# ASVAL's Contribution to the European Commission's Targeted Review of the SGEI Framework for Affordable Housing

***Submitted by ASVAL – Asociación de Propietarios de Vivienda en Alquiler (Spain)***
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## 1. About ASVAL

ASVAL was created in 2020 to address the lack of a national association in Spain focused on the promotion and defense of the residential rental sector. As the voice of landlords—both institutional and individual—ASVAL brings together property owners, developers, specialized managers, and other key actors in the rental and rehabilitation industry. This diversity of membership gives us a broad, balanced, and realistic perspective on Spain's residential rental ecosystem.

ASVAL believes that effective housing policies must be based on dialogue, legal certainty, and the recognition that both public and private sectors play a key role in meeting the demand for decent, accessible, and affordable housing.

One of ASVAL's core pillars is research and policy analysis. Through our working groups, we examine trends and innovations in the sector, as well as regulatory challenges that shape its evolution. While ASVAL's main focus remains on strengthening traditional long-term rental housing—especially that which offers affordability and stability to tenants—we also monitor new models of living that emphasize flexibility, community, or additional services. These must be understood and regulated in ways that preserve housing rights while supporting innovation.

In this context, ASVAL is deeply engaged in the revision of the EU's State aid framework for Services of General Economic Interest (SGEI) related to affordable housing. We welcome the Commission's initiative and submit the following contribution based on our members' experience and the Spanish legal and policy context.

## 2. General Remarks on the SGEI Framework

Europe is facing a structural housing challenge. In many Member States, there is a mismatch between available supply and growing demand for accessible, affordable, and quality rental housing. While social housing remains essential, it is insufficient to meet the diverse needs of today's population—especially lower-middle-income households, young workers, and urban families who do not qualify for traditional public housing but cannot afford market rents.

The current SGEI framework, which allows Member States to support social housing providers with limited or no compensation caps, has not kept pace with the evolution of housing needs or delivery models. In practice, public housing stock in many countries is aging, underfunded, and geographically limited. Meanwhile, there is legal uncertainty around how institutional or private actors can participate in delivering affordable rental housing under SGEI schemes.

This legal ambiguity limits the willingness of long-term investors to engage in affordable housing, even when they are willing to accept lower returns in exchange for stability and social impact. At the same time, administrative complexity and narrow

definitions of "social housing" or "affordable conditions" risk excluding valuable and innovative initiatives that respond to real housing needs.

ASVAL believes the new SGEI framework must address these challenges head-on, enabling Member States to work with private and third-sector actors to scale affordable housing through clear, transparent, and flexible rules.

## 3. Key Recommendations

### *1. Enhance Legal Clarity and Predictability for Investment*

Legal uncertainty remains a major barrier to institutional investment in affordable rental housing. While the SGEI framework permits unlimited compensation for services aimed at the most vulnerable, there is no clarity on what level of aid is allowed—or how it should be calculated—for broader affordability schemes.

We recommend the Commission:

- Establish clear thresholds and methodologies for permissible compensation;
- Provide transparent guidelines for notification, approval, and reporting;
- Define how long-term affordability commitments, tenant protection, and ESG criteria can be used as eligibility conditions;
- Offer legal guidance on hybrid schemes involving public-private cooperation.

This legal predictability is essential to mobilise large-scale, long-term capital for affordable housing—particularly from pension and insurance funds, social infrastructure investors, and professional landlords who are committed to responsible asset management and ESG standards.

### *2. Allow Context-Sensitive Definitions of "Affordable Housing"*

Housing affordability is a relative concept, not an absolute one. A rigid, EU-wide affordability threshold would be ineffective and potentially exclusionary. Affordability should be defined at the national or regional level, based on:

- Local income distributions;
- Median rent levels and housing costs;
- Labour market conditions and housing demand;
- Regional cost structures (construction, land, services).

Spain's 2023 Housing Law (*Ley por el Derecho a la Vivienda*) provides an example of a comprehensive approach. Article 4 defines housing-related SGEIs to include not only public housing development and management, but also private and third-sector initiatives aimed at rehabilitation, energy efficiency, accessibility, and affordability—whether in public or private stock. It explicitly recognises the legitimacy of public-private collaboration and the need for a wide range of housing actors.

This model reflects the diversity of real-life housing needs and should be supported—not restricted—by EU-level rules.

### *3. Recognise and Enable Public-Private Partnership Delivery Models*

The new SGEI framework must explicitly allow Member States to work with private and institutional actors under transparent, rules-based frameworks. This includes:

- Recognising private landlords, developers, and operators as eligible providers of SGEI housing, under public oversight and contractual obligations;
- Allowing them to access proportionate compensation mechanisms for affordability commitments, maintenance duties, or energy upgrades;
- Respecting national models (such as Spain's) that already incorporate these partnerships as part of housing policy.

In many cities, public authorities do not have the capacity or resources to build or manage new housing stock at the scale required. Private actors, especially those operating under long-term mandates, can be key allies—provided the rules are clear and fair.

### *4. Reward Long-Term Affordability and Quality Performance*

Compensation schemes under SGEI should not be purely input-based. Instead, they should reward:

- Commitment to long-term affordability (e.g., fixed rent caps over 15–25 years);
- Robust tenant protections and stable leasing terms;
- Strong performance on energy efficiency, habitability, and accessibility.

This approach aligns with the EU's environmental and social objectives and helps attract responsible capital into sustainable tenancy models.

In Spain, for example, many large landlords already apply rigorous standards in tenant selection, lease management, and property maintenance. However, addressing fraud (such as unauthorised subletting) or recovering homes occupied irregularly—especially those acquired through enforcement or judicial adjudication—requires lengthy judicial processes. These risks further reduce the sector's appetite to expand affordable housing unless supported by public authorities and stable legal frameworks.

### *5. Promote Administrative Simplicity and Timely Implementation*

ASVAL supports the simplification of notification and implementation processes for SGEI schemes. In practice:

- Excessively complex procedures prevent many local authorities from launching housing programs;

- Smaller institutional providers or cooperative developers face high compliance costs;
- Delays in compensation or authorisation disincentivise participation.

We recommend:

- Standardised templates and pre-approved models;
- Clear timelines for notification and decisions;
- Proportional reporting obligations, especially for schemes with long-term performance guarantees.

A faster, simpler framework would greatly expand participation and speed up the delivery of much-needed affordable housing.

## 4. Additional Issues: Access to Property and Data Transparency

In the specific context of properties acquired through judicial enforcement or public adjudication—common in Spain—it is essential to consider two operational realities:

1. **Transparency of Value and Conditions**

   Information on adjudication prices and conditions is not easily accessible, especially for individual properties. These are often sensitive data from a commercial and financial perspective. While transparency is important, data sharing must respect commercial confidentiality and be consistent with national legal systems.

2. **Uncertainty Around Occupation Status**

   Determining whether occupants have a legal right to remain in the home often requires judicial clarification. This makes it difficult for investors to offer affordability guarantees or plan rehabilitation timelines. The new SGEI framework must recognise these legal complexities and avoid imposing unrealistic obligations on providers who do not have control over access or legal clarity at the time of acquisition.

## 5. Conclusion

ASVAL supports the Commission's effort to modernise the SGEI framework for housing. We believe this is a unique opportunity to enable a more effective, inclusive, and resilient housing system in Europe. To succeed, the new framework must:

- Provide **legal clarity** and predictability for investors and housing providers;
- Allow **flexible, locally determined definitions of affordability**;
- Recognise **public-private partnerships** as valid and effective models;
- Incentivise **long-term affordability, quality, and ESG performance**;
- Simplify procedures to **accelerate delivery and expand participation**.

The housing crisis cannot be addressed without the combined efforts of public, private, and third-sector actors. The EU framework must reflect this reality and support

innovative, responsible solutions that meet the needs of all segments of the population.

ASVAL remains at the disposal of the Commission to provide further data, examples, and legal insight from the Spanish context.