

Ms Margrethe Vestager
Executive vice-president
Commissioner for Competition
European Commission Rue de la Loi 200 B-1049 Brussels BELGIUM

CC:

- Kim van Sparrentak, member of European Parliament, rapporteur on resolution 2019/2187 (INI)
- Nicolas Schmit, European Commissioner for Jobs and Social Rights
- Nuno Brito, Permanent Representative for Portugal to the EU

Date 13 April 2021

Subject: Fitness check of state aid rules & INI-report on Access to Decent and Affordable Housing for All

Dear Ms Verstager,

We, the International Union of Tenants, Eurocities and Housing Europe, wish to draw your attention to the resolution on *Access to Decent and Affordable Housing for All* ([2019/2187\(INI\)](#)) that was recently adopted by the European Parliament. In this resolution, and as a response to the ongoing Housing crisis, the European Parliament calls for an adaptation of the SGEI rules and the now too narrow target group for social housing.

As representatives of cities, tenants, and social, public and cooperative housing providers we support this call and recommend the European Commission to strongly consider this in the ongoing fitness check of the SGEI Decision.

A housing crisis in Europe

A housing crisis is happening in Europe. There is increased recognition that this crisis is affecting both low- and middle-income tenants. The European Commission Joint Research Center (JRC) concluded in its Future of Cities Report that housing prices are recovering faster than earnings, leading to affordability problems in urban areas¹. The OECD assesses that the rising costs of housing plays a significant role in the reduced ability of middle-income households to save, and, considering that more than one-in-five middle-income households spend more than they earn, this squeezes their finance with the consequent risk of over indebtedness for many of them².

On top of this, the COVID-19 pandemic has exposed inequalities in access to housing and housing conditions and is likely to impact the sector in the near future and beyond. Research by Moody's³ predicts for instance that COVID-19 will accelerate fundamental shifts in the housing market in Europe, with affordability declining despite falling prices and demand for social housing increasing. In particular, demand for social housing is expected to increase 'given rising unemployment and income losses amid the economic downturn'.

These trends require adaptation and innovation in the housing solutions that are offered. This can only be achieved provided that an enabling legal framework is in place, including EU rules on State Aid and SGEI.

Resolution of European Parliament

The European Parliament recognizes the ongoing housing crisis. In the report *Access to Decent and Affordable Housing for All*, the European Parliament also specifically addresses the SGEI rules. The SGEI Decision (2012/21/EU) refers to a target groups of '*disadvantaged citizens or socially less advantaged groups*'.

The European Parliament argues that the reference to this target group 'is restrictive and hinders Member States' ability to define their SGEIs and services of general interest'.

The authors of this letter fully support the position of the European Parliament. While recognizing that the SGEI rules set a stable regulatory framework while complying with the EU competition policy, we argue that that SGEI decision needs to be improved.

In light of the principle of subsidiarity, it has been highlighted by numerous stakeholders already that the organisation, management and accessibility of publicly funded housing lies within the competence of the member states and, where derived to a subnational level, their regional and local authorities.

The reference to socially disadvantaged groups may lead to a misunderstanding about the fact that – as

¹ Joint Research Center; future of cities (page30)

² OECD; Under pressure. The Squeezed Middle Class. Overview and Main Findings (page 24-25)

³ Moody's (2020)

reaffirmed by the Court of Justice⁴ – other criteria than income can be used to define the groups of population that can benefit from social housing as Service of General Economic Interest.

The International Union of Tenants, Eurocities and Housing Europe, therefore, strongly support the call of the European parliament that:

'urges the Commission to adapt the target group definition of social and publicly funded housing in the rules on SGEIs, so as to allow national, regional and local authorities to support housing for all groups whose needs for decent and affordable housing cannot be easily met under market conditions, while also ensuring that enough funding is allocated to the most disadvantaged, in order to unblock investment and ensure affordable housing, housing tenure neutrality and sustainable urban development, and to create socially diverse neighbourhoods and enhance social cohesion.'

Revised SGEI rules

We would like to remind the European Commission that the EU Urban Agenda Housing Partnership already recommended to change recital 11 of the SGEI decision in its action plan.

Moreover, in her speech just before her election as President of the Commission on 16 July 2019, Ursula von der Leyen addressed the European Parliament as follows:

'I support a right of initiative for the European Parliament. When this House, acting by majority of its Members, adopts Resolutions requesting the Commission to submit legislative proposals, I commit to responding with a legislative act in full respect of the proportionality, subsidiarity, and better law-making principles. I am convinced that our stronger partnership will further help to make people's voices heard'

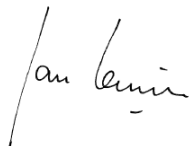
Therefore, and in view of the ongoing housing crisis, the pending fitness check of the SGEI Decision, the action plan of the housing partnership and the opinions of the CoR and EESC; we have full confidence that the resolution of the European Parliament will result in a proposal for a revised SGEI decision that will take into account the growing need for social housing for wider parts of the population.

We remain at your disposal for any further clarifications on our call for a state aid compliant alternative and make our broad expertise in the field of housing available to the Commission services.

We thank you for your attention.

Best regards,

Jan Laurier, vice president of the International Union of Tenants



Dario Nardella, president of Eurocities



Bent Madsen, president of Housing Europe

