

**19th INFORMAL MEETING OF EUROPEAN HOUSING MINISTERS**

**"The sustainable financing of housing policies in times of crisis"**

**Brussels, 9 and 10 December 2013**

**Draft final communiqué – final version**

**10 December 2013**

An informal meeting of the Housing Ministers of the Member States of the European Union (EU) was held on 9 and 10 December 2013 in Brussels (Belgium) at the invitation of the three regional ministers responsible for housing of the Kingdom of Belgium.

The core theme of the meeting of the Housing Ministers was: "The sustainable financing of housing policies in times of crisis". This issue was addressed from several angles.

The Housing Ministers express their satisfaction with the valuable discussion and the participation of representatives of the EU institutions as well as representatives of European housing organizations.

The Ministers thank the three Belgian regions, Flanders, Wallonia and the Brussels-Capital Region, both for organizing this meeting and for organizing a preparatory meeting of the Directors General of the Member States and the Housing Focal Points held in Brussels on 12 September 2013.

#### **The Housing Ministers,**

- Having regard to the revised European Social Charter, in particular its Article 30 (on the right to protection against poverty and social exclusion), Article 31 (on the right to housing) and Article 16 (on the right of the family to social, legal and economic protection),
- Having regard to the Charter of Fundamental Rights of the European Union, in particular Articles 34 and 36 thereof,
- Having regard to Protocol 26 of the Treaty on the Functioning of the European Union on services of general interest,
- Having regard to the previous conclusions of the informal meetings of EU housing ministers, and in particular the commitments adopted under the Czech Presidency at the Prague meeting of 14-15 March 2005, and those adopted under the French Presidency at the Marseille meeting of 24 November 2008 and under the Spanish Presidency of the EU at the meeting of 21 June 2010 in Toledo,
- Having regard to the European Parliament Resolution of 11 June 2013 on social housing in the European Union (2012/2293(INI)),
- Having regard to the European Parliament Resolution on an EU homelessness strategy (P7\_TA(2011)0383),
- Having regard to Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies,
- Having regard to Regulation (EU) 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure,
- Having regard to Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area,
- Having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of the macroeconomic imbalances,
- Having regard to Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States,

- Having regard to the European Commission's "Social investment package" of 20 February 2013, in particular European Commission Communication "Towards Social Investment for Growth and Cohesion" (COM (2013) 83)) and the Council conclusions "Towards social investment for growth and cohesion" of 20-21 June 2013,
- Having regard to the outcomes of the Roundtable of ministers responsible for homelessness, organised by the Irish Presidency in March 2013,
- Having regard to the European Commission's Green Paper on "Long Term Financing of the European Economy" of 25 March 2013,
- Having regard to the own-initiative opinion of the Committee of the Regions of 11 October 2011 entitled "Towards a European Agenda for social housing" (CdR 71/2011),
- Having regard to the own-initiative report of the European Economic and Social Committee on "Issues with defining social housing as a service of general economic interest" of 13 December 2012 (CESE 597/2012),
- Having regard to the Leipzig Charter on Sustainable European Cities of 24 May 2007,
- Having regard to the European Commission's report on the Cities of Tomorrow of October 2011, Having regard to the Istanbul Declaration on Human Settlements, issued on the occasion of the United Nations Conference on Human Settlements (Habitat II), Istanbul 3-14 June 1996 and the "Habitat Agenda" annexed thereto, and in particular paragraphs 39 to 41,
- Finally, having regard to the conclusions of the United Nations Economic Commission for Europe's Ministerial Declaration of 2000 and 2006 on the Strategy for a Sustainable Quality of Life in the 21st century, and to the Strategy for a Sustainable Housing and Land Management, approved by Ministers during their meeting on 8 October 2013

**Take note of:**

- the diversity of the legal frameworks existing within the Member States and the EU rules on services of general economic interest;
- the interrelations between the policies of the European Union (EU) on the one hand and the national housing policies of the Member States on the other hand, in particular in the field of energy and climate policies, European Structural and Investment Funds (ESI), State aid and the internal market;
- the enormous efforts of Member States and of EU institutions in order to strengthen financial stability and thus contribute to sustainable financing of private housing investments;
- the influence of enhanced European coordination of economic policies (European Semester) on national budgetary and fiscal measures, and on the broad economic measures that may have an impact on housing policy;
- the presence of an indicator for house prices in the European Commission's scoreboard used to facilitate early identification and monitoring of macro-economic imbalances in the EU;
- the recommendations issued by the European Commission in its 2012 and 2013 Annual Growth Surveys, which may have direct or indirect impacts on housing policies;
- the country-specific recommendations issued by the European Commission as part of the European Semester 2013 which in some instances directly address national housing policies;

- the initiative to develop the Urban Agenda by Member States and the European Commission (DG REGIO), in accordance with the conclusions of DG UD meeting in Vilnius, Lithuania, November 2013, one of the important elements of this Agenda might be affordable housing<sup>1</sup>.

#### **Welcome:**

- the progress made by Eurostat in the development of statistical tools in the field of housing, both on the quality and affordability of housing;
- the increase of lending activities by the European Investment Bank and the Council of Europe Development Bank in the area of sustainable housing, social housing and affordable housing;
- the account taken by the European Commission of the role of housing-led policies in the development of homelessness strategies as part of its Social Investment Package at European level;
- the forthcoming changes in the regulations for cohesion policy 2014-2020 which provide for the support of energy efficiency and renewable energy use in the housing sector, investments in social infrastructure which contribute to national, regional and local development and integrated urban development.

#### **Emphasise:**

- the exclusive powers of the Member States in matters of housing policy and the informal nature of the Housing Ministers' meetings,
- the legal context of discussions which are purely inter-governmental, characterised by the free exchange of ideas and experiences, and the non-binding nature for countries which do not wish to engage in this process,
- the great diversity of the features of the national housing markets, which is due, in particular, to the individual features of their heritage, of their historical evolution and their cultural particularities and the different bases and directions of their policies,
- the widely diverse legal and economic status of the services and activities offered, ranging from straightforward economic services to the non-economic activities of public authorities,
- the wide range of financing methods for these different services and activities in the Member States;
- the importance of the housing markets for both private and public investment and for the performance of the European economy as a whole;

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<sup>1</sup> The main aims of the proposed urban agenda are:

- to address urban challenges which impact cities and urban regions in European Member States and which cannot be effectively addressed by Member States,
- to strengthen the role of cities in relation to the implementation of Europe 2020,
- better informed policy making that takes into account the urban dimension,
- ensure that sectoral policies do not have adverse effects on the more holistic overall urban development objectives.

- the fact that the right of access to social or affordable housing must not necessarily be permanent, but in several cases can become an instrument to effectively supporting people mobility (e.g. for traineeship/education, temporary jobs);
- the importance of the renovation of the existing housing stock, in particular with a view to energy efficiency, to improve the quality of life, combat climate change and reduce the expenses of occupants.

**Nevertheless take note:**

- that the European Commission takes into account the macro-economic impact of the housing sector in the European Semester;
- that Eurobarometer surveys reveal that almost 28 million Europeans live in inadequate housing and 58 million spend more than 40% of their income on housing and associated expenses, amongst which energy expenses;
- that the growing phenomena of exclusion and homelessness are a real challenge, as the 2012 Report of the Social Protection Committee shows. This challenge is increased by social consequences of the crises which weigh on national and local policies on homelessness and poor housing. It is essential to seize the opportunity to build progressively a European strategy to deal with this common social challenge;
- that the difficult budgetary and economic circumstances in a number of Member States have an impact in terms of the sustainable financing of housing policies;
- and that, in this context, a balance must be found between, on the one hand, the need to consolidate the budgetary situation and to strengthen financial stability and, on the other hand, the need to establish policies oriented towards growth and social inclusion;

**The Ministers recognise the long-term importance of housing:**

- a. as a first necessity;
- b. for social stability;
- c. for ensuring social mix;
- d. for socio-economic recovery which should be promoted as a contra-cyclical economic policy instrument;
- e. for financial stability;
- f. for the transition to a more energy efficient and sustainable society;
- g. that having a suitable home is a precondition for a dignified and productive life.

**They recommend that the Member States:**

- 1) treat qualitative and quantitative housing needs in a genuinely integrated manner, taking account of:
  - a. demographic forecasts reflecting, for instance, aging populations, changing household composition, and intra- and extra-EU migration;
  - b. social issues, in particular affordable housing, which is decent and adapted for the most vulnerable individuals in order to prevent social exclusion and homelessness and the fight against spatial segregation;
  - c. the desired interactions between policies for housing, health, energy efficiency and sustainable mobility policies;
  - d. the expanding role of cities in future decades;
  - e. expanding research and development programmes in order to further improve the energy performance of housing, its adaptability and the efficiency of materials and technologies while controlling costs;
  - f. the estimated macro-economic impacts, especially in terms of employment<sup>2</sup>, the development of vocational skills, training needs, and taxes and duties accruing to Member States, regions and/or local authorities;
- 2) to ensure as far as possible that, when using the European Structural and Investment Fund 2014-2020, a greater synergy between integrated urban development, the preservation of natural and agricultural land, and a sustainable approach to housing and social cohesion is promoted;

**They call upon the European Commission:**

- 3) that an even more thorough monitoring of housing markets be initiated so that crises can be better anticipated and so that the impacts can be better assessed; to this end, they ask to examine whether the indicators currently used should be refined and extended and that the systematic exchange of statistical information by the competent authorities be introduced;
- 4) to ensure that the impact of the prudential rules adopted for regulated banking entities (Basel III) and insurance entities (Solvency II) be studied and evaluated, having regard to the long-term financing needs caused by housing policies; a functioning market for long-term financing in housing is the key for the further extension of affordable living space in the Union;
- 5) to ensure that special attention be paid to regions with significant stocks of unsold and unoccupied housing, or other specific challenges, and that innovative solutions be sought:
  - a. in order to limit the risk that derelict areas will develop,
  - b. and in order to take account of the difficulties of local communities;

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<sup>2</sup> moreover taken into account the wide spectrum on jobs created, from low to high-skilled professionals in many different sub-sectors.

- 6) to ensure that special attention be paid to regions with growing demography in which an important part of the population encounters difficulties to have access to dignified and affordable housing;
- 7) that the fight against homelessness and housing exclusion find a place on the European agenda
  - a) reflect on a strategy in the EU to fight homelessness and housing exclusion;
  - b) to strengthen the orientations towards the priority given to housing let policies in response to homelessness;
  - c) to inscribe the fight against housing exclusion and the fight against poverty.
- 8) to give its support so that:
  - a) informal meetings of Housing Ministers can be re-established;
  - b) the new financing methods and tools introduced by the Member States to meet the needs outlined above can be the subject of regular discussions and shared feedback;
  - c. expertise on the financial products in conjunction with the housing markets can be shared;
  - d. in accordance with its statutory mandate, the role of EIB in this area can be supported and developed through adequate instruments which may consist of funds as well as any other financial instrument or product (diverse types of loans, guarantees, equity, etc). Against a background of potentially increasingly complex long-term financing, the EIB is a major player in the mobilisation of private or public funds to support, on clearly identified criteria, the supply of sustainable and affordable housing and the renovation and repair of the existing stock in order to improve its comfort, energy performance, architectural quality and integration in the urban fabric;
- 9) to take into account the interaction between state aid rules and suitable housing policies and work with the Member States to ensure solutions.