

Social Housing as SGEI

Manifest error



Mario Monti
Commissioner
Competition

« Social housing is fully in line with the basic objectives of the EC-Treaty. It is a legitimate element of public policy and as **it is limited to what is necessary** it is in the interest of the Community that social housing is supported ».

State Aid N209/01 SG 2001 D 289528 – 3rd july 2001

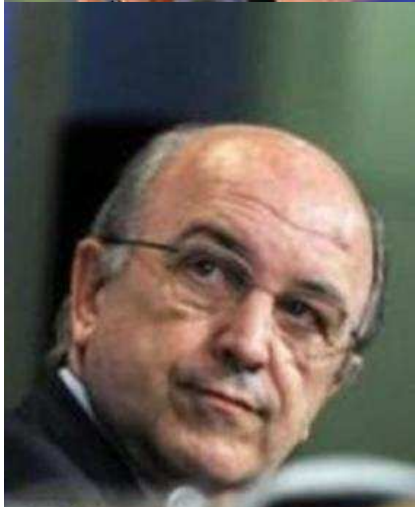
... what is necessary ?



Social Housing Friendly



**Social = Poor
Overcapacity – Manifest error**



I don't want to be a Housing Minister

Main regimes of State Aid to Social Housing

3 Options for SOCIAL HOUSING PUBLIC SUPPORTS

- ☑ **SH : a non-economic activity** > time limited « informal understanding » between DG COMP and UK to let SH in this grey zone in order to avoid any notification process on this merit good, **no longer applying**
- ☑ **SH : a common economic activity – art.107** > obligation of notification to the Commission > **small and time limited** supports to develop affordable housing in an open way to every interested investors (ex swedish regime for elderly or students, new draft reform of the « public communal housing » following a complaint on illegal State Aids to public municipal housing undertakings)
- ☑ **SH : a SGEI – art.106.2** > exemption from notification under conditions > a **permanent regime of compensation** to SH Undertakings entrusted with a particular mission of general interest (ex the « SGEI » of social housing in FR, D, DK, ITA, AUT, UK or NL) > **legal act of SGEI entrustment + manifest error of qualification SH as SGEI (EC narrow scope of SH)**

EC Definitions of SH as SGEI based on IRL case 2001

- ❑ **DG COMP Decision on State Aid in IRL (2001)** "Beneficiaries of these measures are **socially disadvantaged households** whose economic circumstances do not permit them to purchase or rent houses on the open market". **(Irish conception of social housing)**
- ❑ **DG COMP letter to the NL (2005)** : « Public service have a social character. The definition of SH undertaking activities must have a direct link with **socially disadvantaged households**, social housing for others households is not a public service, an overcapacity of supply of SH must be avoided by the selling of those dwellings ». **(transposition of the Irish conception to the Dutch one)**
- ❑ **DG COMP Monti-Kroes package of november 2005** : « undertakings in charge of social housing providing housing :
 - for **disadvantaged citizens**,
 - or **socially less advantaged groups** which due to solvability constraints are unable to obtain housing at market conditions »
- ❑ **DG EMPL SSIG Communication (2006)** : « social housing as housing for **disadvantaged persons** or **socially less advantaged groups** »
- ❑ **DG COMP Decision on NL (2009)** : "Limitation of social housing to a clearly defined target group of **disadvantaged citizens** or **socially less advantaged groups**"

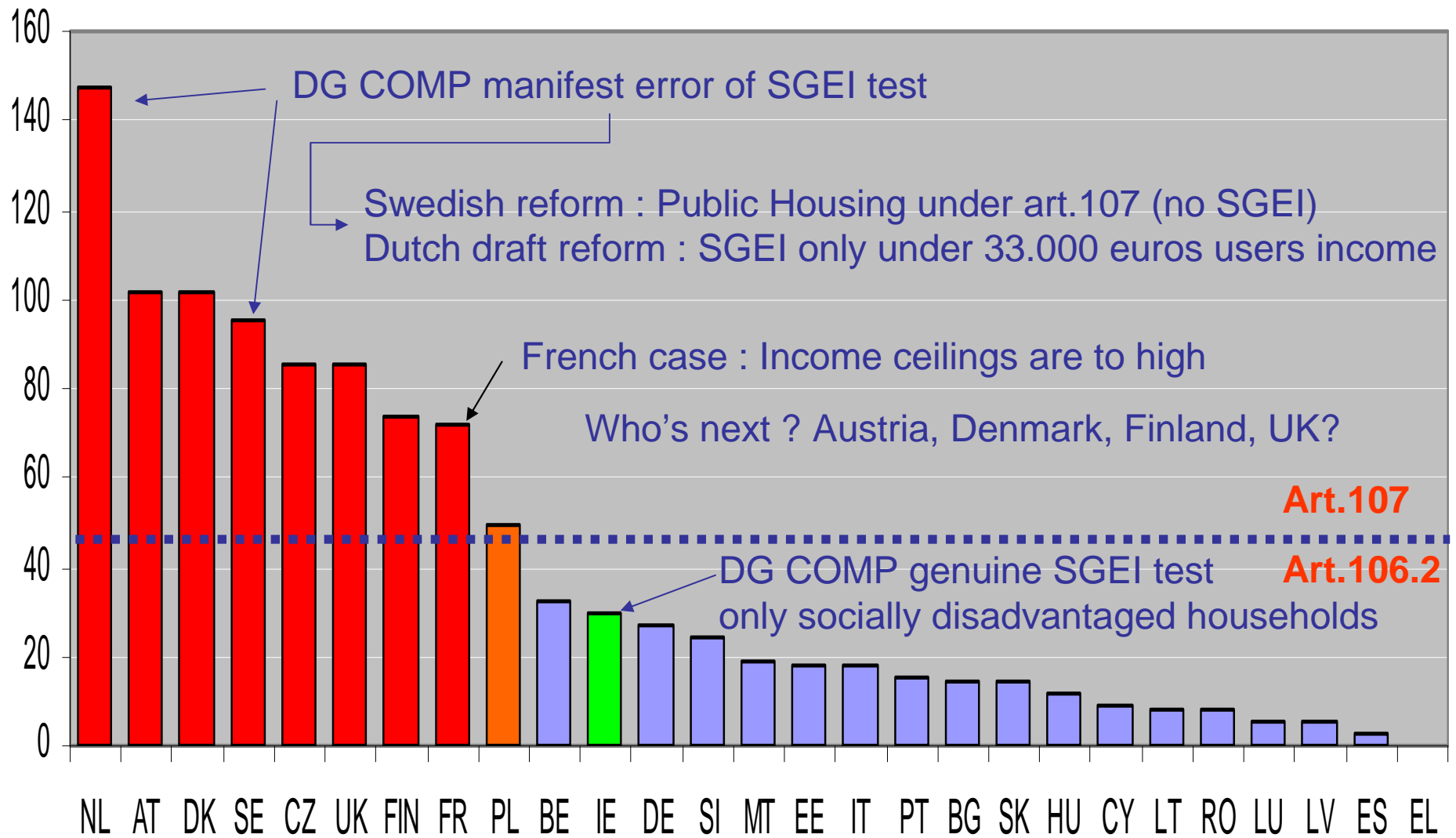
Political reaction : a New SGI Protocol 26 TEU - TFEU

Article 1

- The **shared values of the Union** in respect of SGEI within the meaning of Article 14 TFEU include in particular:
 - the **essential role and the wide discretion** of national, regional and local authorities in providing, commissioning and organising SGEI **as closely as possible to the needs of the users**;
 - the **diversity** between various SGEI and the **differences in the needs and preferences of users** that may result from different geographical, social or cultural situations;
 - a high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights.



MS SH / 1000 inhabitants – manifest error



33.000 euros

SGEI Art.106.2

non SGEI - Art.107

Residual conception
exclusion from Housing market

MS Social Housing conceptions

Generalist conception

Income ceiling and/or priority

Universal conception

No income ceiling
Priority or Reservation

LOCAL HOUSING MARKET

Exclusion

Exclusion + difficulties to access including workers

Exclusion + difficulties to access + others (equalisation – mix)