



FRENCH SOCIAL HOUSING

Current issues



A FEW KEY FIGURES

- ▶ There are 4.6 million social flats and houses in France, which represents 17% of main residences
 - ❖ Owner occupier: 58 % and private rental : 21 %
- ▶ 85 % of this social housing is collective
 - ❖ 24 % is located in ZUS (sensitive urban areas)
 - ❖ 25 % have been built after 1990 (nineteen ninety)
- ▶ About 129 000 (one hundred and twenty nine thousand) social flats and houses were programmed in 2013 by nearly 800 social housing operators (OPH, ESH, SCOP, EPL, ...) and 10 000 new flats/houses were sold.
- ▶ 1.7 million people in France request housing, of whom 500 000 are already renting social housing (because their social housing is too small, too expensive etc)
- ▶ The average vacancy rate is 4.3 % but it's very heterogenous (about 1.8 % in attractive sectors like Lyon or less in Paris, for example)
- ▶ In 2012 our sector invested 16 billion euros which represents 25 000 jobs created



A LITTLE HISTORY ...

1/2

- Our system (social housing) is an old one (around 150 years old), based on some key principles defined by a law, with different statuses (rental, owned) and combined with housing policy for the middle class. Housing is a global policy in France and is based on the assumption that, in order for each person to be housed according to his/her wishes, action must be taken on each link in the housing chain. This includes: facilitating home ownership and stimulating private rental and social housing output.

- Faced with a big housing crisis in France, social housing was created by the church and company bosses at the end of the 19th century to meet several objectives:
 - ❖ To house employees of companies in the industrial revolution
 - ❖ To fight against housing which was unfit for habitation
 - ❖ To improve both hygiene and the morale of households
 - ❖ Housing policy at that time was more focused on access to ownership because the politicians in power thought that by giving the popular classes access to property, they would stay more conservative rather than becoming socialist or communist

A LITTLE HISTORY...

2/2

► A few important laws and key steps in the story of our social housing movement :

- ❖ 1894 : creation of first low cost but good quality housing (HBM)
- ❖ 1912 : under popular pressure, as rented social housing had become a new right, the Laurent Bonnevay Law was created and set up Public Offices of Social Housing to build and manage social rented housing
- ❖ 1928 : housing became a public policy and a law specified the planned construction of 260 000 houses and flats over 5 years (rented and owned)
- ❖ 1945, after the 2nd World War, France had a lot of housing issues eg 45% of housing was over-occupied and 10 % totally unfit for habitation
- ❖ 1953 : a tax on 1% of the wage bill was created to participate in the reconstruction efforts
- ❖ 1954 : Abbé Pierre's call for action (the bounteous insurrection)
- ❖ 1958 : Priority Areas for Urban Construction were created & in less than 15 years 2,2 million houses were built. This sort of Priority Area was forbidden in 1976
- ❖ 1977 : big housing policy reform which created some individual housing subsidies and redefined construction subsidies
- ❖ 1982 : a law tried to better define the owner-tenant relationship (rights & duties of each)
- ❖ 1990 : the Besson Law strongly developed the right to housing
- ❖ 1991 : a law created an obligation for every town with over 200 000 (two hundred thousand) inhabitants to have 20% of social housing
- ❖ 2007: a law established the Enforceable Right to Housing

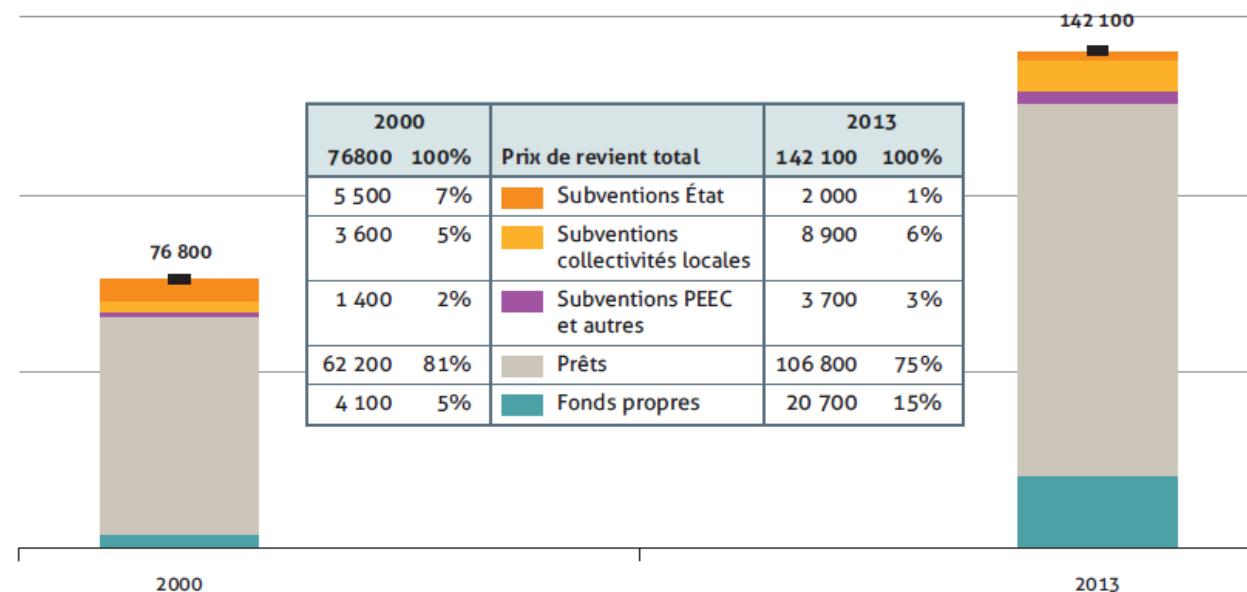
THE FUNDAMENTALS OF OUR SYSTEM

- ▶ A social flat/house is allocated according to resources
- ▶ There is a special commission for the allocation of social housing composed of elected officials and public housing office employees. It allocates housing according to objective and priority criteria.
- ▶ The rent is capped (5.47 € /per square metre m²/ per month on average) which is less than 30% in relation to the market (380€/month against 540 €/mois)
- ▶ If you live in social housing you can get housing benefit : social housing benefit was created in 1977
- ▶ Housing construction is directly supported from public resources, & we get some subsidies from :
 - ❖ the State (around 14 billion euros per year),
 - ❖ Local authorities (about 5 billion euros)
 - ❖ Subsidies from private companies (1% of the company wage bill)

THE ECONOMIC MODEL

Évolution du coût et du financement moyen d'un logement PLUS neuf

DHUP, France métropolitaine - € TTC / logement



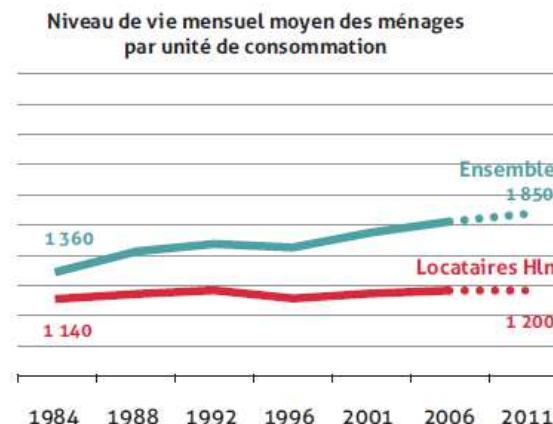
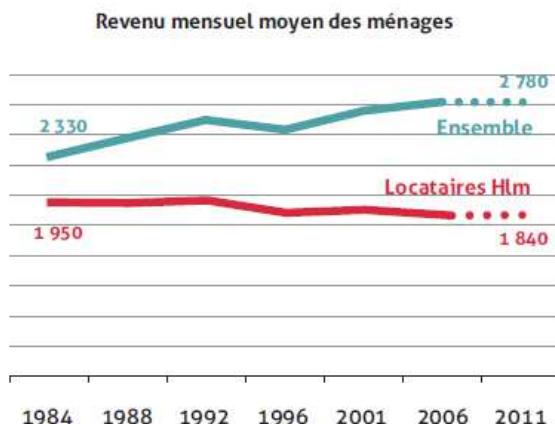
- ▶ Cost of social housing multiplied by 2 in 13 years
- ▶ State subsidies divided by 7
- ▶ Company funds multiplied by 3

WHO LIVES IN SOCIAL HOUSING IN FRANCE ?

- 10.3 million people are housed in social housing
 - ❖ More and more live alone (38%), and single parent families (20% vs 9 %) and big families (8% vs 5%) are over represented.
 - ❖ Over representation of workers and non-executive employees (47 % vs 34%)
- Households which are in more and more precarious situations

Revenu et niveau de vie mensuels moyens des ménages

ENL, extrapolée avec ERFS en 2011, France métropolitaine hors étudiants - En € 2011



Le niveau de vie d'un ménage est son revenu mensuel (net d'impôts, y compris prestations mais hors APL) par unité de consommation : 1 pour le chef de ménage, 0,5 par personne de plus de 14 ans et 0,3 par enfant.

STRENGTHS AND WEAKNESSES OF THE FRENCH MODEL?



- ▶ Lots of affordable housing
- ▶ The robustness of the economic model for construction (subsidised loans, VAT,...) and the good financial health of the stakeholders (for the moment...)
- ▶ The quality of our current buildings and the general state of our housing stock (less energy-consuming than private housing)
- ▶ The success of our first big national renovation programme (ANRU) National Agency for Urban Renovation
- ▶ Strong support from the State and local authorities (not always for housing itself but at least for the jobs that it generates!)
- ▶ Very high quality rental management and a quality of service which is improving significantly



- ▶ 3,6 million of people badly housed
- ▶ The concentration of housing which was built between 1950 to 1980 in big blocks and which was the first to be impacted by economic recession
- ▶ The cost of rent for new housing (which is the result of the freeze in housing benefit and the increase in the cost of construction)
- ▶ The increase in emergency requests (homeless, political refugees, immigrants, increase in 'life accidents' like divorce, joblessness ..)
- ▶ There is a big gap between regulated rent and private rent which blocks the whole system (the rotation rate has been divided by 2 in 20 years)
- ▶ The over-mobilisation of social housing company funds to renovate existing housing (2 big challenges – asbestos risk and energy renovation)



WHY A RENTAL SOCIAL HOUSING SECTOR?

A few additional arguments for those who may be sceptical !:

- ▶ Because of the relative weight that it represents (25 % of production and 20 % of housing stock), it regulates the price of rent and the global housing price.
- ▶ Public housing offices contribute to town planning.
- ▶ The rental housing sector helps to diminish the counter-cyclical effect of housing crises : in 2009 we bought 30 000 houses / flats from private promoters (unsold stock...)
- ▶ By working in close partnership with emergency housing and short-term housing stakeholders, social housing helps to minimize the impact of the housing crisis.



CURRENT BIG CHALLENGES?

- ▶ Finding affordable & attractively located land
- ▶ Controlling construction costs (necessary to control rental costs)
- ▶ Energy renovation and asbestos treatment
- ▶ Improvement of social housing request management: more transparency, objectiveness in our allocation, ... moving towards « choice-based letting »
- ▶ Improve internal mobility in the social housing park
- ▶ Protecting our French model – in France, a lot of people can have access to social housing (nearly 70% of households) and we want to keep that model.

WHAT ARE WE DOING NOW?

- ▶ We're building, building, building ...
- ▶ We're changing the image of the most stigmatised areas (urban renovation)
- ▶ We're trying to regulate private rental prices (the ALUR law) and we are trying to produce social housing with very affordable rents
- ▶ We're working on the idea that housing is not just a service like any other - that means that we can't let the market regulate it by itself.
- ▶ We have to stop developing a product offer which is fragmented into different population categories (students, poor people, immigrants, single women,...)
- ▶ We're developing alternative offers which mix different populations and ways of living together (all types of co-rental, residence services, social hotels etc),
- ▶ We're developing some services which fight against isolation, improve the way of living together, increase purchasing power & make daily life easier .

