

## Good news for the squeezed middle?

### EU's new housing commissioner, state aid and housing systems in Sweden and the Netherlands

Grander, M.; Elsinga, M.G.

#### DOI

[10.24834/isbn.9789178776030](https://doi.org/10.24834/isbn.9789178776030)

#### Publication date

2025

#### Document Version

Final published version

#### Citation (APA)

Grander, M., & Elsinga, M. G. (2025). *Good news for the squeezed middle? EU's new housing commissioner, state aid and housing systems in Sweden and the Netherlands*. Studier i boende och välfärd. <https://doi.org/10.24834/isbn.9789178776030>

#### Important note

To cite this publication, please use the final published version (if applicable).  
Please check the document version above.

#### Copyright

Other than for strictly personal use, it is not permitted to download, forward or distribute the text or part of it, without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license such as Creative Commons.

#### Takedown policy

Please contact us and provide details if you believe this document breaches copyrights.  
We will remove access to the work immediately and investigate your claim.

SERIES 25:1

SBV WORKING PAPER

# WELFARE AND STUDIES IN HOUSING

Grander, Martin  
Elsinga, Marja

## Good news for the squeezed middle?

EU's new housing commissioner,  
state aid and housing systems in  
Sweden and the Netherlands.



# SBV Working Paper Series 25:1

## **Published**

2025

## **Editor**

Martin Grander, martin.grander@mau.se

## **Publisher**

Studier i boende och välfärd

Malmö universitet

205 05 Malmö

ISBN: 978-91-7877-602-3 (print)

978-91-7877-603-0 (pdf)

DOI: 10.24834/isbn.9789178776030

## Previous publications in SBV Working Paper Series:

**SBV Working Paper Series 20:1** Grander, Martin (2020). *Segmentering i bostadsbeståndet – Utveckling av bostadsbestånd, demografi och socioekonomiska indikatorer i riket och storstäderna 2013–2017 med fördjupningar för Malmö och Göteborg.*

**SBV Working Paper Series 20:2** Lindemann, Linnéa & Roelofs, Kim (2020). *Blandningspolitik och social blandning – En litteraturöversikt.*

**SBV Working Paper Series 21:1** Sjöland Kozlovic, Martina & Frisch, Morten (2021). *Etableringshinder, diskriminering och missgynnande – En litteraturöversikt över samband mellan etablering på hyresbostadsmarknaden och arbetsmarknaden.*

**SBV Working Paper Series 21:2** Allansson, Jakob (2021). *Allmännyttans framväxt i Malmö och Göteborg – Historiska förutsättningar för de kommunala bostadsbolagens nutida ställning i städerna.*

**SBV Working Paper Series 21:3** Sandberg, Matilda & Grander, Martin (2021). *Trångboddhet i Malmö – En studie av trångboddhetens ojämlika utbredning och konsekvenser.*

**SBV Working Paper Series 21:4** Grundström, Karin & Lazoroska, Daniela (2021). *Gated communities i Sverige? – En kunskapsöversikt om motstånd och påverkan i mediedebatt och stadsbyggnad.*

**SBV Working Paper Series 22:1** Urfels, Marie (2022). *From state support to market and financialization measures in crisis times: A comparative literature review of the Swedish and German housing systems.*

**SBV Working Paper Series 22:2** Grander, Martin & Frisch, Morten (2022). *Social bostadsförsörjning i kommuner utan allmännytta. En analys av privatägd hyresrätt och den sekundära bostadsmarknaden i kommuner som saknar allmännyttiga bostäder.*

**SBV Working Paper Series 22:3** Roelofs, Kim (2022). *Boendeperspektiv på samhällsbygget Gårdsten.*

**SBV Working Paper Series 23:1** Salonen, Tapio (2023). *Att identifiera utsatta bostadsområden. En jämförande analys mellan polisens lista och segregationsbarometern.*

**SBV Working Paper Series 23:2** Dunne, Neil, Cattabriga, Greta, & O'Neill, Nathan. (2023). *Narrating Homeownership. Media Discourse and Lived Experiences of Mortgaged Homeownership in Sweden.*

**SBV Working Paper Series 23:3** Grander, Martin & Sjöland Kozlovic, Martina (2023). *Tillträdeskrav i allmännyttan 2013–2022.*

**SBV Working Paper Series 24:1** Lidmark, Hugo & Valli, Chiara (2024). *Bolånemarknaden för de prekära – Vilka möjligheter har atypiskt anställda?*

**SBV Working Paper Series 25:1** Grander, Martin & Elsinga, Marja (2025). *Good news for the squeezed middle? EU's new housing commissioner, state aid and housing systems in Sweden and the Netherlands.*

# **WORKING PAPER**

## **Good news for the squeezed middle?**

### **EU's new housing commissioner, state aid and housing systems in Sweden and the Netherlands**

Grander, Martin<sup>\*</sup>  
Elsinga, Marja<sup>†</sup>

2025-02-25

---

<sup>\*</sup> Associate Professor, Department of Urban Studies, Faculty of Culture and Society, Malmö University

<sup>†</sup> Professor, Department of Management in the Built Environment, Faculty of Architecture and the Built Environment, TU Delft

# Innehåll

<b>Preface.....</b>	<b>6</b>
<b>Introduction.....</b>	<b>7</b>
<b>The Case of Sweden .....</b>	<b>8</b>
Background .....	8
Potential consequences of changes in EU legislation on state aid.....	9
The responses from politics and experts .....	10
Summary .....	11
<b>The Case of Netherlands .....</b>	<b>12</b>
Background .....	12
Potential consequences of changes in EU legislation on state aid.....	12
The responses from politics and experts .....	12
Summary .....	14
<b>Discussion and conclusions.....</b>	<b>14</b>

## **Preface**

In October 2024, the European Union announced its first commissioner with direct responsibility for housing, as Dan Jørgensen was appointed the EU Commissioner for Energy and Housing. The reactions were mixed. While some voices were positive about the increased focus on affordable housing and the possibility for the EU to support member states in tackling the housing crisis, concerns were raised about the EU interfering in an issue which by nature is national and local.

This paper investigates the possible consequences of renewed EU interference in the housing markets in Sweden and the Netherlands – two countries which have previously changed their legislation for social and public housing due to potential conflict with the EU's state-aid rules. The paper provides an overview of the responses from political parties and key stakeholders in Sweden and the Netherlands and discusses the potential outcome of a change in state aid rules for the public/social housing systems. The authors call for a focus on the urgent shortage of affordable housing and its negative impact on individuals and society, and argue that politicians should use the opportunity to prioritize long-term systemic impact.

The paper is written by Martin Grander, Associate Professor at the Department of Urban Studies, Faculty of Culture and Society, Malmö University and Marja Elsinga, Professor at the Department of Management in the Built Environment, Faculty of Architecture and the Built Environment, TU Delft.

Follow the ongoing publications in SBV Working Paper Series at the webpage: [www.mau.se/sbv](http://www.mau.se/sbv)

## Introduction

When Ursula von der Leyen in the spring of 2024 was campaigning for a renewed mandate to lead the European Commission, she went to the left and green groups in the European Parliament to gain support. One of the results of this bargaining was the subsequent appointment of a “Housing Commissioner” who would address the increasing union-wide problems of housing accessibility and affordability. In October 2024, it was revealed that this task was assigned to Danish social democrat Dan Jørgensen, who was appointed Commissioner for Energy and Housing.

According to von der Leyen’s mission letter to Dan Jørgensen, the new commissioner is to support member states to “address structural drivers and unlock public and private investment for affordable and sustainable housing”. Jørgensen is to put forward a European Affordable Housing Plan, develop a European Strategy for Housing Construction, establish a Pan-European Investment Platform for Affordable and Sustainable Housing, double the EU’s Cohesion Policy Investments in Affordable Housing and tackle systemic issues with Short-time Accommodation Rentals). Moreover, and of most importance for this paper, Jørgensen is to “support the Executive Vice President for a Clean, Just and Competitive transition to state aid rules” (von der Leyen, 2024).

The assignment of Europe’s first commissioner on housing needs to be seen from the perspective of the affordable and accessible housing crisis in Europe and the increasing focus on “essential workers” and other groups not typically covered by social housing schemes. In late 2023, the governments of Belgium, Germany, Luxembourg, Portugal, Slovakia, Spain and the Netherlands wrote a joint statement, requesting that the EC would evaluate the state aid rules on “Services of General Economic Interest” (SGEI) in relation to the lack of affordable housing across the member states. Of special concern in the joint statement are essential workers and other middle-income households, which are argued to be in an increasingly precarious situation:

...there are rising concerns regarding a growing segment of citizens that do not have the financial means to rent or buy housing on market terms, but are not considered ‘disadvantaged citizens or socially less ad-

vantaged groups, who due to solvency constraints are unable to obtain housing at market conditions’ and are therefore not entitled to social housing funded under the SGEI rules (Government of Belgium et. al., 2024, p. 1).

This group, which the academic literature has described as “the squeezed middle” (Jonkman & Janssen-Jansen, 2015) or “inbetweeners” (Grander, 2023), seemingly fall through the cracks of housing markets in countries with well-developed social housing systems such as the Netherlands and Germany, but also in Sweden – a country which lacks a means-tested social housing sector. While Sweden was not among the undersigned of the statement, numerous reports are highlighting the same issues.

The question of SGEI rules and state aid for social and public housing has been a continuous issue in several member states – The Netherlands and Sweden in particular.

While housing policy is normally regarded as a national issue within the European Union, state aid for housing actors has been a concern for the European legislation on competition. The EC regulation on state aid prohibits state aid to specific actors if these offer the same services as institutional investors (i.e., private owners of rental property) do without state aid. In terms of housing, this means that a certain actor (private or public) cannot be subsidized by the state if offering housing on the same terms as market-based actors do. However, selective state aid to means- or needs-tested “social rented housing” is seen as unproblematic. This aid falls within the rules of Services of General Economic Interest (SGEI), which means that subsidizing a means-tested social rental market for disadvantaged groups does not violate the rules on state aid.

To (in a somewhat simplified way) relate this to Kemeny’s (2006) well-known distinctions of dualist and unitary rental markets, state aid to social housing operators is allowed in dualist rental markets, where the publicly funded or operated rented sector is means-tested and separated from the market-based rental sector. In unitary rental markets – where the public/social rented sector is closely tied to the private rental sector and not designated to low-income households – state aid to public/social housing operators is a more complex issue.



In the early 2000s, the housing units provided by the Swedish and Dutch non-profit housing sectors were not directed specifically to low-income groups but were open to all. Hence, it was claimed by institutional investors (i.e. private rental housing actors) in both countries that providing state aid to non-profit actors providing housing units without means-testing violated EC regulation. Such support was considered to distort a 'level playing field' between non-profit and for-profit rented housing. They pointed to the state aid rules, arguing that aid for non-profit housing is only allowed if the dwellings are distributed to households with low income or special needs, thus complying with the SGEI (Elsinga & Lind, 2013).

In response to these claims at the beginning of the 2010s, the two countries chose different paths. The Netherlands kept their state aid to the Housing Associations (HAs), which are offering social housing units, but limited the access to HAs' housing units to a specified target group by introducing income caps for the units (Elsinga & Wassenberg, 2014). In Sweden, no income cap was introduced. Instead, the government chose to change the law regulating municipal housing companies (MHCs) – which constitute the Swedish public housing sector – and demanded these companies to act in a 'businesslike manner', in order to create a level playing field between public rental housing and institutional investors. The new legislation stated that public housing would continue to cater to the entire population, but without any special advantages or subsidies vis-à-vis the institutional investors (Grander, 2017). Thus, while the Dutch government chose to keep their state aid and to adapt the HAs' target group of social rented housing, the Swedish government chose to abolish state aid and to rearrange the public housing sector to be run on a for-profit basis.

With the assignment of Dan Jørgensen as Commissioner for Energy and Housing, and with his task to revise the rules for SGEI and state aid, this question has again become a topic of major concern for the two countries.

This paper explores the potential impact of the arrival of the new EU Commissioner for Energy and Housing. It discusses the possible consequences of changes in the SGEI-rules for the two public/social housing systems and provides an overview of the

responses from political parties and key stakeholders in Sweden and the Netherlands. Finally, it calls for a focus on the urgent shortage of affordable housing and its negative impact on individuals and society as a whole, suggesting that politicians prioritize long-term systemic impact and political pragmatism.

## The Case of Sweden

### Background

For the case of Sweden, von der Leyen's directive about affordable housing and especially the notion of transition of state aid rules needs to be seen in light of the immense discussion and withstanding consequences of adaptation to EU legislation in the first decade of the millennium.

The Swedish public housing sector is large, currently the home of 16 per cent of all households, and constituting almost half of the total rented housing stock. The sector has however seen a decline from its peak of 25 per cent of the total stock in the 1990s, due to ideological trajectories of homeownership and marketisation of the core foundations of public housing (Bengtsson & Grander, 2023). In 2011, new legislation on Swedish public housing was passed, which was the result of eight years of debate and a national state investigation reacting to the European Union's state aid rules. The debate was ignited after Swedish institutional investors in rental housing (i.e. private rental property owners) filed two reports to the EC in 2002 and 2005. The property owners argued the Swedish municipal housing companies (MHCs) were not in compliance with state aid regulations as they were given certain favourable conditions from the municipalities (who are the owners of the housing companies). As private rental property owners could not enjoy the same benefits – and as private and public rental operators compete over the same target group on a unitary rental market (Kemeny, 2006) – they argued such aid distorted the playing field as it created possibilities for MHCs to limit annual rent increases. Thus, they meant that such aid affected the unitary rental sector as a whole.

The state investigation, presented in 2010, suggested that the Swedish government had two possible choices for the future of the public housing sector: 1) continue as a non-profit, cost-rental sector but risk

facing a deficit in the EU court as it was deemed doubtful that the Swedish model with its universal “open-for-all”-approach would qualify as Service of General Economic Interest (SGEI) and thus be eligible for state aid or, 2) change into a for-profit sector and thus avoid the risk of being tried for non-compliance with the EC regulations on competition. The Swedish government chose the second alternative to create a level playing field between public and private rental operators. Thus, the public housing sector has since 2011 been following “businesslike principles” and the MHCs are disclose a return on investments (ROI) on par with private investors (which could be institutional investors or private persons owning multi-family housing with apartments for renting). Thus, there is currently no state aid or any other direct or indirect subsidies to Swedish public housing. While this in the debate often is argued as being the main cause of the affordability and accessibility crisis in Sweden, research has shown that several actors, mainly municipalities and their public housing companies, tend to “blame” the EU and state aid rules for not being able to provide affordable rental housing, while the main cause for such a behaviour is to be found in other regulations on accountancy and adopting the larger logics of a financialized housing market, not related to the EU-legislation (Grander & Westerdahl, 2024; Salonen, 2015).

Nonetheless, the new directive to Dan Jørgensen has thus re-actualized a central question for the Swedish housing debate. Should the Swedish public housing sector be subsidized, and if so – should it be regarded as a special sector, having a certain responsibility for low-income households? Indeed, when it was revealed that the commissioner should examine the possibilities of altering the state aid, the debate in Sweden saw an awakening.

### **Potential consequences of changes in EU legislation on state aid**

There are (at least) two potential consequences of an overhaul of the EU state aid regulations where the scope of SGEI target groups is broadened. First, one possible outcome would be that Swedish public housing is to be regarded as providing a Service of General Economic Interest, despite its universal approach. The argument for this outcome is that Swedish public housing by law has a “social responsibility” (although

not defined in terms of guaranteeing housing for a specific target group), and that 50 per cent of the households in public housing belong to the poorest income quartile – thus mainly catering low-income households, in line with what means-tested social housing providers in the rest of Europe do. This would imply that MHCs would be able to receive state aid, either from the national government or from the municipalities that own the public housing companies. As described above, this possibility was deemed (although never formally tested) non-compliant with EC regulations in the 2000s – but with a widened scope of the SGEI target group, things might change. Such an outcome would imply that the public housing sector would become subsidized while still being open for all, without any income cap. The prolonged consequence of such a trajectory would be that Swedish MHCs would no longer need to imply the same demands on return on investment as their private counterparts, and could potentially construct housing at a lower cost and keep rents at a lower level.

Second, an alternative outcome would be that all owners of rental properties – public or private – could be eligible for state aid under the SGEI rules. While this is already a possibility if the target group is limited to low-income households, the widening of the target group might initiate a debate of such an arrangement. So, for a change to occur due to changes in the SGEI rules in this scenario, the government would be inspired by the widening of the scope of the target group for SGEI-state aid and introduce financial support for all providers providing rental housing to low- and middle-income groups<sup>1</sup>. The argument for such an outcome is that the squeezed middle is becoming an inevitable problem and that a broadened definition of SGEI target groups would give the government an incentive for rental housing companies to address this target group – perhaps without being associated with the stigma that currently is connected to the notion of social housing solutions in Sweden.

Both possible outcomes would imply a break in the

<sup>1</sup> In general, there is nothing to hinder the state from providing aid to both public and private companies, as long as the aid is equal and enables recipients to accomplish what they can-not achieve under free market competition. This occurred in Sweden from 2015 to 2021 with an investment support for the construction of housing units with rent caps, supported by the European Union’s General Block Exemption Regulation.

strong path dependence of Swedish housing policy, its universal approach and the unitary rental market (Bengtsson & Jensen, 2020). However, the first option would more explicitly align Sweden with other (dualist) rental markets across Europe, while the second alternative would retain a unitary approach, but introduce a certain degree of selectivity – albeit over the whole rental market.

## The responses from politics and experts

### *The arrival of the Commissioner for Energy and Housing*

The first reactions to the news of a housing commissioner were critical. Conservative newspaper editorials argued that the EU should not intervene with housing policy, which is a national (or even local) concern, and that increased EU governance would intrude on property rights, for example by limiting the possibilities of short-term rentals (Expressen, 2024). Similar opinions were expressed by the real estate sector press, which primarily expressed concern that suggestions from the commissioner could interfere with the neutrality between public and private rental operators (Holmestig, 2024). However, some left-wing-leaning newspapers were seeing opportunities for increasing the construction of affordable rental apartments (Arvidsson, 2024).

Swedish politicians were initially slow in commenting on von der Leyen's notion of a housing commissioner. Not until it was revealed that Jørgensen was appointed the task, political parties made statements. The focus, however, now shifted from the assignment of a commissioner to the question of revised state aid.

### *Responses to the suggestion to revise state aid regulation*

The first political party to comment on the potential change in state aid rules was the Social Democratic Party, which is the largest political party but is currently in opposition. In a debate article, two representatives of the party advocated for Sweden's public housing model to be exempted from European Union state aid rules (Danielsson & Nilsson, 2024). The current EU regulations, they argue, impede Sweden's ability to resolve its housing crisis effectively. These rules compel municipalities to operate their public

housing companies as if they were private market players, focusing on profitability rather than social welfare. This has resulted in higher rents and decreased maintenance of housing stock, they continued. The Social Democratic Party contends that public housing should prioritize providing affordable, quality housing for all residents over generating profits, and calls for legislative changes to allow for a more socially oriented approach to housing. Interestingly, the social democratic representatives did not explicitly state that they support a targeted or selective social housing system, but they argue that the public housing system in Sweden with its non-means tested approach might be “forgotten” in the debate about renewed state aid and that the Social Democrats “will fight to ensure that Sweden's public housing model is clearly exempted from EU state aid rules” (Danielsson & Nilsson, 2024).

The statement became criticized, but not by politicians. The Swedish umbrella organization for public housing, Sveriges Allmännytt, meant that such an exception would imply that public housing would become mainstreamed into a European model of means-tested social housing, and thus signal a break from the universal housing policy and the unitary rental market: “It would be ruinous for rental properties in Sweden. It would create increased segregation and increased division in society”, said Anders Nordstrand, the CEO of Sveriges Allmännytt, in an interview (Fastighetstidningen, 2024).

The private property owners were also critical. In a joint debate article, Anders Holmestig, CEO of the private rental property owners umbrella organization Fastighetsägarna, and the CEO of Sveriges Allmännytt Anders Nordstrand expressed that they were surprised by the Social Democratic position. They argued that potential state aid for public housing that does not take into account the different needs or is only available for public housing would create unfairness between tenants in private and public rental housing. Instead, they proposed that renewed state aid must be obtainable by all rental property owners on equal terms, arguing that “both public and private housing companies need a surplus to consolidate the economy and use for investment in new production and renovation as well as for maintenance” (Nordstrand & Holmestig, 2024). Furthermore, they propose that future state aid should be directed

to households rather than property owners, arguing that subsidies should be “spent on increased housing allowances so that all households can demand good and sufficiently spacious housing, regardless of landlord or type of lease”, thus accepting that public housing should have the same ‘business-like’ conditions as private investors (Nordstrand & Holmestig, 2024).

The third larger player in the rental market, the Swedish Union of Tenants, has held a low profile. Initially, the organization followed the same line of argumentation as the umbrella organizations of public and private rental housing. “We at the Swedish Union of Tenants are very clear that housing policy is and should remain a national issue. This must not be undermined by von der Leyen appointing a housing commissioner in Brussels,” the chair of the Swedish Union of Tenants, Marie Linder, said in an article (Carlsson-Örning, 2024). However, she continued by saying that the assignment of a housing commissioner also comes with the possibility for the EU to put more pressure on member states to solve the structural problems related to housing across Europe. This is argued as an advantage of the initiative. “Our common goal must be that everyone has the right to safe and affordable housing. But the solutions and the political responsibility must be up to each country”, she argues (Carlsson-Örning, 2024).

After the critique from the public and private rental property owners, the Social Democrats revised their stance, arguing that they want not only the Swedish public housing sector to be exempted from EC regulation on SGEI, but the whole rental sector (Grossman, 2024).

Other political parties have been rather quiet in the debate. While the parties in the government still have not made any comments, one of the major real estate magazines did a round of interviews with the political parties in opposition besides the Social Democrats. Only the left-wing party Vänsterpartiet is clearly positive about introducing state aid explicitly to public housing:

The lack of housing at reasonable prices is an example of something that the market cannot solve on its own. Therefore, it is important that we change the EU rules that prevent large public investments in the public housing sector. Today, the EU countries are only al-

lowed to subsidize social housing, which does not rhyme with the Swedish model of public housing”, the party representative said (Grossman, 2024).

Centerpartiet, (centre-liberal) is also open to discussing state aid for public housing: “We are not drawing lines in the sand as many other parties have done”, their representative said (Grossman, 2024). The Green Party Miljöpartiet is more sceptical, calling for an investigation into whether state aid could apply to all owners of rental properties. However, they are not closing the door to subsidizing public housing only, even if this is a “hypothetical question”, the Green Party representative stated in the interview (Grossman, 2024).

## Summary

To sum up, the EU’s new housing commissioner’s mission of overhauling state aid and SGEI rules is potentially a break with the unitary rental market and universal housing system in Sweden, given that the outcome of a revision would be that 1) municipal housing companies would qualify for state aid, or 2) that the government becomes inspired by widened SGEI target group definitions and introduce support for all actors on the rental market who construct housing for low- and mid-low income groups.

Two of the major actors in the rental market (Sveriges Allmännytt, representing Swedish public housing and Fastighetsägarna, representing the institutional investors) are highly critical towards EU interference and argue that revamped state aid regulations would be a threat to the Swedish model, thus echoing the arguments from the debate in the 2000s. The third major actor, The Swedish Union of Tenants, is also negative to EU interference, but positive that the commissioner can put pressure on the member states.

The political parties are hesitating, and the government has yet to comment on the issue, but most interestingly, the Social Democrats – who initially welcomed the news – were in their appraisal seemingly unaware of the potential impact on the Swedish universal housing model. After being made aware of this, they have withdrawn from this position, instead arguing that state aid should be directed to both public and private rental property owners (in line



with the unitary model). As mentioned, however, giving state support to all rental actors on equal conditions is already possible. Other political parties in opposition are hesitant but somewhat open to introducing state aid to public housing, thus being open to a shift towards a dualist rental market. The hesitancy illustrates the strong rental corporativism in Sweden, where large organisations are much more active in housing politics than political parties.

## The Case of Netherlands

### Background

The Netherlands, with a rental housing market that shows many similarities to the Swedish, has had a social rented housing model based on non-profit “Woningcorporaties”, originally a private philanthropic initiative that over time has evolved into a state-subsidized rental housing sector. Unlike Sweden, it was not managed by public local bodies, but by the private housing associations (HAs). One similarity with Sweden, however, has been the extensive size. Three out of ten dwellings (or two-thirds of all rental dwellings) in the Netherlands currently belong to the social rented sector, making it relatively the largest in Europe.

As in Sweden, the state subsidies for affordable housing were suspected to be in breach of EC competition law, which the Dutch government itself flagged up in a question to the European Commission in 2002. As in Sweden, the Commission signalled that there were doubts as to whether the subsidies were in line with the rules on state aid. And, as in Sweden, a long series of communications between the European Commission and the government followed. For the Dutch case, this was supplemented by a formal complaint from private investors directly to the European Commission.

From here, however, the Netherlands chose a different path from Sweden. In line with the principles of EU competition law, the legislation and subsidy scheme were revised in April 2010, introducing a stricter division between social (SGEI) and commercial landlords, with the former now having to target lower-income groups in order to continue to be eligible for state aid. The middle-income group had no longer access to social housing and the assumption

was that they would be served by the commercial rental sector. In other words, an income ceiling was introduced for the “social” part of the market and with that the universal principles were abandoned. As a compromise proposed by Dutch housing associations, it was agreed that they would be allowed to build middle-income housing if they could prove that private investors would not cater to this segment. This compromise aimed to secure mixed neighborhoods for the future (Elsinga & Lind, 2013).

### Potential consequences of changes in EU legislation on state aid

Since the introduction of the new regulation, housing associations have primarily focused on social housing for lower-income households. The middle-income sector, meanwhile, has largely been left to commercial housing providers. However, developments have diverged from expectations: there is a severe lack of adequate housing for middle-income groups in the Netherlands. Recent price increases for land, construction costs and interest pushed up the price to build, new regulations for rent setting and rent increase, revisions in transfer and income tax limit rental revenues for investors. These together made many investors withdraw from investing in middle-income housing.

Similar to Sweden, recent developments have brought state aid and a level playing field back onto the political agenda. This has even led to lobbying for a revision of state aid regulations and for making state aid available to middle-income groups. Consequently, the Dutch have signed the joint statement previously mentioned (Government of Belgium et al., 2024).

### The responses from politics and experts

#### *The arrival of the Commissioner for Energy and Housing*

As in Sweden, the arrival of an EU Commissioner for Energy and Housing has been critically received by many stakeholders in the Netherlands. Two political parties in the current government coalition, VVD and NSC, made explicit critical comments (Faas, 2024). VVD's lead candidate and Member of the European Parliament, Malik Azmani, considers

the idea of a housing commissioner a bad one. "In the view of the VVD, the issue of housing and social housing is a national matter. The Netherlands manages its own housing market, as this allows for better tailoring to specific and local circumstances than Brussels could." New Social Contract (NSC), a new political party, also strongly opposes EU interference in housing matters. "There should be fewer restrictions on how we organize social housing in the Netherlands," the party stated.

Critical responses have also come from experts in the field of housing and area development (Faas, 2024). Professor Peter Boelhouwer of Delft University of Technology argues that a European Commissioner for Energy Housing is inadvisable, citing the principle of subsidiarity and the significant differences in housing systems across Europe. Friso de Zeeuw, an expert in area development and real estate, expressed an even stronger opinion: "It is the worst idea of the year (so far). Housing markets are national, regional, and local in nature. The EU has no business interfering in them." He went further, advocating for a NEXIT in this context. "A European Commissioner will not focus on deregulation but will instead introduce new obligations: countries will be required to draft a National Housing Plan that needs EU approval. There will also be an EU subsidy scheme of its own. In other words: even more bureaucracy and the recycling of money," de Zeeuw argued.

However, the social democratic party (GroenLinks-PvdA), the largest opposition party, is positive (Faas, 2024). Member of the European Parliament and lead candidate for GroenLinks-PvdA, Mohammed Chahim, argues that there is a housing crisis across Europe: "We want the European Commissioner to work with the member states to develop plans to address this," Chahim said. According to him, a European Commissioner could focus on scaling up the construction of prefab homes at the European level or ensuring the availability of sufficient raw materials within the Union.

#### *Responses to the suggestion to revise state aid regulation*

In the summer of 2024, the current cabinet of the Netherlands (The Schoof Cabinet) was installed and presented a governance agreement that included the ambition to provide greater support for middle-in-

come groups in European housing markets. In the Kabinet Schoof in Hoofdlijnen Akkoord (Kabinet Schoof, 2024, p. 34), it states: "We are fully committed to creating more opportunities in Europe to financially support the development of middle-income rental housing by housing associations and investors."

The most important state aid aspect is the Waarborgfonds Sociale Woningbouw (WSW) guarantee for housing loans, as this guarantee results in lower interest rates. The umbrella organizations for social housing providers (Aedes) and tenants (Woonbond) are supportive of such a revision. Woonbond has, together with the International Union of Tenants (IUT), been advocating for a European approach to the housing crisis and the removal of barriers to state aid for social objectives (such as housing) for years. The IUT and Woonbond are therefore pleased with von der Leyen's announcement (Woonbond, 2024). Also Aedes, the Dutch umbrella organization for housing associations, is supportive (Van der Poel, 2024). In the National Housing Performance Agreements, they committed to have housing associations build 50,000 middle-income rental homes by 2030 without state support. However, since that agreement, the costs of construction and financing for new rental homes have risen significantly. Therefore, a revision of state aid is welcome, and Aedes has already calculated the effects of bringing middle-income rental housing under the WSW guarantee. Under current market conditions, associations can only build 26,000 homes, but with the same budget, they could build as many as 67,000 homes if backed by WSW guarantees.

Both Aedes and Woonbond view the appointment of the new housing commissioner as an opportunity to bring middle-income housing into the scope of state aid. After all, the past ten years have shown that commercial providers have not adequately addressed the needs of middle-income housing.

Not all responses are positive. In particular, stakeholders in the commercial rental market are critical and have put the issue of false competition on the agenda. NVM, the Dutch umbrella organization for real estate agents, considers it unwise to apply state-guaranteed loans for social housing to middle-income rental housing as well. According to Irene Flotman,

chair of NVM Business and managing director of CBRE Nederland: “The development of middle-income rental housing is a matter for the market. There is only one proper solution: ensuring that a favourable investment climate for real estate investors is restored” (De Boer, 2024). Similarly, IVBN, the Dutch umbrella organization for institutional investors, emphasizes that a level playing field is a key requirement for institutional investors to engage in the rental housing market (Van der Ploeg, 2024). This implies that they will seek compensation if the WSW guarantee becomes available to social housing providers.

This brings us back to the false competition debate of 2005, the first time “Brussels” impacted the Dutch housing system. However, in 2025, we are one lesson wiser: the squeezed middle will not automatically be served if you leave housing provision to market forces, as was assumed twenty years ago. Luckily this is clearly reflected in the fact that Cabinet Schoof states: “We are fully committed to creating more opportunities in Europe to financially support the development of middle-income rental housing by housing associations and investors.”

### Summary

In sum, the EU-commissioner for Housing and Energy is not warmly welcomed by a number of Dutch political parties, who are disagreeing with Europe interfering in an already complex housing market. Many political parties have yet to make statements about the EU commissioner or the revision of state aid, but the Social Democrats are positive, not only to reconsider the regulation of state aid but also to support modular building across Europe for responsible use of scarce resources. Moreover, the current government (Cabinet Schoof) has included seeking for revision of state aid regulation to provide middle-income groups access to state aid in their government statement. The umbrella organization for social housing providers (Aedes) and the Tenant’s Union (Woonbond) are both positive and welcome a revision of the state aid rules for middle-income groups. On the other hand, the institutional investors are critical of the possible redefinition of state aid and – as in 2005 – they consider state aid for middle-income housing for housing associations as false competition in the rental market.

## Discussion and conclusions

Although housing is not a responsibility of the European Commission, the EU discussion on state aid and false competition has had a significant impact on housing systems as it removed the possibility for state subsidies of the public rental sector in Sweden and dismantled the broad non-profit rental sector in the Netherlands. To address concerns about false competition, Sweden removed government support for public housing. Since 2011, public housing has continued to serve a wide range of income groups but operates for-profit and without state aid. In the Netherlands, state aid for social housing remained but was restricted to lower-income households to comply with EC regulations. Since 2011, middle-income groups have been expected to rely on for-profit providers for rental housing in the Netherlands.

The aim of the reforms was to create fair competition. However, by 2025, the gloomy results are, first, a shortage of affordable and accessible housing for low- and middle-income households in both countries and second, continued political sensitivity around policies for housing affordability for the middle-income segment.

The arrival of an EU Commissioner for Energy and Housing has re-ignited the state aid debate, posing the key challenge of how to support the middle class without disrupting fairness in the market. The concrete question is whether state aid should be accessible only to non-profit actors or to all housing providers – or if at all.

### The political battlefield of the “middle”.

The “squeezed middle” remains a politically sensitive issue, to a large extent dominated by reflexive political positions. Lower-income households are supported through income-dependent housing allowances and social security (Sweden and Netherlands), by special contracts for individuals with mental disorders or abuse (Sweden) or by means-tested Housing Associations (Netherlands), while higher-income households benefit from fiscal incentives for homeownership. This leaves the middle-income segment underserved and struggling—a situation that often becomes the focal point of political campaigns promising quick fixes: the right advocating for ho-

meownership-related support, the left supporting affordable rental housing.

Another position is put forward by homelessness organisations. FEANTSA (The European Federation of National Organisations Working with the Homeless) fears that an increased discussion on affordable housing for middle-income groups removes focus from the most disadvantaged, and therefore recommends the new housing commissioner to “Guarantee that the EU Affordable Housing Plan specifically addresses the needs of those experiencing homelessness and supports tried and tested solutions such as Housing First initiatives” (FEANTSA, 2024, p. 21).

This leads us to a discussion of the “middle” and who constitutes this variegated group. The middle includes not only essential workers but also young people, elderly and divorced people, particularly single mothers and migrants – people in different stages of their housing careers, each with their relevance to society and their political preferences. While the breadth of this group might be narrower in The Netherlands, where state-aided housing associations can provide dwellings for low-income households, the Swedish middle group is larger and leaning towards the individuals with middle-low income, as only the worst off are – in best cases – getting help from the social authorities. Regardless of the definition of the “middle”, these individuals are all seriously suffering under the current situation in both Sweden and The Netherlands.

### **Housing as an investment in future**

Our, somewhat pragmatic, position is to welcome Commissioner Jørgensen’s efforts to support the strained middle. It is essential to treat the lack of affordable housing as a practical issue (with social and urban dimensions) rather than an ideological or political one. Housing is too important to sacrifice entire groups or generations to the consequences of inadequate housing as result of inadequate policies. After all, adequate housing contributes directly to societal stability by preventing social stratification and spatial segregation and the well-being of people by saving costs for social policies.

When considering a revision of policies, it is crucial to account for their long-term effects. This includes

addressing fair competition between different types of tenures, such as renting and owning. After all, homeownership is – like in most European countries – fiscally subsidized in both countries (Lunde & Whitehead, 2016), resulting not only in financial benefits for homeowners (also reflected in among the highest mortgage debts in OECD), but also in a destabilized housing system that favours homeownership at the expense of renting. This imbalance represents an unfairness – both in Sweden and the Netherlands – that extends beyond the scope of the state aid debate.

For the future, support for the low- and middle-income segments is of key importance for the well-being of people and societies. The European Commission should support – for example using the European Investment Bank – member states in tackling the housing crisis while allowing them to decide on the context-specific fairness and resilience of their housing systems. This requires creating a level playing field between social/public housing providers, institutional investors, private landlords, and homeowners.

Let us welcome the European Commission’s support to address the housing shortage while assuring that this support lands sustainably within the Swedish and Dutch housing systems. This requires debate beyond traditional political ideologies and taking care of “the middle,” and the future!



## References

- Arvidsson, L. (2024, November 7). Höjt bolånetak löser inte bostadskrisen. *Länstidningen Östersund*.
- Bengtsson, B., & Grander, M. (2023). *Bostadsfrågan som politik och intressekamp*. Égalité.
- Bengtsson, B., & Jensen, L. (2020). Unitary housing regimes in transition. Comparing Denmark and Sweden from the perspective of path dependence and change. In J. Erola (Ed.), *Norms, moral and social structures*. Essays in honour of Hannu Ruonavaara.
- Carlsson-Örning, L. (2024, August 13). Oro för svensk modell när EU steppar in på bostadspolitiken. *Altinget*. <https://www.altinget.se/eu/artikel/oro-for-svensk-modell-nar-eu-steppar-in-paa-bostadspolitiken>
- Danielsson, J., & Nilsson, J. (2024, October 25). Vår bostadsmodell måste undantas från EU-reglerna. *Dagens Samhälle*. <https://www.dagenssamhalle.se/opinion/debatt/var-bostadsmodell-maste-undantas-fran-eu-reglerna/>
- De Boer, Erik (2024) 'Doortrekken geborgde leningen naar middenhuur geen goed idee' *Vastgoedmarkt*. <https://www.vastgoedmarkt.nl/192794/doortrekken-geborgde-leningen-naar-middenhuur-geen-goed-idee>
- Elsinga, Marja & Hans Lind (2013) The effect of EU-legislation on rental systems in Sweden and the Netherlands, *Housing Studies* 28(7), 960-970
- Elsinga, Marja & Frank Wassenberg (2014) Social housing in the Netherlands, In: *Social housing in Europe*, p 21-40, John Wiley & Sons, Ltd
- Elsinga, M & M Haffner (2019) How the European Commission Affected Social Rental Housing in the Netherlands and Germany, *The Routledge Handbook of Housing Policy and Planning*
- Expressen. (2024, August 8). EU borde låta bli bostäder.
- Faas, Marko (2024) Heeft de Europese Unie een Eurocommissaris voor Wonen nodig? *Stadszaken, Wonen & Vastgoed*. <https://stadszaken.nl/artikel/6207/heeft-de-europese-unie-een-eurocommissaris-voor-wonen-nodig>
- Fastighetstidningen. (2024, October 24). S-förslag om statsstöd döms ut av Allmännyttan. *Fastighetstidningen*. <https://fastighetstidningen.se/s-forslag-om-statsstod-doms-ut-av-allmannyttan/>
- FEANTSA. (2024). Affordable for whom? Reflections on the possibilities of an EU affordable housing plan from a homelessness perspective (FEANTSA Report November 2024).
- Government of Belgium et. al. (2024). *Joint Statement of Belgium, Germany, Luxembourg, Portugal, Slovakia, Spain and the Netherlands on the evaluation of State aid rules on services of general economic interest in relation to the lack of affordable housing. Request to the EC to take further action on the evaluation and to investigate the possibility of amending the SGEI exemption decision to create more room in the decision for affordable housing for middle-income households*.
- Grander, M. (2017). New Public Housing: A Selective Model Disguised as Universal?—Implications of the Market Adaptation of Swedish Public Housing. *International Journal of Housing Policy*, 17(3), 335–352. <https://doi.org/10.1080/19491247.2016.1265266>

- Grander, M. (2023). The Inbetweeners of the Housing Markets – Young Adults Facing Housing Inequality in Malmö, Sweden. *Housing Studies*, 38(3), 502–522. <https://doi.org/10.1080/02673037.2021.1893278>
- Grander, M., & Westerdahl, S. (2024). Financialization the Swedish way: How vonovia became the largest owner of former public housing estates through transaction pathways and calculative practices. *Journal of Urban Affairs*, 1–19. <https://doi.org/10.1080/07352166.2024.2354744>
- Grossman, D. (2024, December 2). C om statsstöd till allmännyttan: Vi drar inga linjer i sanden. *Fastighetstidningen*. <https://fastighetstidningen.se/c-om-statsstod-till-allmannyttan-vi-drar-inga-linjer-i-sanden/>
- Holmestig, A. (2024, November 21). Värna konkurrensen när EU tar sig an bostäder. *Fastighetstidningen*.
- Jonkman, A., & Janssen-Jansen, L. (2015). The “squeezed middle” on the Dutch housing market: How and where is it to be found? *Journal of Housing and the Built Environment*, 30(3), 509–528. <https://doi.org/10.1007/s10901-014-9420-7>
- Kabinet Schoof (2024) Regeerprogramma; Uitwerking van het hoofdlijnenakkoord door het kabinet: <https://www.rijksoverheid.nl/documenten/publicaties/2024/09/13/regeerprogramma-kabinet-schoof>
- Kemeny, J. (2006). Corporatism and Housing Regimes. *Housing, Theory and Society*, 23(1), 1–18. <https://doi.org/10.1080/14036090500375423>
- Lunde, Jens & Christine Whitehead (2016) *Milestones in European Housing Finance*. Wiley-Blackwell.
- Nordstrand, A., & Holmestig, A. (2024, November 12). Vi är förvånade över S bostadspolitiska inspel. *Dagens Samhälle*. <https://www.dagenssamhalle.se/opinion/debatt/vi-ar-forvanade-over-s-bostadspolitiska-inspel/>
- Salonen, T. (Ed.). (2015). *Nyttan med allmännyttan*. Liber.
- Van der Ploeg, Sander (2024) IVBN-directeur Judith Norbart: 'Institutionele beleggers worden van alle kanten beperkt', *Vastgoedmarkt*. <https://www.vastgoedmarkt.nl/196471/ivbn-directeur-judith-norbart-institutionele-beleggers-worden-van-alle-kanten-beperkt>
- Van der Poel, Niels (2024) Veel meer midden huurwoningen bij corporaties mogelijk door gebruiken waarborgstelsel, Aedes nieuwe bericht: Veel meer middenhuurwoningen bij corporaties mogelijk door gebruiken waarborgstelsel | Aedes
- Van Leijen, Robin (2024) Zo wil Europa de wooncrisis oplossen; Verbreding staatsteunregels in aantocht, Ruimte en Wonen: <https://www.ruimteenwonen.nl/artikelen/zo-wil-europa-de-wooncrisis-oplossen>
- Woonbond (2024) Europa komt met nieuwe aanpak wooncrisis: <https://www.woonbond.nl/nieuws/europese-aanpak-wooncrisis/>
- von der Leyen, U. (2024, September 17). *Mission letter to Dan Jørgensen, Commission-designate for Energy and Housing*. European Commission.

