

**Société du Logement de
la Région de Bruxelles-Capitale
[Brussels-Capital Region
Housing Company]**

STATE AID

**Services of general economic interest
SGEI – Brussels social housing**

**Periodic report 2012-2013 by the SLRB
for the European Commission
(decision of November 2005)**

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PART I – GENERAL BACKGROUND TO ACTIVITIES IN THE SOCIAL HOUSING SECTOR / ENTRUSTMENT TO THE PUBLIC SERVICE PROPERTY COMPANIES (SISPs)

Introduction

Housing is a regional matter within the Belgian institutional framework.

Each of the three Regions of Belgium has established its own *Code du Logement* [Housing Code] containing all the legal provisions defined by the regional authorities which are applicable to the housing sector.

The *Code bruxellois du Logement* [Brussels Housing Code] was established by the Ordinances of 17 July 2003 and 1 April 2004¹ and amended most recently by an Ordinance of 26 July 2013: in particular, it introduced the role of the operators of the Brussels policy on social housing which are, respectively, the regional supervisory company, **the Société du Logement de la Région de Bruxelles-Capitale [Brussels-Capital Region Housing Company] (SLRB)** and **the 32 (as of 17 July 2013) public service property companies (SISPs)** which manage the assets of the Brussels social housing sector, which represented a stock of 39 280 housing units on 1 January 2013.

Since the creation of the Brussels-Capital Region, Brussels social housing has concentrated its property-related activities on the provision of rented housing to households in a clearly defined target group.

Income conditions are the principal factor in determining whether a prospective tenant household is eligible for social housing²; these conditions are **adapted to the family situation** of households.

On 31 December 2013, leases in the social housing sector became, in principle, **fixed term leases for a period of 9 years** (renewable for 3-year periods) and the rent is calculated as a function of the ability of the accommodated tenant households to pay. It should be noted that some tenants still have a contract for an indefinite period.

These three elements cover the essential differences between the social housing sector and the private rental market with regard to the tenant household and the principles of rented property management in the sector.

1. The Brussels-Capital Region Housing Company (SLRB)

The SLRB is an independent legal body governed by public law which is organised in the form of a public limited company ('*société anonyme*'): its capital is subscribed by the Brussels-Capital Region and by the company '*Bruxelles Infrastructures Finances*'³.

Its tasks are defined in the **Brussels Housing Code** and it carries them out according to priorities and guidelines defined in that Code and in the management contract concluded between the company and the Brussels Government.

The SLRB approves and monitors the 32 public service property companies (SISPs) which operate in the Brussels Regions; it advises them and makes a range of services available to them.

Article 41 of the Brussels Housing Code formally defines the current **objects** of the SLRB.

The Brussels Housing Code provides the general legal framework for its activities in the Brussels social housing sector.

¹ Published, respectively, in the *Moniteur belge* of 09 September 2003, of 29 April 2004 and of 18 July 2014 – erratum of 26 July 2013.

² On 31 December 2013, the income ceiling for acceptance of tenants was EUR 21 118.78 for a single person; EUR 23 465.32 for a household of more than one person with only one income; EUR 26 817.53 for a household with at least two incomes. These amounts are increased by EUR 2 011.31 for each dependant child and EUR 4 022.63 for each adult disabled person who is a member of the household.

³ See *Arrêté du Gouvernement de la Région de Bruxelles-Capitale du 8 mars 2008 portant approbation de la modification des statuts de la Société du Logement de la Région de Bruxelles-Capitale* [Decree of the Government of the Brussels-Capital Region of 8 March 2008 approving the amendment to the articles of association of the Brussels-Capital Region Housing Company] (*Moniteur belge* of 28 March 2008).

In its supervisory capacity, the SLRB is responsible for the following tasks⁴:

- 1° promoting social housing in each of the nineteen communes of the Brussels-Capital Region and assisting the SISP;*
- 2° approving, in accordance with the requirements laid down in Article 54, advising and monitoring the SISP;*
- 3° establishing technical guidelines with regard to SISP which enable it to organise its monitoring tasks;*
- 4° carrying out monitoring and administrative supervision of the activities and management of SISP and, in particular, ensuring that SISP comply with the legislative and regulatory standards which apply to them and that activities carried out by the SISP are compliant, monitoring the validity of the composition and functioning of SISP bodies, verifying that the SISP adhere to the administrative, accountancy, financial and social management rules which govern their functioning and their activities (to this end, SISP must inform the SLRB of the benefits provided to their administrators and managers); ensuring that SISP comply with any provisions governing investment programmes which are referred to in this Code or in any other regulatory provision, and ensuring that housing is effectively allocated to persons who are priority cases as referred to in this Code or in any other regulatory provision.*

Without prejudice to the sanctions referred to in Articles 78 and 80 of this Code and in the event that a SISP fails to fulfil the obligations imposed on it under this Code, the SLRB may, following two consecutive warnings sent by registered letter with acknowledgement of receipt and having heard the SISP, act in the place of that SISP;

- 5° within the limits of the budgetary allocations, providing the SISP with the financial resources required in order to achieve their objectives, and in particular granting a solidarity allocation [allocation de solidarité] to SISP which suffer a loss as a result of low incomes or lack of income on the part of tenants. This regional solidarity allocation covers 75 % of any social deficit incurred by each SISP during the preceding year. In respect of investments in immovable property, the granting of financial resources is subject to the condition that a proportion of dwellings specified by the Government, on the basis of regional demographic data, should be designed to accommodate families comprising at least five persons, giving preference to those among that group which have at least three children. This proportion may not be less than 15 %. The SLRB must also ensure that a proportion of dwellings is designed to accommodate people with disabilities. The SLRB must also ensure that architectural or land use planning criteria defined are capable of guaranteeing a harmonious coexistence in the housing, the communal spaces and the surrounding areas with a view to improving the well-being of tenants, especially through the inclusion of architectural innovations of a cultural nature. Through these budgetary resources, the SLRB will ensure that it encourages sustainable development and the construction of sustainable housing;*
- 6° ensuring wherever possible, when constructing new dwellings, that they include a significant proportion, which may not be less than 30 %, of housing with three bedrooms or more, distributed within a larger complex of new housing;*
- 7° formulating, at the request of the Government or on its own initiative, proposals relating to the accounting systems and financial management of the SISP;*
- 8° formulating, at the request of the Government or on its own initiative, opinions on the functioning of the SISP;*
- 9° preparing an annual report on the functioning and activities of the SISP in the Region. This report must be submitted to the Parliament of the Brussels-Capital Region;*
- 10° examining any complaints relating to the functioning and activities of the SISP, in accordance with Article 76;*

⁴ The articles which are referred to in the various paragraphs setting out the objects of the SLRB are articles of the Brussels Housing Code.

- 11° *promoting the organisation of social relations between tenants and the SISP, within the SISP. To this end, it will in particular promote the organisation of a social service to provide assistance, encouragement and advice to tenants. In this context, it will establish general rules for informing tenants which will encourage personal and collective responsibility among tenants and, in particular, encourage participation, social support, appropriate use of the housing and prevention of the risks of fire or carbon monoxide poisoning and the provision of the necessary infrastructure;*
- 12° *organising or encouraging collaboration between SISP; [this may, in particular, be in the form of pooling of resources, cooperation and joint public procurement procedures. Within the limits of the budgets available, the SLRB will award grants with the aim of encouraging such collaborative projects;]*
- [12 bis *making centralised regional tools and services available to SISP, compelling SISP to accept these when the SLRB deems necessary, with the aim of providing them with expert support in accomplishing specific tasks or achieving economies of scale by harmonising tools and practices in the sector;]*
- 13° *creating a unit for the development and preservation of the cultural assets of SISP which will be responsible, under the conditions specified by the Government, for managing regional investments with a view to developing and preserving the cultural assets of SISP;*
- 14° *implementing mechanisms for consultation with delegated officials from the Service d'Urbanisme [Urban Planning Service], and with delegated officials from the Service des Monuments et Sites [Monuments and Sites Service], and the Commission Royale des Monuments et Sites [Royal Commission on Monuments and Sites] when works to be carried out by SISP require the opinion of that Commission;*
- 15° *organising consultation with the SISP within a select committee, chaired by the Chairman of its Board of Directors and consisting of representatives from the SLRB, the Ministry and the SISP, these latter being appointed by the federations referred to in Article 2, 22°. The Government will set out practical arrangements for this consultation by means of the management contract referred to in Article 43;*
- 16° *authorising and overseeing the temporary availability of housing which is scheduled for renovation, the occupants of which are then in receipt of social support provided by an external, non-SISP contractor;*
- 17° *establishing or monitoring the validity of statistical data collected in the technical and energy-related register of assets, using the methods specified in the management contract, and ensuring that those data are communicated to the Government. '*

[12° supplemented by Article 2 of the Ordinance of 18 July 2013, published in the Moniteur belge of 26 July 2013]

[12°bis inserted by Article 3 of the Ordinance of 18 July 2013, published in the Moniteur belge of 26 July 2013]

2. The public service property companies (SISP)

The objects of the 32 SISP are essentially to create and provide social dwellings. They implement the activities of the sector in the various districts of the region.

They are public limited liability companies or cooperatives.

They are governed by the *Code des sociétés* [Company Code], subject to the provisions laid down in the Brussels Housing Code.

They are approved by the SLRB on the basis of the conditions prescribed by this Code and the criteria for approval of SISP which are laid down in the Brussels Housing Code and by the Government. The arrangements for surrender or withdrawal of that approval⁵ are also laid down by the Brussels Housing Code and by the Government.

Tasks of the SISP

Article 67 of the Housing Code defines their tasks.

⁵ Article 54 of the Brussels Housing Code.

They 'carry out **public service tasks** and in particular:

- 1° *provide persons who meet the eligibility conditions for social housing with housing which is intended to be their main residence under conditions laid down by this Code and by the Government;*
- 2° *purchase, convert, improve, renovate and maintain buildings with a view to renting them to persons who meet the eligibility conditions for social housing, ensuring in particular that the communal spaces and areas surrounding the social housing are laid out and landscaped with a view to improving the well-being of tenants, especially through the inclusion of architectural innovations of a cultural nature;*
- 3° *encourage consideration of the social difficulties experienced by tenants, especially by means of partnerships, and manage rented properties in a way which takes account of the needs of tenants;*
- 4° *carry out the tasks entrusted to them under the management contract referred to in section 5 of the first chapter or, failing that, under the set of regulations drawn up by the SLRB;*
- 5° *prepare an annual report on their functioning and activities which is submitted to the SLRB;*
- 6° *with the prior approval of the SLRB, carry out all activities relating to those set out in this Code;*
- 7° *exercise their public management right in accordance with Articles 15 to 19;*
- 8° *conclude, with the approval of the SLRB, temporary occupancy agreements for housing which is scheduled for renovation, the occupants of which are therefore in receipt of social support provided by an external, non-SISP contractor;*
- 9° *rent out, with the approval of the SLRB, affordable and medium-sized housing (within the meaning of Article 2, §2 of this Code), within the context of larger construction and renovation projects (which result in an increase in the number of housing units).*

The number of such affordable and medium-sized housing units may not exceed a twin threshold: 20 % of housing units constructed (or, in the case of renovation, of the number of additional housing units compared with the previous situation) and 10 % of all the housing units managed by the SISP. Under justified circumstances, the Government may raise the first of these thresholds (to 40 %).

Of the proportion authorised in this way, the SISP may allocate dwellings which are not located within the new overall complex as affordable or medium-sized housing.

Supplementary conditions may be imposed by the Government, linked to the size of the housing stock owned by the SISP or the number of social housing units which already exist within the commune; (Note: This 9° will enter into force on 1 January 2014: cf. transitional provisions)

- 10° *develop a land strategy for the Company.'*

Functioning of the SISP

1. Internal and external control (company auditor)

Articles 57 to 59 of the Brussels Housing Code set out the operational arrangements and also the control methods which SISP must put in place:

'Article 57. At the general meeting each shareholder will have a voting right which is determined by the number of shares held, notwithstanding any specific arrangements relating to exercising the voting right which are laid down in the articles of association of the SISP under the Loi du 7 mai 1999 instituant le Code des Sociétés [Law of 7 May 1999 establishing the Company Code].

The rights associated with shares held by the Region will be exercised by the Government.

Article 58. *Each SISP must have an internal control system.*

This is an organisational and procedural system which will provide protection of the assets, reliability of accounting and social data, improvements in performance and social effectiveness and compliance with guidelines.

Following a proposal from the SLRB, the Government may specify the conditions which this internal control system must satisfy.

Article 59. Each SISP will appoint a company auditor who is a member of the Institut des réviseurs d'entreprises [Institute of Company Auditors] which performs its tasks with respect to the SISP as defined by the Company Code and the articles of association. Moreover, each auditor must submit a report on its tasks to the SLRB at least twice a year. The cost of the report will be borne by the SLRB, which must supply the auditor with any information which may be useful in performing its task.

The Government, the SLRB or the SISPs may ask the auditor to perform additional tasks. In such cases, the cost of the additional tasks will be borne by the body which requests them and that body will inform the SISP of this. '

2- Social representatives

In addition to the internal control system and the company auditor, there is a third method of monitoring the SISPs, namely **the social representatives system**. The SLRB appoints and pays a social representative [délégué social] for each SISP. The social representative may not perform this task for more than three consecutive years with the same SISP.

Article 63 of the Brussels Housing Code defines the task of social representatives:

'The task of social representatives is to ensure that each SISP to which they are appointed complies with the regulatory and contractual provisions, in particular the requirements relating to registration of prospective tenants, arrangements for defining normal rental values, the standard lease contract, the standard rehabilitation lease contract, special priorities for the benefit of certain prospective tenants on a low income, the rental system for the sector, the rates and conditions for granting rent discounts, and the functioning of tenant advisory councils.

Without prejudice to other tasks which the SLRB might require social representatives to carry out, social representatives will ensure that the SISPs comply with any administrative and social management rules which govern their functioning and their activities.

Social representatives will ensure that the SISP implements the management contract or regulations correctly and will inform the SLRB if the SISP fails to comply with that management contract or those regulations. The SLRB may take any decisions in respect of these matters in order to guarantee respect for the rule of law and the general interest.

Social representatives may request the assistance of the company auditor in performing their task, having first informed the SISP of their intention to do so. '

As part of their task, social representatives must submit to the Government and the SLRB **(Article 64 of the Brussels Housing Code)**:

- '1° a detailed half-yearly report on their activities, in particular any appeals (for this read: complaints) which have been referred to them and the action taken. They must append the data relating to housing allocations to this report: the date on which the application was registered, its registration number on the register of prospective tenants, its number of priority points and, where appropriate, the date on which housing was allocated or the date of removal from the list of applications. This report must be drawn up in accordance with the template provided by the SLRB and must also contain a statistical section relating to the management of allocations, in particular the volume and composition of pending applications, the average income of prospective tenants and the rate of recourse to the multiple registration facility, the average income of households which have obtained housing under the general allocation principle or exceptional treatment arrangements;*
- 2° an annual report summarising their comments on compliance by the SISP to which they are appointed with the administrative and social management rules relating to the sector.'*

Both types of report are also sent to the SISP to which the representative is assigned.

Social representatives also attend meetings of the administrative and management bodies of the SISP to which they are appointed **(Article 65 of the Brussels Housing Code)**. They may compel the members of those bodies to deal with problems related to their tasks.

Moreover, if the members of those bodies refuse to come to a decision or take a decision which is incompatible with the tasks of the SISP or the general interest, the social representative has a period of four working days from receipt of this information to lodge an appeal with the SLRB and propose a decision, stating the reasons. The appeal is suspensive. The parties must be heard. The SLRB has twenty working days to reach a decision. If the SLRB has not responded by the end of this period, the contested decision is confirmed. If the SISP body has refused to take a decision at the request of the social representative, and if the SLRB has not responded by the end of the period of twenty working days referred to above, the decision proposed by the social representative is enforceable.

The social representative informs the SLRB that these decisions have been implemented.

3- Relations between the SLRB and SISPs

SISPs may conclude a **management contract** with the SLRB, the purpose of which is to translate the objectives and arrangements set out in the management contract between the SLRB and the Region (generation III, 12 October 2010). These management contracts are said to be 'on two levels'.

The 10 objectives specified in the SLRB/SISP management contracts (generation III, 31 October 2011) are:

1. To achieve a good match between programming and the needs of SISP assets.
2. To define and implement investment programmes with the aim of ensuring that regional assets comply with the Brussels Housing Code and the regulations, and contributing towards reductions in greenhouse gases emissions by improving the energy performance of buildings.
3. To consolidate the Regional Housing Plan.
4. To ensure that programming and maintenance take place at a sectoral level.
5. To ensure that housing rentals are managed with the aim of guaranteeing the right to decent, safe housing for all and avoiding vacancies.
6. To develop an approach which is oriented towards users of the public service at sectoral level.
7. To maintain, develop and implement the social action policy for the sector and encourage participatory processes.
8. To guarantee transparent financial management and contribute to financial equilibrium in the sector.
9. To reinforce and support the management capacities of the SISPs.
10. To reinforce good governance in the sector by consolidating the strategic vision of each SISP.

These management contracts are concluded for a period of five years and are renewable for the same period. They include provision for assessment periods.

The SLRB also prepares a **set of regulations** which apply to SISPs which have not concluded a management contract with the SLRB.

This system of an optional management contract and a mandatory set of regulations between the SLRB and the SISPs has existed formally since 1994⁶.

The sector has therefore experienced three generations of management contracts and regulations to date:

- the first covered the period from 1994 to 2001⁷: at the time, 27 SISPs chose the management contract and 6 preferred the regulations;
- the second from 2001 to 2011⁸: only two SISPs did not sign the management contract and retained the option of the regulations;
- the third from 2011: all SISPs have chosen the contract system.

⁶ It was introduced by the *Ordonnance du 9 septembre 1993 portant modification du Code du Logement pour la Région de Bruxelles-Capitale et relative au secteur du logement social* [Ordinance of 9 September 1993 amending the Housing Code for the Brussels-Capital Region and relating to the social housing sector (*Moniteur belge* of 31 December 1993)].

⁷ The contracts concluded, and the regulations, for the period 1994-1999, were extended at the time for two years.

⁸ The contracts concluded, and the regulations, for the period 2001-2006, were extended at the time until 2011.

PART II – THE LEVEL OF COMPENSATION: FINANCING OF BRUSSELS SOCIAL HOUSING

The social housing sector is financed by regional funds which are made available annually through the spending budget of the Brussels-Capital Region.

Their level is fixed by the Regional Parliament based on a draft by the Regional Government which is drawn up in response to a proposal from the SLRB.

The initial annual regional budget is subject to annual adjustments which permit certain amendments in the course of the year pro rata to the change in the budget situation (income and expenditure) and in the situation of and changes to the activities of the regional operators.

Regional financing of the sector currently has three main objectives:

- financing of property-related activities (or of investment policy), which is the historical activity of the sector,
- the social policy of the sector, which has diversified and developed over the years,
- the operating costs of the supervisory company, the SLRB.

Table 1 below shows the principal funds granted for the period 2012-2013, classified by the different objectives described above.

Table 1⁹: Funds allocated to different social housing programmes¹⁰

Programmes	2012 Complete	2013 Adjusted	2014 Initial
Investments			
Authorised funds [<i>crédits d'ordonnancement</i>]	53.56	64.92	95.86
Of which: grants (authorised funds)	11.79	34.26	60.56
Committed funds [<i>crédits d'engagement</i>]	0.00	0.00	300.00
Of which: grants (committed funds)	0.00	0.00	147.00
Social policy			
Solidarity allocation	17.53	19.65	19.65
Social discount	13.84	14.26	14.26
Supply of staff to SISPs	2.81	2.85	2.93
Social cohesion project	1.84	1.86	1.90
Reimbursement of services for people with disabilities	0.04	0.04	0.04
Sub-total (authorised funds)	36.06	38.66	38.78
Other			
SLRB operating costs	8.27	8.37	8.79
Miscellaneous	0.73	1.45	1.27
Sub-total	9.00	9.82	10.06
TOTAL	98.62	113.40	144.70

1. Financing of the property-related activities of the Brussels social housing sector

The general principles for financing the property-related activities of the social housing sector are set out in Articles 70 to 75 of the Brussels Housing Code:

Article 70. *Without the authorisation of the SLRB, SISPs may not borrow from third parties, mortgage immovable property or transfer any mortgage guarantees which they own to third parties or enter into any activity which is likely to compromise their financial situation.*

The SLRB will give a ruling within ninety days of receipt of a request. Once this period has elapsed, the absence of a reply will constitute a refusal.

An appeal may be lodged with the Government within ten working days of the expiry of this period or notification of refusal.

⁹ The data presented in Table 1 relate to authorised funds [*crédits d'ordonnancement*], i.e. expenditure actually incurred during the year, unless they are marked (cf): these are committed funds [*crédits d'engagement*], i.e. funds which have not been spent but are reserved for a specific expenditure.

¹⁰ In millions of euros.

The Government will give a ruling within thirty days.

Once this period has elapsed, the decision taken by the SLRB will be confirmed. In the absence of a reply from both the SLRB and the Government, authorisation is refused.

Article 71. *The SLRB may subject any investment funding or subsidy granted to an SISP to an obligation to allocate part of it to:*

- 1° purchase of land;*
- 2° purchase of buildings which have already been constructed;*
- 3° construction of buildings;*
- 4° renovation of houses or apartments;*
- 5° covering the cost of highway equipment, sewers, public lighting and water distribution, as well as the cost of landscaping the communal areas around dwellings, including the pavements;*
- 6° installation of community infrastructure;*
- 7° exercising the public management right;*
- 8° improving and reinforcing the organisation and/or internal management services of SISPs to enable them to carry out the tasks entrusted to them more effectively;*
- 9° mobilising internal resources while maintaining the long-term financial equilibrium of SISPs.*

Article 72. *SISPs may receive donations and bequests and acquire assets, including immovable properties, which are necessary to their administration.*

Article 73. *SISPs may, with the approval and, where appropriate, the financial assistance of the SLRB, acquire residential or non-residential buildings, or become holders of other primary rights in rem in immovable property with a view to demolishing, renovating, improving or adapting it.*

Article 74. *With the prior authorisation of the SLRB, SISPs may dispose of their immovable properties and any primary rights in rem attached to them, with due regard to the objectives of the sector and the land policy defined by the Government.*

However, an SISP may not dispose of an item of its immovable property assets at a price which is below its market value, and may not dispose of such assets unless one of the following conditions has been satisfied:

- 1° if that asset item does not enable it to carry out its public service task;*
- 2° if disposal of that asset item enables it to fulfil the obligations placed upon it under the regulations or the management contract;*
- 3° if, in the case of an exchange, that asset item is replaced by an asset item the value, surface area or situation of which enables one of the objectives specified in the regulations or the management contract to be achieved.*

The proceeds from any disposal must be fully allocated to its investment policy due regard to the objectives of the social housing sector and the budgetary policy set out in the management contract.

The publicity measures referred to in Article 4 of the Ordonnance du 12 novembre 1992 relative à l'aliénation d'immeubles domaniaux [Ordinance of 12 November 1992 on the disposal of state-owned immovable property] apply to these activities.

Article 75. *In order to renovate, improve or adapt residential buildings, SISPs may, with the approval and financial assistance of the SLRB, rent out dwellings under a standard rehabilitation lease contract for more than nine years, or acquire rights other than property rights over them. '*

Types of financing

Investment policy takes the form of two types of complementary financing:

- funding which is repayable over variable periods depending on the works involved, or
- grants (non-repayable funding): rate varies according to the investment programme (from 25 to 50 % of the amounts awarded).

The investment programme for the sector has two main strands:

- extending the rental housing stock by constructing new housing;
- renovating the housing stock and ensuring that it meets the standards relating to quality, safety and comfort (legal provisions).

Since 2010 all newly constructed buildings must be passive and all new renovations must be low-energy.

Reference price

Reference price for the construction of new housing in the Brussels-Capital Region¹¹:

- the price per m² of gross above-ground floor area is EUR 1 250/m²;
- the price per m² of housing area is EUR 1 500/m²;

For renovation work, the situations vary too much to allow the same type of cost control.

Mechanisms for the investment programmes

Extension, rehabilitation and renovation of the social housing stock are achieved by implementing investment programmes which are proposed by the SLRB for approval by the Regional Government and drawn up in collaboration with the SISP.

In accordance with the provisions of the third-generation management contract, the investments are defined according to:

- a four-year programme of regional investment in construction and renovation (specific SISP projects are identified). This programme represents 80 % of annual investment;
- urgent work which could not be foreseen when the four-year plan was adopted (4 %);
- the inclusion of works of art, in consultation with residents (1 %);
- work which is selected by the SISPs according to a system of drawing rights (15 %) and is spread across SISPs which have signed a management contract according to the size of their assets, with a number of framework conditions.

Note that the subsidy level is around 50 % for renovation work.

Multi-annual investment programmes are normally four-year programmes.

A four-year programme consists of a series of activities or works with commencement dates spread, in principle, over the four years; the total amount of money for those activities or works is reserved – or committed – by the Region in the context of its budgetary decisions in relation to spending.

The four-year programmes are presented to the Brussels Regional Government for approval and implemented by the SLRB.

Each year, the SLRB may make proposals to the Region for **adjustment** of the four-year investment plan or of the distribution of the annually allocated funding.

The SLRB may grant long-term loans which are complementary to the regional investment programme to SISPs in order to finance unforeseen works which cannot be included in the investment programme.

The SLRB's '**operational**' scheme for tasks associated with the implementation of investments and financial transparency is chiefly structured around the priority areas set out below¹²:

'Article 18. Procedure for implementation of investments with the aim of increasing stakeholder accountability.'

The aim of increasing the stakeholder accountability relates to investment projects which are financed by regional budgetary allocations or own funds; any other financing method, whether subsidised or not, is considered to be own funds.

For all projects, SISPs must ensure that they satisfy the criteria defined in the standard specifications negotiated with the Federations (Article 19 of the level 1 management contract).

The eight steps described below must be followed when carrying out investment work:

1. *Competitive tendering file for the designs;*

¹¹ Reference price set on 23 March 2010.

¹² The third-generation SLRB-SISP management contract is available on the website www.slrbrb.irisnet.be

2. Selection of design consultancies (main design consultancy and other contributors);
3. Amendments to the principal task of design consultancies;
4. Initial draft and procurement procedure for the works;
5. Competitive tendering file for the works;
6. Selection of a company;
7. Financial statement/modifications to the works;
8. Final financial statement.

Timescales

The timescales for approval by the SLRB are 30 calendar days for steps 1, 2 and 3, 50 calendar days for step 4, 60 calendar days for step 5, 30 calendar days for steps 6, 7 and 8. These timescales are suspended between 15 July and 15 August and during the Easter and Christmas school holidays.

These timescales run from receipt of a complete, analysable file. An acknowledgement of receipt must be sent to the SISP within 15 calendar days of receipt of the file by the SLRB. It will detail any documents which are missing from the file or are not of sufficient quality to permit analysis.

If the SLRB does not observe the timescales relating to steps 1, 3, 4, 5 and 7, and 2 in specific cases, the SISP is authorised to move on to the next step. If the timescales relating to steps 2 and 6, and in the specific cases detailed below to steps 3 and 7, are not observed, the SISP has a right of appeal to the Board of Directors of the SLRB, and if no action is taken within 30 calendar days the SISP has a right of appeal to the Government. If the timescale relating to step 8 is not observed, the SLRB must pay the interest incurred as a result of late payment that is payable to the various external contributors.

The three types of supervision: a posteriori, simplified or full

Projects where the value of the works is below the specified ceiling for a negotiated procedure without publicity are subject to **a posteriori supervision**, namely:

- completion of the works is notified to the SLRB for information purposes and their execution is monitored by means of spot checks.

Projects where the value of the works is less than EUR 500 000.00 but greater than the specified ceiling for a negotiated procedure without publicity are subject to **simplified supervisory approval**, namely:

- all documents relating to steps 1, 3, 5 and 7 are submitted for information purposes before completion;
- all documents relating to steps 2, 4, 6 and 8 are submitted for approval purposes; without this approval the SISP may not move on to the next step;

Projects where the value of the works is greater than EUR 500 000.00 are subject to **full supervisory approval**, namely:

- all documents relating to all eight steps are submitted for approval purposes before completion;

Specific cases:

- when it relates to contributors other than the main design consultancy, step 2 is subject to approval if the value of the task is greater than EUR 15 000.00; below this threshold, the documents relating to the step must be submitted for information purposes;
- step 3 is subject to approval if the objective of the main task is amended, causing the value of the works to exceed EUR 500 000.00 and, if this is the case, the rest of the file is subject to full supervisory approval;
- **step 7** is subject to approval if the value of the financial statement submitted is greater than **EUR 15 000.00** or if the total for the financial statements submitted (on the positive and the negative side) indicates an overall fluctuation in the finances for the works which is more than 10 % of the value of the tender.

General provisions

For projects which are subject to simplified or full supervisory approval, the SISP must also submit the following items to the SLRB for information purposes: notification of commissioning of the designs, filing of the application for planning permission and commissioning of the works.

The mechanism for applying a simplified level of supervision is optional and may be refused in its entirety by one of the two parties. If this decision originates with the SLRB, it must be fully justified.

At each step, the SISP may request technical, legal and logistical support from the SLRB.

This system for increasing stakeholder accountability applies following signature of the management contract to all steps which have not yet started.

In exceptional cases, the SLRB may inform the SISP by email followed by a letter that the designated timescales will be extended. In such cases, the SLRB will set out the reasons and specify the number of additional days, which may not exceed 30 calendar days.'

Extract from the SLRB-SISP management contract (entered into force on 31 October 2011)

The process for implementing the investment policy includes the following stages:

Notification of the programmes

Following approval by the Government, the SISPs are notified of the four-year programme; the SISPs are informed by letter of the content of the elements of the programmes which are targeted at them.

Progress reports on the programmes

Reports on the progress of commitments under the programmes are prepared several times a year for the attention of the decision-makers: Minister, Board of Directors, Executive Board. These progress reports reveal the extent to which the programmes are meeting expectations and make it possible to assess the resources needed or to justify specific implementation measures. In addition to these progress reports, the third-generation **management contracts** make formal provision for the introduction of various mechanisms (strategic plans, updated strategic plans, annual evaluation session between partners, annual report on compliance with obligations, etc.) which make it possible to assess the progress achieved, particularly in relation to the implementation of investments. Where necessary, contractual arrangements are also provided in the event of non-compliance with obligations (remedial measures, option of returning to *a priori* monitoring, penalties, etc.).

Progress reports on investment programmes are covered in Articles 20 and 21 of the level 2 management contract:

'Article 20. Creation of a committee to monitor investments

The SISP must implement its investment programme with due regard to:

- *The supervision rules;*
- *The public procurement procedures.*

With some exceptions, the SISP undertakes to launch its investment projects as approved by the SLRB. If this is not the case, a justified request must be submitted to the SLRB which will give a ruling on that request in accordance with Article 16.

Creation of the monitoring committee:

The committee which will monitor financial and technical aspects of investments will include all the SLRB and SISP services that are involved and will meet at least three times a year to monitor progress on investment projects managed by the SISP. However, contact must be maintained between the two parties all year round to ensure that there is regular and effective communication. In order to facilitate this contact, the SLRB will designate a contact person within its technical service for each SISP (Article 19).

Development of an initial overall schedule by the SISP:

In order to prepare for the first monitoring committee meeting following the granting of funding for an investment programme, one week before that committee meeting the SISP must submit to the SLRB its progress schedule for all its ongoing projects or projects financed by the SLRB.

The Board of Directors of the SLRB will analyse this initial schedule and approve it or request that it be modified within a maximum of 60 days.

In order to assist the SISP in drawing up this schedule, three weeks before the meeting the SLRB will send it an extract from its programme of work detailing the progress and theoretical planning for ongoing projects. Furthermore, on signature of this contract, the SLRB will draw up and send to the SISPs a framework showing the steps to be included in this initial schedule.

This schedule will be the main joint tool for strategic monitoring of the progress of investments. It must plan for 50 % of all new projects to be at the preliminary design stage within 18 months of the SISP receiving notification of the granting of funding, and 100 % within 24 months. The work itself must start within a maximum period of four years following the granting of funding.

At each monitoring committee meeting, the two parties will ensure that they:

- *exchange information and identify methods of resolving any problems which occur during implementation of the SISP's investment projects;*
- *monitor compliance with the progress schedule by the projects managed by the SISP.*

This monitoring committee will examine all projects under ongoing investment programmes or projects for which the financing has already been fixed.

At the meeting, the progress report will be ratified in the presence of the parties involved. Minutes will be taken at each meeting of this monitoring committee and sent to the SISP within two weeks of the meeting.

At least once a year, the project schedule and progress against this schedule will be submitted to the Board of Directors of the SLRB and of the SISP and sent to the Ministry for information.

Article 21. Measures in the event of delays in investment projects financed by the SLRB

With regard to the SISP's schedule and its progress, as soon as the SLRB becomes aware that 20 %, in financial terms, of projects managed by the SISP or 20 % of the total number of its projects are late compared with the schedule drawn up at the first monitoring committee meeting (cf. Article 20) or that the conditions for granting renovation funding have not been adhered to, it will send a report to its Board of Directors which will have 45 days to take a decision, after having heard the SISP. Any reasons for the delay, including exceptional circumstances, presented by the SISP must be annexed to the administration report.

The Board of Directors of the SLRB may impose one or more of the following measures, with due regard to the seriousness of the situation, according to arrangements defined by the SLRB and stating the reasons for its decision:

- *Take note of the situation and the explanations provided and accept a revised investment schedule which is proposed by the SISP;*
- *Ask the SISP to provide a revised schedule, which may be based on milestones specified by the SLRB;*
- *Send a formal notice to the SISP;*
- *Impose new conditions on the SISP with regard to the retention and use of the funding granted, such as a requirement to make use of support services which are available from the SLRB or other regional institutions (facilitators, Bouwmeester, etc.);*
- *Take back management of one or more projects from the SISP (Article 41, 4° and 42, 1° of the Brussels Housing Code);*
- *Withdraw the funding granted for one or more projects in order to make proposals for reallocation of that funding to another SISP, according to arrangements specified by the Board of Directors of the SLRB.'*

Budgetary monitoring of the investment policy

In order to implement programmes, the SLRB must receive funds which are allocated in the regional budget.

The arrangements for this are set out in the so-called level 1 management contract between the SLRB and the Brussels-Capital Region (October 2010) (cf. below).

Note that Article 30 of the level 1 management contract stipulates that the SLRB must send an accurate progress report on the investment programmes to the Region every three months.

'Article 30. Monitoring the progress of investments and creation of a committee to monitor investments

*The SLRB must send an accurate progress report on the investment programmes to the Region **every three months**, from signature of the Contract, by means of tables in electronic form.*

This progress report will cover all the works for each SISP, specifying for those works:

- *the full address,*
- *the type of works,*

- the state of progress,
- the sources of financing and their distribution,
- the implementation status for authorised funds [crédits d'ordonnancement] and committed funds [crédits d'engagement].

The SLRB will create a committee for each SISP to monitor the investment projects financed by the Region. This committee will meet at least three times a year. The purpose of this committee is to encourage an exchange of information between the SLRB and the SISPs and identify methods of resolving any problems which occur during the implementation of the SISP's projects. '

Article 116 of the same management contract requires an annex (Annex 1) containing the budgetary programming 2010-2015 for the sector and a liquidity plan for the four-year investment programmes and the Regional Housing Plan.

Budget programming for the level 1 management contract (2010-2015), in thousands of euros

[See original for figures]

Subsidy to <i>Observatoire régional de l'habitat</i> [Regional housing observatory]						
Operating subsidy to SLRB						
<i>incl. operating costs</i>						
<i>incl. staff costs</i>						
Centre of expertise to support SISPs						
Funding, functioning of the housing plan						
Total funding						

These forecasts are presented without indexation and within the limits of the resources available

Authorised funds required to cover liquidity relating to investment programmes included in this contract

[See original for figures]

Four years 2002-2005 (advances)						
Four years 2002-2005 (grants)						
Four years 2006-2009 (advances)						
Four years 2006-2009 (grants)						
Four years 2010-2013 (advances)						
Four years 2010-2013 (grants)						
Regional Housing Plan						
Total investment						

Budget programming for authorisation of budgets relating to regional investment programmes which are the subject of this management contract. This programming has been drawn up on the basis of projections made by the SLRB in May 2010 relating to spending by existing and future projects.

This programming, which is dependent on the prevailing rate of investment on the date of signature of this contract and which the Region wishes to accelerate, must be updated each year.

2. Financing of the social policy of Brussels social housing

Social policy in the Brussels social housing sector covers three main areas:

- The financial cost to SISPs of applying the social policy of the sector is borne at regional level by means of two different systems:
 - o the system of **a social discount [réduction sociale] for dependant children or people with disabilities**: these discounts involve a reduction in the actual rent which is linked to the number of dependant children in the tenant household or the number of people with disabilities in the household: this discount is calculated on the basis of a percentage of the basic rent¹³ and increases pro rata depending on the number of children or people concerned.

However, there is a ceiling.

The various arrangements involved in this system are governed by Article 18 of the *Arrêté du 26 septembre 1996 du Gouvernement de la Région de Brussels-Capitale organisant la location des habitations gérées par la Société du Logement de la Région*

¹³ Calculation of the actual annual rent involves two fundamental concepts: **the basic rent**, the property-related element of the formula, which is calculated on the basis of a defined percentage of the present value of the initial investment represented by the housing, if necessary increased by the present value of any works relating to that housing, and the **household income**, the social element of the formula, which increases or reduces the value of the rent according to the income level of the household in question.

de Bruxelles-Capitale ou par les sociétés immobilières de service public [Decree of 26 September 1996 of the Government of the Brussels-Capital Region organising the rental of dwellings managed by the Brussels-Capital Region Housing Company or by public service housing companies].

- the **solidarity allocation** [*allocation de solidarité*] system under which the Region awards funds to the SISP to cover 75 % of their deficit on rental income for the previous year as a result of the social policy which they must apply. Strictly speaking, its function is to provide financial compensation to SISP which suffer a lack of rental income as a result of the income levels of the tenant households accommodated in their housing: these SISP experience what is known as a 'social deficit' which is compensated on an annual basis by the granting of this solidarity allocation. The amount granted to SISP may be assigned:
 - either to their annual payment costs, corresponding to annual repayments on their previous investments,
 - to management work on their assets,
 - or to social support for tenants.

In view of the increasing impoverishment of the population accommodated in the social housing sector, the sums of money assigned under this system have increased significantly in recent years.

This solidarity allocation system is laid down in Article 41, 5° of the Brussels Housing Code.

- **Provision of social work staff for SISP** by the *Service d'accompagnement social aux locataires sociaux* [Service for social support of social housing tenants] (SASLS).
- **Development of social cohesion projects** which are also financed by the Region. There are currently 20 of these in the Brussels region.

3. Complementary measures to promote transparency in SISP activities

Budgets and annual accounts of the SISP

The annual accounts of the SISP must be submitted to the SLRB each year.

Annual reports

Each year, the SLRB prepares an annual report which includes essential information about the situation in the sector from the asset, financial, administrative and social points of view.

PART III – GENERAL STATISTICS – THE SUPPLY AND DEMAND MARKET FOR SOCIAL HOUSING IN THE BRUSSELS-CAPITAL REGION

1. The supply and demand 'market' for social housing: assessment criteria

In the Brussels region (population of 1 119 088 on 1 January 2013) there are 509 433 housing units – *SPF Economie-Statistiques* (formerly INS) figures, 2013 – including 39 280 units in the public social housing sector.

The Region is characterised by a large number of tenants, estimated at around 58.70 % of households in Brussels.

The housing stock managed by SISP which are approved by the SLRB represents 7 % of the total stock in the Brussels-Capital Region, which is well below the average for all Member States of the European Union.

The main method of regulating access to this housing is based on the income and social situation of applicants.

The average monthly rent is EUR 285.03 and the monthly service charge is EUR 105.20 (SLRB annual statistical report, 2012).

In recent years tenant households in the sector have become poorer; this is related to general trends in the population of Brussels which has experienced a decline in financial resources compared with the populations of the other two Regions of Belgium. This situation is reflected in the volume of demand for social housing, which has increased in recent years, and the sources of income of prospective tenant households, which are presented in Tables 2 and 3.

Table 1
Number of prospective tenant households: trends to 2013

Year	Number of
2003	24 792
2004	30 219
2005	29 415
2006	30 826
2007	32 358
2008	33 006
2009	36 867
2010	37 825
2011	38 928
2012	41 461
2013	44 332

Table 2
Source of income of heads of family in prospective tenant households (on 31/12)

	2012	%	2013	%
Employed	9 968	24.05	10 806	24.38
Self-employed	23	0.58	27	0.63
Sub-total	10 207	24.63	11 085	25.01
None	2 007	4.84	2 254	5.08
Pension	2 405	5.80	2 488	5.61
Unemployment	11 810	28.49	12 285	27.72
Mutual benefit society	2 804	6.76	3 136	7.08
Disabled	98	2.37	1 097	2.47
Minimum income [<i>Minimex</i>]	11 042	26.63	11 807	26.63
Other	20	0.48	17	0.40
TOTAL	41 460	10	44 330	100

Table 3
Creation of housing in 2012-2013

	2012	2013	TOTAL
Four-year plans			
New construction	8	17	25
Structural rehabilitation	671	3 536	4 207
'Regional Housing Plan'			
Social housing and new resources	242	231	473

Table 4

Tenant movements in Brussels social housing, 2011-2012

	2011	2012
Arrivals	1 561	2 175
Departures	1 600	1 807
Internal changes	608	772

2. Financial statistics relating to SISPs

Debt ratio

		2007	2008	2009	2010	2011	2012	Average annual growth
Annual payments	EUR '000	36 533	37 329	38 350	39 564	40 770	42 436	3.0 %
Rental income	EUR '000	120 942	125 859	132 938	137 920	144 860	150 214	4.4 %
Debt ratio		30.2 %	29.7 %	28.8 %	28.7 %	28.1 %	28.3 %	-1.3 %

Liquidity ratio

		2007	2008	2009	2010	2011	2012	Average annual growth
Current assets	EUR '000	121 290	130 469	134 881	152 393	163 045	164 802	6.3 %
Short-term debts	EUR '000	107 387	112 813	120 219	116 849	130 795	129 301	3.8 %
Quick liquidity ratio		111.7 %	113.1 %	109.4 %	127.5 %	122.1 %	124.8 %	2.2 %

Cash flow (Source: PwC Study 2012)

	EUR '000	2007	2008	2009	2010	2011	2012
Net result		5 978	5 732	7 072	11 295	7 676	7 967
Adjustment of cash operations			42 053	35 467	42 543	40 267	51 830
Gross cash flow			47 785	42 539	53 838	47 943	59 797
Variation in current assets and liabilities			-3 803	5 071	-16 601	2 497	-8 291
Net operating cash flow (before financing and investment)			43 982	47 610	37 238	50 440	51 506
CAPEX			90 008	85 913	92 409	79 352	107 947
Net cash flow before investment			-46 026	-38 303	-55 171	-28 913	-56 442
Financing			12 971	38 505	61 824	47 008	43 710
Net cash flow (after financing and investment)			33 055	202	6 653	18 095	-12 731

Profitability – Result for the financial year

	EUR 000	Codes	2007	2008	2009	2010	2011	2012	Average annual growth
I. Sales and services		70/74	170 304	178 144	187 718	193 404	200 207	212 450	4.5 %
II. Cost of sales and services		60/64	-151 338	-160 111	-167 599	-174 094	-182 584	-194 773	5.2 %
III. Operating result		70/64	18 966	18 032	20 119	19 310	17 624	17 678	-1.4 %
IV. Financial income		75	3 667	4 544	4 752	5 975	7 544	8 288	17.7 %
V. Financing costs		65	-16 384	-16 270	-16 224	-16 362	-16 864	-16 952	0.7 %
VI. Operating result before tax		70/65	6 249	6 307	8 648	8 923	8 304	9 012	7.6 %
IX. Result before tax		70/66	6 149	6 061	7 524	12 166	8 044	8 489	6.7 %
XIII. Result for the financial year		70/67	5 978	5 732	7 072	11 295	7 676	7 967	5.9 %

