Housing, control over land use and public space

Synopsis, CFB No. 6

Le logement, la maîtrise foncière et l’espace public
Huisvesting, grondbeleid en openbare ruimte

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Conference-debate:
26 januay, 19.45
KVS
Rue de Laeken, 146
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I. Observations

1. Rents that take an ever larger chunk out of the household budget

In the Brussels Capital Region a majority (54%) of renters spend from 41% to 65% (for the poorest) of their household budget on housing, while one-fourth (of the overall budget) is commonly seen as the admissible limit. And the situation is growing worse, seeing that 30% of Brussels’ poorest residents (three last deciles) now have access to a mere 4% of the rental market (i.e. costing only 25% of the household income), compared to 12% just fifteen years ago.

In relation to the other Regions, this widening gap between rental costs and income is even more unfortunate in Brussels where replacement income (relevant for at least one of every two Brussels renters) is no higher in the capital than elsewhere in the country, whereas rents are substantially higher.

2. A drastically insufficient number of social housing units available

The property managed by social housing companies consists of only 38,000 units (7.6% of the Region’s overall housing). Furthermore some 2,341 units are to be subtracted from this meagre offering as they are unoccupied (often under renovation or soon to be). To make a comparison, if in Wallonia up to one renter of every four lives in social housing, the ratio drops to one out of seven in the Brussels Region.

With no less than 32,000 households on the waiting list, there are almost as many housing seekers as (occupied) housing units. And with a rotation rate of 5.64% (meaning that only one unit out of twenty returns to the rental market after a year), people must be very patient.
3. A meagre offering in rent-controlled housing as well

Obviously, not all low-income housing is "social housing" in the strict sense of the term. Nevertheless, the number of housing of a "social nature" (here referred to as "rent-controlled") on the whole remains marginal (for example, 2,000 units managed by social estate agencies, and 447 produced between 1995 and 2005 through urban renewal campaigns in the context of neighbourhood contracts). In any case, the volume is too low to represent a true critical mass that could serve both as a structural alternative/supplement to social housing and also have a real impact on the housing market (by forcing other rents down). On 31 December 2007, an estimation of the total number of housing units that were: social housing, social estate agency (A.I.S.) housing, units managed under the Housing Fund’s rent allowances, and housing managed by local authorities showed that a total of less than 49,613 units were controlled by public authorities.

4. An exploding demand in social dwellings

While the public housing offer struggles for significant growth, the demand in social housing has risen spectacularly. This is due to population growth in the Region (from 1996 to 2008 the overall population rose over 10% - from 948,000 to 1,048,000). For a large part, however, this demographic boom can be attributed to non-European immigration flow. Brussels' new residents tend more to be disadvantaged rather than members of the middle class who return to the city after a stay in the suburbs (this population group continues to move from the Brussels Region to the periphery, with a differential of 10,000 individuals per year). In any event, the Planning Bureau forecasts up to 170,000 additional people by 2020, meaning that any measures to expand the housing offer will soon be outdated.

The Brussels population have also seen their living conditions decline considerably over the past 10-20 years. In 2005 their income topped out at 85% of the national average, down from 102% when the Region was established in 1989. The number of integration revenue recipients has also multiplied 3.32 times since that date.

Conclusion: the tension between the offer and demand in affordable housing could, in the near future, become implanted even more structurally than at present.

5. The rate of homeowners is on the rise, but remains low

A feature of the Brussels-Capital Region is a singularly low proportion of homeowners (41.4% of households compared to approx. 75% countrywide). Although obviously all (large) cities hold fewer homeowners than rural settings, Brussels with its 41.4% remains 5-15 points behind Belgium’s other urban centres. To a certain extent this reflects how the capital acts as a “magnet” for poverty.

In Brussels, in any case, housing purchase costs have doubled in the past 10 years, and this sharp increase has an inevitable repercussion on rents (as the owners seek a return on their investments).

It is worth noting, however, that in recent years the Region has invested significant efforts towards access to home ownership. Together the Housing Fund and the BRDA each year have helped about 1000 households purchase homes (the Funds grants nearly 800 loans and the BRDA sells an average of 200 dwellings per year).
The success of these endeavours is reflected in the homeowner rate which is one-third higher than 15 years ago (from 30% in the early 1990s to the present rate).

6. A shameful volume of empty housing units

From 15,000 to 30,000 dwellings in the Region are vacant. Among this number, 80% are owned by the private sector, 62% of which are individual owners. These figures do not count all the vacant floors above shops and businesses which generally escape this calculation.

About 5,000 of these unproductive dwellings could be rented out immediately. Furthermore, in view of the fact that on the average an empty dwelling can be divided into two separate units, the potential is easy to imagine – especially when compared with the number of households on the waiting list for social housing (32,000). In addition, the Region holds some 1,500,000 m² of empty office space, which potentially could be transformed into housing.

7. A Region with limited control over land use

The Brussels-Capital Region is presently not capable of conducting far-reaching building development projects on its own. This is first and foremost due to the lack of sufficient control over land use. Consequently, in order to design and implement projects to renovate vast sites (Schaerbeek-Formation/Schaarbeek-vorming, Tour & Taxis, Gare de l’ouest/Weststation,...), the Region apparently must take into account the wishes and interests of a whole series of actors, "stakeholders", who may wish to invest in these sites or, more broadly, use them. Nonetheless, long-term thinking and strong coherent urban planning for the whole Region are jeopardised by short-term profit transactions, such as the sale of land or buildings by public (federal State, city, etc.) or parapublic (SNCB/NMBS,...) actors.

8. Urban renovation projects that include renewal of public areas

The Brussels-Capital Region and several communes have implemented a territory-wide urban renewal policy, primarily through neighbourhood contracts. Particular emphasis was placed on renovation of public space (roads, pavements, green areas, playgrounds, etc), which was seen as a key issue to foster peaceful coexistence in the neighbourhoods, all the more important in view of the city’s growing density. Over the past few years major debates have been conducted around the renovation of major public areas (Flagey, Rogier, Schweitzer,...).
II. Questions-issues

1. Should rents be controlled?

Although the sharp rise in rents is partly justified by an improvement in the quality of the housing, driven by various regulatory measures (particularly the Brussels Housing Code), this is not the sole explanation.

This said, at least half of the city’s inhabitants meet income requirements to be eligible for public housing. In the meantime, all those excluded from these dwellings for lack of available units are “prisoners” of the private sector offering which is free of rent control constraints.

2. How to speed up the production of social housing?

It is true that a vast plan to build 3,500 social housing units has been launched. However, in addition to the fact that this solution will only absorb a tenth of the waiting list, this initiative – whose very rhythm of concretisation raises questions – should not allow us to forget that since 1999 an average of barely over 20 social housing units have been built per year in the territory of Brussels, which is tantamount to a moratorium on any hopes to extend the stock of public housing.

For all public operators combined (BRHA, BRDA, neighbourhood contracts,...) the capacity to produce housing is evaluated at approximately 500 units per year (10 times less than the private sector). So how can production be stepped up? In this area, public authorities do not appear to have initiated a true reflection on means to increase their intervention capacity (for instance, by simplifying procedures).

3. Should a rent-subsidy be introduced?

Faced with this situation, one might expect that public authorities, somewhat lucidly admitting their inability to truly influence the real estate market, would make up for their lack of impact by taking steps to relieve tension in the sector. For example they might issue rent-vouchers in the aim, at least, to soften the impact of high rents on the budget of the least advantaged. In view of the public stock’s saturation and steep costs in the private sector, is there any other way to provide a degree of solvency for low-income households waiting for social housing and who, in the meantime, are trapped in extremely expensive private sector dwellings?

The Brussels Region has indeed adopted a pilot project along these lines (decree of the Brussels government of 6 March 2008), but it is highly restrictive. The only people covered by the Brussels rent-subsidy are those living in the public non-social sector (communal controlled companies, CPAS/OCMW, etc.) However, since those in the most dire straits are not found here but in private sector housing, this option, in fact, is somewhat surprising.

Experience with rent-subsidies in other countries (France, Germany, Netherlands, UK) nevertheless shows that authorities tempted to transpose this scheme in Belgium must be vigilant, especially to avoid an inflation in rents.
4. **How to boost efforts to control abandoned housing?**

Several tools are available to fight the phenomenon of dwellings left vacant. Firstly, regarding fiscal tools, admittedly not all Brussels communes show the same readiness to apply this tax (obviously somewhat unpopular). Thus, as things stand, half the communes hardly earn any substantial income from this scheme.

Another tool is the public management right, instituted in 2003 to enable public operators to take over management of vacant buildings – even against the owner’s will. It has yet to be applied in the capital, despite the fact that in 2006 a parallel fund was set up to prefinance any necessary renovation work. It should be noted that Flanders and Wallonia have also adopted the public management measure, where it has been met with the same lack of enthusiasm.

5. **How to reinforce the Region’s fiscal base and promote diversity in the neighbourhoods whilst keeping the population where they are?**

In this embittered social context, any operation to renovate property in degraded neighbourhoods (something that is essential for Brussels where the town centre has been neglected) becomes the synonym for competition between the original residents and the new arrivals. The subsequent rise in rents (and more generally in the standard of living) often results in eviction of the original residents.

This "gentrification" process shows that urban renewal policies do not always succeed in establishing accompanying means to keep the original residents in the renovated neighbourhoods. To address this issue, should a geographically defined rent control be introduced in certain areas that are under pressure from real estate speculation? Furthermore, some do not consider gentrification as just an unfortunate consequence (of an otherwise worthy policy) whose perverse effects need be corrected as far as possible. Quite the contrary it would be the very objective of this policy, with intervention on public space as the main vector.

6. **How to reconcile a social-based housing policy with financing for public policies?**

If a social-based approach can be promoted when we speak of housing policy, one should not lose sight of the links between real estate and development in the Region. Certainly, the social policy on housing must be financed. However, Brussels, even more than the other two Regions, is at the mercy of its regional tax revenues, especially that generated by real estate taxes. In 2007 (in the Region’s initial revenues budget) these taxes accounted for 38% of the foreseeable receipts, compared to 21.5% in Wallonia and 29% in Flanders.

Brussels is thus in a quite ambivalent position regarding the real estate market. On the one hand it is rain from heaven for regional financing (resources needed to implement regional policies). On the other, it is one of the most telling factors for social exclusion and precarity. So the Region is in a double bind: the more the real estate market is active (with some 13,000 purchases annually compared to 10,000 in re-

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1 Between 1981 and 2001, the number of young adults (18-34 years) living alone in Brussels increased 46%, and this growth is particularly noticeable in the city’s new "trendy" neighbourhoods.
cent years), the more the Region earns in tax revenue. But at the same time this deepens social exclusion and widens the gap between rich and poor.

Furthermore, as Brussels is so heavily dependent on its property tax income, more than the other Regions it bears the full brunt of fluctuations in the real estate market. This fiscal autonomy is thus a double-edged sword, especially when the market is down.

7. How to reconcile planning that is global and cross-cutting with the need for a degree of flexibility?

Brussels first of all needs a global and cross-cutting vision for the entire Region (in liaison with its periphery) – one that is formulated through a public debate with all urban actors. Such a vision would enable the Government to deploy a proactive policy in its territory. Instead of implementing urbanism that reflects the opportunities expressed by the private sector, the Region needs a land-use policy that enlists the private sector to help accomplish the Region’s goals. The first priority for this global vision should thus be to define the strategic and leverage zones, their intended use and the priorities. The question, however, is how to respect a global vision and at the same time allow for a degree of flexibility to be cope with economic, social and other evolutions? Should we draw up a new Regional Development Plan (PRD) and how to make sure it is not simply shelved?

8. How to formulate an urban project that has the support of all the actors and that involves all the stakeholders and residents in the process of redeveloping the large abandoned lots?

Brussels has a wide range of actors involved in territorial planning: the communes and the Region, various para-regional agencies, private investors, residents, etc. In order to keep the process flowing, it may be a good idea to find a leader for the project who can conduct the planning process successfully and as far as possible reconcile the views of all the different stakeholders.

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2 This flourishing activity also serves to fluidify and rationalise housing occupancy (many flats are placed on the market and sold to couples moving out of homes that have become too large, and these accommodations in turn are placed on the market).
III. Policy options

1. Firstly, regarding the priority objectives in housing policy, it is advisable not to focus exclusively on the social approach, so as to integrate a vision which also takes into account urban development in the Brussels Region and the issue of financing.

2. Regarding a ceiling on rents, various formulas can be examined that are mutually advantageous (such as reference rents that are compensated fiscally) and which do not spawn disinvestment in the rental sector (this would have the perverse effect of restricting the offer, thus raising rents).

Moreover, measures such as linking rents entirely to the quality of the dwelling are not liable to lower the overall level of rates, an indication that objectivity alone does not suffice in establishing fair rental scales.

3. Financial incentives for access to home ownership henceforth should undoubt-edly be downplayed somewhat when the aid is primarily used by households that do not necessarily need it (windfall effect), with no income restrictions. This can be verified at both the federal (deductions for mortgages) and regional level (allowance for registration fees).

It is thus advisable to give a more social focus to assistance to ownership. Furthermore, the – often substantial - added value that purchasers of a SDRB dwelling can earn on resale (after 10 years) is no longer completely justified in the present context, especially in the light of conditions extremely favourable to home purchases. In general, it is now time to develop a new culture of ownership, whereby as much importance is placed on its role in helping a household achieve stability as it is as an investment.

4. Although since 2001, the Brussels Region is entitled to determine real estate tax base, this new competence has yet to be put to use. It should be. Regional real estate taxes, indeed, play an essential role especially in keeping residents in the Region.

5. How to guide the evolution in social housing?

• In view of the serious under-occupation of social property (one of every two dwellings is, or has become, too large for the household living there), the possibility of a determined duration lease is an option worth considering (insofar as it is renewable as long as the tenant meets the eligibility conditions).

• In view of the lack of public housing available, thought should be given to the possibility to terminate the lease of those who, during the contractual period, come to earn more than the eligible income level (at present they are authorised to remain in their social housing, at a re-evaluated rent, in the aim of preserving a mix of social classes).

• In view of the slow rotation of tenants in public housing (people can spend a whole life in social housing) combined with the considerable expenditures granted by the Region to renovate social holdings that do not set great store on making things last, thought should be given to the possibility of selling a certain number of these dwellings to their occupants. However, any perverse effects should be avoided (such as only selling the “showplaces”).
6. Pre-emption right: this possibility should be used more often. Along these lines, why not foresee the possibility to set a sales price in a pre-emption right perimeter through a "purchasing committee", as occurs with expropriations?

7. In view of the insufficiency of public housing presently available, it would be interesting, in parallel, to dynamise efforts to to socialise the existing private housing stock. Along these lines, the Brussels Region should follow the example of Wallonia and cancel the regional property tax for housing entrusted to a social real estate company.

8. In view of the (relative) ineffectiveness of repressive measures to control vacant properties, the local authorities, in addition to demonstrating political courage, should develop incentive tools (bonuses, subsidies), even at the risk of compensating owners who neglect their property. Action taken by the City Development Delegation CDD could be a benchmark in this area.

9. In the very near future, if the draft legislation presented on 5 March 2008 is accepted (the proposal itself implements a political agreement already accepted: the 'first set of institutional reforms'), the Region will have total control over the regulation of private leases. This is a formidable lever to develop housing policies in the Region. The time has come to launch a serious reflection to prepare this watershed event. The reflection should respect the tradition of concertation that is essential for leases. At the same time it would also be coherent to entrust the Region with the remaining facets of real estate taxation, such as the cadastral income (which was left at the federal level).

10. As the country’s most densely populated City-Region, Brussels (home to 9.7% of the population on 0.5% of Belgium’s territory) is still singularly sparse compared to its other European counterparts. With 6,238 inhabitants per km² (or 60 inhabitants/hectare), the Region is still far from the 40,000 inhabitants/km² in Paris’s 11th arrondissement for example. The area of land not built up already evolved from 47% in 1990 to 43% in 2006, and this movement should be continued and extended. On this subject, we should note that the population is destined to grow in the Brussels Region. In any event, an average of 100 inhabitants/hectare is completely normal for an urban centre. It is also worth noting that solutions to accommodate a denser population do not necessarily require skyscrapers, as shown by various interesting examples in Brussels (such as the Jardins de la Couronne in Ixelles/Elsene). Approval granted for the strategic plans to develop the European Quarter and Tour & Taxis are important signposts for the re-densification and re-urbanisation of the urban setting.

3 Indeed, the prospect of a sanction may lead those concerned to "spontaneously" renovate or occupy the property.
11. The strategic plans (Botanique, Tour&Taxis,...) were the first attempts by the Government to organise a concertation process at the start of a renewal project. Lessons can be learned from these first experiences to improve the governance of vast urban projects. The evaluation of these initial experiences must be transparent and public. It should lead to improvements in the procedure that give voice to local democracy and strengthen the social integration of the populations living in Brussels.

12. The Region has introduced various measures to improve land-use control and management of urban renewal projects (Société d’acquisition foncière-SAF/ Maatschappij voor de Verwerving van Vastgoed-MVV, Agency of Territorial Development (ADT-ATO), Bouwmeester). However, we are still awaiting a vast public debate on how they should function. If these tools are to become efficient and effective they must be recognised by all the actors involved in Brussels urban planning. Likewise they must be able to count on the cooperation of the regional and communal authorities and the private sector.

13. The Region must become an incontrovertible partner for the private sector. At present, however, the opposite is true. In order to reverse this situation, the Region must establish a strong and coherent vision on the future of its territory. But it must also invest efforts to bolster its expertise in public-private partnerships.

14. In order to address the housing crisis and lack of public housing, the prescriptions for the Regional Interest Zones (ZIR/GGB) and Leverage-Zones should be revised upwardly as regards housing and social/public housing.

15. Public areas are more than leftover space. All neighbourhood or city renewal projects should spring from a reflection on public space, for we experience a city primarily through its public areas. The first question to be asked is: "What functions should public space fulfil and how can these objectives be attained?"
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