

ABF Consultation Response:

- Review of State Aid Rules on Services of General Economic Interest (SGEI)

Submitted by: ABF - The Danish Cooperative Housing Association

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Initiative: Review of the State aid rules on the Services of General Economic Interest (SGEI)

Link to consultation: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14708-Review-of-the-State-aid-rules-on-the-Services-of-General-Economic-Interest-SGEI-_en

Executive Summary

ABF welcomes the European Commission's initiative to revise the SGEI State aid framework. We urge the Commission to ensure that non-commercial and cooperative housing models - such as the Danish andelsbolig - are explicitly recognised as eligible under affordable housing definitions. This is essential in order to address the increasing inaccessibility of home ownership across Europe and to ensure diversity in housing tenure models that balance affordability, democratic governance, and sustainability.

Recognition of Cooperative Housing Models

We recommend that the revised SGEI rules explicitly include **cooperative housing as a distinct tenure category**, separate from private ownership or rental. The lack of legal clarity has led to inconsistent interpretations across Member States, weakening access to aid and investment for such models.

"Cooperative housing" should be defined as non-profit, resident-owned and -controlled housing structures, where residents are both tenants and collective non-profit owners of the property.

Reference:

- Co-operative Housing International, What is Cooperative Housing? (https://www.housinginternational.coop/co-operative-housing/)
- FEANTSA, SGEI & Affordable Housing in Europe, 2021
 (https://www.feantsa.org/public/user/Resources/reports/2021/SGEI-Housing_EN.pdf)

Financing Failures: Why Markets Underserve Cooperative Housing

Despite strong performance over a century, new cooperative housing in Denmark is in decline due to structural bias in capital markets. Financing institutions favour private ownership and rental investments, undermining the cooperative model's viability - particularly in urban areas.

A 2024 analysis by the municipality of Copenhagen showed that **the share of cooperative housing in Copenhagen has shrunk by 4-5% over five years**, while unregulated rentals have surged. This reflects a fundamental market failure: The most affordable ownership model is losing ground due to a lack of public financial instruments and political support.

"Markets fail to finance cooperative housing adequately because of shared ownership structures, non-profit principles, and capped returns."



Reference:

- OECD (2020), Social Housing: A Key Part of Past and Future Housing Policy
- CECODHAS Housing Europe (2022), The State of Housing in the EU 2022

Recommendations on Key SGEI Parameters

We recommend that the definition should explicitly include cooperative housing alongside rental and ownership models. Cooperatives like the Danish *andelsbolig* combine democratic control, price stability, and social cohesion.

We also recommend a **non-restrictive geographic scope**. Housing unaffordability affects middle-income groups in both high- and low-demand areas. Local flexibility is critical.

Rigid income ceilings should be avoided. Middle-income groups are increasingly squeezed out of homeownership yet excluded from social housing schemes.

We support price caps, ensuring long-term affordability. Cooperative resale price caps (maksimalprisen) should be respected as a compliance mechanism.

Capitalisation on funding should trigger proportional aid clawback. A minimum period of time is appropriate for all kinds of construction, both rental, cooperative and ownership housing.

Cooperative models, especially new projects, often require new developments to be viable. But existing buildings could serve if transformed, so there should be **equal access for renovation and new build**. Access to aid must remain open to **non-profit**, **democratic**, **and community-based operators**. A closed model would unjustly exclude cooperative initiatives.

Model Proposal: Acquisition-Based Support Scheme

ABF proposes the introduction of an **upfront acquisition subsidy** model, as trialled in Denmark (2002-2004), decoupled from debt-financing, and granted per square meter up to a maximum per living-unit. This reduces entry costs while enabling sustainability and public oversight (e.g. through green or social criteria).

We further recommend exploring municipal land price reductions or ground leases - as practised in Spain and other countries - combined with compensatory funding mechanisms from EU or national budgets. This is essential due to legal obligations requiring land to be sold at market value in Copenhagen, which inhibits local affordable housing initiatives.

Reference:

- UN-Habitat (2020), A Policy Guide to Housing Affordability
- Danish Ministry of Housing (2002), Andelsboligstøttemodellen

We advocate **for proportional reporting requirements**, especially for small- and medium-sized cooperative operators. Excessive administrative burdens disproportionately harm bottom-up, citizen-led initiatives.

We also recommend removing the strict requirement for explicit SGEI references in entrustment acts. This formalism creates legal uncertainty and risks invalidating legitimate cooperative housing projects over minor technicalities.



We support a substantial increase and regular indexation of the EUR 15 million aid threshold, to reflect current construction costs and enable the development of larger-scale cooperative housing projects.

Conclusion

The cooperative housing model is a proven, scalable and democratic solution to Europe's growing affordability crisis. However, it requires tailored recognition and dedicated support (incl. under the SGEI rules) to compete fairly in a distorted market environment. ABF calls on the Commission to ensure that the revised framework explicitly supports cooperative, resident-owned housing as an essential pillar of future housing policy in Europe.