



## UEPC Position Paper

### Draft Report and Amendments on Social Housing in the EU

#### Overview

The European Union of Developers and House Builders (UEPC) takes a close interest in the discussions underway in the European Parliament's Employment and Social Affairs Committee on your draft Report on Social Housing in the EU.

We consider that successful housing policy is one that enables the increasingly intertwined public and private 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 focused 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.

We consider that your draft Report represents a balanced contribution to the debate on addressing the needs for decent and affordable housing for all. While some amendments tabled further improve upon the draft Report, in our view, at the same time a number of other amendments could severely jeopardise this balance. In summary:

- **We welcome amendments which seek to introduce references to 'affordable' as well as 'social' housing, to improve the text in relation to property bubbles and to reflect the rules on Services of General Economic Interest (SGEI).**
- **We have significant concerns that a number of other amendments could lead to a distortion of competition in the provision of housing by the public and private sectors and/or go beyond the EU's competence in housing policy and would ask for these to be re-considered in the compromise discussions in advance of the Committee vote.**

## Comments on Amendments

### ***References to 'affordable' housing***

We understand that the term 'social' housing is defined and understood differently in different Member States, in a way that all kinds of state aid directly linked and limited to social housing can lead to distortion of competition on the residential real estate market. We therefore consider that the term 'affordable' is more appropriate term to be used in the debates.

**We strongly support the changes which Phil Bennion has proposed seeking to introduce references to 'affordable' housing in the following amendments:**

- **Amendment 89** noting that spending on social and affordable housing enables urgent social needs to be met;
- **Amendment 151** advocating making priority investment in heat efficiency and in the use of renewables in social and affordable housing;
- **Amendment 160** encouraging Member States and all the relevant bodies to give investment in social and affordable housing a prominent place in national reform programmes;
- **Amendment 175** calling on the Member States to encourage recourse to grants and funding schemes (Horizon 2020, Structural Funds, EIB, EBRD and FEEE) to stimulate the construction and renovation of social and affordable housing to a high standard;
- **Amendment 182** (tabled jointly with you) which calls on the EIB to place greater emphasis on the social and affordable housing sector when setting its investment priorities;
- **Amendment 188** asks the Commission to encourage Member States and regional and local authorities to make effective use of available European funding for the development and renovation of their affordable and social housing stock as forms of social investment;
- **Amendment 282** where he introduces completely new text recommending that Member States and the relevant authorities take steps to improve access to affordable housing through increasing the amount and quality of social and affordable housing stock and developing its integration with community based care and social services, utilising ESF and other structural funds to achieve this outcome.

**We also support Amendment 64 by Anthea McIntyre noting that demand for affordable homes is increasing.**

### ***Prevention of property bubbles***

In your original Paragraph 3, you refer to stabilising the economy 'by preventing property bubbles'. In the view and experience of our members, we would respectfully say there is no compelling evidence of a link between the existence of social housing and the prevention of property bubbles. For example, in the Netherlands there is a lot of social housing and a property bubble still materialized, while in Flanders in Belgium there is only a negligible amount of social housing (around 6%) and no property bubble.

**We support Amendment 90 by Anthea McIntyre, which removes the reference to property**

bubbles, and if this was not supported by the Committee we consider that Amendments 89 by Phil Bennion and 92 by Csaba Sógor, improve the original text by referring to ‘reducing the risk of property bubbles’.

We disagree with Amendment 47 by Gabriele Zimmer, which claims that speculation bubbles in private real estate markets are the root causes of the financial and banking crisis, leading to the Eurocrisis.

### ***Services of General Economic Interest (SGEI)***

We believe that it is extremely important to mention the “Decision SGEI” since it defines the main conditions under which public services compensation granted to undertakings entrusted with the provision of social housing is compatible with the internal market and exempt from the obligation of prior notification. This reference to the Commission’s decision is even more appropriate since the draft report refers to the Parliament’s resolution on this issue as well as the Protocol 26 to the Treaty on the Functioning of the European Union, which precisely concerns services of general interest.

We support Amendment 10 by Phil Bennion, which seeks to introduce such a reference in Citation 37a(new).

### ***Ensuring fair competition and action within the EU’s competence***

We believe that a number of amendments could adversely impact upon the overall balanced approach you have taken in the draft Report, which could distort competition between public and private sectors and/or go beyond the EU’s competence in housing policy and would ask for these to be re-considered in the compromise discussions in advance of the Committee vote.

**We do not support the following amendments in their present form:**

- **Your Amendment 62** which refers to issues about the taxation of social housing providers, which we do not consider to be relevant;
- **Amendment 69 by Ines Cristina Zuber** which claims that the private housing sector cannot be seen as a solution for meeting housing needs – on the contrary the private sector has an important role to play in the provision of affordable housing;
- **Amendment 74 by Alejandro Cercas** which goes against EU state rules that ensure fair competition – it would only be acceptable if a reference to affordable housing was added;
- **Amendments 81 (which you tabled with Marije Cornelissen), 82 (Alejandro Cercas) and 83 (Gabriele Zimmer)** all raise serious problems in relation to the interpretation of Protocol 26 and Article 14 of the TFEU. Protocol 26 recognises the essential role and wide discretion of public authorities in providing, commissioning and organising SGEIs (including social housing) as closely as possible to the needs of the users and acknowledges the differences in the needs and preferences of the users. However, firstly, it does not mean that they are completely free to decide the type of households eligible. Secondly, their wide discretion should remain (as stated in Protocol 26) within the meaning of Article 14 of the TFEU and therefore without prejudice to the Treaty articles on competition and state aids rules referred to in Article 14 (notably articles 106 and 107). Therefore, neither Articles 14 nor Protocol 26 clearly prioritise the fulfilment of the missions assigned to social housing over the rules of competition and the internal market;

- **Amendment 85 by Alejandro Cercas** on the basis that competition policy does not undermine the provision of SGEIs. The “SGEI Decision” simply stipulates that that state aid can only be granted, insofar as the activities of these social housing corporations are aimed at people who are disadvantaged;
- **Amendments 88 (Frederic Daerden) and 97 (Alejandro Cercas, Evelyn Regner and Emer Costello)** since the creation of a European social housing action framework is not an EU competence;
- **Amendment 99 by Françoise Castex** unless a reference to respecting state aid rules was added;
- **Amendment 112 by Alejandro Cercas** who calls for state aid criteria on SGEI to be modified, thereby undoing the level playing field for competition and legal clarity which exists at present, which we believe would be an extremely unwelcome and even dangerous move which could lead to abuses;
- **Amendment 129 by Alejandro Cercas** which asks the Commission to be involved in factors which should be left to subsidiarity;
- **Amendment 131 by Gabriele Zimmer** which is incompatible with the principles of the internal market and the underlying issues could be considered in relation to other initiatives on mortgages or studies of overindebtedness;
- **Amendment 166 by Philippe Boulland and Elisabeth Morin-Chartier** unless ‘social’ was replaced by ‘affordable’ so the use of private law instruments would be neutral in terms of the market place;
- **Amendment 209 by Evelyn Regner and Josef Weidenholzer** on the basis that is in conflict with fair competition – there should be an open system which is open to all market players;
- **Your Amendment 230, 238 (Alejandro Cercas, Emer Costello, Vilija Blinkeviciute and Jutta Steinruck) and 239 (Gabriele Zimmer)** which seek to introduce quotas in relation to social housing which we believe would distort competition;
- **Amendment 267 by Minodora Cliveti** on the basis that the EU has no competence in relation to rent increases and this issue should be left to subsidiarity;
- **Amendment 272 which you tabled with Phil Bennion** as we consider that it should be clarified that neutrality should be on both the supply and demand sides to be acceptable.

## About the European Union of House Builders and Developers (UEPC)

The European Union of Developers and House Builders (UEPC), represents more than 30,000 developing and house building companies, affiliated with its 10 member federations. Directly or indirectly the activities of these developers and house builders represent 10% of gross national product and employment in Europe. Together, they annually build and develop several millions m<sup>2</sup> of offices and shopping centres as well as more than 1.000,000 new homes.

