FEANTSA STATEMENT

[29/10/ 2025]

FEANTSA Response to the Commission's Proposal for the next MFF

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Introduction

FEANTSA is the European Federation of Organisations Working with the Homeless. We are responding to the Commission's proposal for the 2028 – 2034 MFF, focusing on the extent to which the proposed future EU budget could contribute to addressing homelessness and housing exclusion, notably in light of Lisbon Declaration, the European Pillar of Social Rights, the European Platform on Combatting Homelessness and in the context of the forthcoming first-ever EU Affordable Housing Plan and Anti-Poverty Strategy.
The Commission's proposals involve substantial reform of the current architecture, governance, size, and priorities of the EU budget. The European Parliament, some Member States, stakeholders and others have raised concerns about the increased centralization of programming and implementation, as well as the adequacy of the budget and the introduction of new strategic priorities, notably competitiveness, defense and border protection. The European Parliament has threatened to reject the proposal unless the Commission revises it. Whilst these debates are extremely important, we limit our focus here to considering what the proposals could mean for investment of EU funds in the fight against homelessness and housing exclusion.

The Role of EU funds in Tackling Homelessness

Cohesion policy is a cornerstone of the EU project. It is the main tool for reducing economic, social, and territorial disparities within the EU. Nonetheless, it has been recognized that low income and disadvantaged households are not well reached, leading to various calls for reform to address this – both from stakeholders and from regions across EU.

Currently, EU funds are used to address homelessness to some extent, notably through the European Social Fund+. However, they are generally not used to their full potential in this field. The extent to which EU funds are an important source of funding for responding to homelessness and broader housing exclusion varies greatly between Member States. A number of good practices have been identified in the use of EU funds to address homelessness and housing exclusion[1].

FEANTSA underlines that EU funding should provide additionality, rather than replace national, regional and local social spending, including when it comes to homelessness. EU funds can play an especially important role as a lever for improving policy and practice. For example, the EU budget can be deployed to develop better policy and service responses to homelessness. In most EU Member States, there is an urgent need to increase prevention and re-housing, in line with the goal of ending homelessness.

European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security

The Commission proposes bringing together existing shared-management instruments under a single European Fund (the Fund), which would be programmed and implemented through National & Regional Partnership Plans (NPR). Sector-specific rules would be maintained, based on current fund-specific regulations. The Fund would channel around half of the EU budget through NPRs. Additionally, an EU facility of €66.2 billion will complement implementation at national and regional level

FEANTSA is relieved that the Commission did not scrap the European Social Fund Plus in the context of this new Fund. We welcome maintaining distinct regulations for the ESF+ and ERDF because these are dedicated instruments for investing in people and services (ESF+) and in infrastructure, including social housing (ERDF). We welcome the proposed 14% earmarking for social objectives, which represent 100 million Euros. However, we join other NGOs in underlining that this still implies a real-terms decrease compared to the existing ESF+ envelope of €95.8 billion once inflation is considered. Additionally, the inclusion of infrastructure within this 14% is likely to have a significant dilution effect on investment in people and services. Social infrastructure, and notably social housing, is essential to the fight against homelessness and we welcome efforts to mobilise the EU budget for it. However, infrastructure is expensive, and if the money comes from the existing ESF+ pot, there will be less available for investing in people and services, which is what the ESF+ currently does. We are also concerned that there is no ringfencing for social inclusion. Currently, 25% of the ESF+ is earmarked for social inclusion. We underline that in the social field, it will be important to retain a focus on grants to achieve social inclusion objectives.

Moreover, we also take note of the fact that a slightly bigger overall EU budget is being committed to an increasing number of policy priorities, such as defense, competitiveness and border protection. This multiplication of priorities is expected to translate into cuts, in particular to the cohesion policy. This has

[1] See FEANTSA (2021) 'A Guide to Using EU Funds for Housing First', available at: https://housingfirsteurope.eu/wp-content/uploads/2022/06/HF_EU_funding_final.pdf and European Commission (2024) 'Social Housing & Beyond Operational toolkit on the use of EU funds for investments in social housing and associated services', available at: https://employment-social-affairs.ec.europa.eu/social-housing-and-beyond-operational-toolkit-use-eu-funds-investments-social-housing-and-associated_en

been estimated to shrink from a third to 20% of the budget, particularly calling into question the delivery on the ambitious housing agenda of the Commission.

We welcome the inclusion of the following specific objectives of the new Fund:

- supporting social and affordable housing;
- promoting equal opportunities for all, supporting strong social safety nets, fostering social inclusion and fighting poverty and homelessness**,** and supporting investment in social infrastructure
- addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC
- supporting a just transition towards the Union's 2030, 2040 and 2050 targets for energy and climate, […] ensuring that all territories and everyone can contribute and benefit from the clean transition;
- sustaining and further developing open, rights-based, democratic, equal and inclusive societies, including by building civil society and social partners' capacities to uphold Union values, citizenship education and youth participation;

The inclusion of homelessness as part of a specific objective is a first for the EU budget. In the past, homeless people were included in the ESF+ Regulation only in the preamble, output indicators and as part of the definition of the 'most deprived'. Even if it is one amongst many competing objectives, the inclusion of homelessness as part of a specific objective is an important development that could support more and better investment in the fight against homelessness. The Commission could go further by ringfencing funding for this objective, which would help to reach the most vulnerable and ensure no one is left behind, as well as make a tangible contribution towards the European goal of ending homelessness. We understand that there is limited appetite for ringfencing in the next MFF but we underline that it is the only way to ensure that the most vulnerable are not left behind and to overcome the historic shortcomings of the EU budget in reaching those who need it most.

A specific objective on social and affordable housing is also new. The ERDF could previously support housing as part of integrated actions for socioeconomic inclusion of marginalised communities, low-income households and disadvantaged groups; as part of integrated actions for the integration of third country nationals, and for the energy efficient renovation of social housing. FEANTSA welcomes the new objective, notably for social housing. Again, we underline that the EU budget should complement and add value to national and regional investment in this area. The EU funds cannot solve the housing crisis. We also underline that public support, including EU funds, should prioritise unmet housing needs, in line with a rights-based approach. As we have highlighted elsewhere, social and affordable housing can mean many different things. Social housing tends to mean publicly supported and regulated housing, operated on a non-profit basis to provide stable homes, allocated based on social needs, aligned to households' capacity to pay. Affordable housing is frequently used to designate more market-orientated publicly supported housing that is higher cost and less aligned with the needs of people experiencing or at risk of homelessness. We would therefore encourage both the Commission and Member States to focus public subsidies, including EU funds, on the former. We repeat our concern that the proposed change to the State Aid rules will accelerate crowding out of social housing by affordable housing. We think that EU funds should primarily flow to housing projects that address demonstrable needs so to advance the right to housing, and that the Commission should design programming and conditionality to ensure this. The MFF should thus prioritize social housing. FEANTSA encourages the Commission to introduce strong conditionality relating to EU funding for housing, including a minimum proportion of social housing and permanent social function.

When it comes to addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC, FEANTSA underlines that public subsidies, including EU funds, should be designed to meet the needs of the most vulnerable, notably those experiencing energy poverty and/or poor housing conditions. Similarly, additional efforts are needed in the MFF to deliver on the objective of a "just transition, [and…] ensuring that all territories and everyone can contribute and benefit from the clean transition". The track record of green subsidies in reaching the most vulnerable is overall quite weak, and concerted efforts are required within the MFF to address this.
When it comes to civil society and rights, we underline the vital role that non-governmental organisations play in delivering social services, implementing social rights, fighting poverty and promoting inclusion. Non-profit social service providers should continue to be supported by the future MFF – at European, national, regional and local levels.
Whilst we welcome these specific objectives, which make explicit that the Fund can be spent on these areas, we underline that there are no specific resources earmarked to implement either the Affordable Housing Plan or the Anti-Poverty Strategy, both of which are expected to focus on the fight against homelessness. This brings into question the credibility of two major social policy initiatives for this Commission's mandate. Member States and the European Commission will negotiate NPRs, and we do not see any provision in the proposals that will steer them towards prioritising housing affordability or the fight against homelessness. The NPRs are mandated to adequately address the specific objectives of the fund as well as the challenges identified in the country-specific recommendations in the context of the European Semester, "including those related to the European Pillar of Social Rights" (Art. 22 b(i) of the Fund Regulation). This has been noted to give "sharper teeth" to economic policy coordination. Sharper teeth are also needed for social policy coordination, notably in relation to housing and poverty, which the Commission has put forward as major strategic priorities. We see a missing link between these priorities and the MFF and are not confident that the Semester process can provide this link. Whilst housing unaffordability and homelessness are increasingly prominent in the European Semester process, it has yet to provide a meaningful space for advancing on Principle 19 of the European Pillar of Social Rights. If we want the future MFF to deliver on the objectives of the Affordable Housing Plan and the Anti-Poverty Strategy, the monitoring of homelessness, housing affordability, housing exclusion and policies to address them will need to improve dramatically. There is a significant risk, especially given the failure to earmark resources for these issues, that these issues will simply not be prioritized. We urge the commission to address this.

Performance Framework

The Commission's proposal features a single performance framework to monitor how the budget is spent. This entails expenditure tracking using a list of simplified thematic intervention fields, performance indicators for each intervention field, and a single methodology to track contribution to different policies.

Homelessness

The proposed framework rightly integrates interventions on homelessness across several policy areas—social inclusion, housing and infrastructure and energy efficiency. We underline that homelessness is currently predominantly ***reactively managed*** through the provision of temporary accommodation in Europe. Ending homelessness requires much bigger efforts on active measures like ***prevention*** and ***re-housing***. We would encourage the Commission to take this into account and refine it in the intervention fields, output and results indicators relating to homelessness.
Firstly, we wish to underline that there is a lack of clarity concerning the difference in indicators for the intervention *"buildings to combat homelessness"* (measured in housing ***places***) and *"buildings for social and affordable housing"* (measured in housing ***units***). We are unsure what "housing places" means and

emphasise that the biggest investment needs in the fight against homelessness today relate to ensuring access to adequate housing. We invite the Commission to ensure that the output and results indicators make it clear that the Fund can be used for investment in both temporary accommodation infrastructure and housing ***to combat homelessness***. It is important that the performance indicators do not imply that investments to address homelessness are limited to temporary accommodation and are completely separate from investments in housing.

The intervention field 'measures to address homelessness' (483) includes only the output indicator 'number of participants-by gender'. This does little to align performance with any reform agenda, even though ending homelessness, to which all MS and EU institutions have committed, requires increasing prevention and re-housing efforts as outlined above. MS need to increase the number of housing units available to both prevent and provide exits from homelessness, both through new construction and mobilising existing buildings. There is often a 'missing link' between homelessness and social housing. In this context, it would be helpful to add additional intervention fields or at least output and results indicators related to a range of measures like Housing First, re-housing of homeless households, prevention services, dignified temporary accommodation, training and capacity building for the homeless sector workforce etc.

Getting the performance framework right on homelessness is particularly important because the ESF Regulation only refers to homeless people under Article 6, which pertains to food aid and material assistance to address material deprivation. The Regulation on the new Fund includes homelessness in the specific objective 'promoting equal opportunities for all, supporting strong social safety nets, fostering social inclusion and fighting poverty and homelessness, and supporting investment in social infrastructure' (article 3 point c (IV). If the performance framework does not explicitly align with this specific objective by elaborating on the type of measures and outcomes required, MS might limit their interventions on homelessness to food aid and material deprivation.

Given that the shift from managing to ending homelessness implies a reform agenda, we also think that it would be useful to include homelessness strategies/policies as an intervention field in the area of Social (level 1) Reforms (level 2). This would enable EU funds to support the development of better policies in the field of homelessness, rather than just to support projects.

Homeless service providers are faced with the need to improve the overall quality and the energy efficiency of existing homeless service buildings, securing sufficient and dignified emergency accommodation, whilst reducing bills and improving comfort for clients and staff.

Here we need to highlight a persistent bottleneck: referring to deinstitutionalisation requirements of Common Provision Regulation on EU funds, some Member States block EU funding for shelters as they are considered "institutional settings," while failing to include the homelessness sector under "measures for the shift from institutional to family- and community-based care", which is an enabling condition for accessing EU funds. This creates a contradiction: funding is withheld in the name of institutionalisation despite that the homeless sector is not referred directly under the Common Provision Regulation, and while no legal and financial framework is provided to facilitate the deinstitutionalisation of the homeless sector. Consequently, shelters are operated under inadequate conditions, while alternatives cannot be implemented. This also reinforces overcrowding, as to heat the shelter, more people are squeezed into fewer rooms. Emergency and temporary accommodation for people experiencing homelessness should not be considered as institutional residential care when it fulfils its intended purpose as an immediate and short-term response to homelessness. Many shelters require renovation both for energy efficiency reasons and to provide dignified conditions. EU funds should be able to support this. However, the fact that people often stay in emergency or temporary accommodation for long periods due to the lack of housing options available to them, means that these settings often become *de facto* long-term residential accommodation, a purpose for which they are ill-suited and inadequate. In such cases, it is helpful to consider homeless accommodation as an institutional setting and to make EU funds available for the deinstitutionalisation process. This has been done in Spain, under DI programmes funded by Next Generation EU.

Social & Affordable Housing

We welcome the fact that a specific result indicator on the percentage 'relevant to social housing' output indicators relating to the intervention field of housing and infrastructure. We think that assessing the social performance of the EU budget in relation to housing requires being able to disentangle social housing and affordable housing. We strongly encourage the Commission to introduce requirements for minimum proportions of social housing in housing projects receiving EU funding or finance in the context of the Affordable Housing Plan.
We are concerned that including the requirement of zero-emission or nearly zero-emission standards in the intervention field of development and construction of affordable and social housing, as well as buildings to address homelessness, is likely to undermine affordability and availability.
Clarification of what is meant by *"non-residential buildings related to social and affordable housing"* under the measure *"development and construction of new zero-emission or nearly zero-emission non-residential buildings related to social and affordable housing"* in the performance framework would also be useful.
We note that several housing intervention fields are included on student housing. We question the requirement for this to be zero emission or nearly zero emission from an affordability perspective. We also encourage the Commission to be more specific about the types of student housing that should receive EU subsidies, as well as the target group. Much new, purpose-built student housing produced by the market is ill-adapted to students' needs because it is too expensive.

Open questions on the implementation of the performance framework

In regards to the actual implementation of the performance framework, from our current reading of the proposed regulations it is difficult to determine to what extent Member States can pick and choose from the indicators, apart from the obligation to have for each measure proposed in the NPR at least one intervention field, one output indicator and one or more result indicators assigned (Art.14 of the Performance Regulation). This issue adds to a lack of benchmarking attached to result indicators, raising questions on whether delivery on combatting homelessness and housing exclusion will be substantial enough.

Social aspects of the energy transition

We welcome that the proposed specific objectives of the new Fund include

- addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/E
- supporting a just transition towards the Union's 2030, 2040 and 2050 targets for energy and climate, and […] ensuring that all territories and everyone can contribute and benefit from the clean transition is included in the specific objectives of the proposal on the Fund.

However, to deliver on this, the Commission could go further by **socially mainstreaming or earmarking** the **relevant 35% climate and environment spending targets of the EU budget** —with guarantees that vulnerable households are primary recipients and at least proportionally benefit from climate investments.
Requirements of Article 17 of the EPBD and Article 8 of the EED should be reflected in the EU budget, ensuring that vulnerable households are prioritised in public funding and energy saving measures are implemented in priority and proportionally among energy poor households.
Furthermore, EU-funded projects should demonstrate that

- benefits are distributed fairly

- that vulnerable and lowest income groups benefit in priority and at least proportionally
- social harm is avoided (e.g. rent increases, displacement, evictions, higher energy bills).

Financial support for industrial decarbonisation, mainly under the European Competitiveness Fund, must be mirrored with equal **financial efforts across the budget for citizens**. The example of New York State's social earmarking of climate expenditure shows that it is possible operationalise the principle of everyone can benefit from the transition.

Link affordable and decent housing measures and energy efficiency interventions

Given that 70 million Europeans live in inadequate housing with leaks, damp or structural rot and 18 million face severe housing deprivation, fixing housing inadequacies must be integrated into energy efficiency measures. The budget should support integrated interventions that first fix housing inadequacies (leaks, damp, unsafe systems, obsolete heating, lack of sanitation) to make homes fit for energy efficiency, decarbonisation and climate resilience.

Ensure affordable housing policy covers both **new construction (e.g. to replace unfit homes)** and **retrofitting existing stock** to cut energy bills and guarantee decency.

We also note the inclusion of the **Social Climate Fund (SCF)**, and we need to highlight that SCF was designed to counterbalance specifically the social impacts of ETS2, and that its scope and size are limited. We welcome the fact that the SCF remains a separate fund. Nevertheless, the proposed MFF Regulation gives Member States the option to either continue implementing the SCF under the SCF Regulation, or, according to article 80 of the MFF regulation on the social climate chapter of the NRPP. The SCF regulation has two objectives, a general one (art 3.1) to combat the social impact of climate policy, and a specific (art.3.2) to support vulnerable households. Implementing the SCF under the NRPP social climate chapter only keeps the general goal of the SCF, not the specific one. We are very concerned that this will dilute the focus of the fund on vulnerable groups. The Commission must remove the "either/or" choice in the MFF Regulation. Member States should only use the Social Climate Fund under Regulation (EU) 2023/955 — as the MFF regulation itself declares, the **SCF remains a separate fund** under the NRPP so it must be ensured that its rules and objectives stay intact.

Strengthen monitoring and indicators

We welcome the fact that, in the monitoring indicators, **social aspects of energy efficiency measures are included**. However, these indicators must be **strengthened** to ensure they properly capture who benefits, and to guarantee that vulnerable households are reached proportionally.

- Under indicators 188, 189, 190, 191, 196-204, besides or instead of the *number* of vulnerable households reached, the ***share of vulnerable households*** should be measured. Additionally, the share of ***actual energy savings*** **delivered to them** should also be monitored to guarantee the objective of ensuring that everyone can contribute and benefit from the clean transition.
- Require all relevant climate and energy efficiency indicators and expenditures **to measure proportional impact on low-income groups**, as aligned with Article 8 **Energy Efficiency Directive (EED)** and Article 17 of **Energy Performance of Buildings Directive (EPBD)**.

The Social Climate Fund (SCF) alone cannot offset ETS2 impacts nor guarantee that everyone (especially the most vulnerable) can benefit from the clean transition. A **spending target for vulnerable households under the 35% climate and environment budget** is necessary to make the just transition real— ensuring that EU climate and housing investments reduce, rather than deepen, inequalities.

Preventing & Addressing Homelessness among Migrants

As we stated in FEANTSA's position on migration[2] published in June this year, ending homelessness in Europe is not possible without also ending homelessness among migrants, irrespective of their residence status. We regret that the Commission's proposal regarding funding for migration focuses very strongly on borders and security, strengthening funding in these areas while aspects related to fundamental rights and dignity of migrants and people in search of protection in Europe are placed on a secondary level:

- Almost half of the 81 billion euros dedicated to the area of Home Affairs – Migration Borders Security are distributed to border control-related aspects, including enhanced law enforcement powers and increased material and technologies for border forces.
- Existing migration funds (e.g.: AMIF, BMVI) will be rolled into the 'National and Regional Partnership Plan', which will make it hard to disentangle spending on integration from border control.

- We are especially worried that the spending targets for asylum and inclusion programmes have been removed from the new proposal, as it is expected that MS – particularly in the current political context - will invest more on borders and returns.

We therefore call for:

- Setting up clear spending targets for the areas of inclusion and integration of migrants, which will in turn, increase transparency and ensure the continuation and strengthening of instruments proven to contribute to this area (such as AMIF).
- Improving the performance framework so that it better reflects inclusion and integration measures
- Ensure that civil society, including migrant led organisations, will be able to access EU funding under the new programming period, as this is crucial to securing much-needed support to people on the move.