From poor tenants to resident landlords: *de facto* social housing homeownership in Brussels

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**Abstract:**
Numerous studies have analysed how household structure, position on the labour market and educational factors influence choices of housing tenure. They have shown that the probability of becoming homeowners is higher for married individuals, those in secure employment or those with a higher educational level. In our contribution, we analyse how, despite this general model, people with low socio-economic profiles became homeowners in Brussels, especially during the eighties.

With only 8% of housing stock in public ownership, most low-income households in Brussels have to find accommodation in the private rental sector, mostly in low-price neighbourhoods. Hence, the private rental sector largely operates as "*de facto* social housing". But in these neighbourhoods, homeownership is another part of "*de facto* social housing". Our analysis shows that some low status households become homeowners in a particular way: they buy a small depreciated house consisting of two or three apartments, use one of them for themselves and let the others out. This strategy offers them a source of finance for their purchase. We show that at least 50% of homeowners in the poorest neighbourhoods are such “resident landlords”. This is especially the case for migrant households of Turkish or Moroccan origin.

Thus, in Brussels inner-city neighbourhoods, a significant proportion of landlords have socio-economic and ethnic profiles similar to those households looking for an apartment to rent. This portion of the housing market offers low-income households an alternative to the mainstream private rental market in which social and/or ethnic discrimination is frequent.

**Introduction**
Numerous studies have analysed how household structure, position on the labour market and educational factors influence choices of housing tenure. They have shown that the probability of becoming homeowners is higher for married individuals, those in secure employment or those with a higher educational level. Explanations are easy to understand: economic, educational and social capitals reinforce themselves to give opportunity on the real estate market.

This trend lead to a polarisation between privileged households and others on the housing market. In certain cases, owner-occupiers became richer while tenants got poorer, thus reinforcing the initial inequalities (Hulchanski, 2002; De Decker, 2002). This can be observed in Brussels. Since the 1960s, the effects of the redistribution of the benefits of the growth during the Golden Sixties materialised in the form of the suburban habitat (Kesteloot, Meert et al., 1997). This suburbanisation of Brussels led to an abandonment of the city centre on the part of the middle and upper classes. This mechanism was largely encouraged by the State via the financing of road infrastructures allowing households to continue working in the city centre while occupying housing on the periphery as home owners. Only the oldest, most insecure or youngest population groups did not take part in this general movement. Brussels was thus progressively emptied of its most solvent households. This selective emigration was reinforced when immigrant populations arrived from Turkey or North Africa. The city centre then held a concentration of a large proportion of tenants on low incomes in mediocre accommodation. These immigrants still had the
intention of returning home once their economic situation had been consolidated. Their accommodation expenses were limited to the strictly necessary in order to put a maximum amount of their income to one side. Thus, they mainly settled in the least attractive areas of the city, namely the “crescents of poverty” in the west of the city centre (Kesteloot, 1988). These areas were not at all sought after by the middle classes entering the property ladder.

In some other countries, governments choose different ways to fight against housing crisis of the post-war period: rent control, massive investments in social housing, rent allowance, i.e. As far as regulation of the private rental market is concerned, there is no rent control. Thus, rental increases are only controlled within the framework of a lease, the freedom to set the rent being left to the proprietor when there is a change of tenant. Another example: it was only recently that a code establishing criteria with regard to the quality of housing placed on the market was imposed. For population groups of immigrant origin or insecure population groups, this state of uncertainty as a tenant is coupled with social and/or ethnic discrimination on the part of landlords (Malghem, Noël et al., 2004). On the other hand, with a stock of social housing estimated at around 38,000, which represents barely 8% of total housing in Brussels, the Bruxelles-Capitale region has one of the lowest rates of social housing in Europe. This situation is all the more alarming since, according to certain sources, half the households in Brussels fall within the conditions for access to social housing. Now, we can measure the discrepancy between supply and demand, whether this is actually expressed (nearly 30,000 applications) or potential; and yet these households – eligible but not selected – are definitely resident within the region.

From this we must conclude that poor household manage to find accommodation outside the public social housing sector, namely in the private sector and most probably on the rental market. This particular housing sector may be described as “de facto social housing” (Da Cunha, 2004). It describes private accommodation that accepts households whose characteristics are similar to those of the occupants of the social sector as of right. The low cost of this housing is often justified by its poor quality.

The question of de facto social housing in the Bruxelles-Capitale region was partially approached at the start of the 1990s as an illustration of the marginalisation of socio-economic groups such as immigrants (De Lannoy, Kesteloot, 1990). The term used to describe this sector of the housing market was “residual sector”; the term “residual” being used to describe both a stock of ageing housing that should already have been refurbished (or rebuilt) and those inhabitants who did not have the means of buying and yet still did not benefit from social housing. The whole central part of the city and the first surrounding suburbs were then considered as falling within the residual sector inasmuch as the rental sector was largely dominant there.

There are several important issues linked to the existence of this housing stock; indeed, the housing conditions of groups left out of the public social housing sector due to the limited stocks of social housing – and this despite the fact that they meet the conditions for access – imply a high level of responsibility, although only minimally acknowledged, on the part of the regional authorities.

The purpose of this article is to understand the conditions for the integration of poor households into the Brussels housing market. This involves analysing “survival strategies” (Mistiaen, Meert et al., 1997) developed by households that are not secure within the housing market. The process is based on three moments in time. I will commence by defining, in terms of both quality and quantity, the stocks of de facto social housing (section 1). Then, I will set out the conditions for integrating households into the private sector (section 2). Finally, I will draw up an explanatory diagram of the workings of the de facto housing sector (section 3).

Identification of de facto social housing

In order to determine the size of the de facto housing stocks, it would ideally be necessary to verify the strict conformity of each Brussels household to the conditions for access to social housing as of right and to consider that each dwelling occupied by a household falling within the conditions for access to social housing as of right but not actually having social housing as of right is, consequently, a piece of de facto
social housing. It would then be necessary to have, for each Brussels household, data relating to the five conditions for admission, which are as follows:

- condition of ownership: not to own property elsewhere
- condition of income: not to exceed the taxable income ceilings set for each type of household (single person, couple, dependent children, etc)
- condition of residing in Belgium: meeting the conditions for residing on Belgian territory
- condition of absence of dispute: in a case where the applicant has already been the tenant of a public housing company, having fulfilled all his obligations
- a single registration per member of the household

These data are unfortunately not available on an individual basis: fiscal statistics do not allow us to cross-reference the structure of households and their available income.

The methodology developed in order to determine the population falling within the *de facto* social housing sector is based on three main stages which resemble the geo-profiling techniques used in geo-marketing analysis:

- Determining the profile of households in social housing on the basis of results from the socio-economic Survey of 2001 (even without data about income).
- Identifying those households that present the same profile but are not in social housing
- Marking those areas where the concentration of these groups is highest.

This method has its limits inasmuch as the characteristics of social housing tenants only partially reflect the conditions for access to social housing: residents have been able to “grow old” in the social sector, seeing their characteristics developing positively as time goes by without having their social housing withdrawn…

The socio-economic survey carried out in 2001 is the only source offering the option of simultaneously cross-referencing the individual characteristics of the population and their housing conditions. In reality, this survey corresponds to the old “census”, the name of which had no further reason to exist due to the centralisation of individual registrations via the National Register. Data on incomes are not available via the Survey, but we can closely approximate them by cross-referencing the questions on level of education and position within the employment market. As for data on the structure of households, these become available by linking the socio-economic Survey to the National Register. These data, although provided to us on an individual basis, have been rendered anonymous before being sent to us in order to comply with the law on the protection of privacy.

We selected four variables in order to describe households: the structure of the household, the age of the head of the household, the position of the household in the employment market, and finally the level of education. Each of these variables may adopt the following positions:

- structure of the household (5): single person, cohabitants without children, cohabitants with few children (≤2 children), cohabitants with a lot of children (>2 children), single parent
- age of head of household (3): young (<35 years old), adult (>35-<60 years old), old (≥60 years old)
- activity of adult(s) in charge of the household (5): pensioner, unemployed, student, single activity, dual activity
- level of education of head of household (3): lower, median, higher. The level of diploma is standardised by age: i.e. populations are classified by “higher”, “median” or “lower” diplomas, taking into account the diploma level of the whole population of the same age in the Brussels labour pool. This correction allows a more effective measurement of the possibilities of integrating the population into the employment market insofar as a higher secondary diploma, while it is “median” for young people leaving school today, was “higher” for the generation leaving school before the Second World War and consequently corresponded to different employment opportunities.

If we cross-reference these characteristics on an individual level, we can theoretically arrive at 5*3*5*3 = 225 types of household. We could, for example, describe a household as follows: household of
cohabitants with few children, the head of the household being a mature adult, unemployed and with a median diploma. Of course, not all types are encountered in the population: by way of example, the probability of being older than 65 years old and student at the same time is slight...

We know that only 78% of Brussels households subjected to the socio-economic survey answered to all the questions that allowed individual characterisation. The strong correlation between non-replies and the rate of residential mobility tends to demonstrate the difficulty of determining the characteristics of the most “volatile” populations (Grimmeau, 1991). We can therefore expect that the most mobile groups will henceforth be under-represented in this analysis. Furthermore, the socio-economic survey was only sent out to households listed on the National Register. Two major categories of household consequently evaded the survey: short-term migrants and foreigners living irregularly in Belgium (Poulain & Perrin, 2005). They probably represent less than 1% of the population. Now, these people certainly occupy a considerable proportion of what we describe as “de facto social housing”, given their living conditions.

In order to determine the “model profile” of households in the public social housing sector, it is not sufficient to select all the characteristics of all the households resident in social housing as of right: not all households benefiting from social housing are necessarily “characteristic” of the profile of households occupying social housing. We therefore chose, on the basis of 225 possible types, to only select those types that were significantly over-represented in social housing in comparison with their presence in the Brussels population as a whole. In this case, the test chosen is the chi-squared test. In this way, 79 types were selected. Not surprisingly, they very often combine characteristics such as a poor diploma, an unfavourable position on the employment market, and, from the point of view of family structure, single persons or large families or single-parent families.

After having determined the most representative types in the sector of rented social housing as of right, I propose to “recover” from among the households resident in the private sector all those households that present the same characteristics. These households represent 26% (95,913 households) of the total number of households in the Bruxelles-Capitale region that replied to all the questions necessary for the drawing-up of their profiles.

Here, it is indeed a question of households that fall, in the strict sense, within the de facto social housing sector. If we add these 26% of households to the 8% of households that are actually occupying social housing, we can deduce from this that, on the scale of the Bruxelles-Capitale region, 34% of all households that replied to all the questions, thus allowing characterisation, fall within the social housing sector, either as of right or de facto. This is a low estimate in view of the biases in the Survey mentioned above.

**Location of de facto social housing stock**

The location of social housing corresponds roughly to the limits of what is traditionally called the “crescent of poverty” in Brussels (Figure 1). It is here that the most unfavourable socio-economic indicators are concentrated (Kesteloot & Vandermotten, 2001). We may observe that in the private housing stock of these districts, the proportion of de facto social housing is very often more than 50%, without counting the illegal immigrants, also located in these areas. As we should expect in south-east neighbourhoods less than 20% of the private housing stock is concerned by de facto social housing. Knowing that the standard profiles that are over-represented in social housing as of right corresponded to 64% of the total amount of social housing tenants, we may draw the conclusion that the concentration of insecure population groups is at least as high in the private sector in the “crescent of poverty” as in social housing as of right.
Figure 1: De facto social housing in Brussels-Capitale Region

Conditions for integration into de facto social housing stock

Once these individuals had been identified, I was able to determine their occupancy status and compare it to those of all the inhabitants of Brussels (figure 2).

<table>
<thead>
<tr>
<th></th>
<th>De facto social housing</th>
<th>Brussels-Capitale Region</th>
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<tbody>
<tr>
<td>Owner-occupier</td>
<td>34%</td>
<td>45%</td>
</tr>
<tr>
<td>Tenant in private sector</td>
<td>57%</td>
<td>50%</td>
</tr>
<tr>
<td>Tenant in public non-social sector</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>In free accommodation</td>
<td>4%</td>
<td>3%</td>
</tr>
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Table 1: Occupancy status of inhabitants in the “de facto social housing sector”

Across the whole of the private housing sector, we can observe the over-representation of households that are in “de facto social housing” for all types of occupancy with the exception of owner-occupiers. This report only corroborates this, as we might have suspected, inasmuch as owner-occupier remains the most advantageous – and the most prestigious! – status in the housing market. Households living in free accommodation correspond to two clearly distinct realities: some are living with relatives or friends while others benefit from work-related accommodation linked to their job (eg: concierges). Tenants in the public non-social sector occupy housing in the public sector, the admission criteria for which are left to
the free choice of the owners (Municipal land agency, Public Social Welfare Centre). The rents received by these institutions, although much higher than those received from social housing as of right, are registered and approved and thus lower than the market price. Access to this housing often corresponds to vote-seeking systems developed by local authorities.

The proportion of owner-occupiers is, we may observe, far from negligible. This report is even more astonishing when we look at the results by nationality. Here, if the average is 34%, it rises to 44% amongst the Turkish population. This figure is higher than the proportion of owner-occupiers in the total population (42%), which means that, despite unfavourable individual characteristics, the Turkish population are largely more likely to be owner-occupiers than might be expected. The central question that is posed, then, is the following: how have population groups whose profile is typical of groups resident in social housing as of right gained access to home ownership?

**Resident landlords: *de facto* social housing homeownership in Brussels**

A less widely known phenomenon: certain new homeowners have put in place strategies based on renting out a part of the building that they themselves occupy. These are what we call “resident landlords” (Allen & McDowell, 1989). By carrying out a systematic analysis of the structure of home ownership on the private rental market, I was able to establish that in those districts principally affected by de facto social housing (figure 3), nearly 40% of private rented dwellings were held in this way by landlords who were themselves occupying accommodation in the same building as the dwellings being rented out. Knowing that only 23% of all the private rented accommodation in the Region is held by such landlords, we can measure the extent of this phenomenon. This observation had already been made by Beauchesne, who, on the basis of a survey conducted amongst immigrants who had achieved home ownership, estimated that 40% of this group followed the practice of renting out a part of their building (Beauchesne, 1994). What is more, Kesteloot often mentions this practice without really having been able to highlight it in his analyses (Kesteloot & De Decker, 1997). Allen and McDowell think that resident landlords are particularly common in a process of decline of the private rented sector: “These landlords are small-scale, amateur and part-time operators, forced into letting because of their position in the owner-occupier sector.” (Allen & McDowell, 1991).
During interviews carried out in the districts of the “crescent of poverty”, several homeowners confirmed that they had achieved ownership via this particular mechanism. All those interviewed were of immigrant origin (Turks, Tunisians, Moroccans), whether or not they had Belgian nationality. For a good number of them, the prior condition was obtaining an open-ended employment contract, the only means of obtaining a mortgage loan from traditional financial agencies. The purchase of poor-quality property was compensated for by the possibility of renovating the dwellings by involving the important social networks often active in the building work sector. Tenants were sometimes even called upon, in return for a reduction in their rent, to help with the refurbishment of dwellings. These tenants were, in the majority of cases, of the same ethnic origin as their landlords and had recently arrived in Belgium. “The relationship between landlord and tenant thus tends to be a personal one rather than a business arrangement” (Allen & McDowell, 1989). For these tenants, access to the housing market, even poor quality housing, was not easy. Ethnic and social discrimination, as I have already mentioned, are much in evidence in the housing market (Malghem & Noël, et al., 2004). The existence of private rented housing held by landlords with the same ethnic and social characteristics gives them an alternative to the traditional market, from which they are very often excluded. What is more, paternalistic ways of thinking, sometimes bordering on the exploitation of the misery of others, allow these immigrant populations to integrate themselves into networks that offer them employment opportunities. The complexity of the social relationships intertwined with the rental of dwellings in one’s own home makes it impossible to give a unanimous opinion on the question of the appropriateness of this market. The fact remains that this market exists and
that it allows a certain fringe of the population to gain access to low-cost housing. Finally, we can observe that, for the majority of resident landlords, this purchase was the first in a series of other property investments, thus guaranteeing them substantial returns. The majority of these new investments take place in the districts where the landlords live.

The strategy of putting part of their building up for rent was only possible in a special context.

- The end of the “going home” myth
  During the 1980s, the immigrant populations who had seen their children grow up in Belgium had to face the facts: they were not going back to their homelands. This was the end of the “going home” myth. This process of finally settling in Brussels was accompanied by the desire to own property in order to protect themselves against the hazards of being a tenant.

- The role of preferential lending agencies
  Several agencies have been established since the between-the-wars period in Belgium in order to allow households access to home ownership. The conditions for granting these loans are linked to household income and composition. In this way, the Family Housing Fund for the Bruxelles-Capitale region may boast that it has allocated nearly 90% of its loans to households whose characteristics match the conditions for access to social housing (Family Housing Fund, 2006). Knowing that around 400 loans have been granted annually in Brussels since the start of the 1980s, we may conclude that 9,000 “social housing” families have achieved home ownership thanks to the Housing Fund.

- The decline of the property market in those districts known as the “crescent of poverty” in the first half of the 1980s
  The growth in prices experienced a setback during the first half of the 1980s in Brussels and across Belgium in general. In the disadvantaged areas of the city centre, this drop in prices took place in a context in which prices were already relatively low in comparison with the more privileged areas in the suburbs (the arrondissements of Hal-Vilvoorde and Nivelles). This is shown by the figures relating to the poor neighbourhoods. Although we do not have individual data which can confirm the fact that these transactions concern poor households, the location of the properties nevertheless suggests that households were able to take advantage of this slump in prices to gain access to home ownership.

![Graph showing average selling price of dwellings](image)

Figure 3: Average selling price of dwellings (in constant euros) – Source: INS – Financial statistics, own calculation
• Decreasing mortgage rates in the first half of the 1980s

Together with the relatively low market prices during the 1980s, mortgage rates showed a significant drop at the same time, thus allowing easier access to home ownership. We should note that, for the Muslim immigrant population, mortgage borrowing is contrary to religious prescriptions. Here, then, there is a form of renunciation of a significant community asset.

![Figure 4: Interest rates on Belgian market (1970-2006) - Source: Association des Banques Belges](image)

**Conclusion**

Although the stock of *de facto* social housing remains largely dominated by the private rental market, it is nonetheless true that home owners occupy a significant part of this market.

As we have been able to establish, several factors are likely to explain this phenomenon. Resident landlords, in this capacity, occupy a special position since they provide cheap housing and at the same time find their own personal strategy in order to guarantee their own housing conditions.

This strategy leads to an ethnicity-based concentration of population groups, a concentration of which the majority of urban planning policies attempt to boast in the name of an illusory social and ethnic mix. On the contrary, it seems to me that, in the absence of policies for combating discrimination in the housing market, the support of landlords who are ethnically and socially close to their tenants should be developed.

**Bibliography**

