

***Urban policy at federal level :
examination of the town and housing contracts related to the period 2005-2007***

Urban policy at federal level aims at improving the prevailing living and housing conditions in deprived areas of some towns and municipalities. The Court examined the efficiency of the federal Government's urban policy issue on the basis of town and housing contracts. The examination revealed that the subsidized projects are very often in line with the policy objectives. But the policy is not transparent, particularly as regards the breakdown of resources. Projects sometimes belong to the normal operation of towns and municipalities. There is also a high risk that some housing projects benefit medium-income groups to the detriment of lower-income groups.

The federal urban policy aims at improving the prevailing living and housing conditions in deprived areas of some towns and municipalities. To this effect, the federal Government concluded town and housing contracts with 17 towns and municipalities. For the period 2005 - 2007 the federal Government granted 198,3 million Euro subsidies through these contracts. With the subsidies provided for in these town contracts towns and municipalities funded several projects such as vicinity houses, the replanning of streets and public squares, the provision of parc guardians or language lessons for newcomers. Housing contracts were used to build or renovate houses for sale or rent designed for low and medium-income groups.

The Court examined the way the government and the competent minister drew up this urban policy, how the department concerned operated and how towns and municipalities got this policy implemented.

The Court found that the projects funded by towns and municipalities with federal subsidies were nearly always in line with the urban policy's objectives. Nevertheless, major bottlenecks were identified in relation to the urban policy.

In the course of the preparation of this policy authorities related only to the towns and municipalities they planned to have a contract with. Regions with their own urban policy and associations of towns and municipalities were not consulted.

The regulation is particularly concise and does not include essential elements such as the selection and breakdown criteria. Parliament was only partially informed - and often inaccurately - about the policy and the results obtained.

The selection of towns and municipalities and the resource breakdown were operated in an untransparent way. Selection and resource breakdown criteria were not always relevant, not all towns and municipalities were evaluated by the same criteria and sometimes criteria were not rightly applied. Therefore resources were not always allocated to the towns and municipalities that needed them most considering the objectives of the urban policy.

The responsibility for the coordination of the regional, federal and European financial flows lies mainly with towns and municipalities. The federal government fails to address the issue.

A minority of projects have more to do with the normal operation of a municipality. Various municipalities justified this on the ground of their financial difficulties. Several towns and municipalities also allocated operating expenditure to the urban policy under the disguise of coordination cost.

Many towns and municipalities intend to create a social mix by attracting middle classes to deprived areas of some districts. In this respect, too little attention was devoted to the possible side-effects such as price increases that could drive away the lower-income groups from these areas. The estimated 3000 additional house units was overstated : a figure of 900 is more realistic.

In his answer, the competent minister stressed the significance of the urban policy. He was of the opinion that there was sufficient transparency about the policy *within the government* and said that preference was given to a flexible policy promoting concerted action with towns and municipalities. In view of the political situation at the time of the closure of the audit he did not intend to respond to the recommendations.