

Brussels, 15th December 2009

State aid: Commission approves changes in Dutch social housing system

The European Commission has endorsed commitments from the Dutch authorities to change the existing social housing system to bring it into line with EU state aid rules. In particular, the Dutch authorities will ensure that state funding is not used for commercial activities and that housing is attributed in a transparent manner according to objective criteria. In addition, Commission has approved for the next ten years new aid of €750 million for social housing projects in declining urban areas. The Commission found the aid to be compatible with EU state aid rules on Services of General Economic Interest (SGEI).

Competition Commissioner Neelie Kroes said: "I am satisfied that after several years of discussions we have found a solution that will ensure the provision of genuine social housing public service in The Netherlands and at the same time secures a level playing field for all operators in the other parts of the housing market."

In 2005, the Commission had expressed doubts as regards the social housing system in the Netherlands. The Commission had received complaints from Dutch house-building companies, claiming that social housing corporations were, with the help of state aid, increasingly expanding their commercial activities instead of using state funding to provide social housing. The state support for social housing corporations occurs mainly in the form of loan guarantees and grants.

Following the Commission's investigation, the Dutch authorities have undertaken to change the social housing system so that it becomes more transparent and focuses on a clearly defined target group of socially less advantaged persons. Commercial activities, by contrast, can no longer benefit from aid. In commercial housing markets, social housing companies will need to compete on the same conditions as other operators.

In order to prevent situations where publicly-supported housing is allocated to persons that are not in need of social housing, the Dutch authorities will adopt a new procedure ensuring that the allocation of dwellings is conducted in a transparent and objective manner.

In the interest of social mix and social cohesion, 90% of the dwellings in each Housing Corporation ("woningcorporatie") will be rented to a pre-defined target group of socially less advantaged persons. The remaining 10% of dwellings may be allocated to other groups but on the basis of objective criteria with an element of social prioritisation. The Commission concluded that social mix and social cohesion are valid public policy objectives, for which state aid may be justified. The Commission's decision confirms its long-standing policy line that national authorities have a wide margin in defining the criteria and conditions for social housing and other Services of General Economic Interest (SGEI). Commission has not found a manifest error in the definitions of the target group and rent levels established by the Dutch authorities.

In addition, The Netherlands notified a new proposal for aid for declining urban areas, aimed at improving the quality of life of the most deprived urban communities. These areas were selected on the basis of socio-economic indicators such as the level of income, unemployment, literacy and crime rate. Due to their structural disadvantages, the Dutch authorities consider that additional resources are needed to regenerate these communities and to prevent a worsening of social problems. The new project aid will allow The Netherlands to carry out targeted investments in these communities with a budget of €750 million in the course of next 10 years.

The Commission assessed the new aid under its rules concerning Services of General Economic Interest (SGEI). The Commission's investigation found that the aid is in line with the state aid rules, and in particular the Commission's SGEI Decision (2005).

The non-confidential version of the decision will be made available under the case number E 2/2005 in the [State Aid Register](#) on the [DG Competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).