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From: General Secretariat of the Council
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Council on 15 December 2025
Revision of state aid rules applicable to services of general economic
interest – social and affordable housing
- Information from France and Germany

Revision of State Aid Rules Applicable to Services of General Economic Interest – Social and Affordable Housing

France and Germany welcome the Commission's efforts to assist Member States in addressing the current housing crisis particularly through the future European Affordable Housing Plan. However, they would like to point out that the issues surrounding social and affordable housing vary greatly from one Member State to another and, above all, have an undeniable territorial dimension. Indeed, there is no European housing market, but rather a multitude of local markets. Furthermore, the partners involved and the distribution of their responsibilities vary greatly from one State to another.

In order to supply to Europeans decent and sustainable housing, the EU must continue to support the energy renovation of homes. Buildings are responsible for around 40% of the European Union's energy consumption and 36% of energy-related greenhouse gas emissions. Renovating buildings to make them more energy-efficient is therefore at the heart of our commitments to combat climate change, and will help to increase the EU's energy independence while combating fuel poverty among households.

Following its call for contributions launched in June 2025 regarding the revision of its notification exemption decision for State aid granted in the context of services of general economic interest (Decision 2012/21/EU of 20 December 2011, hereinafter the “SGEI Decision”), which **notably concerns aid for social housing**, the European Commission opened, on 3 October 2025, a public consultation on its draft revised text.

Social housing operators are key players in the field of energy-efficient building renovation in Europe. The actions planned as part of the European Affordable Housing Plan that have an impact on their financing model must be carefully weighed so as not to undermine this model and to respect the principle of subsidiarity.

In this respect, **certain provisions of the Commission’s draft decisions on social housing SGEI and affordable housing SGEI** that have negative impacts on the financing model of Social housing operators **should be corrected swiftly**.

In particular, the draft decision **annex setting eligibility criteria for the notification exemption regime for social housing SGEI and affordable housing SGEI would encroach upon Member States’ powers to determine the level of public service obligations**. It would, therefore, run contrary to the principle of subsidiarity.

Moreover, certain criteria established in the annex would contradict the social needs of some Member States as well as the standards adopted to address those needs. They may also undermine the economic situation of social housing providers in those Member States. In particular, the requirement for social occupancy of dwellings for at least 20 years would limit the ability to adapt to changing needs within the housing stock. Likewise, the restrictive list of actions eligible for funding with public money—excluding, for example, aid for condominium owners facing difficulties—seems inappropriate.

Other criteria may, in the future, restrict the scope of action available to Member States, such as the prohibition on limiting affordable housing aid to only certified entities.

Yet, the Council conclusions on the future European Affordable Housing Plan approved last 1st of December 2025, while validating the introduction of changes in current SGEI in order to « make possible for Member States, where appropriate due to market failures, to support affordable and sustainable housing in a faster and simpler way » emphasizes that any possible revision of State aid rules applicable to affordable and social housing SGEI should enable « the Member States to maintain the implementation of their current social housing SGEI ».

Therefore, France and Germany ask the Commission to convert the provisions of this annex into non-binding “guidelines”, allowing Member States to continue freely determining the specific requirements for social and affordable housing SGEIs.

In all cases, the provisions set out in the guidelines should be limited to a concise list of requirements and should refer the determination of the level of those requirements to Member States, following the model of the “quality standards” requirement (point (b) for social housing and point (d) for affordable housing), which simply refers to the criteria in force in each Member State.

Thus, the annex would state that rents for social and affordable housing must comply with ceilings set by Member States; that social housing must be available for social occupancy for the period fixed by Member States; that the list of investment costs eligible for compensation is set by Member States; etc.