



15th Annual Direct Dialogue between EU Capital City Mayors and the European Commission

Nicosia Declaration on Empowering Cities as Strategic Partners in delivering Europe's Priorities across the MFF 2028–2034

Nicosia, 16–17 February 2026

1. An EU Financial Architecture that works with and for Cities

We, the Mayors of the EU Capital Cities, acknowledge the longstanding positive impact of EU Cohesion Policy investment channelled most notably via the European Regional Development Fund and its dedicated urban dimension. We note its positive impact on the sustainable development of our cities. In addition, programmes under the Union's competitiveness and innovation architecture, particularly Horizon Europe and its successor instruments, remain strategically important for sustainable urban development. It is essential that this combined support remains a central pillar of the Union's post-2027 Multiannual Financial Framework (MFF) and investment capacity.

The EU Agenda for Cities, proposed by the European Commission in 2025, rightly recognises that **Europe's cities are at the forefront of addressing the Union's key challenges**. This includes defining transitions and policy priorities of, inter alia, achieving sustainable growth and investment, supporting migration and social inclusion, insisting on the rule of law and strengthening democracy, accessing lifelong learning, education and skills, advancing the green and digital transitions, and prioritising climate adaptation, security, preparedness and resilience. **Cities are uniquely placed to turn EU ambition into action**, to translate Union policy objectives into tangible outcomes on the ground and to deliver EU priorities to citizens.

Larger European cities are the primary arenas where national reforms linked to competitiveness, climate neutrality, social inclusion and resilience are operationalized. As such, our cities play a decisive role in implementing EU political priorities. Our cities act as Europe's democratic anchors, ensuring accountability remains close to citizens. We play a critical role in making Europe a liveable, sustainable and inclusive home for all our citizens. Through our convening capacity, we mobilise public, private and civic stakeholders to deliver integrated place-based solutions. As magnets of talent and engines of innovation, our cities help drive Europe's competitiveness and strategic autonomy. We also remain crucial for the Union's security, resilience and preparedness and are central to its crisis architecture, serving as first responders in emergencies and disasters. In the shifting geopolitical environment and security landscape, not least as a result of Russia's war of aggression against Ukraine, but also growing climate - related disasters — from wildfires and floods to extreme heat - cities are increasingly compelled to redirect local resources toward civil protection and the protection of critical infrastructure.

Cities must therefore be recognised as strategic partners in EU policymaking and not merely policy beneficiaries. In the context of the Multiannual Financial Framework (MFF) 2028-2034, including Cohesion Policy envelopes, the proposed European Competitiveness Fund, successor research and innovation programmes and emerging resilience and preparedness instruments, our cities must be enabled to co-design, co-finance and co-govern investment and reform partnerships. This must be realised through strengthened multilevel governance within National and Regional Partnership Plans (NRPPs) and other territorial delivery mechanisms.



2. Safeguarding the central role of Cohesion Policy and cities in the Multiannual Financial Framework (MFF) 2028-2034

The Mayors of the EU Capital Cities take note of the European Commission's proposals for the next Multiannual Financial Framework (MFF). Recognising their importance for shaping the Union's future policy, investment priorities and its long-term economic, social and territorial development, Mayors signal the need to **involve cities as key stakeholders** in forthcoming negotiations and to ensure their **direct access to European funding**.

On the **merging of Cohesion Policy, the Common Agricultural Policy (CAP) and several other funds into a single envelope governed by National Regional Partnership Plans (NRPPs)**, cities are concerned that local priorities may be ignored or sidelined. The experience of the Recovery and Resilience Fund is that national governments do not consult cities systematically and appropriately or, as in some cases, not at all. To address this, Mayors call on the EU institutions to ensure that the **principles of partnership and subsidiarity are fully respected as a binding element** of MFF legislation. Furthermore, that the active and mandatory role of local and regional authorities in the allocation and management of Cohesion Policy funds is thereby guaranteed.

Acknowledging the diverse needs and challenges faced by cities across the EU, Mayors insist cities be fully involved in preparing, implementing and evaluating NRPPs that take account of the **development needs** of all categories of regions, **including metropolitan cities of the EU**. Mayors hereby commit to fostering regional cooperation and multilevel governance to achieve an integrated and interdepartmental approach that successfully addresses diverse needs across our cities.

NRPPS must reflect cities' ability to **tailor investments to local needs and produce measurable results on the ground aligned with EU political priorities**. Therefore, Mayors call for a **distinct mandatory urban chapter in NRPPs for sustainable, integrated urban development** that strengthens local structures within larger cities, maintains the functionality of urban areas and connections between urban and rural areas and ensures that cities are formally involved in the design and implementation of programmes and reforms.

Building on the positive experience of existing policy where a dedicated share of the European Regional Development Fund has provided predictable, long-term planning and investment for sustainable urban development, Mayors call for an **adequate earmarking of investments for urban areas** delivered through integrated, place-based mechanisms. This **earmarked envelope should remain the core funding instrument** for translating into future action at the local level the principles of the New Leipzig Charter (2020) on the transformative power of cities for the common good and the recommendations of the thematic partnerships of the Urban Agenda for the EU.

3. A strong Urban Focus in the upcoming Innovation and Competitiveness strand of the Multiannual Financial Framework (MFF) 2028-2034

Cities are engines of innovation, co-designers and accelerators of innovation-driven growth and thus a key factor in boosting Europe's competitiveness and growth. The Mayors of EU Capital Cities welcome the Commission's ambition to strengthen EU competitiveness, but stress that competitiveness without territorial cohesion risks fragmentation and that innovation and cohesion must reinforce each other. Further, the success of the Union's competitiveness agenda depends on effectively mobilising urban innovation ecosystems. Mayors therefore make the following comments on the Commission's proposals:



- On the **European Competitiveness Fund (ECF)**, Mayors welcome the intention to simplify and accelerate EU funding for innovation using private and public investment, particularly in the areas of clean transition and decarbonisation, digital transition and health.
- These have long been priorities for EU cities, which are significant commissioners of, and customers for, innovative solutions to address these challenges. Mayors urge the Commission to simplify rules and administrative requirements and improve access to funding for local innovation, pilot projects and urban experimentation.
- On **Horizon Europe**, Mayors strongly endorse its continuation as a **standalone programme**, with a close connection to the ECF. Cities maintain strong relationships with their universities, supporting their role as centres of research and as valuable local partners in innovation eco-systems. Cities continue to make very good use of Horizon funding to develop innovative **solutions to key societal challenges** and it remains vital that the future Horizon Europe continues to address these in the same way that Pillar 2 does now. Based on its positive experiences and outcomes, cities call for the continuation of the Climate Neutral and Smart Cities Mission under Horizon Europe, especially the 100 Climate Neutral Cities programme. Lastly, the value of the **international scope** of Horizon Europe to provide opportunities for cooperation with cities and other stakeholders from major economies outside the EU, including the UK, Norway, Canada and South Korea must also continue.
- To harness fully the immense potential of cities, more effort is required to establish, maintain and boost **urban innovation eco-systems**. The new EU Agenda for Cities must go beyond funding individual projects to establish a strategic and well-supported ecosystem for urban innovation. At present, capacity building for cities is spread across several programmes with different objectives, eligibility criteria and governance structures. Therefore, Mayors call for a **dedicated urban innovation window** under the proposed European Competitiveness Fund supporting research, testing and deployment of innovative urban solutions. To achieve more balanced regional economic development, it is important this support is not only focussed on the strongest innovation hubs but is more widely distributed to provide greater potential for SMEs and start-ups to grow, especially where **living labs** can provide valuable opportunities to pilot new approaches. **Business support schemes**, like the Enterprise Europe Network, (EEN) play a valuable role in helping SMEs develop and should be continued at a similar scale through the proposed EU4Business Network.
- Furthermore, Mayors stress the need to ensure European cities' access to the forthcoming ECF and Horizon Europe, to strengthen multilevel governance and dialogue mechanisms and to create permanent structures for coordination of various funding between cities, the European Commission, and the Member States. Further, more comprehensive details are expected regarding the modus operandi of the coordination mechanism proposed in the new EU Agenda for Cities and must include reference to the key policy recommendations of the EU Urban Agenda.

4. Housing as a key lever for just, green and productive cities

Mayors of EU Capital Cities welcome the presentation of the housing package of the EU, including the December 2025 European Affordable Housing Plan, as a sign of the growing priority accorded to the issue at European level. Housing is a pressing concern for millions of EU citizens. Cities have long underlined that sustainable and affordable housing is fundamental for the social and democratic fabric of our societies, to climate resilience and Europe's competitiveness. Without decent and accessible housing for all, urban communities cannot thrive, families risk becoming disconnected, neighbourhood cohesion is weakened, talent attraction and retention needed for innovation are undermined and, not least, essential workers struggle to live near their workplaces.



Respect for subsidiarity and recognition of urban expertise in housing policies

Mayors emphasize the **need to fully respect the principle of subsidiarity in the field of housing and to embed urban expertise in all subsequent steps of the process** to implement the EU's housing package and all its related elements. Cities need to be able to shape their housing markets in line with local social, economic and environmental needs and the EU must complement these efforts by strengthening safeguards against financialisation and speculation. The EU should improve its current legislative approach on transparency in real estate financial flows and ultimate beneficial ownership.

Regarding Short-Term Rentals (STR), Mayors of EU capitals stress that any proposal for new EU legislation should reinforce our local regulatory competences in housing and enforcement capacity, while supporting balanced tourism models and the acceptance of tourism by locals. Local authorities are best placed to define and design a balanced regulatory approach on STR. EU regulations must serve to protect the livability of our cities as well as housing affordability and availability. In addition, given that the limited housing stock must serve residential needs in the first place, Mayors urge that the elimination of continuing illegal online STR listings must have the highest priority.

A European governance to promote “Housing for the Common Good”

Mayors call for the establishment of a **robust European governance for “Housing for the Common Good”** and to use the **European Housing Alliance** as an initial step in this process. It will be vital to take all relevant stakeholders on board: the democratically legitimized organizations of cities and regions, social partners, the non-profit housing sector, social economy organizations, the International Tenants' Union, academia as well as the European Parliament and the Member States as co-legislators. Such a governance must ensure a **sound and consistent monitoring** of EU policies affecting the capacity of local, regional and national authorities to shape housing systems according to their housing needs. This is vital to ensure that the principle of solidarity and European diversity is upheld.

Long-term, sustainable and stable financing conditions for housing

Mayors of EU capital cities reiterate their key concern **that cities and regions need financial competences and flexibility** to provide **stable, long-term and sustainable housing** for their citizens. **Securing the direct participation and financing of cities and regions in the post-2027 MFF is therefore essential.**

Housing is a key component of cities' low-carbon transition and access to affordable well-insulated homes is a cornerstone of climate justice. **Cities therefore call for adequate funding for energy efficient renovation of vacant housing**, making better use of existing infrastructure, tackling energy poverty and reducing emissions.

Cities emphasize the need for a **balanced mix of financial instruments**, within a predictable multiannual framework that ensures continuity and supports long-term planning. EU Capital Cities stand ready to play an active role in shaping this process and contribute decades of experience in social, cooperative, limited-profit and affordable housing at the European level. This includes design of **revolving funds with a secured capital base to establish long-term, stable housing financing models and other sustainable, non-extractive European Investment Bank instruments.**



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In this context, Mayors took note of the new regulation on SGEI and housing. Mayors reiterate their conviction that EU state aid rules must fully respect the principle of subsidiarity and allow for legal certainty. The new decision on SGEI and housing envisages broadening the scope for public investment in social and affordable housing. Mayors require specifications of the new SGEI decision described in the Annex to not become burdensome. Reiterating their legal competencies and responsibility to identify and meet the residential needs of different groups, and to develop appropriate measures to secure access to and provision of affordable housing for all their citizens, Mayors confirm how housing markets remain spatially configured as residential places where market dynamics operate within the regulatory and governance regimes established in their respective countries.

Mayor's concerns with the specifications of the new SGEI decision reflect a growing stakeholder community view that EU definitions risk interference with key competencies of local, regional and national authorities that in turn may increase legal uncertainty. Accordingly, Mayors hold that the SGEI framework must preserve sufficient room for local, regional and national approaches to provide solutions along the "Housing Continuum", with a preference for social, public, cooperative, for-limited profit and affordable housing of different tenures being core to this provision.

Finally, Mayors underline the importance of addressing **current borrowing constraints in EU fiscal rules that limit the ability of public authorities to deliver social and affordable housing**.

Nicosia, 17h February 2026

Signatories:

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