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POLICY AND PRACTICE

Housing and positive European integration: permissible state aid for improving the urban environment

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Abstract Housing is not one of the European Union (EU's) formal competences, but European integration does affect member states' housing policies to a significant extent. Without the establishment of EU-level competence, housing cannot become a field of positive integration and the Europeanisation of housing policies will continue to occur through negative integration, i.e. removing housing policy barriers to the establishment of the single European market. This paper analyses a state aid case relating to housing development in the city of Apeldoorn, the Netherlands. The case would suggest that the Commission concludes, on the one hand, that policies which use state funds to provide land for housing distort competition and yet, on the other hand, it views the improvement of the urban environment and quality of life in the neighbourhood as a well-defined EU objective that may make such aid permissible. This case is examined in the context of other state aid decisions on the Joint European Support for Sustainable Investment in City Areas programme and on services of general economic interests, as well as a comparable case in which state aid was not allowed. It concludes that an EU competence has developed on the urban environment and quality of life and that, as such, positive integration on housing issues exists.

Keywords Housing development · State aid · Netherlands · Europeanisation

1 Introduction

Although the European Union (EU) has a considerable indirect impact on European policies relating to the supply of housing (Dodd et al. 2013), it has traditionally had no formal policy competence on housing (Barlow 1998; Doling 2006). However, a decision by the

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European Commission (EC 2011c) in a state aid case relating to the redevelopment of a brown field site in the City of Apeldoorn, the Netherlands, suggests that in practice a European housing policy has developed. Basically, this decision states that all aid that is effective—i.e. that results in the production of new housing that would not have been built without the aid—is state aid as defined by the European Treaties; however, since this state aid is in accordance with the agenda of the EU in relation to improving the quality of life in the urban environment, it is permissible. This would imply not only that the EU does have a policy relating to living environments (i.e. a housing policy), but also that the *only* way authorities may use public money to encourage the production of housing is to conform to these policies.

The present article aims to investigate this development using the concepts of positive integration which refers to the development of EU policies, and negative integration which refers to, in this case, the removal of barriers of selective state aid to certain undertakings. How is negative integration through the enforcement of state aid rules structured by the positive integration of an emerging EU housing and urban policy? The article is based on an analysis of the Commission's decisions.

The second section introduces the concept of Europeanisation, the project of establishing a single market and the concepts of negative and positive integration. The third section will present the Apeldoorn case and analyse the Commission's decision. In section four, this case is put into the context of other recent Commission decisions on state aid and housing and urban redevelopment, i.e. the Joint European Support for Sustainable Investment in City Areas (JESSICA), services of general economic interest (SGEI), which include housing, and a recent Commission decision that aid provided to establish a project after the economic crisis was not compatible with the single market and had to be recovered from the undertakings that had received it. The paper concludes (fifth section) with a discussion of our results. This discussion not only relates to the consequences in practice, but also reflects on how this relates to the concept of Europeanisation and the relationships between negative and positive coordination. This paper aims to provide insight into the broader process of negative and positive integration in relation to housing policy.

2 Europeanisation and the single European market

The idea of establishing a single European market lies at the heart of the European project. Although competition takes place through markets, enterprises may avoid those markets where competition is most fierce, because that is where margins are generally lowest; rather, they may choose markets with less competition (Fligstein and Dauter, 2007) to find 'shelters from price competition' (Fligstein 1996, 659), such as, by receiving state aid (Kassim and Lyons 2013). One aim of the single European market was to break through these 'shelters' by changing the rules of exchange (Fligstein and Mara-Drita 1996).

European integration involves both negative integration—that is, dismantling the barriers to trade across national borders within Europe, and positive integration—which involves developing common European policies to shape the market (Scharpf 1996; Fligstein and Stone Sweet 2002, 1216). Tinbergen discussed European integration as 'the creation of the most desirable structure of international economy, removing artificial hindrances to the optimal operation and introducing deliberately all desirable elements of co-ordination or unification' (Tinbergen 1954, 95). Removing 'artificial hindrances' (such as incompatible state aid) is negative integration, while introducing 'desirable elements'

(such as bringing about social and economic cohesion by improving the urban environment and the quality of life) is positive integration. Even after over half a century of European integration, it is unclear exactly how these modes of integration relate to one another (Blauberger 2009b). Negative integration throughout Europe has been advanced through the legal doctrines of the supremacy and direct effect of European law (Fligstein and Stone Sweet 2002). Parties may litigate through national courts if they consider that national law deprives them of rights that they have under European law, and these national courts must consider whether the direct effect of European law may entail the putting aside of national law (Alter and Vargas 2000).

While negative integration is often viewed through the lens of law enforcement, resulting in the destruction of national policy institutions, positive integration can be conceptualised as a new policy arena, 'a new political playing-field' (Hamedinger et al. 2008, 2670), in which cities are free to participate as they wish, providing new opportunities through, for example, funding programmes and partnering possibilities.

The development of policies based on positive integration has brought about much more momentum and scientific coverage of, for instance, the development of European spatial planning (Faludi 2010), the open method of coordination (Atkinson 2002; Faludi 2004), URBAN I and URBAN II programmes (Hamedinger et al. 2008), ESPON scenarios (Lennert and Robert 2010) or regional policies in the light of the emerging concept of territorial cohesion (Luukkonen 2010). The impact of these positive integration policies in relation to the process of negative integration may, however, be more limited than some analysts have suggested. European competition policies may have had more effect on regions than European regional policies (Wishlade 1998).

The present paper relates to state aid, which is about breaking down the barriers to European integration that are created when aid is allocated selectively to certain undertakings; this is consequently classified as negative integration (Scharpf 1996). Negative integration can proceed through mechanisms of law enforcement based on the application of general rules, which limits the scope to allow local peculiarities in welfare state arrangements unless these arrangements have been specifically acknowledged in the Treaties (Scharpf 2010). Permitting such peculiarities must be framed as a general rule that is followed throughout the EU, not as an exception for an individual case.

Member states have attempted to limit negative integration by inserting exceptions into treaties. Scharpf notes that both the Commission and the Court interpret exceptions to negative integration in an 'extremely restrictive fashion' (Scharpf 1996, 35; see also Blauberger 2009b).

> "If national policy preferences and institutional traditions should have a chance to survive, it seems that more powerful legal constraints are needed to stop the imperialism of negative integration. A radical solution would be to abolish the constitutional status of European competition law by taking it out of the Treaty altogether, leaving the determination of its scope to the political processes of 'secondary' legislation by Council and Parliament." (Scharpf 1996, 35).

This does not accord with the Lisbon Treaty, however. Negative integration is thus able to proceed by the Commission and the ECJ interpreting a fixed legal framework; no new laborious political deal-making between Member States and the European Parliament is necessary, unlike the development of new policies involving positive integration (Littoz-Monnet 2010). Critics suggest that the Commission is pushing for a modernisation of European economies along the lines of the Anglo-Saxon model (Höpner and Schäfer 2010). Scharpf (2010) indicates that especially social market economies (SME:

Continental or Scandinavian type of welfare state) are vulnerable to this development because liberal market economies (LME: Anglo-Saxon type) have fewer institutions that shield certain sectors from competition and also because they also stand to benefit from the opening up of new markets. Scharpf insists on 'the need to defend and protect the national regimes of SMEs against the legal compulsions of negative integration' (Scharpf 2010, 240). The control of state aid is one of the cornerstones of negative integration policies (Blauberger 2009a). However, some state aid is compatible with the common market, and there is scope for interpretation by the European Commission (Blauberger 2009b). Policies on urban redevelopment and the production of new affordable housing environments are significantly affected by negative integration since they involve state aid policies (Adair et al. 2003; Korthals Altes 2006; Elsinga et al. 2008; Priemus and Gruis 2011; Colomb and Santinha 2014; Taşan-Kok et al. 2013). In this light, it is therefore remarkable that in the Apeldoorn case, as we will see below, the Commission ruled that state aid was permissible because it was deemed to be in line with the agenda of positive integration in the field of urban redevelopment and inner-city housing production. This suggests that positive integration has gained ground.

3 The Apeldoorn case

The Kanaalzone is a waterfront development zone measuring 140 hectares in the City of Apeldoorn [156,960 inhabitants (CBS 2013)] in the province of Gelderland in the central Netherlands (Platform31 2009). The redevelopment aims to improve the urban structure by bridging the barrier that this canal zone forms within the city, connecting the urban areas to the east and west of the canal and creating a new identity for the city (City of Apeldoorn 2013). Furthermore, this project incorporates new housing areas into the city and is thus in line with the compact city policy, which aims to prevent urban sprawl and the suburbanisation of valuable rural areas. The recreational use of the canal will be improved. New walking and cycling routes will contribute to better accessibility to the inner city. Finally, the project aims to improve the quality of existing industrial districts in the area.

One of the zones in this project is Kanaalzone Zuid (about 7 hectares), for which the municipality of Apeldoorn and the province of Gelderland signed an agreement with three housing associations (GS Gelderland 2008). Originally, the project encompassed 350 dwellings (40 % affordable housing), but the credit crunch had a negative effect on the feasibility of the original plan. One of the housing associations withdrew and the two remaining housing associations developed a new plan (reduced to 252 dwellings; 38 % affordable housing) in which apartments were exchanged for houses and prices were reduced to correspond with developments on the property market (EC 2011c; GS Gelderland 2011). Although costs were reduced by replacing off-road parking facilities with street parking, the changes meant that lower revenues would be generated, resulting in a significant loss. The municipality of Apeldoorn and the province of Gelderland stepped into support the housing associations so that they would be able to realise the plan, using the argument that the original cooperation agreement implied joint responsibility on the part of all three partners (housing corporations, local authority and province) for this project (City of Apeldoorn 2011; GS Gelderland 2011).

In June 2011, the Dutch authorities notified the Commission that state aid was being provided. They did this for reasons of legal certainty. The sanction for state aid is that undertakings that have received this aid, in this case the housing associations, must pay it back. The Commission is the only authority that can issue a statement (by approving the

state aid according to specific proceedings) to preclude any risk of a sanction before the state aid is provided (ECJ 1990, paragraph 14; CFI 2004, paragraph 135). It is the undertaking's responsibility to establish whether aid has been supplied in conformity with the Commission's approval.

In the case of Apeldoorn, an agreement signed in 2008 states that the housing associations and the municipality acquire the land. This land is then transferred to the partners (administered by the City of Apeldoorn) for a price based on historic costs plus the interest paid between acquisition and transfer to the joint project. The partners service the land and sell it to the housing associations at market prices (including lower prices for the affordable housing within the programme). The partners are jointly responsible for any profit or loss made, which amounts to one-third each for the housing associations, the municipality and the province (GS Gelderland 2008; EC 2011c).

The Commission (EC 2011c) reviewed the following three aspects. Firstly, it examined whether both land sales to the partners before servicing and the sale of serviced land to the housing associations had conformed to market principles. Secondly, it established that the government funds to cover the cost of soil sanitation were in conformity with specific Commission guidelines. Thirdly, covering the project deficit *was* viewed as state aid defined by Article 107(1) TFEU (EU 2010). State resources were involved through the contribution of approximately €5.8 million by the municipality and the province. This created a selective economic advantage because the effects were limited to two housing corporations. The Commission argued that without compensation.

> "…the project would not be realised (…). The aid thus creates a direct distortion of competition on the housing market as new houses will be added to the market which otherwise would not exist." (EC 2011c, paragraph 33).

The Commission also indicates that the aid may distort intra-EU trade because companies from other Member States are active in the construction sector in the Netherlands.

The idea that aid distorts competition if it affects the supply of housing on the market implies that many measures in the housing sector will be subject to these provisions. However, the Commission also decided that the aid was compatible with the single European market as it was:

> "aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest" (article 107(3)(c) TFEU).

The Commission applies the following conditions to this open norm. Firstly, there must be a well-defined EU objective. This would appear to be at odds with the nature of this project, which predominantly involves the production of new housing, while the EU has no competence on housing. However, economic and social cohesion is an established and well-defined object of the EU and can be applied to this case as it 'implies the improvement of the urban environment and the quality of life in the area' (EC 2011c, paragraph 47) and the creation of sustainable communities by tackling economic, social and environmental issues 'through integrated strategies for renewal, re-generation and development' (EC 2011c, paragraph 48). The project itself 'will contribute to the cohesion of the city' (EC 2011c, paragraph 49). Furthermore, the regeneration of former industrial sites for housing involves an efficient use of scarce space, which will help to prevent uncontrolled urban expansion and 'prevents unnecessary strain upon the environment' (EC 2011c, paragraph 50). The regeneration of available urban space is also actively

encouraged by the Commission's environmental policies (CEC 2006). Thus, urban development that involves the development of new housing can contribute to a well-defined EU objective.

The second condition is whether the aid is suitable and proportional (EC 2011c). In this case, the deficit is only partly covered—the housing corporations pay part of the deficit themselves—and the proceedings are such that overcompensation cannot take place, implying that the negative effects on intra-EU trade do not outweigh the positive effects of the project (EC 2011c). Thus, the Commission concluded that in this case the aid was compatible with the internal market and permissible.

Based on this decision, the agreement between the partners was altered at the start of the project (decision GS Gelderland, 11/09/2012).

4 In context

The Apeldoorn case needs to be put in the context of other state aid decisions on the JESSICA programme and SGEI, as well as a comparable case in Leidschendam in which state aid was not allowed.

4.1 JESSICA

JESSICA was developed by the European Commission in partnership with the European Investment Bank (EIB) and Council of Europe Development Bank (Triantafyllopoulos and Alexandropoulou 2010; Patlitzianas 2011; Striungyté 2011). It is an instrument that uses revolving funds as loans, equity and guarantees to promote urban development. The state aid proceedings of JESSICA covered whole programmes involving general rules on eligible costs and were not tailor-made for individual projects.

State aid decisions about the UK (EC 2011b), Spain (EC 2011d), Greece (EC 2012b) and Bulgaria (EC 2012a) resulted in the same outcome as in Apeldoorn: state aid was deemed compatible with the single European market on the basis of article 107(3)(c) of the TFEU. Since JESSICA is an initiative of the European Commission itself, it is no surprise that it relates to a well-defined EU objective. In all decisions but the UK, where urban regeneration is based on the idea of 'cities as drivers of regional development' (EC 2011b, paragraph 227) and JESSICA is geared 'to reverse economic, social and physical decline in areas where market forces alone will not do this' (paragraph 228), housing was mentioned as an activity that was supported. In Spain, it involved 'social housing' (EC 2011d, paragraph 39; see also paragraph 67) based on the idea that 'by providing financial support for the establishment of cultural, social and educational infrastructure and social housing in Andalucía, the authorities pursue genuine cohesion and social development objectives' (EC 2011d, paragraph 40). The Bulgarian decision reflects the fact that in Central and Eastern Europe contexts, housing policies are part of the urban problem description (EC 2012a). In the Czech Republic (EC 2013c), JESSICA was implemented by adding a new instrument, 'soft loans', to a previously approved 'Housing and Social Programme for problematic districts' (EC 2008) in the numerous large-scale post-war housing estates built in many Czech cities in which issues as the 'quality of life' in a housing context, the environment (thermal insulation) and consumer protection (EC 2006) may constitute a basis—a well-defined EU objective for dwellers as consumers—for classifying aid provided to improve housing conditions as compatible with the internal market.

4.2 SGEI

In the context of housing, much of the debate has been on social housing as a SGEI (Priemus 2006; Priemus and Gruis 2011; Taşan-Kok et al. 2013). Compensation for providing such a service does not constitute state aid providing that the 'Altmark criteria' of the ECJ (2003) are met. These criteria require that (1) a clearly defined public service obligation has been assigned, (2) parameters are set down beforehand for an objective and transparent calculation of compensation, (3) no more than the costs of the public service obligation plus a reasonable profit can be compensated, and (4) if the undertaking is not selected through a public procurement procedure, the level of compensation is modelled on what a well-run undertaking requires to discharge the public service obligation. In response to Altmark, the Commission (CEC 2005) published a framework and asked Member States to bring their existing schemes into line with it.

Meeting these criteria is not simple, however. The Dutch housing associations or the Irish Loan Guarantee schemes both fell foul of the fourth Altmark criteria (no procurement and not modelled on a well-run company), meaning that state aid was deemed to be involved, although this aid could then be modified to make it compatible with the internal market (EC 2005; Van de Gronden and Rusu 2013).

In the Dutch case, the measures required to make the system of housing associations compatible with the internal market involved imposing extra constraints on housing associations, which may be a threat to the Dutch unitary rental market (Priemus and Gruis 2011; Lennartz et al. 2012). The basis for these policies is Article 106(2) of the TFEU. An important difference with Article 107(3)(c) is that there is no need for a well-defined EU objective because member states define the SGEIs they provide. Housing as an SGEI is not a competence of the EU. However, the relevant criterion—that aid may not be 'contrary to the interests of the Union' (Article 106(2) TFEU)—is the same.

The Commission has a role in ensuring the implementation of policies on state aid and has published a decision (EC 2011a) to operationalise the Altmark criteria and its related state aid for social services policies including social housing (Van de Gronden and Rusu 2013), which is quite specific on how undertakings must be entrusted with SGEIs. It includes matters such as its content and duration, the territory concerned, the nature of exclusive or special rights assigned, the compensation mechanism and the way it is calculated, controlled and reviewed; the issue of overcompensation must be dealt with and there must be 'a reference to this Decision' (EC 2011a, article 4). These show that the compatibility of such aid with the internal market involves a restructuring of national practices of compensation to provide services such as social housing (see also EC 2013a).

As indicated above, neither the Apeldoorn case nor the JESSICA cases were in line with the scheme of the 2011 decision, which implied that notification was necessary.

4.3 Leidschendam

Another recent case of urban regeneration in Leidschendam (a locality close to The Hague) shows that according to the Commission (EC 2013b), it is not a case of 'anything goes' when it comes to state aid and housing development. Superficially, the case has many similarities with the Apeldoorn case: a partnership was formed between the authorities and undertakings were made to redevelop an area; then the crisis hit, resulting in the stagnation of the project and, consequently, a new deal was negotiated to get the project up and running. The outcome, however, was different because the Commission decided that the private-sector actors involved (the consortium SJB) had to repay €6,922,121 to the local

authority because the aid was not compatible with the internal market. The final outcome is not yet known because the parties have asked the ECJ to review the decision (Gemeente Leidschendam-Voorburg 2013). But what are the differences between this development project and the Apeldoorn case?

Firstly, the authorities failed to request the Commission's approval which meant that the private actors ran the risk of the aid having to be recovered. Following this procedure provides opportunities to amend the scheme to bring it into line with state aid policies from the outset. In Leidschendam, a local action group (the Stichting Behoud Damplein) opposed the plan and informed the Commission about the aid that was being provided (Korthals Altes and De Wolff 2012; EC 2013b).

Secondly, the original contracts were drafted differently. The Commission is critical of the way that the common interest was safeguarded in the Leidschendam case. A very common clause in Dutch municipal land disposal contracts is that developers are under no obligation to build if less than, say, 70 % of the dwellings have been sold (Van der Heijden et al. 2011). The contracts for the Leidschendam development included this provision. The Commission held that

> "…by concluding the 70 % clause in the 2004 Co-operation Agreement, the Municipality subordinated its interest in achieving the alleged objective of revitalising Leidschendam city centre to the commercial interest of SJB (…). The Municipality is therefore no longer in a position to argue that the contested measures (…) sought to attain a common interest objective." (EC, 2013b, paragraph 95)

Furthermore, the involvement of commercial property developers indicated that this was not a' deprived urban area which suffers from market failure' (EC 2013b, paragraph 94). In Apeldoorn, the actors involved were housing associations and there was no 70 % clause. The three partners were jointly responsible for the project, which had had a deficit even at the start. There was a condition relating to 'unforeseen circumstances' (GS Gelderland 2008, article 15.1), such as, major changes in market conditions (article 15.2), in which case, there was the obligation to perform to the best of one's ability by mutual agreement to achieve the ambitions of the plan. The Apeldoorn case prioritised the objectives of the project as a whole over the commercial interests of the parties involved. So, the concept of a well-defined EU objective implies that the authorities must define this objective unambiguously. If there is evidence that the parties involved consider this objective to be subordinate to commercial interests, the state aid will be impermissible.

A third difference relates to the appropriateness and proportionality of the aid. In Apeldoorn, the deficit was shared by the project partners and there was no risk of overcompensation. In Leidschendam, the aid was being justified as a part of a deal between SJB and the local authority, which is not permissible grounds for state aid as 'the aid measures must be proportionate to the intended objectives' (EC 2013b, paragraph 100).

The Dutch state should recover the aid if the Commission's decision is upheld in Court.

5 Discussion and conclusion

Scharpf's remark that the 'imperialism of negative integration' (Scharpf 1996, 35) can only be stopped by 'more powerful legal constraints', such as the radical solution of abolishing the constitutional status of EU Treaties because inserting exceptions into the Treaties does not work, appears to be incorrect. Although abolishing this constitutional status may slow down negative integration, or even bring it to a standstill, the Apeldoorn case and other

recent decisions show that the alternative of using the exceptions in the Treaties has more potential than expected, because of the development of positive integration in the EU. The Apeldoorn case refers to a well-defined EU policy objective: that of strengthening social and economic cohesion by, e.g. 'the improvement of the urban environment and the quality of life in the area' (EC 2011c, paragraph 47), i.e. the development of housing issues as a competence of the EU. The JESSICA decisions have shown, furthermore, that the Commission views the position of residents as consumers as falling under an existing EU competence (Article 169(1) TFEU) (see also Hau 2010).

This line of reasoning can serve as an alternative to more radical solutions; it involves the interplay of negative and positive integration, and may lead to more Europeanisation than negative integration alone could ever bring about. This combination means that the process of European integration is 'accelerated' (Tinbergen 1954, 122). The fact that in some circumstances state aid is permitted because it is compatible with the single market implies that local practices must be framed by European policies in a nuanced way. The context that we have analysed shows that this complexity involves re-framing housing and urban policies in relation to the instruments used. The fact that all effective instruments—i.e. those that result in houses being built that would not otherwise have been built—may distort the market makes this a necessary step. Lending institutions have become more risk-averse since the credit crunch hit (Wainwright 2009), and the sanction of repaying incompatible aid in full may therefore mean that the Commission will be notified of potentially compatible aid more often than is presently the case.

The alternative to case-by-case notification is that a block exemption is provided, as happens with the JESSICA decisions. This does not involve less Europeanisation: a whole government support system is then drafted based on European principles of (compatible) state aid. Moreover, it limits flexibility because such a system only protects organisations from the risk of recovering provided the aid is confined by the boundaries approved by the Commission (see CFI 2004, paragraph 80). Undertakings must check themselves whether the Commission has approved the aid that they intend to receive and cannot hide behind assurance given by a national authority that the aid is 'safe' because it has been approved by the Commission.

In the field of SGEI (including housing), another alternative has developed: the Commission has decided that aid schemes which comply with a number of conditions are deemed compatible with the single market. In order to meet these criteria, aid schemes must be shaped according to European rules and include a reference to the Commission's decision.

Since state aid provisions date from the original Treaty of Rome (EEC 1957), it took quite some time before the provisions of negative integration made an impact on the fields of housing and urban development. The policies of positive integration have developed much more recently, although they are formally based on provisions that also date from the Treaty of Rome, such as economic and social cohesion. In the past, the present Article 107(3)(c) TFEU was used primarily to allow national designations of areas of regional policy (Mendez et al. 2008). The step from such an area-based approach to an activity-based approach is not founded by a change in this article.

Where the relationship between negative integration provisions and the Commission's decisions can be framed as an argument of conformity—the Commission makes certain that it follows the text of the treaty as source of EU law literally—the relationship between policies of positive integration and these decisions can be formulated as one of performance. In this instance, performance is understood according to Faludi's definition (2000), which means that it can be established that the EU policies contribute to the justification of

the Commission's operational decisions. These relationship of performance has already been analysed between European policies and planning decisions by local and regional authorities (Janin Rivolin 2008; Cotella and Janin Rivolin 2011), but it is remarkable that these policies also perform in relation to state aid policies by the Commission. Also notable is the Commission's seeming reluctance to use the relatively new term of territorial cohesion, instead favouring the more established terms of social and economic cohesion. These terms are therefore more likely to play an effective part—have a better performance—in the type of state aid decisions analysed in this paper than territorial cohesion, even in relation to policies to improve the urban environment and the quality of life in the area. Using the concept of performance only makes sense, because the Commission has discretionary powers. Making use of discretionary powers based on few rules may enhance the position of the European Commission in the context of 'a complex political relationship between member states and the Commission' (Zahariadis 2010, 966). This also implies that there is a community that critically reviews these decisions. Basing negative decisions on complaints by local players (as in the Leidschendam case) thus makes it easier to criticise government bodies in member states, which may consequently motivate local players opposed to a particular development, to alert the Commission to a potential case of incompatible state aid. The Commission's state aid decisions lend traction to the EU's competence to improve the urban environment and the quality of life, including in relation to housing issues.

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