

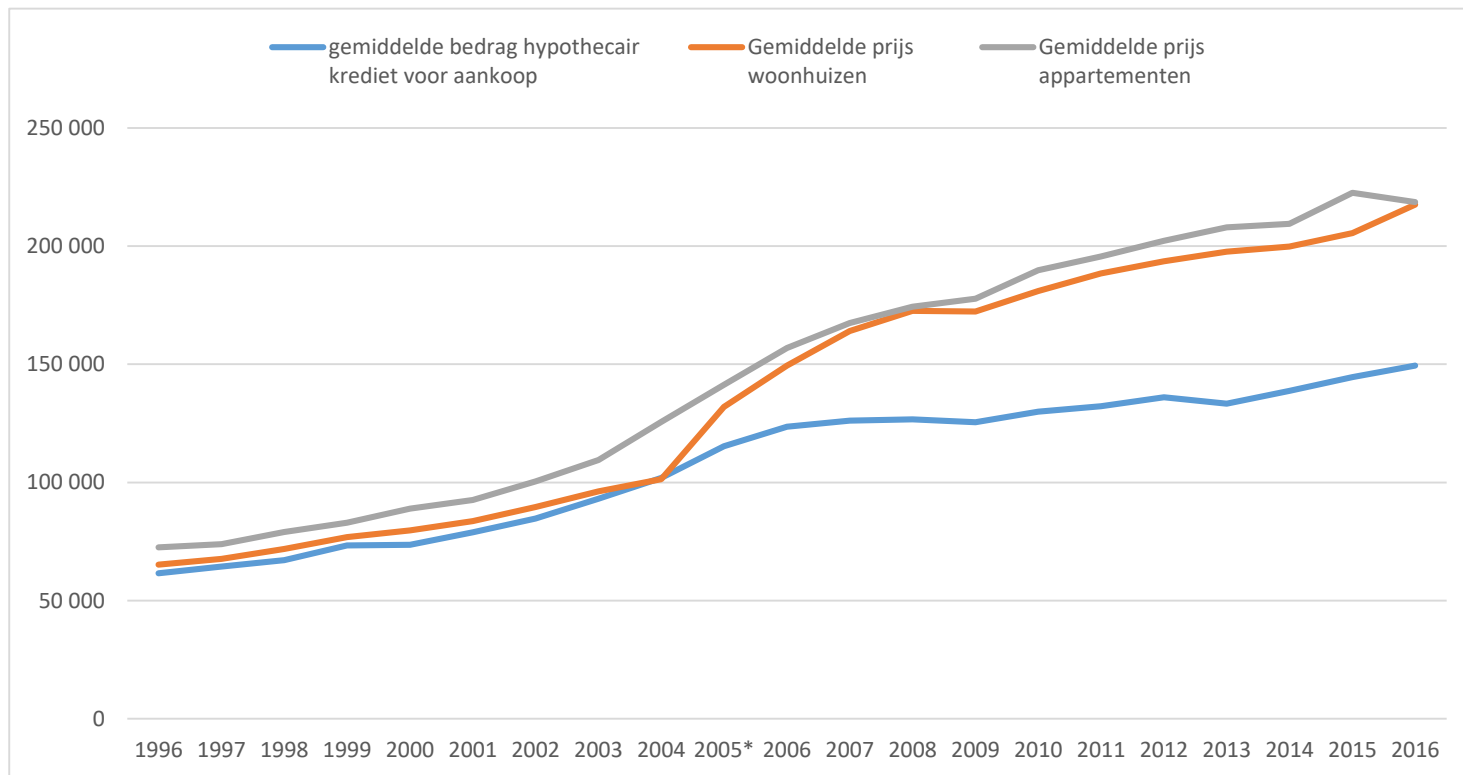
Social Loan for Low Income Groups Challenges and Opportunities

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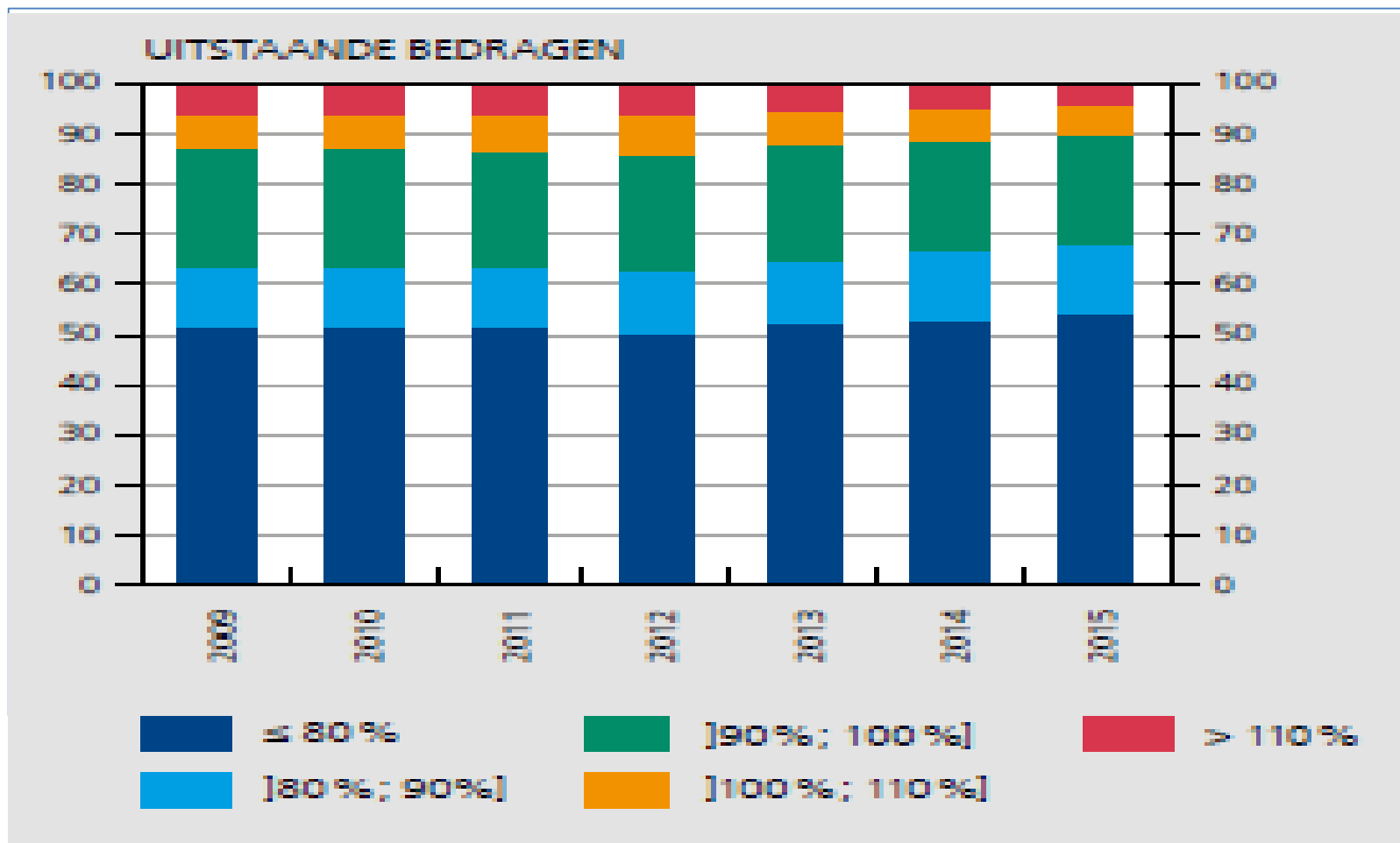
Challenge for Low Income Groups

- Target groups of social/public rental housing
- Aim CLT Gent is inclusion as homeowners
- Problem is to raise the total cost of purchase
 - Asking price
 - Taxes, notary costs, banking costs, insurance
- 2 possible solutions
 - Public social loan(s)
 - (additional) Private fund(ing)

Average mortgage in Belgium



Loan-to-value in Belgium



Social Mortgage in Belgium

- In the region of Flanders social mortgage provided by public Housing Funds is limited to 100% loan-to-value
- The Housing fund of the Region of Brussels Capital can provide mortgage with a loan-to-value ratio up to 120%

Risk Management in Belgium

- Belgian government focusses on the global risk profile of banks instead of that of borrowers
- Suggestions of the European System of Financial Supervision to limit loan-to-value ratio are not imposed
- Private banks still provide mortgage with a loan-to-value ratio higher than 100%
- Higher interest rates for the part above 80% is no solution for low income groups

Social Loan of Province East Flanders

- Additional to mortgage
- Originally for renovation and/or purchase
- Did cover notary fees for low income groups
- Has recently be classified as a mortgage instead of consumer credit
- Consumer credit cannot cover additional costs for purchase anymore

Opportunities related to Social Loans

- 49 Social credit providers of consumer credit
- have to demonstrate the social character:
 - social needs
 - lower rates
 - longer periods
- These social loans can help low income groups to cover costs related to housing, such as:
 - decoration and finish
 - equipment and facilities
 - household goods
 - energy cost and rational energy consumption