

STATEMENT

31 July 2025

Revision of the rules on services of general economic interest
(SGEI)

German Property Federation e.V.

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Summary and recommendation

The German Property Federation (ZIA) is the leading association of the real estate industry. Through its members, which include more than 30 associations, it represents around 37,000 companies in the industry along the entire value chain. ZIA welcomes the European Commission's initiative to revise the state aid rules for services of general economic interest (SGEI).

Against the backdrop of the acute housing shortage and the socio-political relevance of the issue, it is good that the European Commission has made housing a priority on its political agenda for the current legislative period. The work of the Task Force Housing on an initial "European Plan for Affordable Housing" and a "European Strategy for Housing Construction" is a good starting point for identifying market conditions and problems. Even though the European Commission's competencies in the field of housing are very limited due to the principle of subsidiarity, there are also important levers at EU level. In the areas of financing, product regulation and state aid law in particular, the European Commission has, a number of policy-fields that could effectively strengthen housing construction.

The planned revision of state aid rules is an important step towards simplifying support and thus increasing the supply of housing. The classification and treatment of affordable housing within the framework of the SGEI regulations has a significant impact on the real estate industry and on national housing policy strategies. In this context, ZIA would like to contribute the following key points to the discussion:

1. Uniform European definition of "affordable housing" not workable

A "European definition" would not do justice to the individual circumstances at national, regional or local level. Instead, the conditions for more flexible and tailored support instruments should be strengthened.

2. Increase in the maximum aid amounts for housing projects

The maximum aid amounts must reflect the changed financing conditions and costs. At the same time, this will simplify and speed up procedures. In addition, the period of validity of exemptions from state aid rules for housing construction should be extended beyond the current ten years.

3. Inclusion of investment costs for renovation and new construction

Upgrading the building stock is the right step to take in terms of climate and energy policy as well as social policy, but it will require enormous investment. It is therefore logical to also include measures for energy-efficient renovation and modernisation in the SGEI decision.

4. Consideration of proven national systems when designing new regulations

Housing is a matter for the Member States. Established national support instruments must be explicitly taken into account in the European Commission's considerations.

1. Uniform European definition of "affordable housing" not workable

In ZIA's view, the introduction of a uniform European definition of affordable housing should be avoided. Housing markets in the EU differ considerably in terms of ownership rates, rent levels, income structures and state support mechanisms. A centrally prescribed definition would not do justice to regional conditions – from Lisbon to Helsinki – and could have counterproductive effects on functioning national systems. Furthermore, new, vaguely defined legal terms that are not consistent with existing national legislation should be avoided.

Instead, the focus should be on creating flexibility for Member States to adapt housing policy instruments to actual local needs. The shortage of housing and continuously rising rents no longer affect only low-income households. However, the support measures permitted to date based on the SGEI exemption decision in Article 2(1)(c) primarily address these population groups; a more comprehensive housing policy strategy for the provision of affordable housing remains largely absent under the current regulations.

2. Increase in maximum aid amounts for housing projects

ZIA supports the Commission's proposal to increase the maximum permissible aid amounts for housing projects. In view of rising construction costs, interest rates and regulatory requirements, higher subsidies are necessary to continue to enable investment in affordable housing.

Increasing the permissible aid amounts would be a decisive step towards removing existing barriers to the creation of housing outside the scope of Article 2(1)(c). This applies not only to SGEI subsidies, but also in particular to the de minimis rules and the SGEI de minimis limits. At the municipal level in particular, the (SGEI) de minimis rules are important instruments for promoting local investment, not least because they can be used without disproportionately burdensome administrative procedures. The construction or support for the purchase of owner-occupied housing for socio-economically disadvantaged households should also benefit from an exemption from the notification requirement. Housing construction, whether for owner-occupancy or rental, helps to ease pressure on the housing market. At the same time, it would reflect the heterogeneity of European housing structures with different ownership and rental structures.

The current thresholds are too low, meaning that even smaller renovation projects often cannot be carried out. A significant increase or removal of these thresholds – as is already the case in the fields of healthcare and infrastructure, for example – would make it possible to provide adequate support for such projects and thus make an important contribution to improving the housing situation. In particular, guarantees to improve financing conditions should be exempted from the notification requirement without any limit on the amount. Such an exemption should apply both to project-related aid (to promote specific individual projects) and to institutional aid (to promote business activity in general).

In addition, we suggest extending the period of validity of exemptions from state aid rules in the housing sector beyond the current ten years, as investment cycles in this sector are significantly longer than in others.

3. Inclusion of investment costs for renovation and new construction

The possibility of also taking into account investment costs for energy-efficient renovation and modernisation as well as new construction within the SGEI framework is to be welcomed. This contributes both to the achievement of energy and climate policy objectives and to the economic viability of such projects. Here too, ZIA proposes relying on established national regulations in the field of energy efficiency in buildings and refraining from introducing additional requirements. Investment subsidies for renovations and modernisation should preferably be made available without notification and without any limits. Additional criteria for the notification of aid, such as in energy efficiency or rent controls, should be avoided, as sufficient regulations are already in place at national level.

4. Consideration of proven national systems when designing new regulations

When providing state support to households in need, the European Commission should explicitly take into account proven national instruments such as the German housing benefit system (*Wohngeld*). The latter is a targeted, locally adaptable and efficient instrument for promoting social mixing and relieving the burden on low-income households without market-distorting side effects for the housing supply as a whole. State aid rules should therefore be designed in such a way that such systems are recognised as appropriate.

It must be ensured that existing Member State rules, in particular those relating to the definition and organisation of services of general economic interest, are not restricted or undermined by the new European rules. The rules should leave Member States sufficient leeway to implement their housing policy objectives in line with their respective national circumstances and traditions.

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