

AECM reply to the European Commission's consultation on Draft Decision (EU) on the application of Article 106(2) TFEU to State Aid for SGEI

The European Association of Guarantee Institutions (AECM), representing 49 members and 6 partners, welcomes the opportunity to comment on the European Commission's draft Decision revising the 2012 Service of General Economic Interest (SGEI) Decision (2012/21/EU).

AECM strongly supports the Commission's recognition of housing affordability as a Union-wide concern and the introduction of a specific framework for affordable housing as a Service of General Economic Interest. This represents a decisive step toward aligning State aid policy with the realities of the housing crisis.

In comparison with AECM's recommendations submitted during the Commission's call for evidence on State aid rules for SGEI, we note with appreciation that many of our proposals have been fully or partially reflected in the draft Decision. In particular:

- Flexible affordability benchmarks: AECM welcomes the inclusion of measurable affordability indicators and appreciates the decentralised approach allowing Member States to set their own affordability parameters.
- Eligibility of beneficiaries: The draft reflects AECM's call for a broader target group extending beyond socially disadvantaged citizens. We welcome the inclusion of the middle-income groups as beneficiaries and recommend clarifying that Member States may define relative income thresholds appropriate to national and regional contexts.
- Duration of affordability obligations: AECM supports the introduction of a minimum affordability period for both social and affordable housing, which safeguards against speculation and ensures long-term accessibility.
- Open eligibility for implementers: We strongly endorse the neutral approach allowing public, private, and cooperative actors to deliver affordable housing, thereby fostering competition and innovation in service provision.
- Financial instruments: AECM welcomes the flexibility offered to Member States to use different financial instruments, which will enable tailored solutions that reflect national market realities.



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- Reporting obligations: We very much welcome the proposal to remove the reporting obligations imposed by Decision 2012/21/EU, as well as the proposal to reduce the frequency of ex-post controls of overcompensation.
- Scope of eligible costs: We also support the comprehensive coverage of investment, operating, and capital costs, including land acquisition, renovation, and transformation. These provisions accurately reflect investment realities in the affordable housing sector. However, we further recommend that the final Decision explicitly recognise the financing of conversion and repurposing projects as eligible SGEI investments. The transformation of vacant or underused buildings, including office-to-residential conversions and the repurposing of public buildings, should be actively encouraged. Such flexibility would promote the circular and resource-efficient use of existing assets, reduce land take, and align with the objectives of the EU Green Deal and the EU Circular Economy Action Plan, while better reflecting the diverse housing needs across Member States. To this end, AECM proposes the following textual clarification to the provisions of the Decision: *"Investment costs may include the construction of new buildings or the conversion and repurposing of existing or vacant buildings, including land acquisition, transformation, or renovation of existing structures."*
- Transparency and implementation: AECM supports the Commission's commitment to transparency. However, the requirement to publish information on individual aid exceeding EUR 1 million per undertaking from 1 January 2028 may pose IT and administrative challenges, particularly for smaller Member States. AECM therefore suggests that the Commission provide an EU-level registry or interoperable reporting platform to ensure consistency, proportionality, and administrative efficiency across Member States.

AECM commends the Commission's efforts to modernise the SGEI framework and to adapt it to current social and economic realities. The new approach to affordable housing represents an important policy advancement toward more inclusive and sustainable housing markets across the Union.

AECM remains available to cooperate with the European Commission in formulating practical measures for implementation, including the effective use of financial instruments, especially in the form of guarantees that promote efficient, sustainable, and inclusive investment in social and affordable housing throughout Europe.

Brussels, November 2025

About us

The 49 members of the **European Association of Guarantee Institutions (AECM)** are operating in 32 countries in Europe¹. They are either private / mutual sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions help to address this market failure and facilitate SMEs' access to finance. At the end of 2024, 6 million SMEs were in the portfolios of AECM members benefitting of guarantees of in total 218 billion euros.

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¹ <https://aecm.eu/members/our-members/>