

Cour des comptes



Chambres régionales  
& territoriales des comptes

PUBLIC ENTITIES AND POLICIES

# SOCIAL HOUSING AND THE CHALLENGE OF ACCESS FOR LOW-INCOME AND DISADVANTAGED POPULATIONS

Thematic Public Report

Summary

March 2017

## **DISCLAIMER**

**This summary is intended to aid in understanding and using the report prepared by the Cour des comptes.**

**Only the report is legally binding on the Cour des comptes.**

**Responses from government agencies and stakeholders are provided at the end of the report.**

# Sommaire

A public policy evaluation .....5

1 Observations in response to eight questions .....7

2 Results of the evaluation .....15

Recommendations .....19

Summary of area-based analyses .....21



# A public policy evaluation

After more than a century of development, social housing now plays a vital role in France: with 4.8 million units in 2016, it accounts for one in six households and nearly half the total rental stock. The most recent housing census estimates the amount of government aid earmarked for social housing at €17.5 billion in 2014, or 43% of all housing benefits: this amount breaks down into €8 billion in assistance to dwellers and €9.5 billion in aid to social housing entities, mainly to fund their construction programmes.

Against the backdrop of citizens' high housing expectations and the central government's sustained, long-term action, the Cour des Comptes decided to carry out an evaluation of public policy on social housing.

Pursuant to the law that sets out the objectives of this policy, "the construction, development, allocation and management of social housing seek to improve the living conditions of people with limited means or who are disadvantaged. These actions participate in the implementation of the right to housing and contribute to the much-needed social diversity of cities and neighbourhoods<sup>1</sup>".

The scope of the Cour des Comptes' evaluation therefore focused on analysing social housing measures in light of the primary objective of this public policy: access to social housing for low-income and disadvantaged populations.

This evaluation was conducted by an audit team made up of the Cour des Comptes and the regional courts of audit of Nouvelle-Aquitaine, Auvergne-Rhône-Alpes, Île-de-France and Pays de la Loire. This team based its approach on the following evaluation questions:

- To what extent is social housing able to house, within a reasonable time frame, the different populations targeted by this policy?
- To what extent does the supply of social housing meet the needs of these populations?
- What are the costs and impacts of the actions undertaken to remedy the observed failures to adjust?
- Are the different objectives of public policy on social housing compatible?

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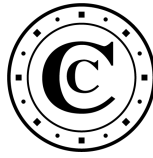
<sup>1</sup> Article L. 411 of the Construction and Housing Code (CCH), based on the 29 July 1998 Framework Act on Measures to Combat Exclusion.

The Cour des Comptes' report makes an evaluative judgment of these points after reviewing eight questions, presented below, on how social housing operates.

The investigation led to the conduct of field surveys in six control areas<sup>2</sup>, an online survey of all low-cost housing (habitation à loyer modéré, or HLM) organisations, international comparisons and the compilation of unpublished data through the direct use of national statistical databases. It received assistance from an advisory committee made up of experts and leading stakeholders involved in this policy.

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<sup>2</sup> Conurbation community of Cergy-Pontoise, Grenoble-Alpes metropolitan area, département of Haute-Vienne, Nantes metropolitan area, Nice-Côte d'Azur metropolitan area, conurbation community of the Valenciennes metropolitan area.



# 1 Observations in response to eight questions

## 1- Who benefits from social housing?

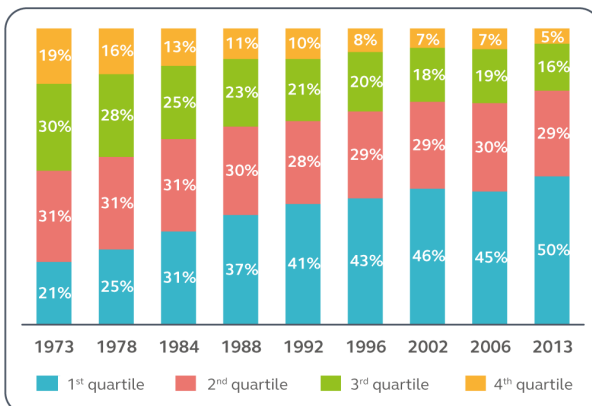
### Social housing is effective in improving the living conditions of its occupants

Social housing has a very significant impact on the living conditions of its occupants, particularly in areas where the real estate market is tight. Overall, it gives its occupants an annual advantage, over market rents, estimated at about €13 billion. This advantage, which is attributable to the government aid initially granted when the social housing was built, saves tenants about 40% on rent as a national average, and 50% in Île-de-France.

### Access to social housing is increasing for low-income and disadvantaged households, though not everywhere

The conditions set by regulation for access to social housing are not overly stringent: 65.5% of the population is below the means threshold set by inter-ministerial order for access to the largest category of social housing (PLUS units – prêt locatif à usage social, or low-income rental housing loans). However, social housing is increasingly focused on accommodating low-income and disadvantaged households, except in Île-de-France where it remains almost equally divided among all income strata, due as much to the impact of recent allocations as to the lack of turnover within the social housing stock.

**Focus of social housing stock from 1973 to 2013  
(breakdown of tenants by standard of living quartile)**



Source: Cour des Comptes based on the 1973-2013 national housing surveys (enquêtes nationales sur le logement, or ENL), Insee 2016

# Observations in response to eight questions

## Social housing benefits only half of households below the poverty line

Although the social housing stock exceeds the total number of tenant households below the poverty line by one million units, social housing benefits only half of this population. The other half, housed in private rental stock, does not receive specific compensation despite much higher rent levels: tenants in private housing stock do not receive additional subsidies, as the housing assistance calculation is based on a rent ceiling roughly equivalent to low-cost housing rents.

As a result, living conditions for poor and low-income tenants are very different

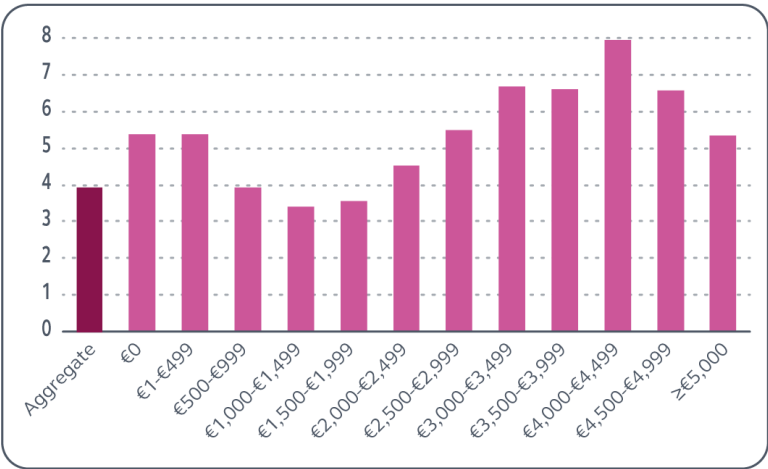
depending on whether or not they have access to low-cost housing. This disparity is the main reason for demand for social housing.

## 2 - How is social housing allocated?

### Allocations benefit households with limited means, but help disadvantaged populations to a lesser extent

While the system for allocating low-cost housing is able to effectively target households with limited means and those in priority categories, the most precarious households face particular challenges: the likelihood of quickly obtaining housing is lower for the lowest-income levels.

Pressure indicator by income based on consumption unit for 2015



Source: Cour des Comptes, based on Ministry of Housing data (SNE (Système national d'enregistrement des demandes de logement social, the national registration system for social housing applications) at end-2015). The higher the indicator, the lower the likelihood of obtaining social housing during the year. Accordingly, for income per consumption unit of €1 to €499, the number of applicants is more than five times higher than the number of allocations during the year.



# Observations in response to eight questions

To better match available units to applicant households (priority populations, in particular), the trend in quota management is towards partnership practices for allocating housing at the conurbation level.

## **The very large volumes of applicants cover a wide variety of situations**

The waiting list of 1.9 million applicants is equivalent to four years of allocations as a national average and eight years in Île-de-France. However, it masks very disparate situations: it includes 600,000 applications for internal transfers within the social housing stock; nearly 500,000 outstanding applications are not resubmitted the following year.

## **Despite improvements, the allocation procedure lacks efficiency and transparency**

Only half of low-cost housing organisations report having formalized procedures for screening applicants and only one-fourth of such organisations disclose them publicly.

As few applicants have the opportunity to visit the units in advance, 30% of households reject the housing they are offered.

## **3 - Are the units offered consistent with demand?**

### **Due to real estate inertia, social housing is unable to quickly adapt to changing demand**

Tight markets have only 53% of social housing supply to address 73% of social housing demand.

In addition, the size of the units is not tailored to changing family models: it is characterised by an insufficient number of small units and by allocations that are not appropriate to the needs and result in under-occupation.

Lastly, the rents proposed tend to increase on average due to the rising price of new building deliveries, while applicants' incomes have steadily decreased.

### **Social housing does not make the poorest households more financially sound**

Social housing is accommodating a growing share of households below the poverty line, but up to a certain limit. Even by drawing on the least expensive housing units and taking into account housing subsidies (*aide personnalisée au logement*, or APL), it is not possible to house households whose means are less than 30% of the median national income. These households, which represent one in six social housing applicants, need to rely on supported housing programmes.

# Observations in response to eight questions

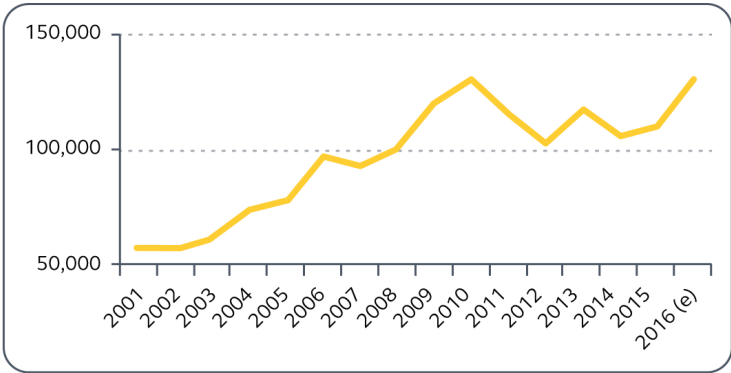
## 4 - Should even more low-cost housing be built?

### Social housing construction is currently at an all-time high

New housing construction is a key goal for stakeholders in social housing

policy, who generally refer to the national target of 150,000 units per year. Although this objective has not been met, the number of new social housing units is at an all-time high: having exceeded 100,000 units per year since 2009 (versus 60,000 in 2001 and 2002), it reached nearly 130,000 units in 2016.

Housing funded since 2001



Source: Cour des Comptes, based on Ministry of Housing data (preliminary data for 2016)

### The effort to build social housing lacks focus

This effort is costly for public finances (€7.8 billion in 2014) and is insufficiently focused on small surface areas, tight markets and, despite an improvement, low-rent housing. The current level of social housing construction far exceeds the volumes needed to implement the obligations under the SRU act (Loi relative à la solidarité et au renouvellement urbains – Urban Solidarity and Renewal Act) of 20% or 25% social housing depending on the municipality, since only 60,000 more

units per year are needed to meet the targets set in this act by 2025.

### This lever should be compared with a much more effective and less costly lever that would result in improved residential mobility

Only one household in six moves into social housing through the delivery of new construction; units become available to the others when previous occupants move out. The construction of social housing is far from being the most effective lever for offering applicants more units: for a stock of

# Observations in response to eight questions

more than 4.8 million units, a mere one-point improvement in the mobility rate represents new supply equivalent to the construction of 48,000 units per year, with no cost to public finances.

This raises the possibility that the expectations of public policy on social housing are overly focused on construction targets. The situation calls for a change in governance and in its guidelines, with a greater emphasis on more active management of the existing stock.

## 5 - How can turnover in the social housing stock be increased?

### **The slowdown in turnover in the social housing stock is cause for concern**

On average, tenants spend 13 years in social housing, compared with 7 years in private housing. While tenant mobility is the primary factor in increasing the number of rental units offered, few public policy instruments seek to enhance it, and social housing landlords have no incentive to improve it.

The turnover rate in social housing is currently 9.6%, with wide disparities by area (6% in Île-de-France, 13% in Franche-Comté). The decline in this figure over the last 15 years is a worrisome trend: between 2002 and 2013, an 11-year-long construction effort increased the social housing stock by

more than 600,000 units, and the number of annual allocations still fell by 70,000.

### **It is important to provide continuity between social housing and private housing to encourage occupants to leave social housing**

Moving households out of social housing and into private housing (whether through rentals or home ownership) requires the real-estate market to offer affordable housing, which means making use of all housing policy tools. However, the measures that could incentivise tenants who exceed the means thresholds to leave social housing (supplément de loyer de solidarité (solidarity rent supplement), loss of right to security of tenure) are infrequently applied.

In particular, for the solidarity rent supplement to play a greater role, the scale used would have to align rents – for households with the greatest means – with prices on the rental market. Exemptions to implementation of this measure would also have to be strictly limited.

One possible solution could be to create short-term leases, which would have the benefit of allowing for a periodic review of household circumstances: about 10% of tenants currently exceed the means thresholds, even though these are set at a high level.

# Observations in response to eight questions

## 6 - How are rents set?

**Rent regulations provide landlords with financial security, with no bearing on quality of service**

At the very least, the highly-regulated rent policy implemented in the social housing stock protects the sector's economic model. However, it results in a wide range of prices, a legacy of past funding conditions for each transaction, bearing no relation to the quality of service received by the beneficiaries.

In addition, the stock is not sufficiently focused on the lowest-income applicants: the ceiling on the PLAI (*prêt locatif aidé d'intégration*, subsidised loan for low-rental housing for the integration of low-income households), which applies to disadvantaged households, is imposed by regulation on only 4% of low-rent housing.

**The rent policy is not perfectly attuned to what tenants can afford**

Housing subsidies – for the lowest incomes – and the solidarity rent supplement – for the highest incomes – only change the income-based payment for half of tenants. The other half pays the same rent, even though income can vary by as much as 100%.

**The rent policy is not consistent with city planning objectives**

The rent policy is not always consistent with the aim of achieving a more balanced social mix. It therefore calls for new mechanisms for rent equalisation between neighbourhoods and between landlords within conurbations.

## 7 - How can social housing contribute to social diversity?

**It is at the city and neighbourhood level that social housing should contribute to social diversity**

Since 1998, social diversity in cities and neighbourhoods has been, by law, one of the objectives that social housing must promote. This objective has been implemented through the Urban Solidarity and Renewal Act (SRU) of 13 December 2000, which requires that the largest municipalities have at least 20% social housing, subsequently rising, for most of them, to 25% from 2013. The recent law on equality and citizenship adds new tools to this framework.

The regional workshops held during the course of the Cour des Comptes' evaluation showed that social housing stakeholders often tend to supplement the objective of diversity in cities and neighbourhoods, which is the only one specified by law, with one that they have imposed on themselves of a mix of occupants within the social housing stock.

**The difficulties are concentrated in neighbourhoods with a high percentage of social housing, which represents one-fourth of the social housing stock**

There are no significant variations in the characteristics of social housing (socio-professional categories, household types, etc.) between the national average of the social housing stock and the priority urban areas for urban policy.

# Observations in response to eight questions

In contrast, the percentage that social housing represents is radically different: 63% of residents of priority urban areas live in social housing, compared with 13% elsewhere. In total, one-fourth of social housing stock is located in priority urban areas for urban policy.

## **The levers for action on social mix need to be applied to all neighbourhoods**

In priority urban areas for urban policy, social housing's dominant share gives low-income housing organisations specific responsibilities left over from the past and in particular from the construction of large complexes. Social housing policy alone cannot address the difficulties of these neighbourhoods, whose revitalisation requires a comprehensive approach adopted as part of urban policy. In this regard, the guidelines aiming to limit the concentration of social housing in "sensitive urban zones" (*zones urbaines sensibles*, or ZUS) have not yet been adequately translated into action: only 43% of housing rebuilt by the *Agence nationale pour la rénovation urbaine* (National Urban Renewal Agency, or ANRU) is outside of priority urban areas for urban policy.

At the same time, the fact that more than three-fourths of social housing – including 1.2 million low-rent units – are located outside priority urban areas for urban policy provides an opportunity to ensure social diversity across the country. This stock must, however, be utilised efficiently to be able to accommodate the populations with the most limited means.

## **8 - Who should manage social housing?**

Social housing is governed by a complex four-party system involving the central government, local authorities, social housing landlords and Action Logement.

### **Stakeholders are calling for more place-based governance**

Social housing policy is seen by its stakeholders as highly centralised and poorly suited to the diverse characteristics and needs of the regions. A clear consensus is emerging among national and regional social housing stakeholders in favour of policy governance that is more closely connected to local issues, at the different population area levels (*bassins de vie*): in this regard, these stakeholders stress the relevance of the inter-municipal level, represented by inter-municipal authorities for cooperation between local authorities (*établissements publics de coopération intercommunale*, or EPCI).

### **The central government's role may evolve but it is still necessary**

Few local stakeholders wish to assume the central government's responsibilities for housing priority populations. However, the importance of national rules in local management of social housing policy could be limited: the jurisdiction of the central government, the guarantor of the social housing regulatory framework and its implementation, could be better defined by procedures for place-based contracting between the central government and all stakeholders.

# Observations in response to eight questions

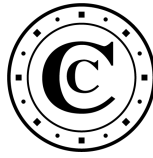
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## **Stakeholders must find ways to improve cooperation at the inter-municipal level**

Although provided for in the texts, regional implementation of the social housing policy faces certain obstacles. The first challenge is for municipalities and conurbation communities to coordinate the allocation of social housing, which raises the sensitive issue of municipal preference: significant educational and collaborative work needs to be done to overcome this opposition.

The second challenge concerns the organisation of social housing landlords and Action Logement: 88% of the

stock of social housing landlords is not currently subject to inter-landlord coordination at the inter-municipal level, and only recently has Action Logement created a more place-based organisation. Not all of the departmental public housing offices (public low-cost housing organisations) and social housing companies (*entreprises sociales de l'habitat*, which are private corporations) are used to having an active presence in the bodies established by the inter-municipal authorities, unlike the municipal public offices whose affiliation at the inter-municipal level was set out in the law of 7 August 2015 on the new organisation of the Republic.



## 2 Results of the evaluation

The Cour des Comptes' findings ultimately enabled it make the following evaluative judgments<sup>3</sup>:

### **Public policy on social housing does not allow all eligible populations to be housed within a reasonable time frame**

Of the 10 million tenant households, 4.8 million are housed in the social housing stock. Units are on average more recent and more compliant with technical standards than those in the private rental stock, although their environment is sometimes less attractive. They are, first and foremost, less expensive: the disparity between low-cost housing rents and market rents is estimated at 40%, or an average of €240 per month.

Despite the breadth of this framework, there are 1.9 million applicants on the waiting list for social housing. Access to social housing is lengthy and complex, which means that, for certain applicants, the time-frame requirements will not be met.

Due to demand pressure and the rules of priority, social housing has increasingly focused on the lowest-income households, except in Île-de-France where it remains almost evenly divided among all income

categories. But, nationwide, the social housing stock only accommodates half of tenant households living below the poverty line, utilising just 40% of its capacity for that segment.

Households with the highest levels of housing insecurity face more challenges accessing social housing than the average. Lastly, social housing is powerless to accommodate households whose means do not total half the poverty line and who tend to be covered by supported housing programmes.

### **Inertia in the social housing stock limits its ability to adapt to changing needs**

Social housing supply, designed to last at least 40 years, is characterised by its inertia and its failures to adjust to shifts in employment, changes in the family and the decrease in applicants' incomes.

Tight markets therefore account for 73% of demand, but only 53% of the annual social housing supply. The ratio between pending applications and annual allocations ranges from less than 1 in Indre to 16 in Paris. In contrast, areas with declining populations are faced with alarming levels of social housing vacancies.

<sup>3</sup> In the context of public policy evaluations, evaluative judgments refer to all conclusions drawn and assessments made in response to the evaluation questions.

## Results of the evaluation

Social housing is not managed in such a way as to promote mobility for job-seekers. The long period of time needed to reverse these disparities is not adapted to the pace of economic change. Even the Action Logement collection bodies (collecteurs) have little ability to provide a 20-year forecast of sources of employment, which would be necessary to provide a framework for developing local housing plans.

Supply stasis also catching up to occupancy stasis, as the allocation of a social housing unit effectively gives the beneficiary keys “for life”. Measures seeking to prevent this lack of mobility, in the event of a significant increase in income, have proven ineffective or insignificant.

The type of housing offered is also not suited to the increase in demand, which is focused on small T1 and T2 units (T1 and T2 are classifications used in France to describe unit size), due to the increase in living apart and single-parent families. People living alone represent 42% of demand, and households with fewer than two members 65%. In Île-de-France, demand for T1 units represents roughly 14 years of allocation.

Lastly, rents that are affordable to applicants living below the PLAI means threshold represent only 23% of annual supply in Île-de-France and 28% in the other regions.

### Social housing policy is overly focused on new construction and insufficiently focused on active management of the existing stock

Public policy on social housing is still largely centred on construction objectives, with ambitious targets, even as the development of new housing stands at an all-time high. This policy does not result from the requirement, imposed by the SRU act, to provide 20% social housing (25% in tight markets), as this legal obligation justifies only half of the target set in the 2015-2018 low-cost housing plan (60,000 out of 120,000). In practice, the construction effort is expensive from a government assistance perspective and not sufficiently focused on tight markets.

Furthermore, a one-point improvement in the turnover rate within the social housing stock would represent annual supply equivalent to the construction of nearly 50,000 units, with no cost to public finances. However, while increasing turnover is one of the stated objectives of public policy on social housing, the existing measures have little impact and landlords have no incentive to increase the mobility of their tenants.

More efficient management of the social housing stock should therefore focus less on a new construction effort and more on incentives for mobility among households whose income exceeds the means thresholds. The aim would be for social housing to be just one stage of the residential mobility process.



### The objectives of social housing policy must find coherence at the territorial level

Cooperation among local stakeholders is the main driver of implementation of the priority, assigned by law, of accommodating low-income and disadvantaged households. Most stakeholders agree that pooling their “rights of reservation” (*droits de réservation*, system whereby a certain number of spots in social housing are “reserved” for stakeholders, which then propose applicants) improves the transparency and efficiency of the allocation procedures in the service of common goals.

The social diversity question also involves the search for a collective response. It relates to a city planning issue, namely the lack of diversity in the types of housing in certain cities or neighbourhoods:

63% of residents of priority urban areas for urban policy live in social housing, compared with 13% outside these areas.

This leads to a long-term reduction, in priority urban areas, in the proportion of social housing and to access for the lowest-income populations, in other neighbourhoods in tight markets, to low-rent housing that is available or expected to be developed. Under this approach, adjustments will have to be made to appropriately relocate the lowest rents, in order to meet the diversity objective for cities and neighbourhoods: it requires more flexibility in equalising rents among the various locations managed by social housing landlords, so as to not destabilise their overall financial equilibrium.

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Ultimately, to improve the efficiency and coherence of the social housing policy, the Cour des Comptes proposes three broad guidelines:

#### **Social housing should more effectively target low-income and disadvantaged populations**

The law explicitly allocates social housing to low-income and disadvantaged households. Yet, given the means thresholds established for access to social housing, two-thirds of the population is currently eligible for PLUS housing – which represents the majority of social housing built – while low-income populations represent, according to CREDOC (*Centre de Recherche pour l'Étude et l'Observation des Conditions de Vie*/Research Institute for the Study and Monitoring of Living Standards) and *Observatoire des inégalités* (Observatory of inequality) definitions, only the percentage of the population corresponding to the 30% of households with the most limited means.

Social diversity in cities and neighbourhoods is also, by law, an objective that social housing must promote: this objective can be reconciled with a social housing stock that more clearly targets low-income or disadvantaged households, provided that it is more evenly spread across the country and is fairly allocated to avoid concentrations of vulnerable populations.

#### **Social housing should offer more units to the populations it targets**

The emphasis must be as much on mobility within the social housing stock as on the construction of new housing: turnover in social housing is falling at an alarming rate, and allocations are lower despite the

## Results of the evaluation

increase in the stock. The aim of social housing is not to guarantee housing for life to those whose circumstances have improved to the point that they are no longer eligible under the objective, assigned to social housing by law, of housing low-income and disadvantaged populations.

### **The transparency of social housing operations must be improved and better management is needed at the territorial level**

Citizens' confidence in social housing requires that the allocation procedures be based on objective, fair and publicly known criteria. For social housing to operate properly, it must also be managed at the population area level; that is where the needs are most easily understood and where the response can be best defined and agreed to among stakeholders.

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These guidelines do not affect the economic equilibrium of social housing and do not require additional funding from public actors. They focus on improving the service rendered by social housing in the context of a comprehensive policy that has other tools at its disposal, including housing subsidies, support for home ownership, and intervention on the private rental market. Combining these different tools in a coherent manner, while more clearly targeting public housing at the categories of households defined by law, will improve the effectiveness of housing policy.

# Recommendations

## More effectively target low-income and disadvantaged populations

1. lower the means thresholds in tight markets and do so in different ways based on the situation in each area and the need to promote social diversity;
2. strengthen the link between the social housing construction objectives stated under the finance act and the objectives of providing supported housing, including social support, as part of a holistic approach to disadvantaged populations;
3. apply the PLAI means threshold to units whose actual rent is below the maximum rent in this category, regardless of how the housing was originally funded;
4. increase the percentage of the lowest-income populations in social housing located outside priority urban areas for urban policy, through a combination of mobility incentives, rent policies and allocation procedures.

## Offer more units for rent

5. encourage landlords to improve turnover in their buildings by earmarking a percentage of the resources pooled by low-cost housing organisations for this effort;
6. make the solidarity rent supplement an instrument for mobility by lowering the threshold at which it is triggered, limiting exemptions and clearly posting the means level at which the total cost of social housing reaches the market's level;
7. introduce fixed-term leases in tight markets, subjecting their renewal to a review of household circumstances;

8. set a new construction target using a place-based approach to needs;

9. target the development effort more precisely by sharply reducing the production of PLS (prêt locatif social/loan for building low-rent housing) and focusing more on tight markets and PLAI housing;

10. reduce the concentration of social housing in priority urban areas for urban policy by not creating new social housing supply there and by rebuilding the social housing eliminated due to urban renewal outside of these neighbourhoods;

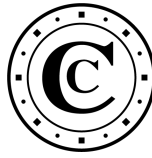
11. include in the social housing development objectives an indicator to measure the creation of widespread supply.

## Increase transparency and allow more management at the local level

12. pool the management of individual allocation decisions under the umbrella of the inter-municipal housing committees (*conférences intercommunales du logement*), while respecting the overall objectives of the “réservataires de contingents” (stakeholders for whom allocation quotas are reserved);

13. require that landlords formalise and publish their screening and allocation criteria.



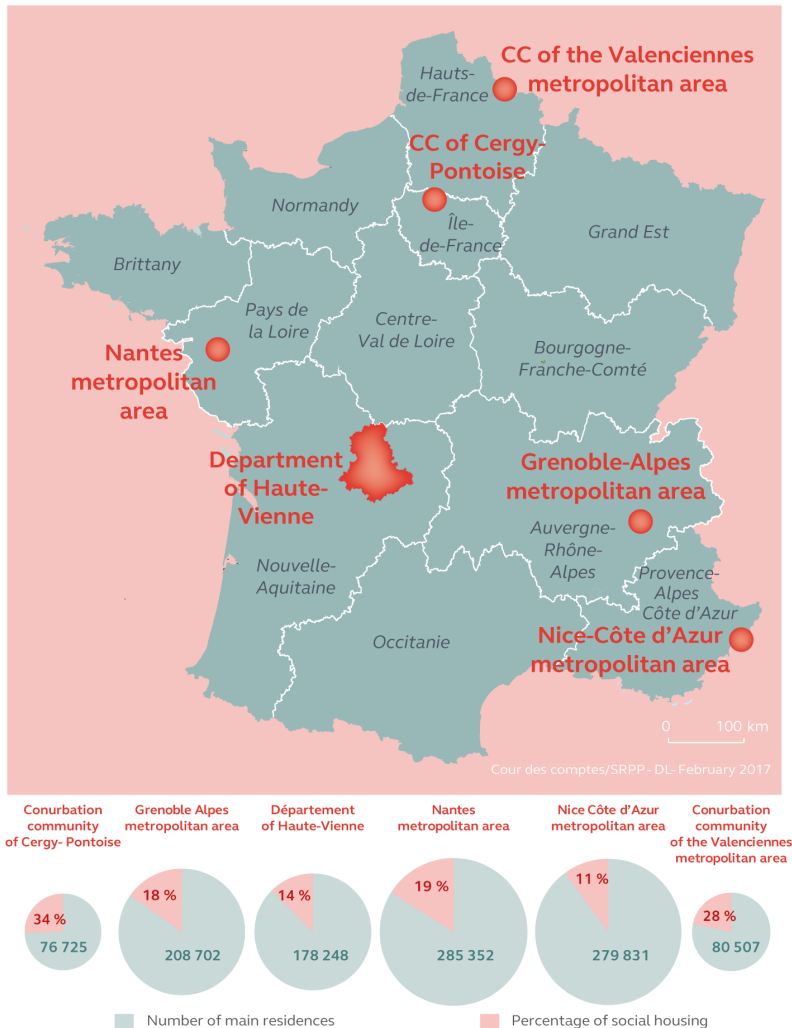


# Summary of area-based analyses

## Introduction

The *Social Housing and the Challenge of Access for Low-Income and Disadvantaged Populations* report is a two-part summary of the Cour des Comptes' investigation: first, a general evaluation and, second, area-based

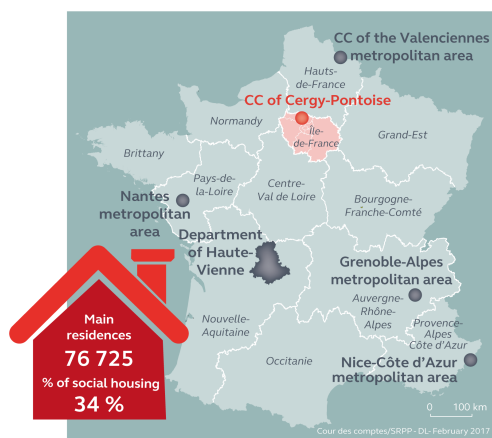
analyses resulting from the investigations carried out in six territories. The regional analyses go beyond the findings applicable to all cases considered to shed particular light on the organisations put in place at the local level to promote access to social housing for low-income and disadvantaged populations.





# Summary of area-based analyses

## Conurbation community of Cergy-Pontoise



### Overview

The conurbation community of Cergy-Pontoise has all the hallmarks of a complex inter-municipality, the legacy of its past as a “new city” and its multipolarity. Since 2006, it has taken over the delegation of housing assistance and has developed a more uniform housing policy across the inter-municipal area, backed by its land policy, virtually doubling annual social housing development between 2006 and 2014.

Elected officials are now concerned about ensuring social diversity in a conurbation with nine priority urban areas for urban policy. Their responses vary, from mayors who continue to build and others who would now like to pursue a housing policy through other levers than the construction of social housing.

The stock has deteriorated to some extent, a situation that is not unique to Cergy-Pontoise. It is therefore difficult to ensure “top-down” social diversity in an area where the average income is lower than the regional average and also varies significantly across municipalities.

Despite a better turnover rate than at the regional level, mobility is low, notwithstanding the large stock of social housing in the conurbation and the robust construction effort in light of shifts in population. This adversely affects new applicants. With 1,362 allocations in 2014, there are 6.6 applications pending for each unit allocated, resulting in less tightness than at the regional level. The system nevertheless appears to be highly fragmented by the “reservation quotas” (contingents de réservation), and poorly understood by applicants.

There is a high degree of tension around the diversity challenges: the central government must ensure implementation of the enforceable right to housing, which elected officials criticise for intensifying difficulties in certain neighbourhoods. For their part, mayors acknowledge giving priority to applications from their own constituents. Lastly, applicants have become more demanding and tend to reject social housing located in rough neighbourhoods.

# Summary of area-based analyses

## Conurbation community of Cergy-Pontoise

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### Conclusion

The Cergy-Pontoise area faces the same challenges as Île-de-France as a whole: very tight market, increasingly poor populations, and difficulties managing social mix in sensitive neighbourhoods.

However, it is unique in certain ways due notably to its history as a new city: abundant social housing (more than one-third of main residences), construction momentum (and as yet untapped land reserves) and a somewhat higher turnover rate in the social housing stock. Consequently, the social housing situation is not quite as tight as at the regional level.

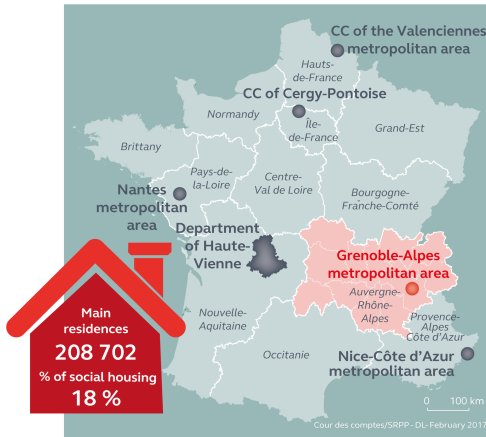
Specific concerns were also noted, for example the risk of the “wholesale” aging of social housing, as a large share of the stock was built over a short period of time, and of persistent disparities between municipalities.

Governance is characterised by the gradual emergence of inter-municipal bodies versus the municipalities, and the large number of low-cost housing organisations operating in the area. While previous local housing programmes emphasised social housing development, the 2016-2021 programme will include efforts by the inter-municipal housing association to make Cergy-Pontoise’s housing policy more balanced.



# Summary of area-based analyses

## Grenoble-Alpes metropolitan area



The Grenoble-Alpes metropolitan area is a dynamic conurbation with strong intellectual and technical skills. Population growth has, however, been weak. As in most major conurbations, a significant migration loss has mitigated the effects of the excess of births over deaths. Because of its economic fabric and a high rate of high-skilled jobs, the Grenoble-Alpes metropolitan area has a high proportion of middle- and high-income households, but average annual net taxable income is not higher than elsewhere. The metro area is in fact home to a large number of disadvantaged households that face high real estate prices.

### Overview

Demand for social housing rental units is high with 14,500 active applications at the end of 2015; allocations (3,675 in 2015) only meet a fraction of the need. Recording applications in a shared register is a long-standing practice that seems to work quite well. While the collective work to benefit priority populations is viewed positively, the quota system seems complex and ineffective, and it is difficult to transfer within the stock. Application scoring and a program that allows tenants to apply for specific apartments are currently in the testing phase.

Housing density is increasing in the metro area. Land is scarce and expensive due to the region's geography and to natural and technological risks.

The conurbation creates about one thousand social housing units per year, mainly on scattered sites or incorporated into private transactions, but supply remains insufficient and is poorly distributed.

The conurbation has 46,000 social housing rental units. The social housing stock, more than one-third of which was built before 1977, is concentrated in a few municipalities and about 30% of the units are in sensitive urban zones. At the same time, the private housing stock plays an important role for households with limited means.

# Summary of area-based analyses

## Grenoble-Alpes metropolitan area

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Priority urban areas account for 35% of social housing units and have the largest proportion of low-rent units (< €5.5/m<sup>2</sup>).

The metro area is playing a greater role in housing policy governance, in particular through the local housing programme, consistent with its land and city planning policies. The quality of the partnership relationships is reflected in the desire for more decentralised governance to better account for the specific characteristics of the areas and define appropriate mechanisms for action.

### Conclusion

All local stakeholders generally agree on the analysis of social housing in the Grenoble conurbation.

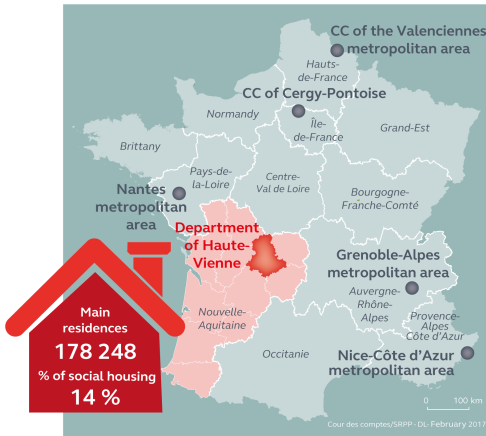
To meet its goal of developing more, better and more evenly distributed housing for all, the metro area must address one key challenge: rebalancing its housing supply across its entire area by developing the operational tools to free up buildable space in an area that has geographic limitations.

It must also establish a new equilibrium with the municipalities, as the burden of the existing stock is quite heavy, with some municipalities home to a significant social housing stock and continuing to build more, and others long reluctant to have any such units, and still unwilling to change. The local inter-municipal city planning plan, now being developed under the responsibility of the metro area, sets the target of “facilitating the development of diversified, affordable housing that meets the needs of as many people as possible and is well balanced across the area”. Because it is enforceable, the plan must guarantee, in the long term, a comprehensive and more coherent land-use policy.

The other challenge is undoubtedly to work with the central government, municipalities and landlords to introduce a more transparent allocation policy with criteria that are publicly known and met.

# Summary of area-based analyses

## Department of Haute-Vienne



### Overview

Haute-Vienne has nearly 380,000 residents, almost half of whom live in the conurbation of Limoges, the only major urban cluster in the département. Significant area-based disparities can also be observed in the social housing segment as the 25,000 social housing units are concentrated in the municipality of Limoges and in priority urban areas for urban policy, with a respective 70% and 40% of supply.

The slackness in the housing market is another important feature which partially explains the high vacancy and turnover rates in the local social housing stock. This characteristic, which leaves the stock without its traditional advantage in terms of rent levels relative to the private housing stock, is reflected in applicants' relatively

easy access to low-cost housing units (short wait periods but with high rejection levels). It also helps sustain a tarnished image of the social housing stock, which has trouble attracting the middle classes and accommodates individuals with increasingly lower incomes.

This environment implies considerable challenges in terms of the areas' population concentration, social diversity and social equilibrium. In addition, according to the local stakeholders who participated in the workshop held in the area as part of the investigation, housing supply needs to be adjusted to demand, to better meet households' growing expectations in terms of adjusting to aging and to disability. To meet this challenge, stakeholders believe it is important to continue to build and, at the same time, to "remodel" some of the major complexes, particularly within priority urban areas for urban policy where vacancies are high.

Opinion-gathering also shows that the allocation is viewed as effective overall, despite some reservations about transparency. Managing "reservation quotas" as flows is considered progress. Future challenges include the convergence of the allocation criteria used by social housing landlords and access to a shared tool for observing and analysing demand.

# Summary of area-based analyses

## Department of Haute-Vienne

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### Conclusion

Despite tenants' overall low affordability ratio, the insecurity of social housing beneficiaries is reflected in their increasing difficulty in paying their rent. Most stakeholders expressed scepticism about both the very logic of differentiating social housing rents based on how they were funded historically and the tools implemented by the public authorities to alter them (solidarity rent supplement).

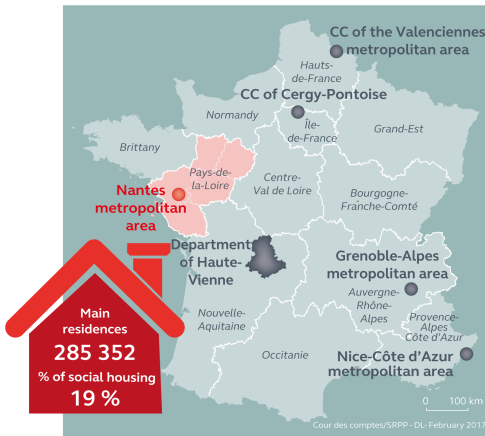
Social diversity was raised as a topic of general concern, although this concept is seen as complex and vague. It was observed that it will be difficult to reconcile the long-term objective of not increasing poverty in priority urban areas for urban policy with the social emergency requirement. The local public authorities, which acknow-

ledge that social diversity has long been neglected in Haute-Vienne, have said that they will work together on this issue under the inter-municipal social housing committee of the conurbation of Limoges.

This commitment is an example of the increasing cooperation among stakeholders on governance, with the central government playing a pivotal role locally in this effort. The creation of the inter-municipal social housing committee and the growing importance of the inter-municipal level (Limoges metropolitan area) are seen as major advances which, at the operational level, should support an improvement in the management and monitoring tools. Lastly, stakeholders have expressed a need for greater legal stability and for more local authority over this public policy.

# Summary of area-based analyses

## Nantes metropolitan area



### Overview

Le The Nantes metropolitan area is facing significant population growth with construction continuing at a steady pace. It has a proactive housing policy, reflected in a series of local housing programmes, with a particular emphasis on developing social housing (1,759 units per year between 2010 and 2014), although the inertia in the structure of the stock makes it impossible to remedy the supply/demand imbalance.

With the turnover rate down slightly to 10.5%, demand pressure on allocations is high, with less than 7,000 allocations in 2015 in the face of demand that is four times higher. Housing stakeholders are used to working together in this territory. This is reflected in their tools and practices, such as the shared departmental demand management register, established in 1998 and

considered more efficient than the national registration system, a pooling system among landlords to make it easier to meet demand, and a system for supporting tenants for whom a move within the social housing stock could be appropriate.

In terms of social diversity, the urban renewal operation in the Malakoff district was a successful example of improving an image and changing the characteristics of a neighbourhood's population.

The Nantes metropolitan area has a long-standing tradition of extensive cooperation among stakeholders; this is reflected in the tools shared by landlords and the public authorities: shared demand register, local housing programme, agreements between the metropolitan area and social housing landlords on qualitative objectives, and a system for encouraging tenants to move among social housing landlords. These successful partnership actions have thus fostered the growing importance of the inter-municipal housing committee.

### Conclusion

The Nantes metropolitan area remains a tight market, as the development efforts have not been sufficient to absorb demand for social housing. Supply is still unevenly distributed, despite the area-based rebalancing facilitated through the exercise of municipal jurisdiction.

# Summary of area-based analyses

## Nantes metropolitan area

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Local stakeholders in this policy often have the same analysis of the challenges of implementing social housing policy in their area. Most of the constraints observed, including beneficiaries' means level, are beyond their control. They have therefore identified a growing mismatch between income and rents for new housing.

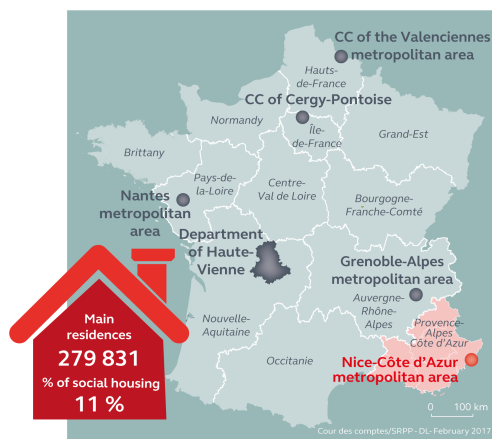
In contrast, within the scope of their respective powers, they have developed a tradition of cooperation and have

joined forces for broad and flexible experimentation.

In this respect, the growing importance of the inter-municipal housing committee represents the prospect of an institutional expansion of this already established cooperation to respond to a variety of housing issues, in order to achieve complementarity in the Nantes metropolitan area alongside each of the municipalities.

# Summary of area-based analyses

## Nice-Côte d'Azur metropolitan area



### Overview

The Nice-Côte d'Azur metropolitan area is a diverse space. The social housing issue, as highlighted by stakeholders on the ground, is focused mainly on the coastline due to the geographic and land restrictions that constrain its development. As such, the area is viewed as a tight market that displays all the major characteristics seen in such markets, as analysed in the inner suburbs of Paris, for example.

The social housing supply (31,000 units), representing 11% of main residences, is unanimously viewed as falling short of requirements, and stakeholders are concentrating all their efforts on the challenge of developing new supply, particularly in light of the penalties applied for failure to comply with Article 55 of the SRU act. The metropolitan area's social housing stock is also constrained by both the lack of available land and its cost.

The view on the ground is therefore that there is little ability to adjust supply to demand, whether in terms of type of housing or rent level.

This supply shortfall is reflected in a low turnover rate, calculated at 6.7% in 2015, for a total of 2,122 allocations (one-eighth of the number of applicants). This causes a number of difficulties identified by stakeholders on the ground, including what they consider to be excessive use of the enforceable right to housing procedure, and results in significantly higher rejection rates than elsewhere due to allocations made under this procedure. Although the allocation system is not operated uniformly and is poorly understood by applicants, social housing operators do not seem to have established shared management tools that would allow for more efficient management of mobility both within and outside the housing stock. Each « réservataire » (stakeholder for whom a percentage of social housing spots has been reserved) remains in control of its rights, with little likelihood of developing a system for quota sharing or exchanges between landlords.

Finding housing for the poorest populations has been identified as a problem. Côte d'Azur Habitat, the departmental social landlord, which represents 52% of buildings, mainly houses these populations, but the lack of new supply and the low turnover rate have resulted in some concentration of the most disadvantaged populations in the same neighbourhoods despite calls to improve social diversity.

# Summary of area-based analyses

## Nice-Côte d'Azur metropolitan area

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Actions taken by ANRU have helped with urban redesign and led to real progress in the toughest neighbourhoods, but have not actually changed the population of these spaces.

While governance of the sector seems to be exercised without difficulty at the local level, certain stakeholders have expressed some expectations, and hope to see progress following implementation of new governance tools embodied, for example, by the inter-municipal housing committee established on 7 April 2016.

issues of allocation, mobility, rent policy and diversity seem to be less important in the public debates. Everyone is well aware of the social housing challenges associated with these issues.

The solution seems to lie, from the perspective of the area's stakeholders, in an increase in supply to allow some room for manoeuvre in the long term. In any case, there is no expectation of a rapid improvement, and the area aims to manage the observable shortfall as efficiently as possible.

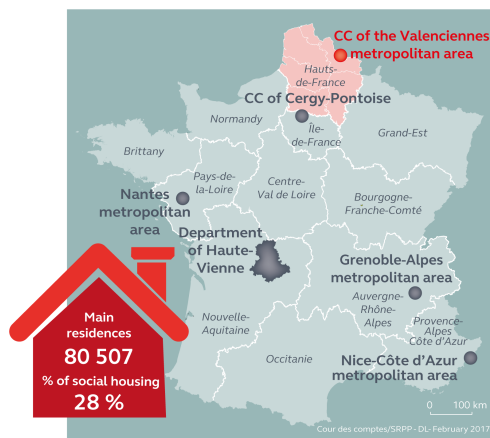
### Conclusion

The Nice-Côte d'Azur metropolitan area is a tight market given the challenges associated with social housing. Stakeholders on the ground are focused chiefly on complying with Article 55 of the SRU act, while



# Summary of area-based analyses

## Conurbation community of the Valenciennes metropolitan area



### Overview

The conurbation community of the Valenciennes metropolitan area has a relatively high average rate of social housing, at 27.8% in 2014, and is an example of the problem of industrial redevelopment.

The vast majority of Valenciennes households have low incomes. With less than €1,300 in monthly income per consumption unit (CU) in 2011, Valenciennes households have lower incomes than those of the Nord département (€1,450). Only 15% of households have monthly incomes above €1,500 per CU. As a result, the challenges of social occupancy go well beyond the scope of social housing alone. For example, households experiencing social hardship are concentrated in certain neighbourhoods, regardless of the housing stock occupied. The regional low-cost housing association is therefore considering classifying buildings according to a “well-being” criterion.

The urban renewal of the Dutemple neighbourhood, consisting only of conversions into individual units, is cited as a successful transformation.

In addition, the status of the private housing stock, where the need for improvement and adaptation is great, has an impact on demand for social housing. Mining housing also plays a key role. Until recently, it served as “de facto” social housing stock for its tenants, who are still often the dependants of miners. SOGINOPRA’s housing (3,200 units) was included in private housing stock statistics until 31 December 2012. It was incorporated into the social housing stock of the Valenciennes metropolitan area on 1 January 2013.

Lastly, this area has had a net migration loss for several years. This has eased the constraint in terms of the construction of social housing in the period covered by the previous local housing programme (2009-2014). However, this trend could reverse in the future.

In this relatively unstressed environment, the system appears to operate fairly well (75% of 2015 allocations were to applicants who had applied within a year), although it is not considered highly transparent. The management method is flexible, with quotas recognised as flows and the management thereof delegated to landlords. For the most vulnerable households, the departmental action plan to house the disadvantaged (*plan départemental d’action pour le logement des personnes défavorisées*, or PDALPD) provides an

# Summary of area-based analyses

## Conurbation community of the Valenciennes metropolitan area

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effective partnership response. It has reduced the number of instances in which the enforceable right to housing procedure was used. Whether in terms of rent level or type, supply appears to match demand fairly well.

Social housing stakeholders are used to working together. The conurbation community, also delegated to provide housing financing, has been considering the housing problem for several years and has developed its third local housing programme for the 2016-2021 period. Local stakeholders have expressed their desire for governance that takes local circumstances into account.

### Conclusion

The Valenciennes conurbation differs in that the share of social housing is high and the income of the entire population is low. While the net migration loss reduced the need for construction in the 2009-2014 period, the social housing stock remains under severe pressure due to often poor conditions of the private housing stock and the splitting of households, which creates more households.

The strong cooperation among social housing stakeholders can be seen primarily in the work to rehouse priority populations, thereby reducing the use of the enforceable right to housing procedure.