

**From:** [EPF](#)

**To:** ["EPF President & Managing Committee"](#)

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**Subject:** State Aid to Social Housing - SGEI Debate - epf11-94

**Attachments:** ams in't veld.xml

To: President, Managing Committee

Dear Ladies, Sirs

### **State Aid to Social Housing – Debate on Services of General Economic Interest – Good Start**

On Friday, the Commission issued its proposed SGEI package: two Communications, a draft Decision and a draft Regulation covering different aspects. Available in all EU languages on:

[http://ec.europa.eu/competition/state\\_aid/legislation/sgei.html](http://ec.europa.eu/competition/state_aid/legislation/sgei.html)

Scroll down to "Review of legislation – NEW"

Our (UEPC's) lawyers will study these in detail, but it seems to me that all that matters is a paragraph in the draft Decision defining the kinds of undertakings which are to be exempted from notification to the Commission of their state aid:

#### [Article 1 - Scope](#)

1. [This Decision](#) [defining the types of compensation exempt from the notification obligation (see Article 2)] [applies to ...](#)

(c) compensation for the provision of services of general economic interest meeting essential social needs as regards health care, childcare, access to the labour market, **social housing** and the care and social inclusion of vulnerable groups. ***This paragraph only applies where compensation is granted to undertakings whose activities are limited to one or more of the services referred to in this paragraph*** or in paragraph (b). The pursuit of ancillary activities directly related to the main activities does not, however, prevent the application of this paragraph;

Bingo! The Commission has not backed down. As I see it, **this gives no latitude to social housing companies using their state aid to finance the development or letting of housing for middle income tenants.**

There should be no problem with the caveat for "ancillary activities" in the last sentence. 'Ancillary' means "1 (of a person, activity or service) providing essential support to a central service or industry, esp. the medical service. 2 (often foll by *to*) subordinate, subservient" – Oxford Dictionary.

But this is only the good start to a debate that will last from now until end January when the Commission takes its final decision, and European social housing intends to fight. See below, courtesy of Filiep Loosveldt, the work they are doing in Parliament and CoR. However, Sophia in 't Veld MEP (who really stepped up for us to head off the February attempt to get a European Parliament Declaration condemning Commission prosecution of state aid to social housing) has tabled her own set of counter-amendments (attached).

Joe Houlihan, Aart Hordijk, Filiep Loosveldt and I recently met and agreed on how to deal with all this. We'll make proposals to the Managing Committee at its October meeting.

Sincerely

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## Social housing action in Parliament and CoR

See procedure file : <http://www.europarl.europa.eu/oeil/file.jsp?id=5926072>

See draft report of rapporteur Peter Simon (ECON), point 6 : <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-469.843+02+DOC+PDF+V0//EN&language=EN>

6. Asserts emphatically that public services must be of a high quality and accessible to all sections of the population; views with concern, in this regard, the restrictive stance taken by certain Member States which, in relation to state aid for social housing associations, classify the services provided by such associations as social services of general interest (SSGI) only if they are reserved for socially disadvantaged persons or groups, this restrictive interpretation being at odds with the higher goal of fostering an appropriate social mix;

See opinion committee of the regions, (published in the Official Journal **of today**): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:259:0040:0047:EN:PDF>

31. calls on the Commission to extend this clarification exercise to the shared values of the EU in respect of public service, as defined by the Lisbon Treaty, i.e. a high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights, and particularly the shared EU value of universal access as applied to the area of public social services, regrets the narrow view the Commission has developed

in recent decisions as regards the compatibility of State aid granted to social housing bodies in a growing number of Member States, and in particular in the E 2/2005 and N 642/2009 cases on social housing in the Netherlands, in which the Commission questions the principle of the social mix in social housing by using the single criterion of very low income thresholds. Calls on the Commission to reconsider its position in the context of the appeal currently before the European Union's Court of Justice;

32. states in this regard, that it is up to the Member States and local and regional authorities to define the specific tasks assigned to social public services and the nature and content of the resulting public service obligations and that consequently it is not within the Commission's remit to intervene in the conditions for allocating these social services to beneficiary households nor in identifying the categories of household whose basic social needs cannot be met by market forces alone;