



UEPC DECLARATION ON STATE AID RELATED TO "SOCIAL HOUSING"

Over the last decade, there has been much conflict and debate over the European Commission state aid authorities' actions aiming to ensure a level playing field on a number of national housing markets. It is time for all parties, social and private housing companies and European authorities, to agree upon a common policy framework that fosters what should be everyone's overarching goal: quality housing at affordable prices for all EU citizens.

The current crisis has served to highlight the increasing dearth of quality, affordable housing for many households, and not just those on lower incomes. At the same time, the budget crisis has imposed harsh limits on state and municipal investment in social housing and in direct financial housing support to citizens.

Yet access by all to quality housing is a fundamental tenet of the social market economy which defines Europe and distinguishes it more than anything else from other parts of the world. At a time of budgetary restrictions, the only way forward is by developing an EU policy framework that incentivises and energises all market players toward this goal.

The key is to have a policy that takes account of the dynamic reality of modern housing markets and market players. Social and municipal housing companies have long since grown out of their historic position as special housing for the 'disadvantaged'. They have adapted to the levelling out of the old 'social categories' by taking on a more diverse and complex tenant base. At the same time, private sector housebuilders, investors and landlords have moved in the same direction, seeking to develop business opportunities across the population spectrum.

A successful housing policy is one that enables both of these increasingly intertwined sectors to flourish and thereby develop more and better housing. The key to that is the creation of a genuine **level playing field for the housing providers**. There are several elements to this:

- In order to avoid distortions of competition, the compensation for social housing undertakings must not be used to finance activities outside the scope of the core service in question, unless such compensation is offered to all parties, - regardless of their form (not for profit/for profit) - offering housing for that market segment. Otherwise, access to social housing should clearly be limited to a target group of disadvantaged citizens or socially less advantaged groups.
- Definitions of ‘social housing’ restricted to publicly or semi-publicly owned housing companies or “not-for profit companies” are no longer pertinent or acceptable. For the private sector to be able to offer housing that government can no longer afford to finance, it must not be restricted to the role of mere service provider to public or semi-public bodies.
- State aid must be rigorously focussed on promoting affordable housing, no matter what the legal status of the provider is. The aid must go indiscriminately to all those who can do the job, public, semi-public or private. To do otherwise is to distort competition on socially mixed housing markets.

For housing, the concepts of ‘level playing field’ or ‘freedom of competition’ are not some ultra-liberal credo; they are the means by which public and private bodies can be made to compete in achieving the common good: quality affordable housing.

This is why the European state aid authorities must continue and enhance their crucial role, ensuring that state aid energises all market actors to compete in increasing the affordable quality housing stock. Any contribution from public finance should be based on clear, transparent criteria, should not distort competition and should take into account the interests of consumers.