

## Abstract

### **Regional subsidy to registered accommodation agencies and their cooperative and consultative umbrella organisation**

*The Court examined what regulatory modalities the Flemish Government had taken in implementation of the Housing Code to allocate funds and supervise accommodation rental agencies and their umbrella organization. It also checked whether these rules had been complied with. It found that the existing implementation decrees raised some issues for consideration. Furthermore, supervision had been limited and penalties were not differentiated. Finally, it came to the conclusion that, although the Flemish Region effectively controlled the subsidy allocation, the monitoring process still showed gaps. It follows first that regulations should be reviewed and that the checking procedures as laid down in the Housing Code should be effectively enacted.*

### **Introduction**

Under the Housing Code the Flemish Government is allowed to accredit, allocate funds to and register accommodation agencies as well as one umbrella organization. These accommodation agencies consist of tenants unions, which advise would be tenants on hiring issues, and council accommodation agencies (SVK's), which rent housings on the private market to subhire them to socially underprivileged persons. This umbrella organization assists the registered accommodation agencies and acts as their representative with the authorities.

### **Tenants unions**

The subsidy rules do not yet allow for the minister to accept the registration of new unions. The tenants unions are free to perform services across the whole territory. Their opening hours are regulated but are not accurate enough and are only applicable to the provincial tenants unions and not to the regional ones. The minister is not allowed to extend the staff subsidy beneficiaries nor to increase the staff subsidies or the operating subsidies. He is therefore not able to improve the structure of the tenants unions' service performance within the existing subsidy regulation. At first, the monitoring of the tenants unions was confined to checking the compliance with the subsidy rules. The reform implemented within the scope of the "Better Managerial Governance" project introduced more monitoring possibilities and penalties (including administrative fines), but implementation decrees are still missing to make the new monitoring arrangements operational. The now existing monitoring of subsidy use shows gaps. The department did not check staff expenses as laid down in the subsidy regulation and no mandatory yearly on the spot control at the tenants unions was made.

## **Council accommodation agencies – SVK**

The number of council accommodation agencies is on the rise. However their scope of activity does not cover the whole Flemish Region territory. The 2004 subsidy decree is on several points better than the previous regulation. For instance, it now differentiates the subsidy more according to the performed service, in particular the number of housings. Nevertheless the subsidies remain chiefly administration subsidies since they mostly relate to staff costs. The Housing Code enunciates the principles governing the accommodation rental system but failing an implementation decree, SVK accommodation is still governed by a transitional decree. Although the umbrella organization found failings with some council accommodation agencies, its findings had no influence on either the registration or the subsidization. At the SVK, monitoring was also confined to checking the compliance with the subsidy regulation while implementation decrees were lacking for the new monitoring rules. The control by the department on the subsidy allocation, for instance the granting of the additional subsidy, is liable for improvement.

## **Umbrella (cooperative and consultative) organisation**

A new set of rules governing the allocation to the umbrella organisation was worked out for the period 2006-2007, mainly because the basic subsidy was found inadequate. The Flemish government asked the minister to examine how the Housing Code could be modified to accommodate the umbrella organisation. Until 2005 this one organisation was subject to two distinct subsidy regulations: on the one hand, as an umbrella organisation for the tenants unions and on the other hand, as an umbrella organisation for the council accommodation agencies. Consequently different rules applied to the same body in matters of registration, tasks, controls, and so on, depending on the nature of the operation involved. The monitoring of the umbrella organisation was not in line with the Housing Code. Within the scope of the "Better Managerial Governance" project the Flemish legislator appointed a supervisor, without, however, providing him with a specific penalty possibility.

## **Minister's response**

The minister answered that for what concerns the tenants unions, the Flemish Government had approved in principle a preliminary draft for a new subsidy regulation and as far as the SVK's were concerned, according to the rules, the bulk of the subsidies had to be spent on staff costs. He added he would examine how the Housing Code should be modified to accommodate the umbrella organisation. Furthermore he announced that a new set of rules about SVK housing renting operation was under preparation and that the implementation decrees designed to make the new checking system operational deserved priority.