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INREV, the European Association for Investors in Non-Listed Real Estate Vehicles¹, welcomes the European Commission's draft Decision on Services of General Economic Interest (SGEI) for social and affordable housing. We strongly support the Commission's continued recognition of the housing affordability crisis as a systemic challenge requiring a coordinated European response.

We particularly welcome the explicit inclusion of affordable housing within the SGEI framework, alongside social housing, as well as the commitment to open access for all housing providers, regardless of their legal form or ownership structure. These provisions align closely with INREV's long-standing position that SGEIs should be open, transparent and accessible to both public and private housing providers under equal conditions. The draft Decision therefore represents an important step toward a more inclusive, functional and investment-ready framework for housing provision in Europe.

To ensure that the new framework delivers its intended impact without distorting competition or discouraging private sector participation, INREV proposes several refinements grouped under four themes:

Definition and Designation of Affordable Housing

The draft's proposed definition of affordable housing as available to households "not able, due to market outcomes and notably market failures, to access housing at affordable conditions" lacks sufficient safeguards.

INREV agrees that market failure should remain a necessary precondition for SGEI designation, but it must be clearly defined, objectively demonstrated and supported by evidence. Member States should therefore be required to conduct a rigorous assessment of the causes of local housing shortages to determine whether they stem from genuine market failure or from policy-induced or structural constraints such as inefficient planning, restrictive zoning, excessive regulation or the withdrawal of construction support. Where the latter apply, regulatory or administrative reform—rather than State aid—should be prioritised.

In line with IVBN and Build Europe, INREV supports the introduction of a minimum-need safeguard to ensure that State aid for social, affordable and mixed housing is granted only where there is a clearly evidenced shortage that the market cannot deliver. Member States should be required to demonstrate, through transparent and verifiable indicators, that a significant and quantifiable housing gap exists before granting SGEI compensation. This safeguard would help prevent crowding-out of private investment, ensure efficient use of public resources and uphold the principle that SGEI support must address market failure rather than substitute market activity.

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, fund managers, fund-of-funds managers and advisors representing all facets of investing in non-listed real estate vehicles in Europe and the UK. Our fund 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.

This approach ensures that SGEIs remain exceptional, evidence-based and proportionate to the public interest pursued. It also promotes subsidiarity, consistency across Member States and fair competition among all qualified providers.

Ensuring a Level Playing Field

INREV strongly supports the Commission's intention to make all SGEIs open to all providers able to deliver the service, regardless of their legal status. To ensure that this principle is realised in practice, the framework must require that any finding of market failure be objectively demonstrated and addressed through proportionate and non-discriminatory measures. Formal openness must translate into genuine equality of access, underpinned by safeguards ensuring that compensation mechanisms, aid schemes and planning tools are designed on the basis of necessity and suitability, without inherently favouring one category of provider.

In practice, private for-profit developers are often de facto excluded from SGEI schemes through unequal access to subsidies, land, financing instruments or preferential fiscal treatment granted to public or non-profit actors. This results in cross-subsidisation and structural imbalances that worsen affordability in the open market.

INREV therefore urges the Commission: 1) to ensure 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; 2) to embed proportionality, necessity and suitability safeguards to prevent indirect discrimination in planning, tax or financing frameworks; and 3) to ensure that, where public or limited-profit operators may expand into middle-income segments, private developers are likewise permitted to access the social segment under equivalent aid conditions. These clarifications are essential to prevent distortions of competition and to ensure that the Decision promotes efficiency, scale and fairness rather than reinforcing underperforming closed systems.

Affordability, Pricing and Compensation Mechanisms

The provisions requiring affordable housing prices or rents below market levels, based on transparent criteria, are broadly appropriate, and INREV supports these as a means to ensure that public support remains targeted and proportionate.

However, INREV recommends introducing both maximum and minimum price safeguards. Maximum prices are necessary to limit public support to genuine affordability needs and prevent oversubsidisation, while minimum prices are equally important to avoid situations where public or non-profit providers benefiting from layered subsidies offer prices that crowd out private investment.

Any system of capped prices must be accompanied by adequate and equal compensation mechanisms to ensure that affordability objectives remain compatible with the fiduciary duties of institutional investors. Institutional investors are legally required to manage capital prudently and to generate sustainable, risk-adjusted returns on behalf of their beneficiaries. Where affordability requirements are imposed without corresponding compensation, such obligations would compromise those duties and deter long-term institutional capital from participating in affordable housing delivery.

A well-calibrated compensation mechanism is therefore essential to align affordability goals with the financial and governance responsibilities of investors, enabling private capital to play a meaningful and sustained role in expanding Europe's affordable housing stock.

INREV also welcomes the recognition that compensation may cover investment, renovation and operating costs, and recommends that this be explicitly extended to adaptive reuse projects and blended finance structures such as co-investment vehicles or public guarantees, allowing institutional and private capital to be mobilised alongside public funds.

Proportionality and Flexibility in Duration and Standards

INREV supports the introduction of long-term affordability obligations but considers that the proposed fixed minimum of twenty years may be excessively rigid. The appropriate duration should depend on the intensity of State aid and the market context, allowing flexibility for transitional housing models such as rent-to-buy or shared equity.

INREV proposes that Member States define the minimum affordability duration within an EU monitoring framework, ensuring consistency while respecting national housing systems.

While INREV supports the requirement for minimum quality standards, it cautions against gold-plating or the introduction of additional performance demands beyond those already established under the Energy Performance of Buildings Directive (EU) 2024/1275. Overly stringent technical requirements, such as extreme energy ratings or space quotas, could render projects financially unviable or inadvertently favour public or non-profit providers who can meet such standards only through complementary subsidies. Quality standards under the SGEI framework should therefore remain proportionate, technology-neutral and consistent with existing Union legislation to avoid unnecessary duplication or competitive asymmetries.

Conclusion

INREV welcomes the Commission's efforts to modernise the SGEI framework for housing and recognises the substantial progress reflected in the draft Decision.

To ensure successful implementation, the final text should include clear safeguards to ensure that any finding of market failure is objectively demonstrated, evidence-based and proportionate to the public interest pursued. It should also guarantee a genuine level playing field across all provider types, link affordability conditions to fair and adequate compensation compatible with the fiduciary duties of institutional investors, and maintain flexibility and subsidiarity in the application of quality and duration requirements.

The framework should further remain coherent with existing Union legislation and continue to enable adaptive reuse and blended-finance solutions that mobilise private capital alongside public funds.

By incorporating these refinements, the revised SGEI Decision will better reflect the realities of Europe's housing markets, promote long-term institutional investment, and ensure that public resources are used efficiently to expand access to affordable and sustainable housing.