

Annual Report 2005



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Vlaamse Huisvestingsmaatschappij

VLAAMSE HUISVESTINGSMAATSCHAPPIJ



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THE FLEMISH HOUSING COMPANY

The “Vlaamse Huisvestingsmaatschappij” (VHM = the Flemish Housing Company) is a Flemish public institution in charge of the supervision and provision of services to the 114 local social housing companies (SHMs) that it recognises, in addition to 10 credit organisations. 92 of these social housing companies are active in the Rental and Management sector, 17 in the Credit and Sales sector, and 6 have mixed activities.

The VHM was founded in 1988 by a decree of the Flemish Parliament, but only started its activities in 1990, following the publication of the necessary Royal Decrees.

Insofar as Flanders is concerned, the VHM is the legal successor of the former NMH (“Nationale Maatschappij voor de Huisvesting”, i.e., the National Housing Company) and of the housing activities of the former NLM (“Nationale Landmaatschappij”, i.e. National Land Company).

In Flanders, the VHM is responsible for the building of social accommodation that is intended for rent or purchase by people with a lower income. In addition to this, the company can grant loans for the building, furnishing and purchase of such accommodation and for the purchase of other suitable accommodation, can sell social lots and can renovate accommodation that it owns or acquires.

Only in very rare cases does the VHM itself act as a building owner, however. In practice, the housing projects are realised by the local social housing companies. These companies often originate from communal initiatives, and have local authorities, OCMWs (Public Social Welfare Centres), the Flemish Region, the province and even private individuals and/or private companies as shareholders. For this reason, they have a good perspective of local needs.

The VHM has the function of a bank for the SHMs, and carries out financial, technical, administrative and social supervision. In many cases, these tasks take the form of service activities. To meet the requirements of the guaranteed social loan sector (SKVs), the VHM has developed a suitable financing structure that makes use of the optimisation technique.

The VHM is managed by a board consisting of thirteen members, including a chairman and a vice-chairman. They are appointed by the Flemish Government. In practice, the board of directors meets every 14 days. During this meeting, decisions are made regarding the realisation of social accommodation building projects, as well as on matters relating to financial, administrative, operational and personnel issues.

The general administrator is in charge of the day-to-day management of the VHM. He executes the resolutions made by the board of directors. He manages the activities of the staff members and acts as supervisor. Together with the deputy general administrator, he represents the general management.

At the end of December 2005, the VHM numbered 191 statutory staff members, and also employed 98 contract personnel.

Nazarethrefuge,
Blokstraat in Lier



VHM INVESTMENTS IN 2005

Over the past year a record amount was invested in social housing in Flanders, both in the rental and the purchase sector. The attention paid to the most efficient handling of dossiers as well as the actions taken with regard to dossiers have all contributed to the very good results in 2005.

A lot of ground has been made up. Both in the rental and the purchase sector more resources were earmarked than were available in the 2005 annual budget. On the face of it this may seem a contradiction but extra resources were earmarked than had been budgeted before 2005. The investment programme in the rental sector and the construction programme in the purchase sector is specifically referred to.

The breakdown of the resources based on origin is available in the table below and includes a comparison with the three preceding years. More detailed information about the nature of the activities, more specifically the acquisitions of land and premises, the construction activities and the social loans have been discussed in separate chapters.

As is apparent from the table above 249,210,402.02 euro were earmarked for projects in the investment programme over the

past year in the rental sector. This is considerably higher than the investment maximum of the IP 2005 that amounted to 230,600,803 euro. We already said this is not an anomaly, considering that part of the resources could already be earmarked before 2005.

Regarding the purchase activity, the considerable activity is all the more noticeable because a doubling of the invested resources was registered. Again, and for the same reason as in the rental sector, more means could be earmarked than the budgeted investment maximum of 54,236,098 euro.

The higher subsidies, own resources, Flemish social housing loans and third party loans also confirm the high level of activity in 2005.

The following pie chart shows that the investment credits from rental activities, which make up more than half the used resources, are the main means of funding. The subsidies of the Flemish Region come second with 16% of all means of funding.

The aforementioned resources are used for the purchase, construction or renovation of 10,599 social houses. In concrete terms this concerns the construction or purchase of 2,061 rental properties and the construction of 728 owner-occupied properties. Renovation works were started on 7,810 rental properties.

OVERVIEW OF THE INVESTMENTS FROM 2001-2005 ACCORDING TO THE TYPE OF FINANCING

Source	Amount 2002	Amount 2003	Amount 2004	Amount 2005
1. Investment credits (IP)				
a/ rental sector	179,596,139.02	218,312,808.55	107,428,527.39	249,210,402.02
b/ property sector (mortgage transactions)	90,791,740.56	69,240,386.00	97,912,522.00	82,673,427.00
SUBTOTAL INVESTMENT CREDITS	270,387,879.58	287,553,194.55	205,341,049.39	331,883,829.02
2. Building programme property sector				
With SHMs own resources	25,129,427.16	32,078,912.20	19,279,037.14	42,476,659.87
With VHM loan	19,360,740.05	20,917,085.23	11,249,097.13	23,707,532.51
SUBTOTAL BUILDING PROGRAMME	44,490,167.21	52,995,997.43	30,524,134.27	66,184,192.38
3. Subsidies Flemish Region (SBR, SSI, etc.)	109,612,928.26	99,434,202.33	68,108,486.83	98,605,331.91
4. Own resources, SHMs*	48,659,871.85	44,473,297.81	40,174,496.38	68,229,761.41
5. Loan, VHM*	45,545,452.75	63,176,026.29	51,922,635.32	60,892,589.45
6. Loan, third party	4,117,064.61	3,546,358.43	414,919.71	6,565,430.33
TOTAL	522,813,364.26	551,179,076.84	396,485,721.91	632,361,134.50

* Investments that do not involve the IP or the building programme.

BUILDING SOCIAL HOUSES

1. FROM IDEA TO DWELLING

Only the major phases of the building process are represented in this flow chart. Complex underlying procedures have not been taken into account.

Idea	When a social housing company has the idea for a certain project, it first has a preliminary building plan drawn up by an architect: the preliminary design . The preliminary design includes, among other things, the plans of the future building, an explanation and a rough cost estimate, tested against the VHM simulation table.
Preliminary design	This information is submitted to the Flemish Housing Company. Following any discussions and/or modifications, the preliminary design will be approved, and a detailed implementation file can then be drawn up: the final design with specifications, progress record and detailed estimate.
Final design	When the file is technically and administratively in order, financing has been obtained, and the SHM is owner of the land or property, the SHM will be authorised to start a licensing procedure in conformity with the legislation regarding government contracts.
Licensing procedure	In conformity with this same legislation, the SHM will formulate a proposal for licensing , which will be examined by the VHM. Following the ratification of the proposal for licensing by the VHM, whereby the financing is also definitively fixed, the SHM will receive the authorisation to order the work.
Proposal for licensing	The construction starts. Together with its designer, the SHM is responsible for ensuring that the contractor correctly complies with the stipulations of the contract. The VHM thereby has a supporting role. Any necessary modifications to the contract must be submitted to the VHM for ratification.
Construction	The SHM will forward payment instructions to the VHM in connection with the progress of the work on a monthly basis. Following checking, and any corrections, these instructions will be executed by the VHM. The completion of the work will be ratified by all parties by the preliminary completion . This is the acceptance of the building, whereby it is stated that the building work is completed, whereby the final checking as to whether the building has been constructed according to the contract, the plans and the architectural rules takes place.
Modifications to the contract	From this moment on, the accommodation may be rented out or sold. The final settlement of the project corresponds with the preliminary completion.
Preliminary completion	The VHM has a supervisory task during both the preliminary completion and the final settlement. The final completion takes place 1 year after the preliminary completion. Before the final completion, the contractor must correct any deficiencies that were found during the preliminary completion, or that became apparent afterwards.
Final settlement	For the properties in question a diagram has been enclosed with the required maintenance and renovation works together with the forecast expenses. If the maintenance and renovation planning is followed up and accurate adaptations are made, the patrimony can be kept in good condition and both the housing society and the government will be able to draw up a thorough financial planning.
Final completion	
Maintenance and renovation	

Herentals,
"Rode kruisstraat"



2. BUILDING ACTIVITIES

2.1 ACCOMODATION FOR RENT

a) Activities with investment credits

In 2005, the investment ceiling in the rental sector amounted to 230.6 million euro. Compared to 2002, this represented an increase of over 3.63 million euro. During the past year, 249,210,402.02 euro of projects has been committed to the investment programme. By breaking down these activities by type, it can be seen that, in 2005, new construction was approved for 677 dwellings for rent, as well as replacement building and renovation of 451 purchased dwellings.

In addition, the renovation of own assets for 4,306 social dwellings for rent was started. In 2005, the social housing companies were able to extend their rental assets by purchasing 94 suitable dwellings through the investment programme.

b) Building and renovation subsidy

The building and renovation subsidy was started during the course of 1997. It aims at the subsidising of the construction of social dwellings for rent and the improvement or adaptation of unsanitary or unsuitable accommodation. During the course of 2003, the Flemish Minister of Housing decided in principle not to approve these credits for social housing projects aimed at the renovation of the existing assets. Work on 2,353 dwellings was started with SBR resources in 2005, involving renovation work to 1,539 dwellings, the building of 423 new dwellings and the replacement building or renovation of purchased accommodation of 391 living quarters.

The Flemish Region contributed 73,096,928.06 euro in subsidies towards this. The social housing companies accounted for the additional financing,

22,059,979.09 million euro from their own resources, with the remaining 44,536,156.04 million euro being financed by a VHM loan.

c) Activities with the sector's own resources

During the past year, the companies invested 3,977,782 euro of their own resources and 2,127,330.39 euro with a VHM-loan into the renovation of 1,965 dwellings.

2.2 ACCOMODATION FOR PURCHASE

Building programme

From 2002, the investment programme has been completely oriented towards the mortgage activities, aimed either at buyers of social dwellings for purchase built by the SHMs with the own resources of the sector, or at private individuals for new buildings or house improvement activities.

The setting up of the new building or replacement building projects was pre-financed from the social housing companies' own resources or by a loan from the VHM within the context of the building programme.

The buyers of dwellings that have been built within the context of this programme are eligible for a mortgage credit planned in the normal investment programme. In 2005, 693 condominiums were built as part of the building programme, 564 of which were newly built dwellings and 129 replacement building dwellings. A total of 66,184,192.38 euro was thereby involved, of which 42,476,659.87 euro was advance financing from the SHMs' own resources and 23,707,532.51 euro was a loan from the VHM. In addition, the Flemish Region ensured subsidies to a total of 3,920,790.67 euro.



Lauwe,
"Schonekeer"

SOCIAL TENANTS, BUYERS AN BORROWERS

1. RENTING SOCIAL HOUSING

The social dwellings are rented according to the stipulations of the Flemish Government Resolution of 20th October 2000 (amended by the Flemish Government Resolution of 20th December 2002) concerning the regulation of the social rental scheme for social accommodation for rent that is rented or sublet by the Flemish Housing company or a social housing company in application of title VII of the Flemish Code of Living.

1.1 SOCIAL RENTAL REGULATIONS

APPLICANT TENANTS

In order to become a tenant, it is necessary to enrol in the register of a social housing company as an applicant tenant.

The applicant tenant must comply with the following conditions:

1. Be of age;
2. Have an income¹ that is lower than:
 - 1° 16,452 euro for a single person without dependants;
 - 2° 17,823 euro for a single handicapped person;
 - 3° 24,678 euro, increased by 1,371 euro per dependant, for others.

As a deviation to these stipulations, a social housing company with an average income coefficient lower than 1 on 1st December can enrol natural persons who are of age, with an income¹ of up to:

- 1° 24,678 euro for a single person without dependants;
- 2° 26,049 euro for a single handicapped person;
- 3° 32,904 euro, increased by 1,371 euro per dependant, for others;

in the following calendar year from the moment the internal allocation regulations with amenity plan have been approved.

On an annual basis, a social housing company may only allocate a maximum of 20 % of the allocations to applicant tenants who meet the higher income limit and who have been enrolled according to the regulations, regardless of whether the SHM could still enrol persons who meet with the higher income limit.

As soon as the average income coefficient is again higher than 1 on 1st December, the possibility for enrolment will expire for those applicant tenants from the 1st January of the following calendar year.

¹ Amounts valid in 2005.

The income to be considered is the income of the third year preceding the year in which the enrolment takes place. If this income exceeds the income limit, but has fallen below it since that time, the enrolment may take place.

CONDITIONS FOR ADMISSION

An applicant tenant can only be accepted by a landlord for accommodation suitable for renting if:

- 1° He is enrolled in the applicant tenant register;
- 2° He complies with the income condition at the moment of allocation (see enrolment condition);
- 3° He and the members of his family do not have a dwelling in full and complete ownership or full usufruct at the moment of allocation, within the country or abroad. Camping accommodation located in the Flemish Region is not taken into account for the application of this condition.

A deviation from the property clause takes place if:

- The dwelling is the subject of an expropriation resolution, has been declared unfit or unsuitable for habitation, or is unsuitable. The dwelling must be located in the Flemish Region and be occupied by the applicant tenant himself;
- The applicant tenant is at least 55 years of age and occupies the dwelling himself;
- The applicant tenant is handicapped and enrolled for an ADL (i.e. Daily Living Activities) dwelling.

The condominium must, however, be sold within one year following the allocation of a social dwelling (with first refusal right to the social housing company) or must be rented to, or made available to the social housing company for a period of at least 9 years.

DWELLING ALLOCATION AND PRIORITY

The dwellings are allocated according to the chronological sequence of enrolment in the applicant tenant register, taking into account the *obligatory priority rules* listed below:

In sequence, priority will be granted to the applicant tenant who:

- 1° Has a specific handicap himself or has a family member in this situation, but only if



the available dwelling is suitable for the housing of a family in which one or more members are affected by this handicap;

- 2° Has appealed against the allocation of a dwelling which, in his opinion, places him at a disadvantage, and the appeal has been found admissible and well-founded;
- 3° Must be relocated;
- 4° Can claim the allocation of a dwelling within the context of a special programme (e.g., for SIDMAR employees);
- 5° Is a tenant of a dwelling of the same social housing company and does not comply with the rational occupancy, and wishes to move into a dwelling that complies with the rational occupancy rule;
- 6° Has his main domicile in the Flemish Region:
 - a) in a camping accommodation prior to the date of 1st January 2001;
 - b) in a dwelling that has been declared unfit for habitation according to article 135 of the New Municipalities Act, and must be cleared;
 - c) in a dwelling that has been declared unfit or unsuitable for habitation according to article 15 of the Flemish Living Code, or which, according to the information of the regional official in accordance with article 2, second paragraph of the Flemish Government Resolution

of 6th October 1998 concerning the quality assurance, the right of first refusal and the social right to manage accommodation, is unsuitable or unfit for habitation as a result of at least three category III problems relating to stability and dampness. In addition, the building must be cleared;

- d) in a dwelling he was occupying on the date on which it became the subject of an expropriation resolution.

After application of the obligatory priority rules, the social housing company may decide to grant priority to the applicant tenant who, in a period of six years prior to the allocation, has been an inhabitant for at least three years of:

- 1° either the community in which the dwelling to be allocated is located;
- 2° or a community within the activity district of the social housing company.

Both the rational occupancy and the liveability must, however, always be taken into account when a dwelling is allocated. By liveability, concern for an optimal liveability of the assets in general and individual housing estates in particular is meant. The concern for an optimal liveability could, among others, include seeking to establish a social mix.



DETERMINATION OF THE RENTAL CHARGE

Basic rental charge

The basic rental charge for the accommodation is determined as a percentage of the actualised cost price of the dwelling, with a minimum of 3 % and a maximum of 9 %. The limitation of the basic rental charge to 9 % of the actualised cost price is not valid for those dwellings that, at the time of the determination of the rental fee, underwent preliminary completion more than 40 years ago.

The actualised cost price is obtained by multiplying the original cost price by an actualisation coefficient determined by the Government.

The cost price of improvement or renovation work that has possibly been carried out is actualised in the same manner.

Adaptation of the basic rental charge

The basic rental charge is adapted to the income (I), taking the number of dependants into account. To do this, the basic rental charge is multiplied by the income coefficient (Ic). The income coefficient is calculated using the following formula²:

$$Ic = \frac{I + 1,576 \text{ euro}}{16,544 \text{ euro}}$$

where I is the income of the reference year reduced by 1,037 euro for each of the first 2 dependants.
For larger families, the following reductions are

granted:

- 20 % of the basic rental charge for 3 dependants;
- 30 % of the basic rental charge for 4 dependants;
- 40 % of the basic rental charge for 5 dependants;
- 50 % of the basic rental charge for 6 and more dependants.

Minimum and maximum rental fee

The actual monthly rental charge may not be higher than 1/60th of the income.

It may also not be higher than the normal rental value. The normal rental value is the rental charge for a comparable dwelling in the same neighbourhood on the private tenancy market. This normal rental value must at least be equal to the result of the following formula:

$$\frac{\text{Cadastral income of the dwelling x} \\ 100 \times \text{Indexnumber of September} \\ \text{of the previous year}}{\text{-----}}$$

$$60 \times 96.11 \text{ (Indexnumber of} \\ \text{September 1974)} \times 12$$

The actual rental charge may never be lower than half the basic rental charge.

Dwellings that are not fully occupied

If the tenant occupies a dwelling that is too large, the social housing company may charge a monthly fee of maximum 55 euro² per bedroom from the second superfluous bedroom.

Annual revision of the rental charges

The rental charges are revised every year on 1st January.

Costs and charges

Apart from the rental charge, additional charges and costs may be charged as stipulated in the rental agreement. These include the charges and/or costs for heating, gas deliveries, water and electricity, maintenance of the common areas of an apartment block, etc.

1.2 ASSETS

On 31st December 2004, the VHM and its recognised social housing companies had 135,910 accommodation units available, of which 128,918 were actually rented. Of the 6,028 dwellings – i.e., 4.4 % of the total number – that had not been rented as social dwellings, 5,381 dwellings were unoccupied

² Amounts valid in 2005.

(mainly due to renovation activities) and 647 dwellings were being used for different purposes. The dwellings with other purposes were rented to, among others, OCMWs (Public Social Welfare Centres) in order to serve as temporary dwellings for urgent housing purposes, or were being used as service centres (e.g., the SHM office).

The social housing companies also rent out 246 shops. This type of rental contributes substantially to the improvement of the quality of life in a district. In addition, 70 offices and 28,632 garages or parking spaces are rented. The VHM is the owner of 265 dwellings in Wachtebeke, 76 dwellings and 64 apartments in Zelzate and 34 dwellings in Knokke-Heist. The management of these dwellings is handled by local social housing companies.

2. SOCIAL LOANS VHM

REGULATIONS

The VHM can grant social mortgage loans to private individuals under certain conditions. Below, you will find the regulations as stipulated in the Flemish Government Decree of 11th May 1999 concerning the conditions for granting loans to private individuals by the Flemish Housing Company in accordance with the Flemish Living Code.

Dwelling

The VHM can grant a loan for:

- The *purchase* of a social dwelling for sale (including land) that has been constructed or renovated by a social housing company;
- The *purchase and renovation* of a dwelling.

In case of a purchase of a dwelling requiring renovation on the private market, the dwelling must be at least 30 years old. The cost price of the work to be carried out must amount to a minimum of 13,000 euro, and may not be lower than 20 % of the purchase price. Note: you cannot approach the VHM for the purchase of a dwelling on the private market if no renovation work needs to be carried out.

- The *renovation, improvement or adaptation* of one's own dwelling. If the loan is intended for the renovation, improvement or adaptation of your own dwelling, the non-indexed cadastral income of the house may not be higher than 1,487.36 euro. The cost price of the work to be carried out must amount to a minimum of 13,000 euro.
- The *construction* of a dwelling on a par with a social dwelling.

Insofar as a credit has already been granted by the VHM, an additional credit may be granted in certain cases.

Borrower

First, a borrower must be registered in the loan register of the mediating social housing company active in the region in which the dwelling is located. He must comply with the following conditions³:

- A single person must have earned a minimum of 6,960 euro or may have earned a maximum of 27,820 euro taxable income, or a minimum of 6,960 euro and maximum of 41,730 euro for a family. The maximum amount is increased by 2,780 euro per



Eilandsvelden in Grote Brogel

³ Amounts valid in 2005.

dependant. The income is determined on the basis of the last known tax certificate for personal income tax; the determination takes place on the reference date⁴.

- A borrower may not have another dwelling in full and complete ownership or full usufruct at the time of the written loan offer from the VHM.
- This condition does not apply:
 1. if this other dwelling is being expropriated (the proceeds will, however, be converted into notional earnings, and be included in the income);
 2. if an examination by the VHM indicates that this other dwelling is inadequate;
 3. if an examination by the VHM indicates that this other dwelling is unfit for habitation and cannot be considered for renovation, improvement or adaptation;
 4. if the borrower has reached the age of at least 55 years at the moment of the written loan offer;
 5. if the borrower concludes a transaction in one of the core cities (i.e., Antwerp, Ghent, Hasselt, Genk, Bruges, Roeselare, Ostend, Kortrijk, Leuven, Vilvoorde, Boom, Malines, Dendermonde, Aalst and Sint-Niklaas).
- The borrower must have sufficient means available to be able to repay the loan and meet his usual needs at the same time. This solvency is determined by the VHM on the basis of certificates. If the borrower is not solvent, the maximum loan period of 20 years could be increased to maximum 30 years in order to decrease the monthly instalment. In addition, he must have earned at least the above-mentioned minimum income in the reference year used for the interest rate calculation.
- The loan must be repaid by the time that the youngest borrower reaches the age of 75.

Amount of the loan

For the *purchase of a social dwelling for sale*, it is possible to borrow 100 % of the sales price of the dwelling (incl. VAT) and the land (excl. registration fee).

For the *purchase of a dwelling with the intent to renovate it*, until July 26th 2005, a maximum of 100,000 euro could be borrowed. The cost price of the work to be carried out must, however, amount to 20 % of the purchase price with an absolute minimum of 13,000 euro. A loan up to a maximum of 75,000 euro could be obtained for the purchase price itself. From July 27th 2005 a maximum of 130,000 euro

could be borrowed, of which maximum 105,000 euro for the purchase of the dwelling. Since October 25th 2005 a maximum of 150,000 euro can be borrowed, of which maximum 130,000 euro for the purchase of the dwelling.

For the *renovation, improvement or adaptation of one's own dwelling*, a maximum of 75,000 euro can be borrowed.

The total amount of the loan may never be higher than 100 % of the sales value of the property as estimated by the VHM. If the sales value is exceeded, the reduction of the amount of the requested loan must be taken from the part of the loan that was intended for the purchase.

For the *construction of a new dwelling*, until July 26th 2005 it was possible to borrow 100 % of the cost price of the dwelling with a maximum of 115,000 euro and without exceeding the sales value. From July 27th 2005 the maximum loan for a new dwelling was put up to 125,000 euro.

Interest rate

The interest rate on a loan granted by the VHM depends on the income. Loans for renovation activities are the lowest in terms of basic interest rate.

The interest rate is revised every five years. The evolution of the income is thereby taken into account, as well as possible changes in the number of dependent persons.

Other characteristics of the loan

A loan granted by the VHM has a maximum *term* of 20 years.

This term may possibly be extended to a maximum of 30 years if the borrower has insufficient means available. For a repayment over 20 years, the borrowed amount must have been repaid by the time the youngest borrower reaches the age of 75. The *repayment* takes place by fixed monthly instalments. The *repayment* of the loan must be covered by a mortgage for all sums on the dwelling to which the loan is related. This mortgage is always taken out for a period of 30 years according to the law.

Transactions in 2005

It is clear that the 2005 operating year showed a big drop in the number of loan contracts compared to last year (from 1,225 to 846), where-

⁴ I.e., the date on which the VHM makes the written loan offer.

⁵ In 2005 the allocated IP was not increased.

as the budget this year has not yet been completely earmarked. This drop is chiefly due to the spectacular drop in remediation loans (see evolution), more specifically from 580 to 369 (down by 37%). Anyone who checks the general regulations can and may conclude that the maximum amounts to borrow were too low compared to market selling prices. The increase of these amounts in July and October had not yet translated into deeds at the end of the year (another 156 applications needed to be passed, 135 of which for renovation). Also, we should not forget that precisely due to the increase of the maximum loan amounts, with the same annual budget⁵, we will realise less loans again.

The number of loans raised on social owner-occupied properties also went down, from 645 to 477. However, this figure should be seen against the total number of sold dwellings. In 2004, 720 dwellings were sold which corresponds with a percentage of loans raised of

approximately 90 % via a VHM (Fleming Housing Society) credit. In 2005 this amounted to 539. In other words, the loaning level dropped here to about 81% per cent.

Quite noticeable is that in 2004 and 2005 the number of loan deeds for renovation/construction dips under the number of loan deeds for social owner-occupied properties, but when the deeds that still need to be passed are taken into account, the renovation/construction transaction is still the highest.

SERVICING

Different aspects are related to the management of mortgage loans. Below is a table with an overview of all kinds of indicators and/or activities related to that management. Afterward, aspect per aspect, these figures and activities are explained in more detail.

Indicators related to the management of the mortgage loans:

Indicator/Activity	2003	2004	2005
Outstanding capital in circulation (in millions of euro)	968,5	986,9	960
Loans in circulation	30.646	28.663	27.087
Average outstanding capital loans in circulation	31.603	34.431	35.441
Interest income of the portfolio (in millions of euro)	41,5	40,5	37,3
Average income of the portfolio	4,28%	4,10%	3,89%
New loans	1.184	1.225	846
Loans at end of term	1.955	2.204	1.560
Loans fully repaid early	970	1.000	1.479
Growth (+) / Drop (-) portfolio	-1.679	-1.979	-2.193
Informative settlements early repayment	989	2.087	3.229
Partial early repayments	460	945	772
Payment postponement (during take-up)	0	0	52
Reneging of available take-up amount	30	50	42
Sub-credits/Changes to loan provisions	3.372	7.309	7.252
Total arrears/due (incl. written off dossiers)	3.048.382	2.964.724	2.417.000
% total arrears/total outstanding capital	0,31%	0,30%	0,25%
Arrears concerning loans in circulation	1.736.736	1.359.420	722.068
Due dates December to be collected	9.426.856	9.299.032	8.848.076
% arrears circulation/due dates December to be collected	18,42%	14,62%	8,16%
Summons	7.047	14.541	9.470
Payment plans arrears: allowed	75	198	273
Payment plans arrears: in progress	11	98	193
Debt revisions arrears	10	12	22
Started forced sales	*n.g.	44	37
Completed forced sales	n.g.	20	25
Forced sales in progress	n.g.	47	64
Allowed collective debt settlements	n.g.	9	16
Reached collective debt settlements	n.g.	2	4
Collective debt settlements in progress	n.g.	50	62
Five-yearly revisions of the interest rate	1.409	1.248	2.146
Increase of interest rate due to non-personal occupation	11	14	11
Terminations of the mortgage	830	1.056	1.151
Insurance guaranteed living	489	625	812
Number of loans taken over due to divorce	144	145	118
Number of lenders brought into loan following marriage	17	16	17
Number of dead lenders	47	66	59

* not known - the introduction of the new CBLoans management system means it is impossible to specify the amounts of 2003.

APPENDIX

OVERVIEW OF CERTAIN KEY FIGURES FOR THE PERIOD 2001-2005

ACTIVITY	2001	2002	2003	2004	2005
1. Activities					
Construction of new dwellings for rent (1)	2,443	2,174	2,152	1,155	2,061
Construction of new dwellings for purchase (2)	490	581	606	365	728
Renovation of own assets (3)	7,295	7,585	6,605	5,140	7,810
Number of new building loans to private individuals	55	38	38	19	18
Number of improvement loans to private individuals	910	801	688	561	238
Number of rented dwellings sold	173	157	420	239	239
Number of dwellings for sale sold	671	649	520	714	539
Number of social lots sold	160	121	47	71	66
Acquisition of real estate (number of ha)	35	67	125	96.7	71.3
Total investment for the year in million euro (4)	508.8	556.5	582.0	428.8	632.4
Contribution from own resources in million euro (5)	96.7	94.2	107.6	92.1	129.1
2. Situation					
Total land property SHMs in ha on 31st December (6)	1,203	1,576	1,843	1,680	1,555
Total land property VHM in ha on 31st December	212	198	166	102	65
Number of social dwellings for rent on 1st January	129,575	30,962	132,822	134,422	135,910
Number of applicant tenants on 1st January through a manual call	69,805	70,794	83,164	-	-
electronically registered on 31st December	-	-	72,387	88,202	76,726
Average basic rent	215.46	233.91	246.44	266.00	279.00
Average actual rent	175.85	179.08	187.56	198.00	207.00

- (1) Additional dwellings for rent, either following a completely new construction, after demolition and replacement building, or by means of purchase and renovation of private dwellings.
- (2) Additional dwellings for sale, either following a completely new construction (group construction), after demolition and replacement building, or by means of purchase and renovation of private dwellings.
- (3) Renovation of social dwellings for rent from own assets – number of renovated dwellings.
- (4) Total investment, i.e., including subsidies by the Flemish Region, investment credits, own resources, etc.
- (5) The share of the total investment that was contributed by the SHMs' own resources or by the treasury resources of the VHM.
- (6) Gross land property, i.e., including land not intended for building.
- (7) To replace the manual method at the Social Housing Societies a new way of working with electronic registration was applied as from 2003. For the year 2003 both measurements were still shown in the table, as from 2004 only the result of the electronic registration will be provided. Apart from the fact that automatic registration will lead to a more accurate result, the difference also lies in the fact that a manual method provides the number of candidate tenants on 1 January of the reference year, and the electronic registration the number on 31 December of the year in question.

Whereas the manual method gives 83,164 candidate-tenants on 1 January 2003, the electronic method resulted in 72,387 unique candidate-tenants⁵ on 31 December 2003. As from 2004 the result of the electronic method was given which resulted in 88,202 and 76,726 unique candidate-tenants on 31 December 2004 and 31 December 2005 respectively.

Nederbeluik in Izegem



⁵ They are the candidate-tenants registered on the reference date at different social housing societies, but are only included once in the count.