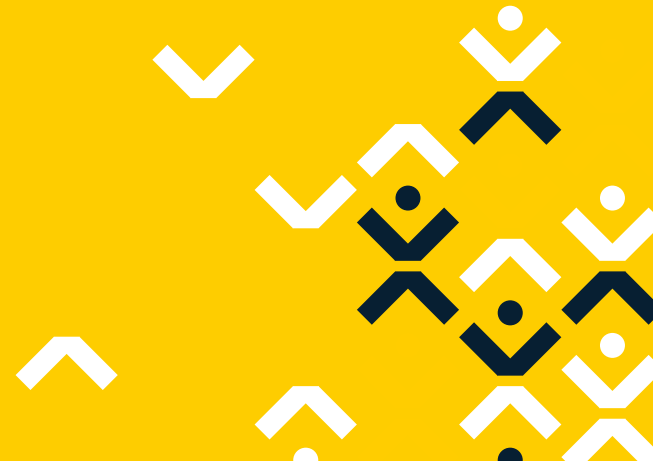# Social Housing and social ownership Policies in Paris
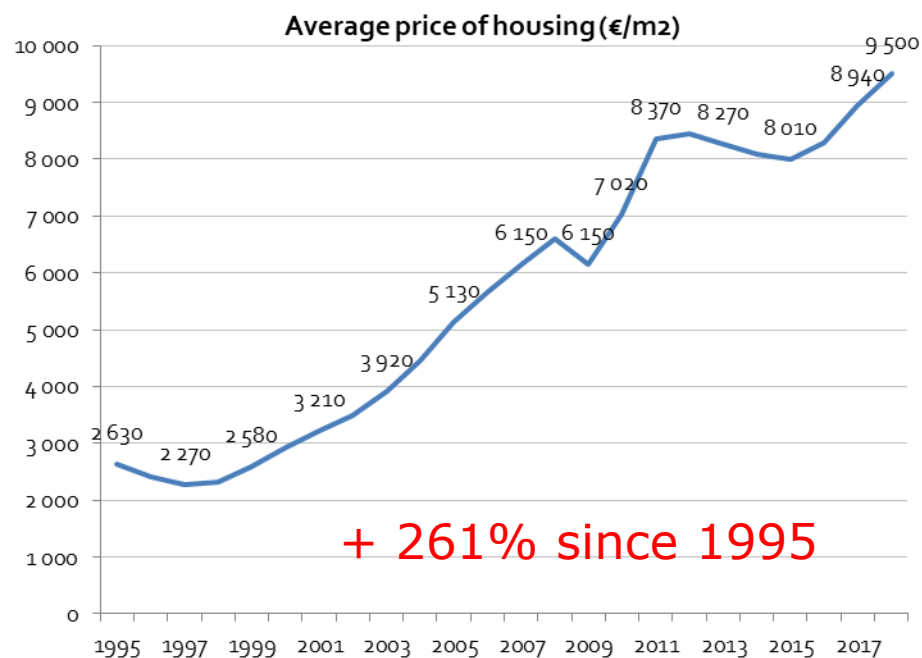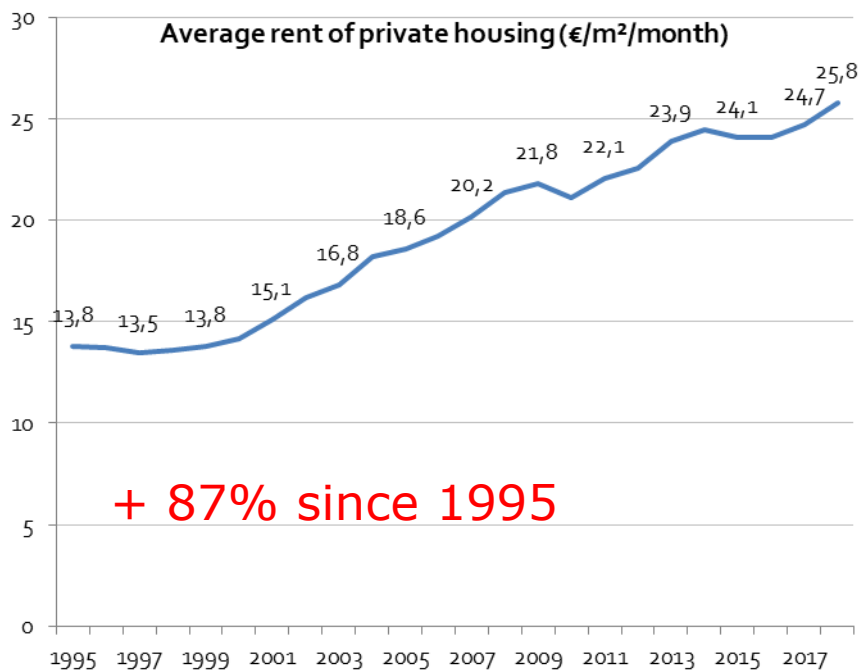
17/09/2020

The pressure on the Parisian housing market

Average rent of private housing (€/m²/month)

13,8 13,5 13,8 15,1 16,8 18,6 20,2 21,8 22,1 23,9 24,1 24,7 25,8

+ 87% since 1995

Average price of housing (€/m2)

2 630 2 270 2 580 3 210 3 920 5 130 6 150 6 150 7 020 8 370 8 270 8 010 8 940 9 500

+ 261% since 1995

FONCIÈRE
DE LA VILLE
DE PARIS

Social housing policy

➢ **Very dynamic policy since 2001 : rental social housing only ;**

➢ **In the social housing deficit zone, private housing construction operations (at least 800 m² built) must include a minimum of 30 % of social housing ;**

➢ **Urban reserves for social housing ;**

➢ **In the planning areas, the rule is 50% of the land for housing, including 60% for social housing and 20% for intermediate housing ;**

➢ **Half of social housing produced in Paris are newbuild operations and half of them are existing housing acquisitions (with or without works) ;**

➢ **Considerable financial means : more than 200 millions subsidies every year (State + City) + tax exemptions + land provision at reduced costs.**

Evolution of social housing in Paris towards the national objective

Evolution du nombre de logements et du taux SRU parisien depuis le 1er janvier 2001
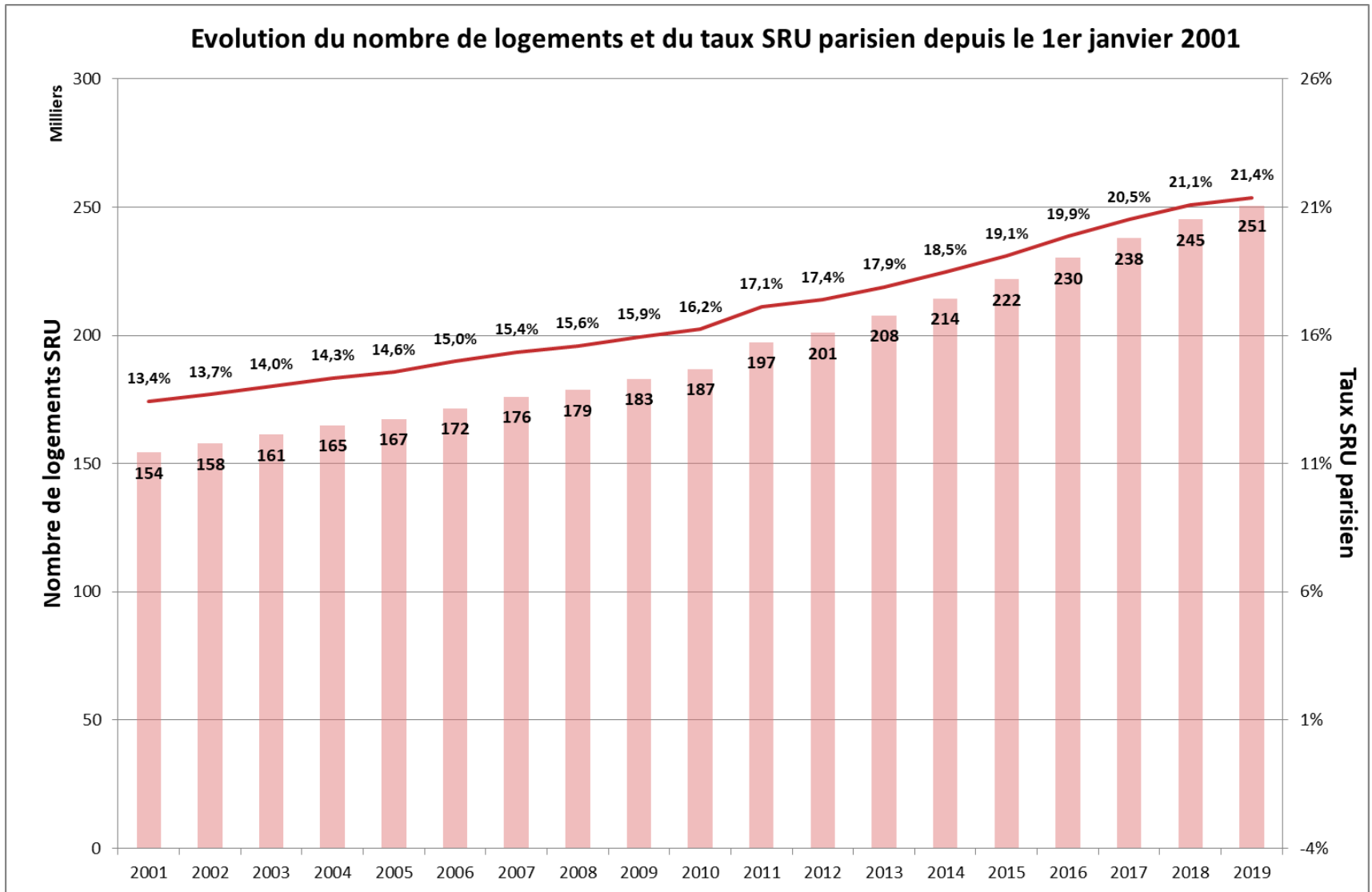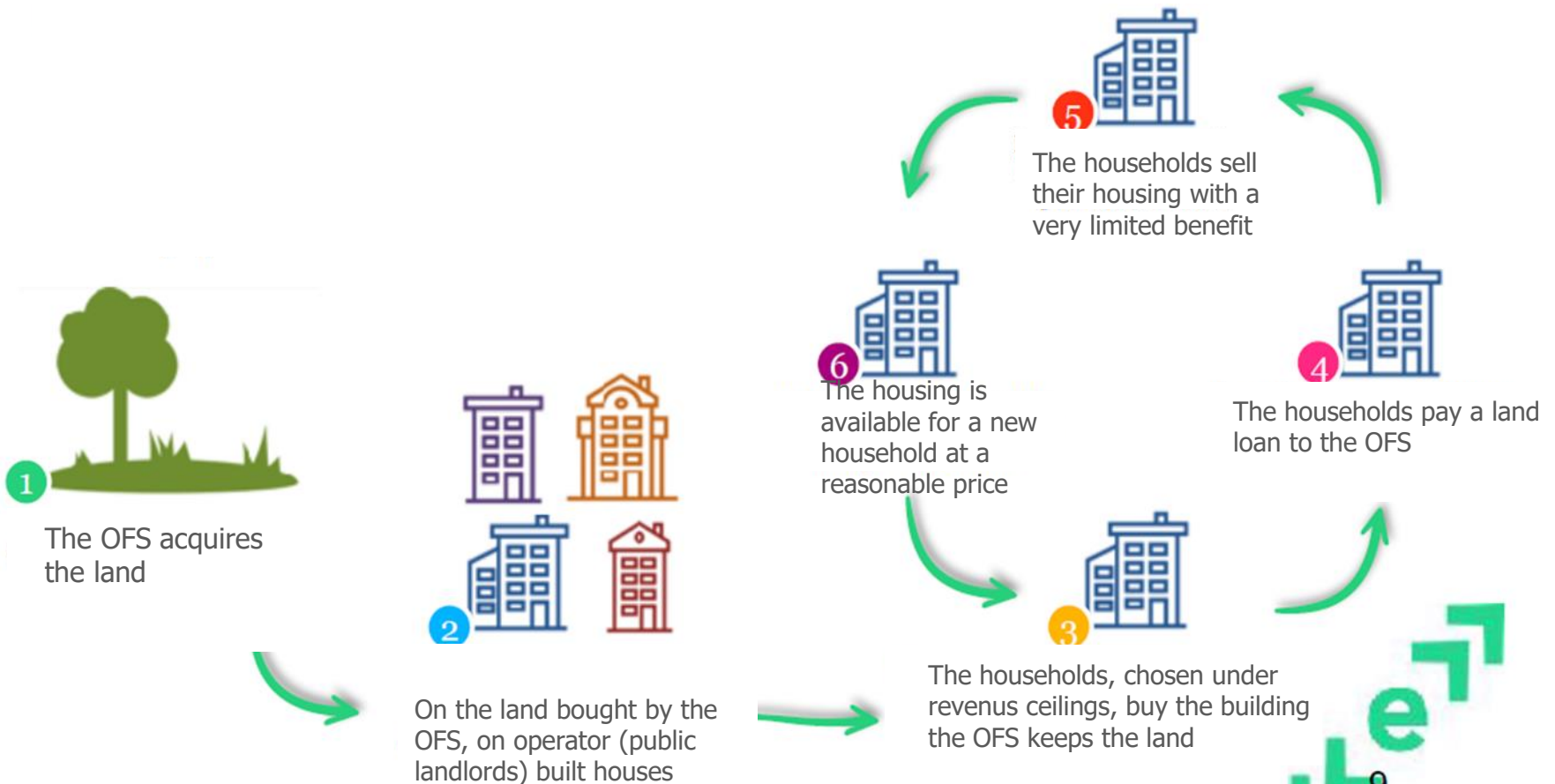
Social home ownership

➢ **Need to address the middle class situation in Paris, which is a growing concern**

➢ **In Paris, there're had been a few social ownership programs in the 1990's, consisting mainly in selling social housing to their inhabitants, with anti speculative clauses prohibiting the owners to sell their apartments at market prices during a limited period of time**

➢ **These kind of programs have been stopped because it finally leaded to private households making huge benefits thanks to public money (bargain effect)**

➢ **But in 2014, a state law (Allur law) has created a new system allowing the dissociation between the land and the construction (the building), the public collectivity keeping the land and selling only the construction, far below market price. Only people under revenues ceilings can buy these housings.**

➢ **The system is totally anti-speculative, and when the owner re-sell the building, it has to sell it the same price he had bought it (but the price is index-linked, to the loan evolution reference for example)**

Principles of the OFS

The City of Paris has decided to experiment this new possibility, and has created in 2019 an « OFS », la Foncière de la Ville de Paris, organisme de foncier solidaire which means solidarity land office/community land trust

① The OFS acquires the land

② On the land bought by the OFS, on operator (public landlords) built houses

③ The households, chosen under revenus ceilings, buy the building the OFS keeps the land

④ The households pay a land loan to the OFS

⑤ The households sell their housing with a very limited benefit

⑥ The housing is available for a new household at a reasonable price

FONCIÈRE DE LA VILLE DE PARIS

Functionning of the OFS

- Objectives : 1000 housing per year

- Where : mainly new buildings in planning areas at the beginning, but also on lands owned by the city or the social landlords. Renovation of existing buildings in a second time

- Financing : loans from the public bank « Caisse des Dépôts et Consignations » and participation from the operator who builds the house (1/3 - 2/3) => addition of financial means

➢ very long term loans (80 years), at low rates (2,4%)

Annex

Social housing deficit areas

In these areas, all **private housing construction operations** (at least 800 m² built) **must include a minimum of 30 % of social housing.**
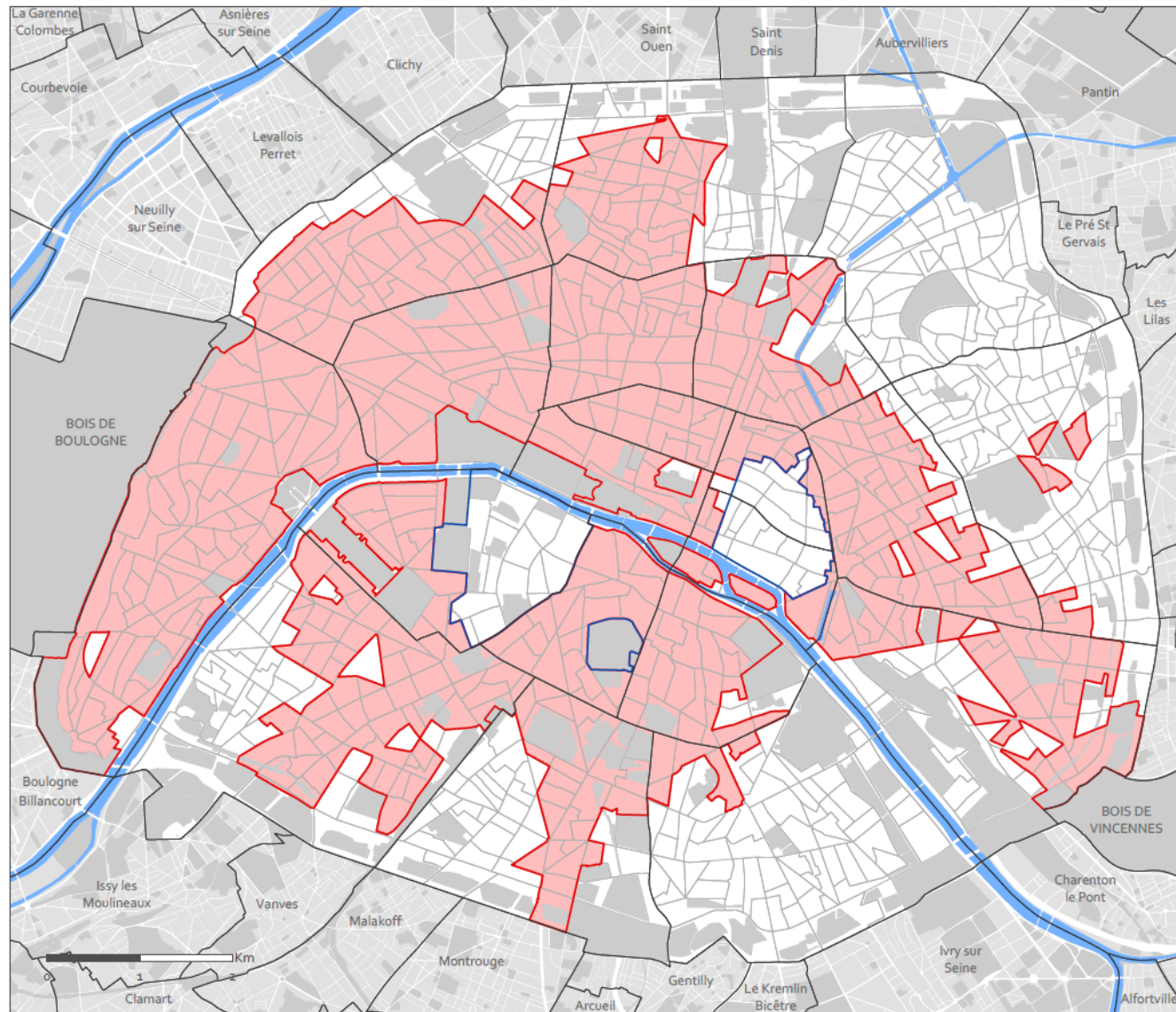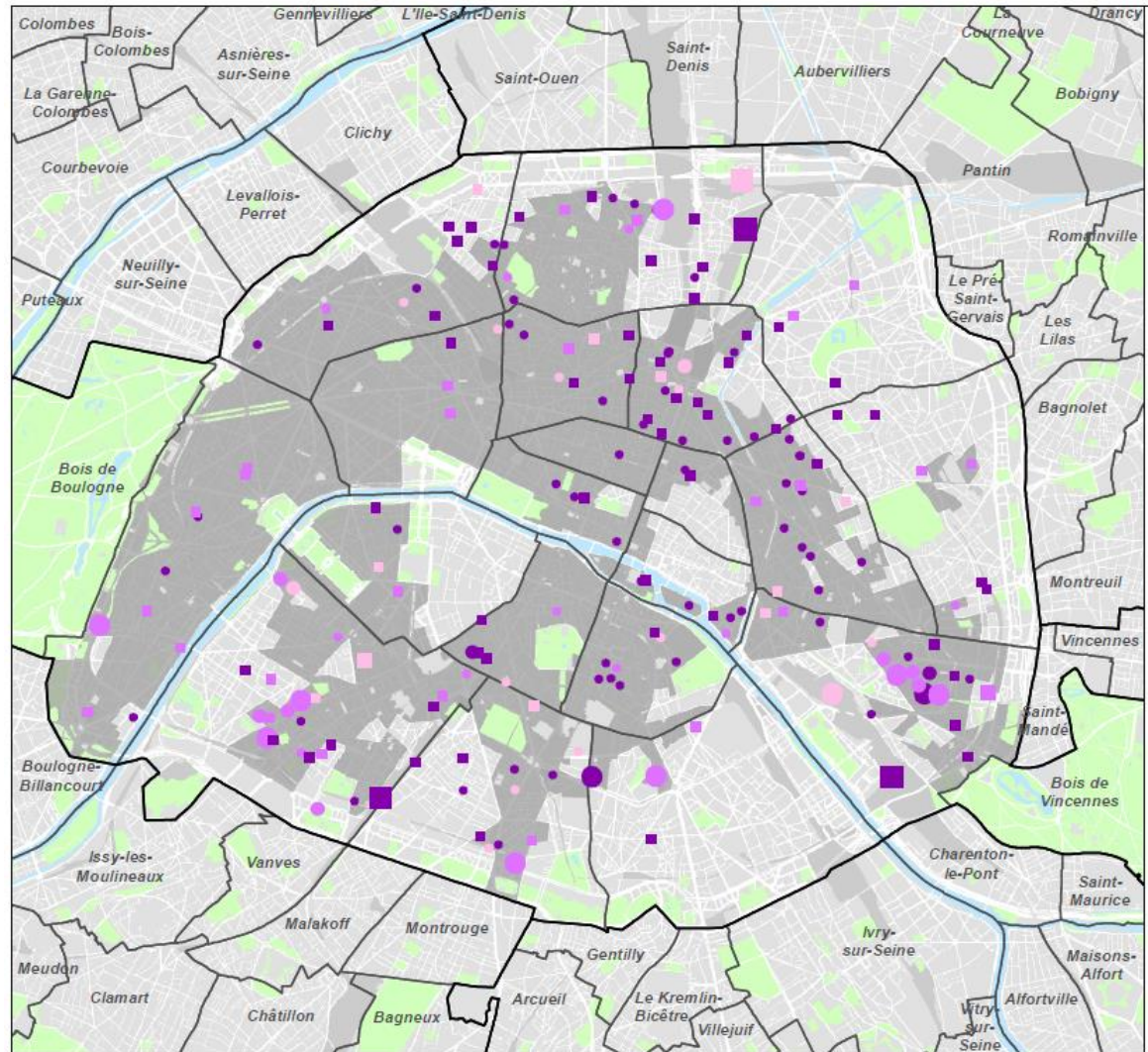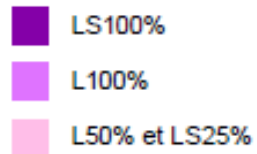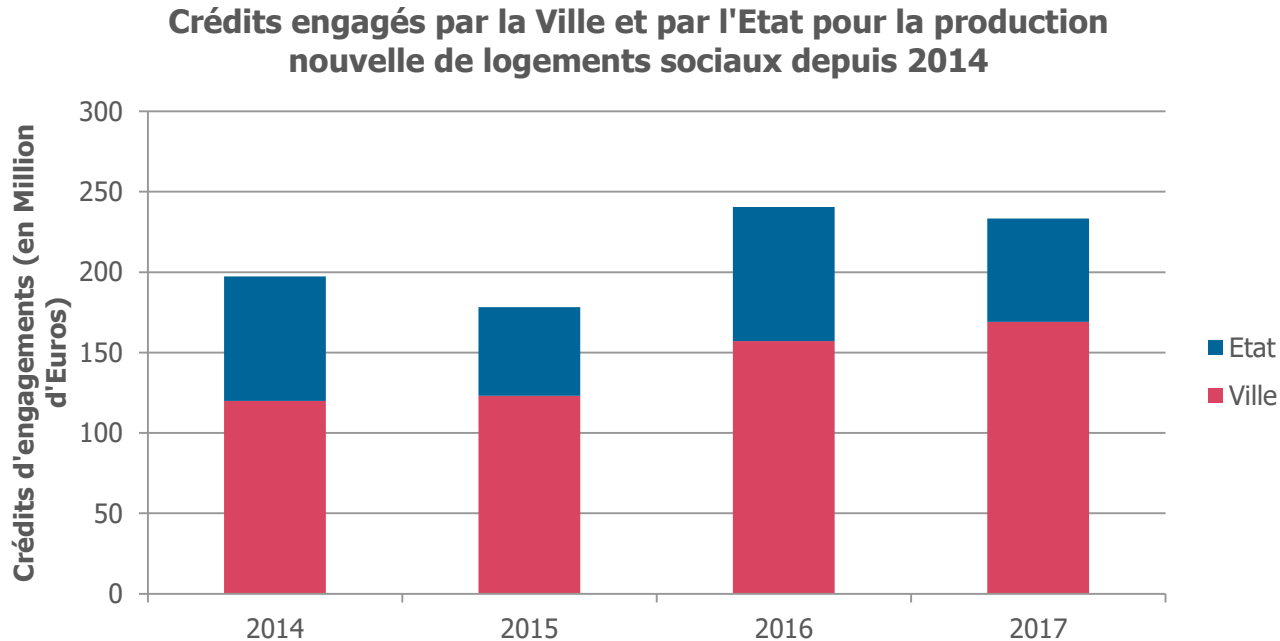
Urban "reserves"

About **300 plots** belonging to private owners are registered as "reserves" in the PLU to create social housing.

When the owner puts his building up for sale, the city can buy it or the new owner has to build housing and a part for social housing. The owner cannot undertake any new project or renovation on the building without creating social housing.

Emplacements réservés

pour le logement social

- ■ LS100%
- ■ L100%
- ■ L50% et LS25%

High financial subsidies from state and the City

Crédits engagés par la Ville et par l'Etat pour la production nouvelle de logements sociaux depuis 2014

- ➢ These figures are only for subsidies
- ➢ To have the total cost, one must had :
  - ➢ Tax exemptions
  - ➢ Land provision at reduced costs

Intermediate housing

➢ **Need to address the middle class situation in Paris, which is a growing concern**

➢ **In the social housing non deficit zone, private housing construction operations (at least 800 m² built) must include a minimum of 30 % of intermediate or social housing.**

➢ **Urban reserves for intermediate housing as for social housing**

➢ **In the planning areas, the rule is 50% of the land for housing, including 60% for social housing and 20% for intermediate housing**