Recommendation I

A strong SEAP for local social economy ecosystems

FEBEA urges the European Commission to strengthen its **transition pathways for the Proximity and Social Economy in the SEAP** review planned for 2026, ensuring the development of robust ecosystems that attract social housing projects as key tools for a just transition. The Commission's Project Group on Affordable Housing could foster regional social economy ecosystems by **mediating between industry players and leveraging the expertise of credit institutions** specialised in social housing financing.

Recommendation II

Harmonised definition of social housing

At the member state level, the **effective implementation of the Council Recommendation** should be prioritised, with strong emphasis on establishing an enabling legal framework and increasing awareness among local authorities about this sector. This includes **harmonising the definition of social housing** between member states, distinguishing it from affordable housing, thereby providing more recognition and momentum to the social housing sector.

Recommendation III

Larger InvestEU to guarantee social housing funding

FEBEA calls on the European Commission to simplify **access to InvestEU guarantees,** recognising their significant potential in enhancing liquidity for small credit providers. Additionally, the Commission is urged to ensure that the fund's expanded size, as announced in Omnibus II[19], is effectively allocated towards **affordable and social housing through the Social Investment and Skills Window**. To maintain a level playing field, the Commission should also guarantee that all market participants have equal access to negotiated terms, preventing smaller players from being penalised.

Recommendation V

Proportional capital requirements for banks

Although proportionality is a well-established principle in European banking supervision, FEBEA advocates for applying **differential capital requirements based on entity size.** Building upon the ECB's existing classification of significant institutions (SIs) and less significant institutions (LSIs), this framework would enable smaller players to reach the desired impact and, as a result, allow the social housing ecosystem to thrive.

Recommendation IV

More EIB and public banks' capital investment

FEBEA urges the EIB and other supranational public funding bodies, such as the CEB, to **increase capital investment to smaller financial players.** This expansion could leverage the established financial multipliers of ethical finance providers who, while guided by strong values, face liquidity constraints. The planned **pan-European platform by the EIB** could serve as an effective vehicle for directing large-scale capital investment toward value-driven credit institutions, ensuring benefits flow to smaller players with stronger impact on social inclusion, rather than large profit-driven investment funds. Such increased investment would also facilitate the development of specialised financial instruments tailored to the diverse needs within the social economy sector. **Ethical financiers, with their deep understanding of the ecosystem, would be well-positioned to design and implement customised financial instruments** addressing the sector's varied requirements, thereby maximising the impact of public funds disbursed.

Recommendation VI

Supporting factors in capital requirements for banks

A step further in differentiated capital requirements would be to introduce **green or social-supporting factors as well as brown-penalising ones.** This approach would reward value-based institutions whose positive social and environmental impact is unfairly limited by prudential regulation disproportionately affecting them.

Recommendation VII

Development of a Social Investment Framework

FEBEA calls on the European Commission to develop a Social Investment Framework that clearly identifies **economic activities contributing to social objectives, thereby preventing socialwashing practices.** Within the housing sector specifically, such a framework would serve to channel both public and private investment towards initiatives that genuinely advance social inclusion, rather than towards projects merely labeled as affordable housing that primarily aim at maximising financial returns.