


PUBLIC CONSULTATION



**CONFINDUSTRIA
ASSOIMMOBILIARE**

**State Aid - Revision of the rules on services of
general economic interest**

European Commission

July 31, 2025

1. WHO WE ARE

Confindustria Assoimmobiliare represents the entire real estate value chain at the national level. It brings together the main institutional investors, including asset management companies (SGRs)/real estate funds, Investment company with variable/non variable capital, listed and unlisted real estate investment companies, and Re.o.co. entities, as well as the real estate divisions of leading banks and insurance companies. The Association also includes major Italian and international developers, public companies managing large real estate portfolios, proptech firms, engineering and design companies, as well as the full range of professional services related to real estate. These include valuation, due diligence, property management, brokerage, credit management, professional asset management (e.g. student housing, hotels, shopping centers), and legal and tax advisory services. The investment, management, and advisory activities carried out by the Association's members cover all real estate asset classes: offices, hotels, residential (including social housing, senior living, and student accommodation), retail/shopping centers, logistics, data centers, light industrial, and healthcare facilities (such as nursing homes and hospitals).

2. BACKGROUND

The Association has developed its position on State aid, with specific reference to the segment of residential construction commonly referred to as “affordable housing.” This term refers to housing solutions provided by private entities or through public-private partnerships, targeting the segment of the population with gross annual incomes, typically ranging from €15,000 to €40,000. These households do not qualify for access to public housing (which is reserved for those with incomes below €15,000), yet they are also effectively excluded from the free market due to rental costs and/or mortgage payments that exceed their available income, often accounting for more than 30–40% of their household economic capacity.

According to current estimates, the need for affordable housing in Italy amounts to approximately 100,000 units, of which at least 50,000 should be for rent, representing roughly one sixth of the total housing demand. In this context, the Association confirms the observations previously submitted in the Call for Evidence on affordable housing launched last June, where the emergency nature of the housing situation in Italy was highlighted, along with a set of concrete proposals aimed at revitalizing the sector.

Within this framework, the Association reiterates its conviction that affordable housing should be fully recognized as a Service of General Economic Interest (SGEI), given its essential role in ensuring a fundamental right through instruments of a social market economy. This segment directly addresses structural market failures, which have worsened in recent years due to the growing gap between housing costs and stagnant wages and purchasing power.

3. AFFORDABLE HOUSING IN ITALY

The affordable housing sector in Italy originated within the cooperative housing system and, in recent years, has evolved through the initiative of private operators—particularly via real estate funds and special purpose vehicles (SPVs) backed by investment platforms promoted by Cassa Depositi e Prestiti (CDP), Invimit (a company owned by the Ministry of Economy and Finance), pension funds, banking foundations, banks, insurance companies, and specialized investors.

To date, the sector has developed without systematically relying on public subsidies, except for legacy cases (such as those enabled by Law 167/1962) or more recent initiatives framed within European programs already deemed compatible with State aid rules—such as EU structural and cohesion funds or the National Recovery and Resilience Plan (NRRP).

A notable case is the “Fondo Investimenti per l’Abitare” (FIA) (Investment Fund for Housing), managed by Cassa Depositi e Prestiti Investimenti SGR, which mobilized approximately €2 billion from institutional investors (including CDP, banks, insurance companies, and pension funds) as well as from the Ministry of Infrastructure and Transport (MIT), whose public contribution amounted to €140 million (7%). During the fund’s investment phase (2011–2017), the European Commission assessed the public participation and concluded that it did not constitute State aid, based on the following elements:

- The Ministry of Infrastructure held the same economic and governance rights as the other investors;
- The fund’s target return (3% plus inflation) was significantly lower than the average market return for development projects (which exceeded 15%).

4. ENABLING FACTORS AND FINANCIAL SUSTAINABILITY OF THE INTERVENTIONS

In the context of the upcoming European and national Housing Plans, the Association highlights the need to introduce new enabling factors to complement those traditionally used to promote affordable housing. These include, for example, the availability of land and properties at regulated prices, the use of urban planning and fiscal levers, the inclusion of more profitable market components within mixed-use projects, and improved access to financing and risk capital.

While these tools remain essential, they are no longer sufficient on their own to ensure a supply of accessible and sustainable housing for an expanding population that now includes precariously employed youth, essential service workers, out-of-town students, and elderly people in vulnerable conditions.

In this scenario, the Association considers it a priority to launch a new phase of structured cooperation between public authorities and private operators, based on mechanisms of joint programming, shared design and co-financing. This approach would make it possible, on the one hand, to guide urban planning in line with the real needs of the population, and on the other, to integrate housing projects with social and personal services, while also unlocking private investment through adequate public support.

Public co-financing is now considered as a key element for the financial sustainability of such interventions. In this regard, the Association proposes the launch of a new public contribution framework, open to all operators, based on a minority participation, approximately 30% (no more than 49%) of the total cost, and adaptable according to planning needs. This contribution could take different forms, such as grants, capital or debt guarantees, subsidized loans, or subordinated or low-yield equity instruments.

In any case, public support should be conditional upon the achievement of clear and measurable affordability targets, such as offering rental units at capped rates not exceeding 30–40% of disposable household income; sale of homes at controlled prices with sustainable repayment plans; or the provision of social and personal services at no cost or reduced rates. At the same time, it is essential

to ensure a fair return on invested capital for private actors while not speculative in nature, this return should fairly reflect market conditions, return expectations, and opportunity costs.

Looking at the shorter term, one potential enabling factor to foster large-scale affordable housing projects could be to leverage the National Recovery and Resilience Plan (NRRP) as a tool to mobilize remaining public resources, which in turn could attract private capital through a multiplier effect especially for investments in rental housing for students, workers, young couples, and households facing housing insecurity. To this end, the Association has proposed that the competent Ministries establish one or more endowment funds financed with unused NRRP resources. These funds could be allocated, through new public calls open to private operators, public entities, and third-sector organizations, either to co-finance new affordable housing initiatives or to support delayed projects within the NRRP framework particularly in the fields of affordable and student housing.

5. STATE AID AND SERVICES OF GENERAL ECONOMIC INTEREST (SGEI)

Within this framework, the Association presents its views on the compatibility of affordable housing with State aid rules and its classification as a Service of General Economic Interest (SGEI). In particular, we propose that the European Commission:

1. **Define a common EU-level framework for affordable housing**, establishing social performance criteria and eligibility requirements that are adaptable to national contexts, yet consistent with shared guidelines.
2. **Formally recognize affordable housing as a Service of General Economic Interest (SGEI).**
3. **Exclude affordable housing from the application of State aid rules.**
4. **Provide clear guidance on the maximum fair/compatible return on private capital in projects supported by public resources**, in order to ensure proportionality, transparency, and competitive neutrality.

In this regard, the Association draws attention to Italy's experience with public-private partnership models, where the return on capital is benchmarked against a **Weighted Average Cost of Capital (WACC)**. This WACC includes a risk-free rate plus a moderate risk premium, taking into account the risk mitigation provided by public participation in the investment structure.