetheless, in the context of State aid law, INREV believes a flexible approach is needed. In particular, it should be avoided that minimum quality requirements would result in overregulation or unjustified performance demands (e.g. extremely high energy ratings or space quotas) that could make projects financially unviable and disincentivise market-based solutions. Quality standards must go hand in hand with economic feasibility and may not become a proxy for exclusion. In addition, it is crucial to avoid that minimum quality standards constitute an entry barrier or a hidden discriminatory filter that favours public or non-profit actors. This would particularly be the case if these standards can only be met due to complementary subsidies or exemptions that are not available to private for-profit operators.

INREV agrees that affordable housing SGEIs must lead to affordable housing that remains available for a sufficiently long period to ensure that the aid delivers sustained impact and is proportionate to the predefined public service obligation. According to INREV, the appropriate minimum duration also depends on whether or not there is a genuine level playing field for different types of housing providers. In closed systems where public or non-profit actors receive a profitable treatment vis-à-vis private for-profit actors, minimum durations should indeed be sufficiently long. In case of open and neutral systems more flexibility can be allowed, as all operators would have to operate under the same conditions and respect the same minimum duration.

In addition, INREV does not support rigid or uniform duration thresholds. The affordability period should always be proportional to the intensity of State aid, reflect the local market conditions and allow sufficient flexibility in tenure evolution. Indeed, tenant ownership transitions such as rent-to-own or lease-purchase schemes can empower households and foster long-term housing security. Therefore, while longer affordability periods can be justified, especially where aid is substantial, this must be part of a balanced and non-discriminatory framework that ensures fair treatment of all actors contributing to the affordable housing SGEI.

INREV believes that Member States are best placed to define the minimum durations, based on the local housing context. Therefore, in principle, resale restrictions should be established at Member State level, but within a framework that allows the European Commission to exercise the necessary monitoring (e.g. to verify that the duration in a closed system is sufficiently long and/or to guarantee that the duration obligations in open systems are equally imposed on all types of providers).

Targeted and Measurable Impact Conditions

If State aid is to be a credible and effective lever, its use must be subject to measurable and enforceable impact conditions. INREV supports the introduction of reasonable, clear, proportional safeguards around:

- Affordability duration (e.g. minimum rent caps for a fixed period);
- Tenant selection criteria based on objective need;
- Quality benchmarks, including digital and energy performance;
- Geographic targeting in high-pressure areas;
- Periodic review and adjustment clauses.

These conditions would ensure that aid addresses genuine affordable housing needs while maintaining accountability and avoiding distortive effects.

INREV encourages the Commission to include a framework of “general conditions” in the Decision annex or guidance note, as foreshadowed by the Commission, allowing national authorities to adapt details but requiring transparency and documentation.

Conclusion

INREV reiterates that the revision of the SGEI framework for affordable housing must guarantee equal access to support for all types of operators. All funding for the execution of SGEIs must therefore be genuinely available to any housing provider under clear, objective and transparent conditions, regardless of their legal status. Furthermore, national obligations requiring private operators to

integrate fixed shares of social and/or affordable housing within their developments must be accompanied by adequate compensation mechanisms. Without such compensation, the financial burden will eventually be passed on to the free market, pushing up prices and worsening affordability.

We fully support the European Commission's intent to revise the State aid rules applicable to SGEIs in the housing sector. In doing so, it is essential to ensure that the revised framework:

- Reflects the reality of a broad-based housing affordability crisis;
- Encourages both public and private investment in cost-effective housing solutions;
- Provides legal certainty and administrative simplicity for local authorities;
- Preserves competition while rewarding genuine public service delivery;
- Anchors affordability not only as an access condition but as a long-term outcome;
- Encourages both retrofitting of existing buildings and newly built housing; and
- Is equally accessible to all parties and does not distort competition.

The forthcoming revision of the SGEI Decision offers an opportunity to realign EU State aid control with evolving social needs, economic imperatives, and climate obligations. It is an opportunity that must be seized in full.

We welcome further engagement on these matters and offer the expertise of our members and working groups to assist in achieving the Commission's goals.