



22 May 2026

Social Consideration

Key Legal Features for Real Estate Developers and Investors

A social consideration contract («κοινωνική αντιπαροχή») constitutes a public contract entered into between the Ministry of Social Cohesion and Family Affairs or local authorities (municipalities and regions), acting as contracting authorities, and a private contractor. Its purpose is the development and expansion of the housing stock through the creation of social housing, primarily by utilising real estate assets owned or managed by entities of the General Government.



Depending on their nature, scope, and economic structure, such contracts fall within the regulatory framework of Law 4412/2016 (public procurement contracts) or Law 4413/2016 (concession contracts). Accordingly, the award of a social consideration contract is subject to a tendering procedure conducted under the applicable public procurement rules, ensuring transparency, equal treatment, and competition among interested economic operators.

Under these contracts, the contractor undertakes, at its own cost, risk, and responsibility, either: (a) the construction of new buildings (single or multiple), governed by horizontal or vertical ownership regimes, on undeveloped land; or (b) the renovation, repair, or upgrade of existing buildings owned by or under the management of the contracting authority. The scope of works may, where relevant, include change of use, demolition, or extension of existing structures.

The contractor's consideration may take multiple forms, either individually or in combination. These include: (i) transfer of ownership of a contractually agreed portion of the developed or



renovated properties, along with the corresponding undivided share of the land; (ii) the right to exploit, wholly or partly, the properties for a specified period, including property management functions; and/or (iii) entitlement to receive agreed financial proceeds, including rental income or payments linked to lease-to-own schemes for social housing units retained by the public authority. Property transfers are effected through notarial deeds and registered with the competent Land Registry or Cadastre.

In addition to construction obligations, the contract may assign to the contractor the management of all or part of the properties on behalf of the contracting authority. Management services typically encompass leasing social housing units to eligible beneficiaries, collection and remittance of rent and common expenses, and maintenance and repair services. Upon expiry of any agreed management period, the contractor returns the property to the authority in accordance with contractual terms, with any ongoing leases continuing under the authority as landlord.

A key preparatory element is the economic and technical feasibility study, which determines the optimal development model for the asset. This study defines, inter alia, the minimum percentage of social housing, the maximum duration of management rights, the proportion of property transferred to the contractor as consideration, and the overall financial viability of the project. It also assesses legal constraints, construction and maintenance costs, funding potential, and relevant spatial and environmental parameters.

Selection criteria in the tender procedure may include the proportion of property requested as consideration, the duration of exploitation or management rights, the number of social housing units offered, proposed rental levels, and the architectural quality of the development proposal.

Overall, the social consideration framework provides private sector participants with a structured, procurement-based mechanism to engage in public housing initiatives, combining construction opportunities with property interests and/or revenue-generating management arrangements.



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