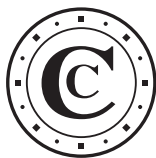


Cour des comptes



Chambres régionales
& territoriales des comptes

PUBLIC ENTITIES AND POLICIES

HOUSING IN OVERSEAS DEPARTEMENTS AND REGIONS

Thematic public report

Summary Report

September 2020

 **WARNING**

This summary report is intended to facilitate the reading and use of the report from Cour des comptes.

Cour des comptes is only accountable for the report.

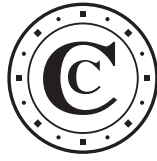
Responses from the administrative bodies, organisations and authorities concerned appear after the report.

Summary

Introduction	5
1 Taking a constraining environment into account	7
2 Rethinking public interventions.	11
3 Summarising the outlook for the second Overseas Housing Plan (PLOM 2020-2022)	13
Audit recommendations	15

Introduction

The housing stock in the overseas départements and regions (DROMs) comprises 775,000 dwellings for 2,152,000 overseas inhabitants, including 155,000 social housing units for a population of 1,721,000 potential beneficiaries, i.e. a higher eligibility rate than in mainland France. Between 2002 and 2017, this stock benefited from cumulative central government funding (in subsidies and tax expenditure) of over €3.6 billion, provided within the framework of shared jurisdictions and partnerships between central government offices and local offices of the central government, several national public institutions responsible for housing, local and regional authorities and almost 20 social housing organisations.



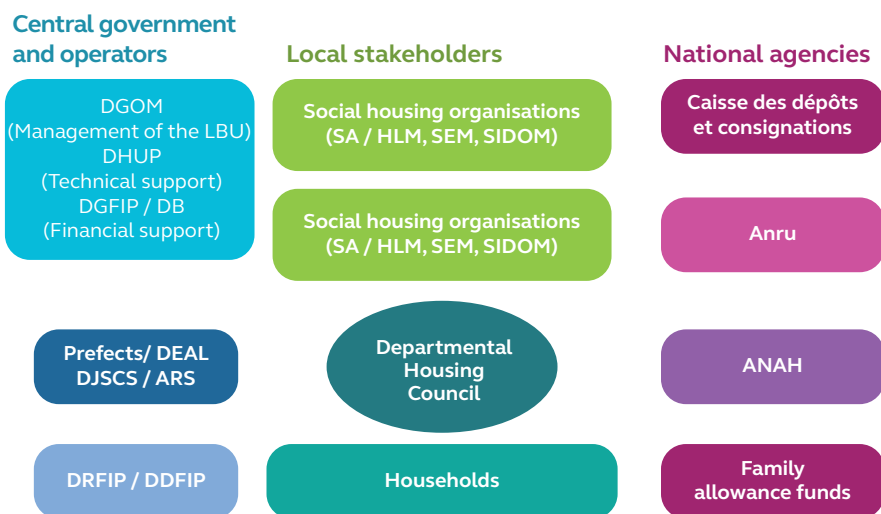
Taking a constraining environment into account

In these regions, geographical and climatic realities impose their constraints with force, whether they are islands or archipelagos with very steep slopes and rich in numerous wetlands or protected areas, which limit the amount of space available for development, or, on the contrary, the immensity of Guiana's forests, where areas of human settlement are also limited to restricted and isolated areas. Such a situation can only have negative consequences on the price of development land, which has risen by more than 40% between 2014 and 2017. Similarly, the demographic situation is decisive and ever-changing, particularly in

Mayotte and French Guiana, where the high birth rate linked to an incomplete demographic transition adds to mass immigration that is difficult to control. Conversely, the decline and the start of ageing of the Caribbean population are still rarely taken into account by public policies. This contrasting demographic data is not properly integrated into housing and accommodation information systems. These systems are still overly based solely on the extrapolation of recent trends, whereas the changes in trends experienced by these regions are, particularly in terms of immigration, more marked than in mainland France.

Taking a constraining environment into account

Key players in overseas housing



Source: Cour des comptes

Public and private stakeholders seem to be finding it difficult to deal with these specific and changing realities. Despite the support provided by the Ministry in charge of housing, the Ministry for Overseas Territories, and in particular its General Directorate for Overseas Territories (DGOM), which is responsible for the many aspects of these complex public policies, has difficulty in setting a course for them. At the local level, the local offices of the central government - prefectures and directorates in charge of housing, in particular - are divided between their duty to enforce legality and fairness, both in terms of real estate transactions and public funding, and the need to support local and regional authorities, whose financial position is often precarious and who do not take full measure of their responsibilities in these matters.

The often poor financial position of local and regional authorities has the effect of reducing their own capacity to invest and lengthening their payment deadlines to businesses and organisations.

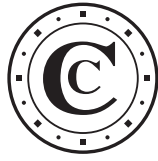
Social housing organisations, which are too few in Mayotte and too numerous in Reunion Island, have found a new impetus with the investment of the Caisse des Dépôts et Consignations housing subsidiary. They have their work cut out to meet the rapidly growing demand for social housing - 80% of the population is eligible for social housing (compared to 66 % in mainland France), whereas only 15% actually reside in social housing and more than 62,000 applications were pending at the end of 2018 - or to meet the challenges of an ageing and still largely informal housing stock.

Taking a constraining environment into account

The quantitative and qualitative outcomes of the first Overseas Housing Plan (PLOM), adopted in March 2015 for the 2015-2020 period, are unsatisfactory, according to the analysis made by the Minister for Overseas Territories herself in July 2019. They show that an approach should be adopted that is much more anchored in the realities of regions with numerous specific requirements, by more directly involving cities and their groupings. The question of land is a determining factor almost everywhere, with the recurrent problems of co-ownership and lack of land papers.

Another weakness is that the implementation of mainland rules on land, urban and housing planning and scheduling has led to imposing

too many references to limited territories, and has saturated the capacities of regional, departmental and local authorities. The result is a fairly general lack of precision and timeliness of planning and urban planning documents, which hinder the investment projects of economic implementing partners. Despite 14 projects having been financed for a total of more than €660 million, including €408 million from the budget of the National Agency for Urban Renewal (Anru), the annual target of building 10,000 social housing units, included in the first PLOM, has not been reached, while the renovation of city centres, the reduction of substandard housing and the renovation of old social housing have been marking time.



Rethinking public interventions

These challenges and this complexity must lead to a profound rethinking of the many intervention mechanisms available to public authorities. They must be refocused on the reality of local situations and the needs of the population.

This turnaround undoubtedly involves taking better account of the major importance of the private sector, in which 85% of the population lives, but which is more or less excluded from data monitoring and strategic approaches in each DROM. This also means protecting, at the heart of the system, household aid, by targeting it in line with the vision of public decision-makers. Indeed, this aid is essential for the population given the low living standards overseas. This refocusing presupposes a strong political will and a real deployment of public resources to reduce informal or substandard housing, to reclaim run-down town centres and to provide decent housing or accommodation for all those who are eligible.

To do so, housing policy stakeholders need to reassess their responses, gain better and faster knowledge of the population's needs, and of land and development resources, and deploy more tools such as regional land and urban development funds (FRAFU), which only used €24 million of loans in 2017, or draw up generic planning and urban development documents such

as local housing programmes (PLH), regional development blueprints (SAR), territorial cohesion schemes (SCoT) and local urban development plans (PLU), which are all too often non-existent, as in the West Indies, or too old, as in Réunion. These stakeholders must strike, if possible in an intermunicipal framework, the right balance between new construction and the renovation of old housing, between social home ownership and very social rental housing (which represents less than a third of the social housing stock), between self-built individual housing and collective housing complexes built in line with local customs and island settings. Each DROM constitutes a specific environment in which all these balances must be defined in partnership.

Public funding has so far been split between tax incentives introduced in 2009 and grants financed by the single budget line (LBU) of the 123 Conditions de vie outre-mer programme, entrusted to the Ministry for Overseas Territories. This dual system should be rethought. Indeed, first of all, imbalances between territories in the per capita effort are suffered rather than desired. Secondly, and as the Cour des comptes had already pointed out in its observations to the government on tax exemption in the overseas social housing sector

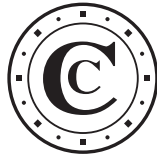
Rethinking public interventions

of 27 December 2013¹, tax incentives for overseas territories, which have gradually replaced budgetary financing, have only a secondary effect in the construction of social housing, of which 5,259 were financed in 2018. This tax expenditure generates additional costs which mainly benefit intermediaries. In total, the Cour des comptes estimates that before 2010, one million euros of public funding, at that time solely from the budget, made it possible to build 38 overseas housing units, whereas since then, mainly based on tax expenditure, it has only enabled the construction of 16 housing units.

Finally, the Cour des comptes found that the fact that the DROMs are directly covered by the rules and standards designed primarily for the mainland situation, to which specific standards are added, often results in requirements which bear no actual relation to the local realities of planning, construction and housing. Efforts to adapt these standards must henceforth aim at proven performance.

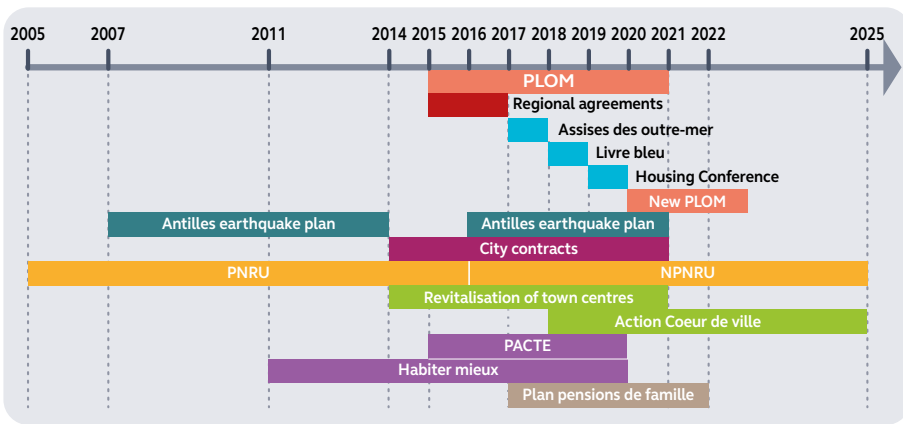
Despite the tax benefits granted, these various characteristics raise the cost of construction overseas by an average of 20% to 30% compared with mainland France.

¹ Cour des comptes, *Tax exemption in the overseas social housing sector, referred*, March 2014, available at www.ccomptes.fr.



Summarising the outlook for the second Overseas Housing Plan (PLOM 2020-2022)

Timeline of programmes related to housing policy in overseas France



Source: Cour des comptes - NB: the ANAH's «Living Better» (Habiter mieux) programme has only been piloted in overseas France from 2018 onwards.

The Cour des comptes would like to highlight the significance of the guidelines which inspired the new PLOM, adopted in December 2019 for the 2020-2022 period.

These aim to better define objectives by territory and to involve cities and their groupings, which are at the forefront of housing issues. They are in line with the audit recommendations expressed by the Cour des comptes during its investigation into the six administrative memoranda and the various audit reports of social housing bodies or public land institutions carried out last year, and on which this report is based.

In short, the housing issue, at the juncture between the concerns and expectations of overseas populations, illustrates, as in mainland France, the general need for a regional approach to this policy, understood as a more detailed consideration of the particularities of each DROM and a closer partnership between the various players involved at local level.

More than a simple local variation of national policies, this necessary regional approach requires design, implementation and joint evaluation by local stakeholders (local government services, local authorities, EPCI) of policies adapted to each of these territories.

Summarising the outlook for the second Overseas Housing Plan (PLOM 2020-2022)

After the uneven outcomes of the first Overseas Housing Plan, whose vision was all too uniform, the implementation of the second Overseas Housing Plan, adopted in December 2019, must combine consistency, pragmatism and monitoring from this year onwards in order to effectively meet the needs of populations.

This consolidation will involve refocusing and re-mobilising the existing systems in each of the DROMs:

- deploying regional policies, the demographic and sociological situations being very different from one département to another;
- adapting urban planning rules and building standards by taking into account both the specific constraints (seismic and cyclonic) and the economic, social and cultural realities of each territory;
- diversifying the supply of residential programs, by increasing the production of very social rental housing (LLTS) for households in

difficulty or adapted for the elderly or disabled, while deploying a quality supply for interim and vacant housing;

- strengthening the sector, whether it is local authorities, housing and development implementing partners or building and public works companies, which are struggling to cope with irregular expenditure plans or excessive payment deadlines.

While it will no doubt be affected by the financial, economic and social consequences of the health crisis that emerged in March 2020, the overseas housing policy will have to take full advantage of the differentiation of territories and the constancy of commitments to meet the expectations of overseas citizens.

The Cour des comptes therefore makes audit recommendations for a better knowledge of housing needs and their planning, for a better allocation of financial resources and for a better targeting of actions.

Audit recommendations

- 1.** Improve the consistency of DROM land and housing policies through improved structuring at EPCI level of regional planning blueprints, regional consistency blueprints and the local inter-municipal urban planning plans (*territorial authorities, prefects*).
- 2.** Improve the land policies of the DROMs by creating, in consultation with public land institutions, the deferred development zones provided for by the urban planning code and local land observatories (*local authorities, prefects*).
- 3.** Improve the reliability of the assessment of housing needs in each DROM by better configuring assumptions of demographic change and migratory flows and by integrating data relating to informal and substandard housing (*DGOM, DHUP, INSEE*).
- 4.** Support local and inter-municipal authorities in their development, urban planning and housing projects, by providing them with a public engineering service, to be financed from the unemployed credits of the single budget line (*DGOM, DHUP, prefects*).
- 5.** Set up a system in each DROM to provide information on private housing, under the aegis of the departmental housing council (*DGOM, prefects, DRFiP*).
- 6.** Use the remaining budgetary funds allocated to new construction and the European Union's ERDF funds to provide rehabilitation operations and regional land and urban development funds (*DGOM, DB, prefects*).
- 7.** Top up the single budget line of the resource corresponding to tax expenditure and place it on a contractual footing, it at least until the expiry of the 2020-2022 PLOM (*DGOM, DGFIP, DB, DLF*).
- 8.** Distinguish, on a multi-year basis and for each DROM, new construction targets from those relating to renovation and bringing existing housing up to standard (*DGOM, DHUP*).
- 9.** Systematically give priority to very social rental housing in the approval policy for operations (*DGOM, DHUP*).
- 10.** Adapt urban planning and housing regulations and building standards to the realities of overseas territories by simplifying them (*DGOM, DHUP*).
- 11.** Encourage the pooling of purchases of construction materials for the benefit of construction professionals and social donors, through price, margin and income observatories (*Prefects, DEAL*).

Audit recommendations

12. Give the private sector, particularly construction companies, a better medium-term visibility of the scheduling of donors and public investors (*Prefects, DEAL, DRFiP*).

13. Take into account the ageing and dependency of the population by adapting housing during its

construction or rehabilitation accordingly (*DGOM, DHUP, prefects*).

14. Balance the objectives and resources of an overseas housing policy at the level of each DROM for the duration of the 2020-2022 PLOM (*DGOM, DHUP, DB*).