



Through this position paper Aedes, an association representing 96 % of all Dutch social housing providers, would like to make use of the possibility offered by the Commission's services to respond to the draft targeted review of the General Block Exemption Regulation): revised

In our contribution we would like to give **two recommendations** to the European Commission:

1) Incentivizing effect: Enable cost neutrality for tenants

Paragraph 2 of article 38, reads:

"2. Aid shall not be granted under this Article for any investments undertaken to ensure that undertakings comply with Union standards already adopted, even if they are not yet in force.";

We understand and respect that in state aid legislation, aid should always have a incentivizing effect, making it the standard rule that aid should not be given to comply with Union standards.

However, we argue that the renovation of residential buildings calls for an exemption to this specific rule. The FF55 legislative package is to ensure an unprecedented acceleration of building renovation.

Dutch social housing providers operate from the principle of cost neutrality for the tenants. This means that after a renovation, rents may be increased but not with a higher amount than the decrease of the energy bill. This ensures that tenants do not experience an overall increase of housing costs after a renovation. Since most investments in building renovation are not fully recovered by the savings on the energy bill, a financially unviable part remains. Currently this is financed either by the social housing provider, or by state subsidies.

If the EU would set Union standards (such as Minimal Energy Performance Standards) and does not allow the use of public funding to meet those standards, Union standards may simply not be met, or will be met at the expense of higher rents for the tenants (leading to an overall increase of housing costs and possibly 'renovictions').

Therefore we strongly argue for an **exemption of to the provisions of article 38 paragraph 2** by allowing that **aid is granted under article 38 to comply with Union standards, if the renovation are carried out under the principle of cost neutrality for the tenant.**

Hereby the aid still has an incentivizing effect. While it may be obligatory to comply with Union standards, doing this in a cost neutral way for tenants is not. Adding this as requirement for state aid under article 38 incentives landlord to do this.

2) Increase the state aid intensities for energy efficiency in buildings projects

The social housing sector operates on the intersection of green and social policies, as it is a front runner in the transition to a carbon neutral building stock and provides housing to households with a low incomes. This makes them a front runner in the fight against energy poverty as well.

For a successful renovation wave, a strong public contribution is highly necessary. The revision of the GBER should reflect that. Current state aid intensities for energy efficiency projects in the built environment are too low. This puts pressure on the affordability of this transition. **Maximum aid intensity should be levelled with aid for renewable energies (i.e. 65% for small enterprises, 55% for medium-sized enterprises, and 45% for large enterprises).**