



## State Aid and the Right to Affordable Housing for All

### Problem Description

Housing is a fundamental human need, yet across Europe, affordable housing is increasingly out of reach for large segments of the population. Current EU State aid rules, particularly the restrictive target group definition as featured in the Services of General Economic Interest (SGEI) Decision (2012/21/EU)<sup>1</sup>, prevent EU Member States from addressing the housing crisis in a comprehensive fashion. Therefore, there is an urgent need for revisions to the EU housing policies to ensure that all citizens, including middle-income households and key workers, can access affordable housing.<sup>2</sup>

### Challenges with the Current State Aid Rules

#### Restrictive Target Group Definition

The current definition of services of general economic interest (SGEI), limits access to only social housing and to “*disadvantaged citizens and socially disadvantaged groups*”. This limited target definition puts strict constraints on public housing policies. This narrow scope excludes middle-income groups and key workers, leaving them unable to access affordable housing as only social housing for the most vulnerable are covered by the target definition. Further, the restriction this target definition expresses also conflicts with the principle of subsidiarity, effectively undermining EU Member States' ability to address market failures relating to housing needs.

#### Widening Housing Shortages

An estimated 30% of European households earn too much to qualify for social housing but not enough to afford market-rate homes. In the Netherlands alone, there is an estimated shortfall of 390 000 affordable homes, leaving thousands of families without housing options. This shortage disrupts personal and professional lives, forcing young people to delay independence and key workers to leave cities.

#### Societal Consequences

The lack of affordable housing intensifies social inequality and exclusion. Young professionals are unable to establish roots, and key workers essential to urban economies are displaced. Stories from tenants highlight the frustration: individuals earning stable incomes report spending over half their earnings on rent or being unable to leave their parents' homes well into their 30s.

---

<sup>1</sup> Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

<sup>2</sup> This paper offers an extended IUT position with its basis found in Point 6 of the *IUT Priorities for the European Parliament (2024-2029)*, also known as the Delft Declaration. <https://www.iut.nu/wp-content/uploads/2023/11/IUT-Priorities-for-the-European-Parliament-2024-2029-Final-Version-IUT-Board-.pdf>

## **The Tenants' Perspective on State Aid**

### **Revise EU State Aid Rules**

The most straightforward solution is to delete the restrictive target group definition in the SGEI Decision. This would:

- Enable EU Member States to develop robust public housing policies for a broader population.
- Empower providers of public, social and affordable to construct more homes while maintaining affordability.
- Reinforce the idea that housing is a fundamental right and a common good, not merely a market commodity.

### **Expand Affordable Housing Supply**

Public housing policies should target a broader societal group, including middle-income households and key workers. Providers of public, social and affordable housing must be supported to ensure the construction of long-lasting, affordable homes. This approach will stabilize housing markets, reduce price volatility, and secure affordable living conditions for future generations.

### **Enhance EU Funding Access and Transparency**

EU funding streams, including those for building renovation, must be made more accessible with clearer social conditionality. The IUT supports integrating transparent mechanisms to track the distribution and impact of EU resources, ensuring funds reach those in greatest need.

### **Emphasize Housing as a Right, Not a Commodity**

Policies must prioritize the social function of housing. Public authorities must view housing as a tool for societal well-being rather than a vehicle for profit. This shift in perspective would reframe housing as an essential part of the public good, supporting economic stability and social equity.

### **Advocate for Cross-Sectoral Collaboration**

Public-private partnerships, such as the Dutch Energy Agreement, demonstrate how governments, private investors, and housing organizations can work together to finance affordable housing. Scaling such models across Europe can unlock additional investments for affordable housing.

## **Conclusion**

The housing crisis in Europe requires immediate and decisive action. The International Union of Tenants (IUT) therefore urges the European Commission and the EU Member States to:

- Revise the SGEI rules to empower EU Member States to address housing market failures,
- Expand the availability of affordable housing for middle-income groups and key workers,
- Ensure that EU funding is effectively allocated and its impact transparently monitored,
- Recognize housing as a right for all and commit to policies that serve societal, not speculative, interests.

By embracing these measures, the EU can ensure that public social and affordable housing is accessible to all, safeguarding the fundamental right to a secure and dignified home.