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Date
2025-10-23

European Commission
Directorate-General for
Competition
State aid Registry
1049 Bruxelles /Brussel
Belgique /België

Re: Public Consultation on the Revised SGEI Decision

Introduction

The Swedish Union of Tenants (SUT) welcomes the European Commission's initiative to revise Decision 2012/21/EU and appreciates the recognition of housing as a key component of social inclusion and economic resilience. The draft decision reflects a positive shift, notably through the inclusion of broader target groups and the acknowledgment of housing affordability challenges across income levels.

However, we wish to raise some concerns and reflections, particularly from the perspective of Sweden's universalist housing model, which differs significantly from the residual, means-tested systems prevalent in many other EU Member States.

Positive Developments in the Revised SGEI Decision

The Swedish Union of Tenants (SUT) commends the Commission for expanding the scope of eligible beneficiaries to not include only the most vulnerable but also include middle-income households and those affected by market failures. We also welcome the recognition of affordability indicators such as rent-to-income ratios and energy costs, which reflect the real financial pressures faced by households. The draft's provision for compensation beyond the general threshold for both social and affordable housing SGEIs is another important step forward, as is the emphasis on quality standards and inclusive urban planning, including accessibility and climate resilience.

These changes reflect a more nuanced understanding of housing needs and market dynamics across the EU.

Definitions and Eligibility Criteria

Despite the positive direction, the draft SGEI Decision raises concerns regarding definitions and operational clarity, particularly in the following areas:

Disadvantaged vs. Non-Affording Households

The distinction between "social" and "affordable" housing in the Commission draft seem to depend only on whether beneficiaries are disadvantaged or simply unable to afford market housing. In practice, this may prove difficult to

apply, especially in universalist systems like Sweden's, where housing is not allocated based on income thresholds.

Verification of Eligibility

The requirement for regular verification of beneficiaries' income and residence status may prove administratively burdensome and incompatible with systems that do not apply means-testing.

Affordability benchmarks

The revised SGEI Decision lists five affordability indicators: housing cost overburden rate, rent-to-income ratio, mortgage payment to income ratio, price-to-income ratio, and years of income to buy a home¹. Of these, it seems only one (rent-to-income) directly relates to rental housing, while three focus on ownership. This risks skewing the proposed SGEI framework toward owned housing, which could result in marginalising rental housing solutions – particularly in countries like Sweden where rental housing plays an important role.

In this context, it seems appropriate to raise the issue whether the current draft would make it possible to design SGEI schemes based on area-based interventions rather than solely on individual eligibility. Such an approach could better reflect local housing market dynamics and social needs. Furthermore, we suggest that market indicators – such as housing shortages, price levels, or vacancy rates – could serve as more relevant and flexible criteria for justifying support, rather than relying exclusively on income-based thresholds.

We therefore urge the Commission to provide greater flexibility as well as clarity regarding definitions. Ensuring balanced treatment of rental and ownership models in affordability metrics is also crucial. Allowing EU Member States to adapt the framework to their housing systems and market conditions is also important.

The Swedish Context: Universalism vs. Residualism

The Swedish model on the housing market is based on universal access, with publicly owned housing companies operating on business-like principles but without income-based eligibility. This model promotes social inclusion and avoids stigmatisation. It also enables local responsiveness to housing needs and aligns well with the EU's Social Pillar as well as broader goals of inclusion and mobility.

We appreciate that the Commission's draft SGEI Decision explicitly opens the possibility for private operators to deliver social and affordable housing SGEIs. This is a welcome development, especially in Sweden where both public and private actors contribute to housing provision.

Moreover, the proposed 20-year minimum entrustment period seems reasonable. It indicates an understanding of the long-term nature of housing investments and provides stability for providers, whether public or private. However,

¹ Recital 16.

it is important to note that such a time limit may, in certain contexts, create a risk of market distortion: actors could benefit from favourable State aid conditions during the entrustment period and then – once the period ends – continue to operate under market conditions while retaining the advantages gained through public support. This could undermine the level playing field and incentivise speculative behaviour unless safeguards are in place.

That said, it is worth noting that in Sweden, similar time-limited arrangements have historically been used without raising significant concerns. For example, the earlier national investment support was tied to the same duration as the presumptive rent system² – 15 years. The underlying idea being that if a sufficient volume of reasonably priced rental housing is made available, the market itself limits the scope for rent increases once the support period ends. Additionally, Sweden's rent negotiation system makes it difficult to raise rents unilaterally, further mitigating the risk of speculative pricing in the Swedish context.

However, to address the broader concerns, we recommend that the Commission consider post-entrustment obligations to ensure continued public benefit in systems where such risks are more pronounced. It would also be important to clarify how long-term affordability, and social purpose will be maintained beyond the 20-year period, while allowing flexibility for EU Member States whose housing systems already contain built-in safeguards.

Furthermore, the current and proposed SGEI frameworks remain ill-suited to universalist models. By focusing narrowly on disadvantaged groups (even as per the current draft including affordable housing in its scope), they risk excluding systems like Sweden's from accessing State aid for housing construction – even when such aid would address market failures and affordability gaps.

The SUT therefore call on the Commission to explicitly recognise universalist housing models as compatible with SGEI objectives. Member States should be allowed to define target groups based on local needs and housing market conditions, rather than being bound by narrow eligibility criteria. It is also essential to ensure that the revised draft does not result in inadvertently incentivising residual systems over universal ones, thereby preserving the diversity of housing models across the EU.

Administrative and Legal Considerations

The draft SGEI Decision introduces several administrative requirements, including the need for entrustment acts with detailed compensation mechanisms, regular overcompensation checks, and transparency obligations for aid exceeding €1 million. While these measures aim to safeguard competition and ensure accountability, they may pose challenges for local authorities with limited capacity – especially in countries where SGEI rules are not widely used due to systemic incompatibility with national housing models.

² Presumtionshyra.

The SUT therefore recommends simplified procedures for universalist systems (especially where housing companies operate solely within the SGEI framework), and clear guidance and templates for entrustment acts and compensation calculations.

Final Remarks

The Swedish Union of Tenants supports the Commission's efforts to modernise the SGEI framework and address Europe's housing crisis. However, we urge the Commission to ensure that the revised decision:

- Embraces a diverse set of housing models, including universalist models.
- Clarifies key definitions and eligibility criteria.
- Reduces administrative burdens for local authorities.

Only through a flexible and inclusive approach can the EU effectively support EU Member States in delivering affordable, quality housing for all.

Sincerely,

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