



European Observatory on Homelessness: Policy Update 2005

Belgium

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in collaboration with Nicolas Bernard

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Introduction

In this report, I present information on the policy update on homelessness in Belgium. In order to deal with the Research programme for FEANTSA I contacted Nicolas Bernard of the Facultés universitaires Saint Louis de Bruxelles to obtain a better covering of the French speaking part of the country.

Before the headings of the template are filled in (as far as information is relevant), we present the major themes of the most recent policy agreements. This is done because 2003 (federal) and 2004 (regional) were election years. An elaboration is relevant in two ways. First, election years are often silent years. There can be a lot of debate, but little decisions are taken. Second, the policy agreements highlight the themes that are relevant. We can hardly state that housing policies and policies that combat homelessness are core issues.

Note again that Belgium is a federal state, in which housing and welfare policies (among which resides services for the homeless), is constitutionally given to the regions. Nevertheless via taxation policies and private rental policies the federal government has still influence. Above that one can observe that after years of hand-off, the federal government is re-entering the housing field.

1. The policy agreements

1.1. The policy agreement for the Brussels Capital Region (BCR)

In the introduction of the new policy agreement one reads – beside a complaint about the under financing of the BCR – that the region needs more jobs and that the government should try to keep the people working in Brussels also to live in the Region. As a consequence actions concerning housing should take into consideration to create quality and affordable housing for persons and families aiming at their sustainable settlement.

Concerning housing the text stipulates that existing agreements (e.g. the “Plan for the Future of Housing”) should be kept. A land policy should be started up. The number of SRA¹ dwellings should rise as well as the number of mortgages allocated by the BHF. Above that the purchase of dwellings should be made easier through a further decrease of real estate taxes and to construct more middle class dwellings.

Except a recall of the existing commitments, the policy agreement has little concrete figures.

Concerning public housing sector, it is stipulated that the government intends to raise the number of public dwellings since this is an important instrument for regulating the market. Intentions are e.g.

- to fight speculation (by using the instruments of the Housing Law),
- to buy empty building for housing purposes,
- to activate land policy,
- to activate municipalities to have a land policy,
- to slowly introduce the new instruments of the Housing Law (health norms e.g.),
- to control dwellings,
- to negotiate with the Federal government in order to speed up procedures,
- to organise a round table on slum landlordism.

In order to create a new dynamism in social housing some intentions are e.g.:

- a stop on the sale of social rental dwellings,
- extra money for renovation,
- a rise of SRA dwellings to 2,000,
- to increase the share of direct subsidy,
- to rise the social mix.

For persons eligible for social renting a try out of a rent allowance scheme will be done, including a feasibility study within the frame that rent should not rise as a consequence of its introduction.

Since ownership is a “source of stability and an insurance against the grills of live” measures to promote home ownership are foreseen:

- a reappraisal of the eligibility rules of the BHF in order to enlarge its range,
- the introduction of an insurance against the loss of income,

¹ Social Rental Agencies.

- additional real estate tax reductions.

1.2. The policy agreement for the Flanders region

In Flanders the new government, taking office in June 2004, is a coalition between the Christian Democrats², the Social Democrats³ and the Liberals⁴. The policy agreement on housing is an incoherent text, with little hard promises and lots of maybes and items to research (Platform Wonen, 2004). Basically, the government wants “to bend the trend of the decrease in supply in dwellings, rising rents and construction prices and the unacceptable low quality of some segments of the housing market”. In order to do that, more households should become homeowner⁵. This should be stimulated, while at same time measures have to be taken for those who cannot afford to become an owner-occupier.

Among the listed intentions, some stand out:

- efforts will be done to create enough and affordable building plots. In order to do that an active land policy will be developed⁶ together with the other authorities and private partners. Landowners will be stimulated to bring land on the market in a way conform to the market (by tax deduction e.g.). Above that it will be allowed to bring up housing reserve areas (aiming a social mix in new developments) and it is intended to combat speculation;
- the existing rent allowances scheme (which is meagre – pdd) will be reoriented and enlarged. This will include an extension of SRA-housing;
- homeownership should further be stimulated:
 - i. through the introduction of a renovation grant,
 - ii. through tax deductions,
 - iii. through the enlargement of the existing free insurance on mortgages,
 - iv. through a right-to-buy for social tenants⁷;
- concerning social housing the goal is – also in public-private formulae - to enlarge the extent of social rent and social purchase dwellings. Procedures will be simplified and financial solution sought to compensate the in stream of very low-income households. Above that the eligibility rules will be reconsidered in order to get a better social mix;
- in order to combat bad housing⁸, the approach of slum landlords will be firm and the housing inspection will be forced up.

² They form a cartel with the Democratic Nationalists (NVA).

³ They form a cartel with the Left Liberals (Spirit).

⁴ They also went to the election in a cartel, but no one of the cartel partners got elected.

⁵ For which minor fiscal stimulations are announced.

⁶ Note that so far this never was done before. Above that the same person as in the previous government is responsible. He was legally obliged to make a land policy plan, but he did not do it. “He” is a Liberal who stands for absolute property rights (Desmet, 2004).

⁷ Note that the government is inconsistent on this. In the chapter on ‘Housing’ this is a right of the tenant, while in the chapter on ‘Integration’ it still are the social housing companies that decide on the purchase or not.

⁸ While the other issues are dealt with at some length, housing renewal is getting 4 sentences.

1.3. The policy agreement for the Walloon regions

Before we go into the major ambitions on housing of the new Walloon government, we stay with Mertens (2004), who reads in the programmes of the different political parties that resolving the Walloon housing crisis is a priority for all. Given the fact that due to budget constraints a substantial rise of social rental dwellings is not expectable, the efforts should be targeted at the creation of affordable private rental dwellings. In order to reach that the political parties plead for an ongoing fight against vacancy through either taxation or the advocacy of SRAs.

Next to that, other proposals are aiming at an increase of affordable dwellings. Two instruments are referred to: a fiscal policy and a land policy.

Concerning the support of private households, two tendencies are observed. Supporting and stimulating home ownership is still a priority for a majority of the political parties, which is, according to Mertens not surprising. After all, as is said, owner-occupation is "thé" socially accepted model, that the majority of the households aspire. A second tendency concerns a proposal to modulate support according to regional differences.

These proposals are to some extent translated in the policy agreement (Gouvernement Wallonne, 2004-2009) concluded by the Socialist and the Christian Democrats, where housing policy is situated within the strategies to promote social inclusion. Policies aiming at the realisation of a decent home for all will be developed along the following axes:

- *a rise of the number of rental dwellings.* In order to do that the government will foresee the budget to construct 2,000 houses. To rise the money, the Walloon government will look to the other public partners and the private sector. Within the same axe, measures will be taken to insert vacant dwellings including a tax, the renovation of social dwellings (2.5% are vacant), stimulating other public bodies and give elbow room to SRAs;
- *a creation of decent houses.* This includes first, the renovation of the social housing stock. Second it deals with a policy to increase a social mix by (1) stimulating the sale of social rental dwellings and (2) mixing dwelling types. A third stake is making a plan to deal with permanent housing on campsites and recreation sites;
- *a creation of sustainable dwellings,* including a stimulation of densification;
- *a creation of workable framework for the housing institutions,*
- *a stimulation of house purchase,* with an adaptation of the cheap mortgage system for young households and the creation of cheap building plots.

Besides these axes of the housing policy s.s., the Walloon government aims to deal with good housing for disabled and elderly persons, which should stay at home as long as possible.

1.4. The return of the federal state

Constitutionally, housing is a regional matter. Nevertheless two major responsibilities remained federal. The first, tax policies, for a long time nothing really changed and the existing schemes of tax deduction remained in place. Somewhat contrary to this

is the fact that the Federal Policy Agreement 2003-2007 has some sentences on a revision (Federal government, 2004). One is announced for next year⁹. Nevertheless, it is worth recalling that the tax deduction scheme concerns by far and large the largest amount of money that is going into the housing sector, being the stimulation of homeownership (De Decker, 2000).

Concerning the second feature, private renting, the 1980s and 1990s saw two movements. The first one, enforced by the 1983 Law Gol, went in the direction of even more liberalisation of an already liberal market. The second, starting in 1991 went in the other direction and aimed a higher protection of the tenant and a higher quality of the dwellings. Nevertheless, since rents remain free and there does not exist a housing allowance nor a system that controls quality, the private rental sector remains basically an unattractive no-choice alternative.

The former government, Verhofstadt 1, a coalition of the Liberals, the Social Democrats and the Greens, set some minor steps in the return of the Federal state in housing. These small steps were indirect and are to be situated within the framework of the evolving urban policies. The new government, which took office in 2003, Verhofstadt 2, a coalition of Liberals and Social Democrats, is setting further steps. Although implementation is not yet underway¹⁰, a plan is made. It is based on the policy agreement, which devotes a whole chapter on the matter. We quote out of the Plan (own translation): "Finding a decent home is becoming more and more difficult for families without income or with a low income, or for large families. This phenomenon is urban and causes social exclusion. (...)

The two major levers at federal level are fiscal policies and the rent policy. The government shall, to combat slum landlordism, take measures to protect the weakest tenants and to ameliorate the quality of the domiciles wherein they live. The government will evaluate the rent law and look for a new equilibrium between the landlords and the tenants.

The role of the government concerning fiscal policies as an instrument of a housing policy shall be reconsidered. The goal must be to stimulate renovation and ameliorating access to homeownership, especially among people with a low income and youngsters."

The Policy Agreement also refers to homelessness, announcing – in co-operation with the responsible governments – structural solutions. This should concern an amelioration of the statute of homeless persons that should allow them to get easier installation grants and a quicker payment of benefits. Together with the Regions, the federal government will work on the bettering of the accommodation of the services.

In order to deal with the implementation of the Plan, a Task Force is installed. The Plan is a result of the working of the Task Force. It deals with the diverse levers of the Federal Government, being – as said – private renting and the option to change the

⁹ Basically, it are the Social-Democrats who want to replace the existing schemes of tax deduction by a lump sum in order to avoid that the high income benefit more. That this is the case is shown in De Decker (2000) and De Decker & Van Dam (2004) for Wallonia. Press considerations on the announced revision state that the total sum of tax deduction will remain and that only internal restructuring will take place in order (1) to reschedule the largest discount to the first years of repayment period and (2) to limit the benefits for higher income groups.

¹⁰ There are signs that as a consequence of budgetary constraints some intentions will be postponed.

existing law, fiscal policies, urban policy and the policies concerning social integration.

The Plan also states that in order to implement her policies, one should take the responsibilities of the Regions into account. But more importantly, the note refers to the "market features" of the housing market. State interventions have, so it is written, effects on other housing market segments. If one closes a dwelling, this will increase the pressure on social housing. So one needs a global perspective, it is argued. A future inter-ministerial conference will deal with that.

In more concrete terms the Plan aims:

1. the realisation of the housing right with:
 - a. the introduction and enforcement of health and safety norms for dwellings (with a recall of what exists and a better co-ordination in combating bad housing),
 - b. the amelioration of the legal relations between landlords and tenants including e.g. bettering the information, register the leases for free, clear out responsibilities,
 - c. the amelioration of the procedure to claim houses,
 - d. the combat of slum landlordism,
 - e. the compensation of fiscally harmed owners when the rents are not paid.
2. the creation a new rental policy basically to avoid legal procedures with the introduction of pre-legal advice and objective criteria for rents. A second stake concerns a fiscal policy targeted at the rental sector.
3. the insertion of housing into the urban policy of the federal government. The initiatives are situated in the context that finding a house at a reasonable price is even more difficult in the cities as well for tenants as for owners. The shortage of middle-class dwellings propels rents and the shortage of social dwelling channels low-income households towards bad and small private dwellings. These rising urban prices also fuel suburbanisation. Another consequence is that some landlords exploit this situation.

In order to deal with that the federal government aims at enlarging the market by the reconversion of State possessions into houses. And fiscal measures will encourage the renovation and purchase of dwellings in the cities.
4. social integration which will deal with the statute of the homelessness and the quality of the reception centres.
5. stimulating the acquisition of a property. This section starts stating that these days a relative large share of the income goes to housing. This is even more important if one leases. And by renting one does not get an active return. These expenses are 'lost' expenses. This contrasts with the expenses for the purchase of a dwelling, which "in the end lead to activa. Through ownership one will no longer have the costs of renting at the moment that the income drops (pension). Acquisition can be seen as a form of saving. And when one gets older as a kind of security". With this in mind, the government will take measures in order to stimulate home ownership.

2. Governance and institutional policies

2.1. Federal government

2.1.1. Test project mediation in rent conflicts¹¹

As reported earlier, Belgian private rental regulation fostered legal procedures when conflicts between landlord and tenant arise. As a consequence already for a long time, tenants' organisations are pleading for a non-judicial intermediary. In an implementation of her policy agreement the federal government started test projects in Brussels, Charleroi and Gent. The goal is that the three cities install a commission that should mediate between landlords and tenants and should seek reconciliation. An additional goal is to reduce the pressure on the courts which are swamped by cases concerning rental contracts.

The commissions ('paritaire huurcommissies') will be filled with representants of landlords and tenants, together with a professional mediator. The commission should ease the dialogue between tenants and landlords. It should advise on rights and duties and propose solutions. All parties should agree to go the commission. For others the judge will remain the only alternative.

The commissions also have an additional role. They should prepare a charter concerning methods of mediation and permanent consultation. Above that they have to define objective criteria in order to determine reference rents, with as a goal a table with objective reference rents per city or neighbourhood.

In a first phase these reference rents will be indicative. Although, the long term goal is that the judge can use these tables to oblige a fair rent. This should avoid usurious rents and as a consequence avoid social exclusion and malpractices. According to the Minister, this initiative should help the social weaker persons to find an affordable dwelling.

The test project will last for two years in the cities mentioned. A steering group will guide the project. Among the members will be representants of the tenants, the landlords, the three cities and the judges. Also 3 academics will compare it with foreign initiatives.

2.1.2. Combat of slum landlordism

As written in previous reports, it was and is the combat of slum landlordism that levered and levers the return of the federal state on the housing field. Since its initiatives aim at combating the misuse and the exploitation by landlords of the weak positions on non-Belgians so far were hardly successful, the law changed again. Basically two changes are made:

1. the fines will increase,
2. the law is now also applicable for Belgian victims.

¹¹ Press release Minister of Justice, June 2005.

2.2. The Brussels Capital region

2.2.1. Concerning the housing law

An overview of a year of enforcement of health and hygiene standards

In Brussels, it is essential that prior to renting either a furnished dwelling or a 'small' dwelling (less than 28 metres² of inhabitable space) a landlord be in possession of a licence to rent (*permis de location*), called an "certificate of compliance" (attestation de conformité). Landlords renting other types of dwellings are also expected to respect health and hygiene standards as stated in the Code on a voluntary basis. These landlords may also request a Certificate to be as proof that their dwellings meet the standards and to avoid sanctions as a result of a health and hygiene inspection. The Regional Housing Inspectorate provides these certificates in both cases, and is also responsible for examining complaints lodged by individuals.

After its first nine months, the Regional housing inspectorate assessed its activities:

- 873 files processed. 60% of the cases related to spontaneous requests for the Licence to rent. Only 40% of the files were related to complaints and inspection visits.
- These files cover the 19 communes in the Brussels Region
- 90% of the files concerned privately rented accommodation
- The majority of the complaints were related to problems with gas or electricity, along with problems of damp, ventilation and hot water.
- 32 files resulted in an administrative fine; in six of these cases, an order from the local mayor declared the dwellings to be uninhabitable. The lowest fine, the minimum set by the government is 3000 Euro, with the highest fine being 15,800 Euro. The average fines were 6,500 Euro

In only 15 cases was the decision taken to immediately remove the dwelling from the rental market:

- 8 decisions taken by the mayor on the basis of a certificate of unsanitary conditions in accordance with Article 135 of the New municipal law;
- 3 based on infractions determined by the Regional Housing Inspectorate
- 4 due to obstruction by the landlord

In all cases where the decision was taken to condemn the dwelling, tenants were helped to settle into new housing.

Towards a revised set of health and hygiene standards

The notoriously high health and hygiene standards (in particular as regards the minimum width of doors and the proportion of natural lighting in each room) set out in the Governmental Order¹² in the Brussels Housing Code¹³ are to be revised down. It is in this context that the State Secretary for Housing in the Brussels Capital Region

¹² Governmental Order by the Brussels Capital Region on 4 September 2003 setting out the basic standards in terms of security, health and hygiene and fittings of dwellings, M.B., 19 September 2003.

¹³ Brussels Housing Code adopted by the Order of the Council of the Brussels Capital Region on 17 July 2003, M.B., 9 September 2003.

has made a political commitment as reported in the media. The State Secretary's web site states that the proposal has been finalised as of 1 July 2005.

Principle of Public Management

Seeking to improve the quality of construction, the Brussels Housing Code also intends to tackle the issue of vacant properties. In addition to the Licence to rent, the Order of 17 July 2003 also had a second section: the principle of public management which seeks to put unoccupied dwellings back onto the rental market. Put simply, the mechanism in the Brussels Code gives a number of real estate companies the power to take over dwellings that are disused in order to put them back onto the rental market, possibly after renovating the dwellings.

The National Union of Landlords went to the Constitutional Court to contest the Brussels mechanism. The Court's mandate includes checking whether legal norms are in line with the Constitution. According to the applicants, the right to property, protected in Article 16 of the Constitution, was violated by the principle of public management. However the Court rejected the claim in its decision of 20 April 2005¹⁴. The Court said that the aim of the scrutinised provisions was to make the right to access to housing more concrete. The legislator intended to stimulate supply of dwellings in the Brussels Capital Region. Such an objective is in line with the principle of general interest. The Court declared with regard to article 23 of the Constitution, that this objective is the obligation of the relevant legislator. The Court then concluded that "The implementation of a housing policy implies that are limits on the exercise of the right to property".

Thus, from now on, the law of public management is built in to the legal system, that is, only another ruling at the same level (an Order), and not another judicial ruling, can modify the law.

2.2.1. Project X

A pilot project using the Neighbourhood Contract (*Contrat de quartier*) has been started in Van Artevelde - Notre Dame au rouge, based on the following principles : using public subsidies, privately owned dwellings will be brought up to the standards of the Brussels Housing Code. In exchange, the landlord will hand over the management of the dwellings to the Public Centres for Social Action (CPAS/OCMW) or to a social real estate agency for 9 years. The landlord is guaranteed a regular income, while the level of rent is maintained, which allows the tenant to remain in the dwelling. Thus, landlords are offered the opportunity to make the necessary renovations and improvements (in collaboration with 'renovators' who are part of a social enterprise programme), so long as the rents are frozen at their current level.

This project has been implemented by four partners : the Public Centre for Social Action in the City of Brussels, the district Corporation (a not-for-profit organisation coordinated by the City of Brussels and the Public Centre for Social Action, which works with young people to help them access the labour market and is responsible for building projects), a social real estate agency, and the non-for-profit organisation, Convivence.

¹⁴ C.A. 20 April 2005, no. 69/2005, *M.B.*, 5 May 2005.

2.3. Flanders region

Except for a ministerial decision that enlarged the budget for social rental agencies, no relevant initiatives were taken. A law trying to create a right-to-buy a social dwelling was unsuccessful since a supreme court annihilated it¹³.

2.4. Walloon region

2.4.1. Concerning the housing law

Assessment of the implementation of the Licence to Rent

In the Walloon Region, a landlord wishing to rent a multifamily dwelling or a small dwelling (less than 28 metres² of living space) must first be in possession of an official document called a Licence to rent¹⁴.

How does this procedure work ? The Walloon Administration (Housing Department, Direction for the quality of the habitat has issued an ambiguous assessment of the implementation of the Licence to rent. In force since 1 October 1998, the Walloon Licence to rent has not been completely successful. Of the 20,000 dwellings targeted by the regulation, only 5,440 Licences have been issued. Furthermore, it would seem that a number of these Licences were granted in an unorthodox manner¹⁵.

Alerted to these problems, the authorities considered at one stage officially withdrawing the measure that was proving so problematic. The authorities changed their minds, however, aware that such a negative move would go against public opinion and those municipalities which had courageously decided to implement this unpopular policy.

Extension of the Licence to Rent

In rescinding the Decree of 25 February 1999, the regulation that previously dealt with the question¹⁶ of licensing landlords, the Decree of the Walloon government on 3 June 2004 introduced revisions¹⁷ the Licence to rent. Amongst other changes, the new procedure extends the Licence to rent to include student accommodation. Previously, only dwellings that were used as *principal places of residence* were covered by the regulation, which in effect excluded student accommodation, as students rarely register this type of dwelling as their principal residence. From this point on, these types of accommodation, are also covered by the regulation, since either 26 September 2004 or 26 March 2005, depending on the case.

¹³ A new try is announced, but the social housing companies already stated that they again will go to court to challenge it.

¹⁴ Decree of the Walloon Parliament of 29 October 1998 initiating the Walloon Housing Code, *M.B.*, 4 December 1998, art. 9 and s.

¹⁵ Cf. B. MASSART, "Lutte contre l'insalubrité en Wallonie : où en est-on ?", *Alter Échos*, n° 180, 24 January 2005, p. 23.

¹⁶ Decree of the Walloon government of 25 February 1999 relating to specific prescriptions on multifamily dwellings and small dwellings, rented or put on the rental market as a principal residence, *M.B.*, 9 April 1999.

¹⁷ Decree of the Walloon government of 3 June 2004 on the Licence to rent, *M.B.*, 16 September 2004.

Upcoming revision of the Walloon Housing Code

On 9 June 2005, the Walloon government approved a proposed Decree which modifies the Walloon Housing Code, and which will be put before the Parliament in the very near future. The Code defines and coordinates instruments available to the Regional housing authorities, by involving diverse public and private stakeholders in the housing sector.

The new text includes a new dynamic for the sector, with more rigid guidelines :

- the voluntary fight against vacant dwellings, based on a permanent inventory, delegating to agents at the level of the commune (municipality) authority as regards health and hygiene standards and the granting of subsidies for renovations in dwellings managed by real estate agencies.
- A reinforced fight against poor standards of health and hygiene, by putting the responsibility onto landlords and tenants through the creation of administrative fines.
- Reinforcing the partnership between the Walloon Region, the communes (municipalities) and Public Service Housing Companies (SLSP), by delegating to the municipal authorities and municipal corporations the creation of social housing or other accommodation to be managed by the SLSP ;
- Recognition of new actors through public-private partnerships : individuals, actors recognised by civil society as providing emergency housing, etc.,
- Access to social housing for new groups (specific measure for persons with disabilities moving into social housing, moving allowance or rent benefit for social housing tenants in the event of a renovation or demolition programme of their social housing units social support for tenants, assistance towards security deposits for households with modest incomes) ;
- Improved efficiency of the management of the SLSPs, through four measures : signing of contracts with objectives between the Walloon Housing Company and the SLSPs who will be responsible for reception services, management, training, information and communications ; the managing directors ; the evaluation of the government commissioners by the SLSPs as well as the right to call upon the government.

2.4.2. The stakeholders : reorganisation of the social housing stakeholders

The Walloon government used its Decree of 23 September 2004 to allow different organisations working on housing and social issues to work on a permanent basis and took the opportunity to reorganise their activities¹⁸.

Though formally included in the Housing Code in 1998, advocacy organisations working on housing failed to be officially recognised. This gap in the law has since been filled. These organisations work to contribute to the implementation of a right to decent housing by developing actions that support social integration through the provision of decent housing, or by acquiring – with priority for households in precarious situations – free administrative, technical, or judicial assistance to deal with their housing needs. These organisations also coordinate experimental projects

²⁰ Decree of the Walloon Government of 23 September 2004 relating to organisations working in the field of housing and social issues, *M.B.*, 10 November 2004.

to develop innovative methods in the fields of justice, architecture and social integration. The Decree of 23 September 2004 ensures the approval and funding of these new organisations.

In addition, a new funding mechanism for social real estate (rental) agencies (AIS – agences immobilières sociales) has been created which seeks to increase the number of socially rented dwellings taken over by the AIS and put on the rental market. AIS are organisations with a social purpose (not-for-profit) recognised by the Walloon Government, which in exchange for taking over the management of dwellings, offer landlords two things : guaranteed income from the property, and the certainty that the dwelling will be left in the same state at the end of the lease as when the property was let.

In fact, the Decree of 23 September 2004 amalgamated the separate agencies that had been responsible for social affairs (*régies des quartiers sociaux*) and urban regeneration (*régies des quartiers de rénovation urbaine*) in the municipalities into 'Neighbourhood agencies' (*régies des quartiers*), which should increase the autonomy and efficacy of these agencies. Set up in areas where there is social housing, the 41 agencies pursue several objectives: to improve the living conditions in the neighbourhoods, to support and foster citizenship, and to work towards the integration of interns into employment. These agencies also provide basic training for building maintenance, grounds keeping, sewing, childcare, etc.

3. Access to housing

3.1. Federal government

Since January, 1st 2005 a new tax deduction scheme has been introduced. This implies that we should distinguish between two schemes.

All households who entered into a mortgage before January, 1st 2005 were entitled to tax deductions. Households can profit from a deduction of interest, capital and insurance premiums.

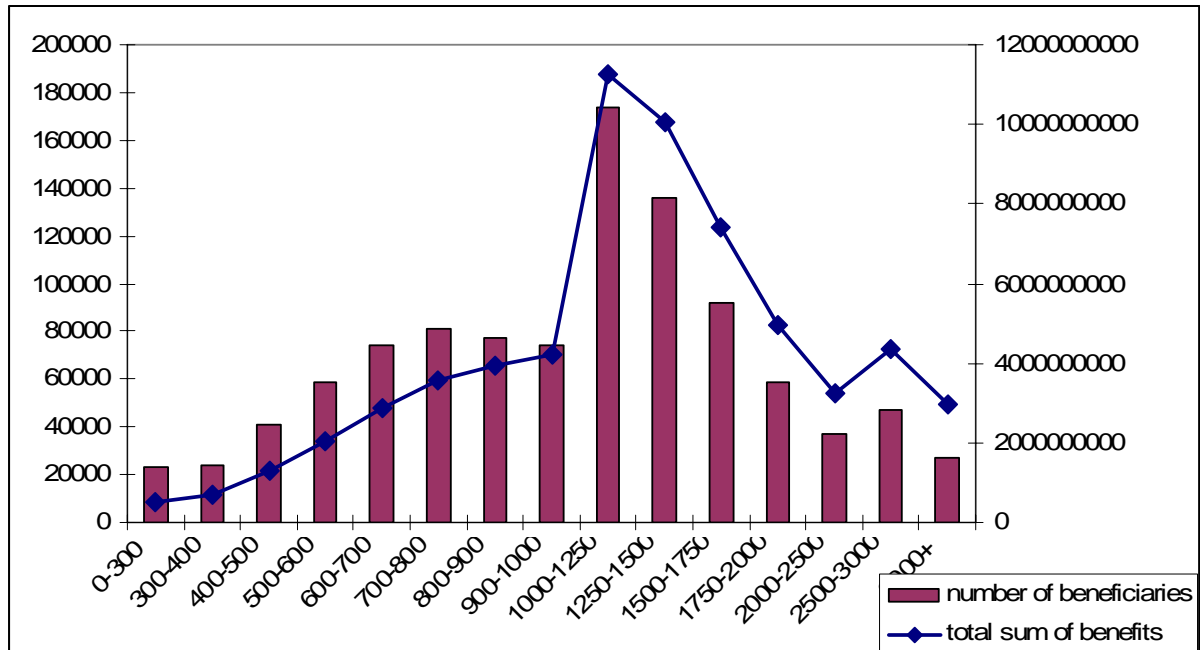
The basic principles of this scheme have lasted long time and were taken for granted. Two features have influenced its change. The first follows an emerging discussion between the Socialists and the (conservative) Liberals who formed a government together in 1999. This joining together of two parties with antagonist views on taxation policies fed a discussion. The Liberals favour(ed) deduction schemes using "percentage"; the Socialist favour(ed) the deduction of the same "lump sum" for everybody, which favours lower income groups. The second feature was the publication of a research which gained media and as a consequence some political attention (De Decker, 2000). It not only drew attention to the fact that the amount of tax money that went into housing was far larger through the tax deduction scheme than through the (regional) housing policies; it also showed that the higher income groups benefited the most (see figures 1 & 2).

Following from that a new tax deduction scheme was implemented. It is in use for all mortgages concluded after January, 1st 2005. It concerns the deduction of interest, capital and insurance premiums. The principles are (Trends, 7 April 2005):

- the exemption of real estate taxes;
- the deduction of interests, capital and insurances are reduced to one single deductible amount ('housing bonus'). Per credit taker this amount is maximum 1,870€ for the income year 2005. It should be a normal mortgage, which last at least 10 years. It does not count for the purchase of a plot of land only. The dwelling should be located in Belgium and must be the only property of the owner;
- during the first 10 years the deductible maximum amount increased per credit taker with 620€ on the condition that it remains the only property;
- if there are at least three children, the temporal increase is not 620€, but 680€. Taken together, two credit takers can – if they have three children – deduce together 5,100€. This results in a benefit of 2,550€;
- the amounts (1,780€ plus 620 or 680€) are linked to inflation. Generally, this new scheme is more favourable than the old one, especially for couples (married or not).

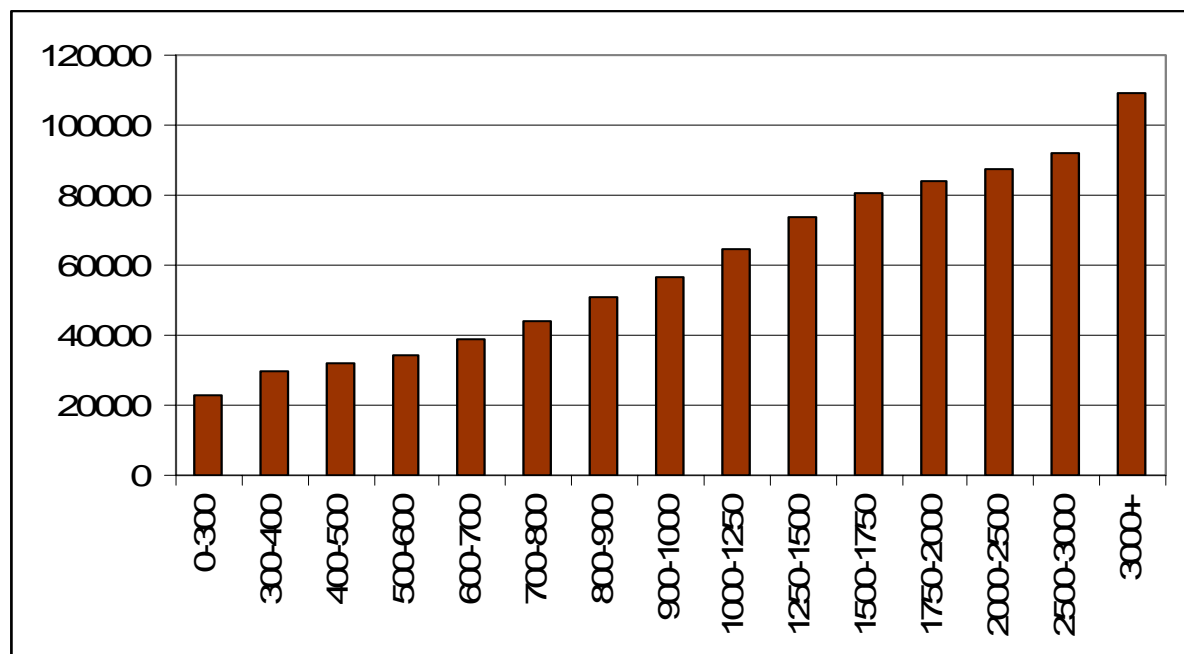
The major legitimation for the change is that the new scheme is fairer than the old one. Although some pleaded for the dismantling of the scheme in order to use it more effectively (De Decker, 2003), an abolishment was not at stake. It even not included a budget cut since the money involved remained the same. So basically, it is aimed to be redistribution in favour of lower income groups.

Figure 1. Belgium, federal tax deduction scheme in Flanders: number of beneficiaries and total sum of benefit per income category, 1995, in BEF (1€=40 BEF)



Source: De Decker (2000)

Figure 2. Belgium, federal tax deduction scheme in Flanders: average benefit per income category, 1995, in BEF (1€=40 BEF)



Source: De Decker (2000)

Since the scheme is brand new, it is not possible to assess it yet. Nevertheless some interesting comments have risen. Simulations made by Immotheker (as reported by De Morgen) and Trends Cash! (7 april 2005) learn that the combination of low interest rates and the new tax deduction scheme make housing credit de facto 'free' under certain conditions, being a fixed interest rate. As illustrated by the examples in table 3, borrowing for an own house is "dirty cheap" (De Morgen, 22 febr. 2005, p. 22). The connection with this development is unclear so far, but according to Immotheker, fixed interested rates are on the rise again. Out in 2004, their share has risen again to 65%.

Table 3. The consequences of new fiscal rules of 1 Jan. 2005 – examples

Example 1		Example 2	
<i>Mortgage with fixed interest rate (4.4%) for 20 years</i>		<i>Mortgage with fixed interest rate (4.9%) for 30 years</i>	
Borrowed sum	100,000€	Borrowed sum	100,000€
Monthly sum to pay	634€	Monthly sum to pay	531€
Total interest burden	52,072€	Total interest burden	91,331€
Fiscal benefit	54,114€	Fiscal benefit	84,825€
Net gain after 20 y	2,042€	Net cost after 30 years	6,506€

Taken from De Morgen, 22 Febr. 2005.

Besides the general tax reform concerning the deduction of mortgages, other measures to support or stimulate home ownership were taken. Basically they change existing taxes. Concerning the federal government we have to point to two measures. Firstly, the reduction of VAT for renovation to 6%, while the general tariff is 21%. Secondly concerns the freezing of real estate taxes after renovation for a period of 5 years.

3.2. The Brussels capital region

3.2.1. *New procedures for allowances for: moving, settling in, and rent. (ADIL - allocation déménagement-installation-loyer)*

The Brussels Capital Region (BCR) Government repealed the previous system of allowances for moving, settling in and rent (ADIL) with the Decree of 22 December 2004, replacing it with the following procedure¹⁹. ADIL allowances provide a benefit towards moving, settling in and the payment of rent are available for households with very low incomes who leave inadequate housing that does not meet health and hygiene standards, either a dwelling that is not appropriate as regards the age of family members or if a member of the family is disabled. Almost 4 million Euros per year have been allocated to approximately 3,300 households.

The review of the system has four key points :

²² Decree of the Brussels Capital Region Government, 22 December 2004 creating an allowance for moving – settling in, and benefits towards payment of rent, *M.B.*, 16 March 2005.

- The number of relevant civil servants charged with inspecting housing deemed inappropriate has been increased.
- The payments will be made in advance, and not after a set expiry date
- the allowance for moving and settling in has been re-evaluated and increased from 500 Euro to 650 Euro (plus 10% for dependent children)
- should an ADIL office remark that a dwelling does not meet the Housing Code, the Regional Inspectorate for Housing must be notified, as this body can ensure that the dwelling is not rented again.

This reform does not solve everything, however. In fact, the system of ADIL allowances is based on the principle that in order to be able to access the benefit, one must leave an inappropriate dwelling/one that does not meet the health and hygiene standards for an adequate/fit dwelling. This has the following consequences :

- homeless people and people leaving a hostel cannot access the ADIL allowances;
- the rent benefit covers the difference between the old dwelling and the new dwelling, the tenant, who has probably already paid a high rent for the indecent housing (this is frequently proved by cases from the field) runs the risk of only getting a very small sum, if anything.

3.3. Flanders region

One of the weaknesses of housing policies in Belgium and its regions is – despite a documented inhabitation of bad dwellings - the lack of a policy to combat vacancies and bad housing. Finally, in Flanders in 1995 a more or less comprehensive legislation came about. For different reasons, among which the high fines and procedural problems – the legislation was contested. Just before the regional elections the Flemish parliament changed the legislation²⁰. While the press saw it as a further step in the combat, a more thorough reading concludes that the existing law is hollowed out²¹.

Some features are:

- with the new legislation a fine will only be paid for the first time after 4 years and 4 months of vacancy, while this was 2 years in the old legislation,
- with the old legislation the fine could become 5 times the original one, while with the new legislation it can only double,
- the new legislation annihilates the fines of the vacancy registrations of 2002 and 2003.

Above that procedures, with for the owners 3 possibilities for objection, become so heavy that one can doubt if local authorities will take the steps.

²⁰ Decreet houdende wijziging van het decreet van 22 december 1995 houdende bepalingen tot begeleiding van de begroting 1996 en van het decreet van 15 juli 1997 houdende de Vlaamse wooncode.

²¹ Point of view of the Vlaams Overlegbewonersbelangen.

So, this new law hollows out the old one. Nevertheless some marginal points became stricter. For dilapidation, the penal fine rises fierce.

3.4. Walloon region

3.4.1 Access to homeownership

The Walloon Government reinforced the funding for the Housing Fund for Large Families in Wallonia with the Decree of 17 February 2005²². From now on, in addition to other modifications, families with two children who are expecting a third child, can already apply for a loan well before the birth of the third child, whereas previously, only families with three children could apply for a loan from the Fund.

In addition, the maximum level of the loan has been raised, to respond to market trends. Thus, a family with three children can apply for a maximum loan of 134,000 Euro (or 161,000 Euro if the dwelling is located in an area where the housing market is under pressure from high demand).

There has also been an increase in the amounts that are likely to be lent : 125,000 Euro for families with three children, for example. This means that the whole cost of all operations (100%) including life-insurance contracts, can be lent by the Fund (this amount can rise to 125% in areas where the housing market is under pressure from high demand).

Finally, the length of the loan has been increased; the borrower must repay the loan before he/she reaches age 70 (previously this was set at 65).

3.4.2. The fight against abandoned buildings

With its resolution of 12 May 2004, the Walloon Parliament explicitly "recommended that the Walloon Government pursue survey of unoccupied housing and to incite the owners to put these dwellings on the rental market", ²³ in association with the municipalities and starting at the beginning of the next (current) legislature. It must also be remembered that the Declaration of the Walloon government has envisaged, as we saw earlier, allowing the municipalities to levy a tax on unoccupied housing of less than 5.000 m².

Under this kind of pressure, did the Walloon authorities carry out the proposals? Undoubtedly. The Decree of the Walloon Parliament of 19 November 1998²⁴ conferred on the *Region* the ability to levy taxes on unoccupied housing. There has been a change in the philosophy behind the system since. The Circular of 7 October 2004 gives (or returns, actually) the power to levy "taxes on unoccupied buildings" ²⁵

²⁵ Decree of the Walloon Government of 17 February 2005 modifying the Decree of the Walloon Government of 25 February 1999 as regards mortgages and benefits through the Housing Fund for Large Families in Wallonia, *M.B.*, 7 March 2005

²⁶ *Doc.*, Walloon Parliament Resolution on housing policy in Wallonia resulting from debates held in the Committee for Social Action, Housing, and Health relating to the problem of social housing in Wallonia, sess. ord. 2003-2004, n°718/1, p. 97.

²⁷ Decree of the Walloon Parliament of 19 November 1998 establishing a tax on unoccupied housing in the Walloon Region, *M.B.*, 27 November 1998.

²⁸ Circular of 7 October 2004 relating to the 2005 Budget for municipalities in the Walloon Region, with the exception of the municipalities in the German-speaking Community, taken by the Minister for Local Authorities, *M.B.*, 19 October 2004

to the *municipalities*. Furthermore, the profits from this tax will go to the municipalities from now on.

All empty buildings suitable for housing are targeted, despite the fact that few actually meet the criteria of the Decree of 27 May 2004 relating to unoccupied places of business of more than 5 000 m²²⁶. The buildings are liable to be taxed if they are unoccupied for two consecutive reporting periods. The Circular specifies that "It is recommended that the period between the reporting periods be 6 months to provide for the possibility of the building being used as a second residence".

A building occupied illegally without permit or title, is considered unoccupied and also :

- a building that is not registered under anyone's name in the registers at the municipality during the period between two consecutive reporting periods, unless the owner can prove that the building was occupied during this period ;
- a building that has not been used during the period between the two reporting periods for business activities including : industrial, artisan, agricultural, horticultural, commercial or services, unless the owner can prove otherwise.

4. Preventing exclusion

Federal government: enlarging the installation grant for homeless persons²⁷

In an execution of the policy principles mentioned earlier, the federal government enlarged the installation grant for homeless persons. In order to get an installation grant the following requirements should be fulfilled:

1. the person should be entitled to a subsistence income,
2. the person should stop being home(roof)less through moving into a dwelling which becomes its domicile. It should be a dwelling with a permanent character. E.g. a move to home reception centre will not be an acceptable entitlement. People who live on a camp site or will leave a recreation park are entitled.
3. the person should not have used the installation grant before. The law clearly states the a person can only enjoy the grant once in a lifetime.

The sum of the grant is 1/12th of the yearly sum of subsistence income for the category 'single parents'. It is paid in one shot.

²⁶ Decree of the Walloon Parliament of 27 May 2004 establishing a tax on unoccupied and disused business premises , *M.B.*, 30 July 2004.

²⁷ Source : www.vvsg.be (umbrella organisations of municipalities).

5. Politics targeting the most vulnerable

Walloon region : people living permanently on campsites.

It is estimated that, according to information gathered by municipalities in the last census in 1999, 8,514 people reside in tourist areas in the Walloon Region. However, this number is notoriously under-estimated, because it does not take into account those people who do not have their official residence in these places. A number of people do not wish to register with the local authorities of the municipality where they have established these precarious dwellings, or they are not able to register, as the local authorities are hostile to people living in such circumstances, as we will see. The lowest, realistic estimate is approximately 12,000 people living permanently in a zone dedicated to tourism²⁸. If 20% (give or take) of the permanent residents live on campsites, we can conclude that more than 50% of the others live permanently in an area zoned for residential weekend use, and 15% in areas zoned for secondary residences.

To curb the problem of people living permanently in areas zoned for tourism, the Permanent Habitat Plan has been drawn up with two phases. The first phase of the Plan seeks to reintegrate people living in *areas deemed to be susceptible to flooding* into decent housing. The first priority emerges from this general principle : people living permanently on campsites must be helped to find healthy and hygienic housing in an area zoned for residential use. The number of households in this category can be estimated at 900, which represents 1,854 people in 112 places. The second priority is to help on the people living in another type of structure which is located in an area deemed to be at risk of flooding (holiday village, residential park, ...) in the same way as those living on campsites, to find housing. Thus, 580 households who fall into this second priority category must be added to the above figures ; this means 1,177 people living in one of the 29 structures located in an area at risk of flooding. In total, 1,480 households have been identified (3,031 people) and will be targeted in 141 structures.

Phase 1 started in 2003 and is proceeding slowly, though without many obstacles. Certain municipalities had not signed the convention with the Walloon Region until the beginning of 2005. In total, 28 municipalities have officially participated in Phase 1.

Phase 2 of the Permanent Habitat Plan looks at other areas that are not in a zone at risk of flooding, case by case and considers the possibility of accepting the existing housing as suitable, and converting the area into a residential zone. There are 5,483 people concerned by this second phase living in 150 structures or buildings.

Phase 2 only started on 27 January 2005 and thus it is difficult to assess its progress. 24 municipalities (many of which have been involved in Phase 1) are involved in Phase 2. In total, 33 municipalities are involved in at least one phase of the Plan, helping 7,867 residents to reintegrate.

²⁸ Cf. D. PRAILE, "L'habitat en campings et parcs résidentiels en Wallonie. Question sociale, enjeux sociaux, rapport à l'habitat", *Le logement dans sa multidimensionnalité : une grande cause régionale*, sous la direction de N. Bernard et Ch. Mertens, Namur, Ministère de la Région wallonne, collection Études et documents, 2005, p. 76.

To concretely facilitate this reintegration, the Walloon Government, decreed on 27 January 2005, a modification to the procedure for allocating benefits for settling in or establishing a household²⁹. This benefit is provided to households who have been permanently living in an area zoned for tourism, who leave this dwelling to move to housing that is deemed fit and is located in one of the 33 municipalities involved in the Plan. Previously, a person had to have occupied this kind of dwelling located in a tourist area since 1 January 2002. Now, however, anyone living in such a place for at least one year is eligible to apply for this benefit, which can be combined with other rent and moving benefits.

²⁹ Decree of the Walloon Government of 27 January 2005 modifying the d Decree of the Walloon Government of 21 January 1999 relating to the provision of benefits for moving and rent for households living in precarious situations and homeless people in order to allow access to an allowance for settling in to people involved in phase 2 of the "Plan for Permanent Habitat" , *M.B.*, 11 February 2005.