



REDUCING
HOUSING
INEQUALITIES

National Report on the Housing System from a Multi- Level Perspective: France

An extract from Deliverable 4.2, '*National Reports on the Housing System from a Multi-Level Perspective*', of the ReHousIn project

August 2025

FOREWORD

This report is an extract from Deliverable 4.2, ‘National Reports on the Housing System from a Multi-Level Perspective’, of the ReHousIn project, which analyses housing systems in nine European countries, focusing on tenure-policy frameworks and housing supply dynamics.

The full version of the deliverable is available [here](#).

Title	National report on the housing system from a multi-level perspective – France
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Cite as	Guironnet A. (2025). <i>National report on the housing system from a multi-level perspective – France. Deliverable D.2, “National report on the housing system from a multi-level perspective”</i> . ReHousIn: Contextualized pathways to Reduce Housing Inequalities in the green and digital transition https://rehousin.eu/sites/default/files/media/documents/National%20Report%20on%20the%20Housing%20System%20from%20a%20Multi-Level%20Perspective_France.pdf
Dissemination level	Public
Submission date	August 2025
Work package	WP4 [Changing housing systems & welfare regimes: filtering crises differently]
Project title	ReHousIn: Contextualized pathways to Reduce Housing Inequalities in the green and digital transition.
Grant Agreement No.	101132540
Coordinator	Metropolitan Research Institute (MRI)

This document has been prepared in the framework of the European project [ReHousIn](#) – “Contextualized pathways to reduce housing inequalities in the green and digital transition”.

The ReHousIn project aims to spark innovative policy solutions towards inclusionary and quality housing. To achieve this, it investigates the complex relationship between green transition initiatives and housing inequalities in European urban and rural contexts, and develops innovative policy recommendations for better and context-sensitive integration between environmentally sustainable interventions and socially inclusive housing.

This project is co-funded by the European Union. The UCL’s work on this project is funded by UK Research and Innovation (UKRI) under the UK government’s Horizon Europe funding

guarantee. The ETH work on this project is funded by the Swiss State Secretariat for Education, Research and Innovation (SERI) under the Swiss government's Horizon Europe funding guarantee.

Views and opinions expressed are those of the author(s) only and do not necessarily reflect those of the European Union, European Research Executive Agency (REA) and other granting authorities. Neither the European Union nor the granting authorities can be held responsible for them.

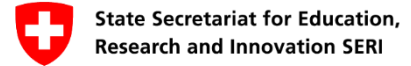


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1 EXECUTIVE SUMMARY

In France, the housing system is characterized by a relative equilibrium between the three tenures, and persistent inequalities due to an extension of market logics across all of them despite the rising concern for affordability. Governmental support for homeownership has been persistent since the 1970s, including through instruments supporting first-time buyers, but modest households have had increasing difficulty in accessing owner-occupation. Meanwhile, the state has used fiscal incentives to stimulate private investment into private rental market, shifting the focus from individual to corporate landlords in the mid-2010s – but with limited success. While social housing production has remained significant throughout the 2000s, massive demolitions under the estate regeneration policy and degrading financial conditions (rising costs, declining public subsidies) are putting the ability of the sector to answer the needs of the population into question.

The housing system combines key enablers and obstacles to the production of housing affordability. On the one hand, affordability is supported by a strong social housing sector with dedicated, long-term loan system and mandatory quota; a strong tradition of public landownership and land-use planning; the introduction of the right to housing as an enforceable right; and the creation of new tools to experiment affordable scheme across different tenures. On the other hand, national programmes like the estate regeneration policy and budgetary cuts are undermining the social housing system, and more generally eroding the fiscal autonomy of local authorities thus pushing them to partner with the private sector. Relatedly, the land system has been increasingly subject to rent-seeking practices as a result of the greater role of private property developers, and of public landowners turning into real estate developers. All in all, experimentations in affordability remain limited in quantitative terms, and in space and time such as rent control.

Against that backdrop, we review the mechanisms and potential impacts of environmental and energy policies (EEPs) on housing inequalities. Due to the prevailing in the political economy under which housing is considered for its exchange value, and fiscal policy restricts public revenues – and in spite of advocacy and activism on the housing crisis and energy poverty – the pre-existing processes we identified are likely to be reproduced across the different tenures. We explore the complex mechanisms whereby EEPs might generate trade-offs with housing affordability, paying attention to the different type of tenures for energy retrofits, and various forms of densification (urban regeneration, no net land artificialisation, and air rights). Given the costs of energy retrofit, potential impacts include the reproduction of wealth inequalities, or the decrease of new production in social units and/or push towards its less affordable forms as providers seek to offset them, as well as an increase in the cost of housing provided through urban regeneration, leading in some cases to gentrification.

2 THE HOUSING DEBATE

In France, the current situation of the housing system and debate is critical. According to Driant (2015), the field of housing policy is characterised by the lack of a single, unified policy; a “technocratic capture” of the topic by a few elected officials but who remain marginal beyond expert circles; and a paradoxical trajectory whereby there is an enduring sentiment that housing policies are inefficient, despite the improvement of living conditions since 1945. On the other hand, housing has characterized as being regularly at the centre of the agenda, and housing policy as very much institutionalised (Pollard, 2018).

Driant (2015) identified five main topics and issues guiding debates around housing policies in the early 21st century:

- The **quantitative target of 500,000 new units per year**, which has hardly even been met since the 1970s, and is based around the assumption of a lack of supply due to a lack of construction in the 1990s, and according to demographic forecasts.
- The **roles of the different tenures**, in a context of the persistence of private and social rental despite of pro-homeownership policies, including debates on rent regulation and the reform of the “generalist” model of social housing¹.
- **Policy supporting refurbishment**, in a context where 85% of the housing supply comes from the existing stock: while policies started in the 1980s, they have increasingly expanded in relationship to environmental and energy concerns.
- **Devolution of powers to local authorities**, which has been linked to reforms reinforcing the role of intercommunal institutions in planning, but limited in terms of scope (especially in the Paris region where the central State maintains a significant role in the definition of quantitative objectifs and their spatialisation).
- **Contradictions between the right to housing**, which has become an enforceable right supposed to guarantee access to social housing for the most deprived, and the ‘**social mix**’ doctrine which has supported the demolition of existing estates to make space for private housing for the middle-class in working class neighborhoods.

Most of these debates are still ongoing, within a policy framework increasingly dominated by the neoliberal consensus, in spite of the long-standing networks in social housing and housing rights advocates. Indeed, since the first election of Emmanuel Macron in 2017, housing has been **quite marginal in the governmental agenda**, and the existing policy rules and institutions have been **framed as too complex and costly**, with reforms focusing on cutting public costs (Fol, Gimat and Miot, 2022). Accordingly, **increasing the supply of housing through market forces** is seen as a solution to the housing crisis, following the neoclassical standard reasoning that this will lead to a decrease in prices.

¹ Ghekière (2008) distinguishes three types ideal-types of social housing in the European Union : residual, generalist, and universalist. In countries that follow a “generalist” model like France, social housing is meant to alleviate the difficulties of finding housing on the private market, and as such targets a specific population (e.g. low-income households), based on income ceiling. Rent ceilings apply, and tenants can also benefit from housing allowances. Currently, there are three “tiers” of rent ceilings, corresponding to different type of financing conditions and level of rents (from the lower to the upper: *prêt locatif aidé d'intégration*, PLAI; *prêt locatif à usage social*, PLUS; *prêt locatif social*, PLS).

This translated into the decrease of public spending into housing, in terms of its share of the GDP (Driant, 2024a). The **social housing sector has been put under particular pressure**, contributing to its ongoing restructuring as we will detail below. On the one one hand, austerity measures have reduced public support for construction: both through continuous cuts in brick-and-mortar grants that were initiated before, and new cuts in housing allowances. On the other hand, the sector is being put in competition with other tenures, such as intermediate housing².

Additionally, housing policy is now facing a **crisis in itself, to the extent that some stakeholders question its very existence** due to political instability and some *status quo*. In the past 8 years, 7 successive governments have been formed, including 6 Ministers appointed for Housing³. This turnover can also be seen in the administration. In 2022, in response to the critical situation in housing construction, the government launched a consultation process with more than 200 public, private, and NGOs actors involved in housing (*Conseil national de la refondation Logement*). Three working groups on were formed, including on ecological issues. However, this was **not followed by any significant legislative changes**, rather than small technical adjustments, raising much deception and criticism from these stakeholders (Madec, 2023). In 2024, the then-Minister of Housing sponsored a draft bill on “Developing affordable housing supply” (*Développer l’offre de logement abordable*, DOLA), which included provisions that would undermine some of the major components of social housing, such as relaxing the rules for quotas in urban areas. While the law attracted much criticism from social housing advocates and housing scholars, it was eventually dropped due to snap elections called by Emmanuel Macron after the results of the European Parliament election.

Meanwhile, some NGOs have made advocacy efforts to **put housing inequalities on the agenda**, such as *Fondation pour le logement des défavorisés* (ex-*Fondation Abbé Pierre*) which has issued an annual report on the state of poor housing for the past 30 years, and Oxfam (2023). In 2024, the former stated that housing was a “social bomb that had exploded”. Others have specifically **campaigned on energy retrofit**: following the 2022 call of the Citizens’ Climate Convention for making energy retrofit compulsory as of 2040, the NGO *Dernière Rénovation* engaged in civil disobedience (e.g. disrupting major sports events) to campaign for a more proactive policy on the matter. Beyond their different backgrounds, these actors share a concern for an **equitable retrofit policy** taking into account social inequalities.

In that politically sensitive context, **some key environmental and energy policies (EEPs) impacting housing have raised significant debate, if not backlash** (see D3.2 for more details). In 2021, the introduction of a progressive ban on rent for thermal sieves (starting with G label in 2023) attracted much criticism, and was presented by some opponents as

² Intermediate housing (*logement locatif intermédiaire*) is a new tax regime that was established in 2014. It was motivated by attracting institutional investors (e.g. insurance companies) back to private rental housing, but remains opened to social housing providers as well. These landlords can benefit from tax incentives and select tenants through conventional market mechanisms, provided they respect a number of conditions: location of buildings (areas with high demand), income ceilings, rent ceilings (defined by governmental decree), and the provision of 25% of social housing in the same building (with exceptions). In addition, landlords must rent the building for 20 years in compliance with income and rent ceilings, but can sell 50% of the units after 11 years (100% after 16), either to individuals (including sitting tenants) or other corporate investors.

³ Except for two months early in 2024, there has not been a first rank Minister of Housing, which was instead placed under other Ministers (of Ecological Transition, Planning, etc.).

responsible for the drop in housing supply. Accordingly, the schedule was delayed, and a new law relaxing conditions is currently under examination⁴. Likewise, the zero net land take (*zéro artificialisation nette*, ZAN) policy created by the same time has been subject to much political controversy, on grounds that it was a top-down approach, detrimental to first-time buyers, and even an attack against rural identity according to some right-wing elected officials. Again, after some adjustments already introduced in 2023, a new law that may undermine its main principles is currently under examination after its adoption by the Senate.

⁴ In 2024, the government had already adjusted some technical aspects for small apartments, resulting in lifting the ban on 140,000 units.

3 HOW THE HOUSING SYSTEM HAS CHANGED

3.1 Q1: Degree of commodification [check Q1 in grant agreement]

- I. *What is the direction of travel of the national / local housing system: are these becoming more de-commodified (universalist) or re-commodified (residualist) over time?*

At the national level, the housing system shows a **complex pattern mixing elements** both from de-commodification and re-commodification modes and processes, so that deciphering a single direction remains tricky – even so given that some structural changes are recent, and may take time to fully develop. Comparative studies of housing policies have characterized the housing policy in France as “soft”, due to the compromise between supported of liberal and redistributive policies, the latter being able to persist due to a strong institutionalisation (Bugeja-Bloch, 2013).

While traditionally categorised as belonging to the “unitary” model (Kemeny, 1995), some of its key housing systems ingredients seems to be **moving away from this**. Firstly, following political emphasis since the 1970s, **owner-occupation has become the dominant tenure**, increasing from 55% to 57% between 1991 and 2021. However, this growth has slowed down in the last decades; and it has not translated in policy discourses and programs that would abandon the other rental tenures, which kept on being supported through specific goals, instruments, and some funding. Secondly, the **private and social rental sector is somehow integrated in a single rental market** given that (i) a significant part of the population remains eligible to social housing following the “generalist” model – even though this is in principle, and does not translate into facts for various reasons – and (ii) both tenures are recipient of state budgetary support and regulation. However, this budgetary support has shifted in terms of quality (from brick-and-mortar subsidies to tax incentives for supply, and housing allowances for demand), and quantity (with a significant drop in supply subsidies for social rental since the 2000s, and more recently for demand). Thirdly, the **rental sector does not take up most of the housing market** (less than 50%), with (i) social housing undergoing a process of residualisation in terms of occupancy, and (ii) private rental being subject to control through regulation of rent increase (national index), the introduction of rent caps in some specific areas (including the city of Paris and adjacent first-ring cities in the suburbs), and specific regulations regarding short-term rental (STR) accommodation. Additionally, (iii) low-income groups benefit from housing allowances, but these have come under pressure due to austerity policies, which led to a first decrease in 2017. Finally, **the land system is moving towards greater commodification**: even though there remains regulations (e.g. mandatory quota for 25% social housing for urban municipalities, planning gains), reforms have been proposed to relax them (e.g. include intermediary housing into the quota), and public land banking is less comprehensive.

Indeed, several elements relative to de-commodification, or that involved a form of countercheck to commodification have undergone radical changes. While France was characterized by a strong public land banking tradition and centralised planning system that

was believed to undermine the formation of growth coalitions (Le Galès, 1995), recent research has shown the **development of rent-seeking behaviours by public landowners** turning into real estate developers (Piganiol, 2017; Adisson, 2018), the **greater intervention of large-scale developers** through the direct purchase of large tract of lands and leading regeneration schemes (Citron, 2017; Guironnet, 2017), i.e. taking care of housing development and public space, notably through the introduction of new legal tools to allow local authorities to negotiate planning gains through contracts (Thibault, 2017).

Moreover, the country's **strong tradition of social housing and its “generalist” model are currently undergoing significant shifts**. While the level of production was certainly maintained at significant levels throughout the 2000s (Gimat, 2017), the increasing austerity pressure is not only threatening the ability to keep pace with this level – not to mention actual needs – but more largely the whole system. Even though this process already started with the 1977 reform that introduced a shift in public grants from supply (brick-and-mortar subsidies) to demand (housing allowances), it gained prominence throughout the last two decades: the decrease of housing allowances and state subsidies – compensated by local authorities but only temporarily – has put social housing providers under pressure to tap into their own equity and to “diversify” their revenues (Gimat and Halbert, 2018), through selling their stock and shifting to more lucrative social tenures (Herrault, 2024), but also to new private rental tenures such as intermediate housing. The latter was part of a larger governmental push for opening the provision of “affordable housing” to institutional investors and real estate asset managers through the creation of a new tax regime (*logement locatif intermédiaire*, LLI). Over the same period, the production of social housing has also been increasingly outsourced to private developers through forward sale schemes⁵, a practice that initially started as an experiment by mayors and quickly became widespread across the whole sector, supported by several large-scale purchase plans from a state-owned housing company (Gimat and Pollard, 2016).

On the other hand, some policies were introduced to curb commodification – if not to de-commodify part of the housing production and stock. Firstly, despite political conflicts between the central state and the city of Paris (see below), **rent controls** were introduced in 2014, and currently apply in Paris and adjacent jurisdictions (Plaine Commune, Est Ensemble), as well as other metropolitan regions (Lille, Lyon and Villeurbanne, Bordeaux, Montpellier). However, the system is an experiment, i.e. limited in space and in time (up to 2026). Loopholes also allow landlords to bypass the control. Secondly, there exist **instruments designed for providing housing affordability across each tenure**, and these have expanded in the past decades. But as for homeownership, their development is still limited (see Appendix in 6.1); while in the case of private rental their actual contribution to affordability remains open to debate (such as intermediate housing via the LLI tax regime).

All in all, many elements point towards greater commodification, even though it might be too early to tell with certitude given the ongoing restructuration of the social housing sector – not to mention the importance of territorial variability (see Driant, 2024b).

⁵ Created in 1967, forward sales (*vente en l'état futur d'achèvement*, VEFA) are a type of contract whereby the seller (typically a developer) transfers to the buyer (e.g. households) their property rights over the land and existing construction. The units gradually become the property of the purchasers through various tranches, following the progress of construction.

II. Are there structural divergences (tensions) between the direction of travel (universalist - residualist) of the national housing system, and the local housing system?

Focusing on the city of Paris, there are **no significant structural divergences** between the direction of travel of the national and the local housing systems. For instance, Paris has ranked first in terms of the continuous rise in housing prices observed at the national scale. The municipality has also pioneered the use of rent controls, being the first area where the experiment was tested in 2014. Likewise, large-scale regeneration schemes were used to experiment new financing modes in private rental, such as intermediate housing in the Clichy-Batignolles area.

Moreover, if we shift the focus beyond the administrative boundaries of the City of Paris to that of the greater Paris area, the **commodification process seems to be accelerating** in many municipalities in relationship to the transit-oriented megaproject of the Grand Paris Express, which will create 68 new train stations in the periphery, and is likely to drive up land and real estate prices, therefore pushing out working classes (Clerval and Wojcik, 2024).

III. What synergies and/ or conflicts exist between the vertical and horizontal governance levels?

The synergies and/or conflicts between vertical (central-local, focusing on Paris) and horizontal (public-private) governance level are summarised in Table 1 below.

Table 1 – Summary of multilevel governance dynamics across vertical and horizontal dimensions

	Synergies	Conflicts
Vertical (central-local)	<ul style="list-style-type: none"> - Emphasis on social mix from above (bringing middle class in poor areas) - Policy instruments helping first-time buyers 	<p><i>City of Paris:</i></p> <ul style="list-style-type: none"> - SR: existing vs. construction, funding - PR: Airbnb regulation, tax on vacant buildings <p><i>Other localities:</i></p> <ul style="list-style-type: none"> - Supply-side policy to boost private investment into PR tenure: tax incentives vs. lack of revenues, competition with social housing <p><i>Île-de-France (Paris region):</i></p> <ul style="list-style-type: none"> - Conflict around quantitative targets + spatial distribution of (social) housing

Horizontal (public-private)	Discursive framing of “affordable” housing, and related emphasis on the needs of the middle class (?)	<p><i>At the national level:</i></p> <ul style="list-style-type: none"> - Institutional divestment from housing leading to large-scale sales, and new regulation (1990s) - Institutional investment into funding PR through new tax regime (LLI), and SR through sales (2010s) <p><i>At the local level (Paris):</i></p> <ul style="list-style-type: none"> - PR: rent control, Airbnb regulation - Institutional investors: pushing housing densification through new zoning plan (PLU-B), conflict over renovictions (Akelius)
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Synergies

Focusing on the City of Paris, two main elements can be cited as **synergies between the central and local levels**. Firstly, there is a consensus across policymakers on the doctrine of the “social mix”, that is the idea of mixing population with different socio-economic positions at the neighbourhood scale, and the ways of achieving this, which is mostly tackled “from above”, i.e. as creating housing for the middle class in deprived neighbourhoods – rather than introducing more social housing into affluent areas. The shift of the City of Paris towards the centre-left since 2001 has been associated with discursive emphasis on achieving this social mix (Clerval, 2013), in line with the political consensus observed at the national level. Secondly, the City of Paris has developed a zero-interest loan (*prêt Paris logement*) that can be combined with similar instruments at the national level (PTZ) in order to help middle class residents to become homeowners.

In terms of **synergies across the public-private spectrum**, the most palpable element seems to be the discursive shift towards the “affordable” rubric, which tends to supersede traditional social housing in policymaking and practitioner circles. The “affordable” discourse generally involves a framing over the housing needs of the middle class, as it cannot access homeownership due to the continuous rise of prices over the last two decades, nor social housing due to the lack thereof. Despite generating tensions within the left majority (Hervet, 2013), this emphasis on the middle class can be seen some of the policies developed by the City of Paris, such as pilot operations of intermediary housing in large-scale regeneration projects, and the creation of a municipal housing company for affordable housing (*Foncière de logement abordable*).

Conflicts

Conflicts between the vertical governance levels, both between the central State and local authorities, but also between the latter (regional council, districts, municipalities and intermunicipal institutions), are manifest in the tensions surrounding the adoption of housing

plans at the metropolitan or regional level. At the metropolitan level, the plan for housing and accommodation (*Plan métropolitain de l'hébergement et de l'habitat*, PMHH) was supposed to be adopted by the Metropolis of Greater Paris (MGP) before 2018 according to the law. However, it was stopped in 2019 because of conflicts between municipalities regarding the spatial redistribution of the production of social housing; and was only relaunched in 2023. Likewise, the second version of the regional plan for housing and accommodation (*Schéma régional de l'habitat et l'hébergement*, SRHH), that is supposed to help implementing the production target set by the Grand Paris law (70,000 units/year), has led to significant governance conflicts, in particular around the production of social housing. Again, local authorities were divided on its geography, while social housing representatives criticised the risk of setting targets they deemed too restrictive. The issue is also the gap between the targets set by local state administrations which pilot the definition of the plan, and the lack of dedicated financial resources to build social housing units to reach the said targets, due to austerity pressure.

Focusing on **the City of Paris, conflicts with the central level mostly revolve around the rental market**. Firstly, while both institutions share the agenda of social housing production, they differ over the means: the State pushed for more new production, as the acquisition-conversion of existing buildings is seen too costly; and its representatives have pushed for more intermediate housing⁶, a position that triggered criticism given the uncertainty over the funding of traditional social housing by the central State (Hervet, 2013). Secondly, tensions also unfolded around issues related to private rental. Since 2015, the City of Paris has engaged in developing a policy to regulate short term rentals (STR), and particularly Airbnb which has been framed as a threat to the supply of permanent housing (Aguilera, Artioli and Colomb, 2019). While this did not translate into an open conflict with the central State, it stands in contrast with the benevolent attitude of the executive since Emmanuel Macron's first term (2017) towards platforms. Lately, the City of Paris has found that the stock of private rental has seen a sharp decline – to the extent that it is deemed to offset its efforts in the production of social housing. The City's deputy for housing is currently campaigning for a reform of the tax on vacant housing, on the account that it is too low to deter landlords to put their property on the rental market.

Interestingly, **corporate landlordism is subject to both vertical and horizontal conflicts** in governance. The new tax regime created by the government in 2013 to attract institutional investors into private rental housing (LLI) has drawn significant criticism of many localities (not specifically the city of Paris) on two main accounts: tax exemptions designed to boost the return meant a loss of property tax revenue for municipalities; and some of these consider this type of housing as a competitor to the upper tier of social housing (PLS) which they favour for different reasons, including because it is taken into account into the 25% social quota⁷. This led to fiscal adjustments into 2020, with the hope that this would unlock the willingness of mayors to allow for more LLI development. This tension can be seen in continuity with the

⁶ To clarify, this kind of "intermediate housing" is not the same as the tax regime introduced in 2013 (i.e. LLI), but encompasses pre-existing schemes that includes the upper tier of social housing (*prêt locatif social*, PLS) and specific loans for intermediate housing (*prêt locatif intermédiaire*, PLI).

⁷ As of now, LLI is not taken into account in the social housing quota. In its draft bill presented in Spring 2024, the government aimed at introducing this possibility, but the initiative was halted due to snap elections called by the President.

previous conflicts over the tax incentive system introduced since the 1980s for individual investors: it was criticized for leading to a spatial mismatch between the supply/demand of private rental housing (Pollard, 2018; Le Brun, 2022), which the shift towards institutional investment was supposed to supersede.

Corporate landlordism involved horizontal conflicts as well. At the national level, massive sales of housing by institutional investors following the 1991 crisis led to public controversy, and new regulation reinforcing tenant rights in certain conditions, with investors being criticised for shrinking the supply of affordable private rental housing. But this changed around the mid-2000s as these investors were framed by policymakers as a solution to the shortage of such housing for the middle class. The centre-left government's project of conditioning their tax advantages to investment into intermediate housing turned into a conflict between the industry's representatives (particularly REITs, and insurance companies) and part of the government, which shifted instead to tax incentives (see Guironnet, Bono and Kireche, 2024). Similar governmental narrative framed institutional investors as a solution to fund traditional social housing, leading to parliamentary attempts since 2014 and providers' experimentations. However, the main legislative initiative around the sale of the existing stock to corporate landlords in 2018 triggered the mobilisation of a coalition led by the social housing sector's representatives, and was ultimately defeated (see Guironnet and Halbert, 2023).

Moreover, **similar public-private tensions emerged at the local level** around the revision of the City of Paris' zoning regulation (PLU-B) in 2020-2024. These focused on the municipality's project of pushing for housing densification on ca. 1,000 targeted parcels, including many on which institutional investors and real estate asset managers own non-residential (mostly office) buildings. Mostly supported by the green and communist aldermen within the governing majority, this project aims at producing below market, social, and CLT housing. It triggered criticism and lobbying efforts from corporate landlords, many of which are reluctant to build housing which is seen as less profitable. Prior to that, the municipality had also engaged in informal negotiations against the Swedish property company Akelius, which was accused of conducting "renovictions" by tenants who alerted the mayor, and threatened with eminent domain purchase.

Similarly, **STR such as Airbnb are at the crossroads of vertical and horizontal conflicts.** As explained above, it has been framed as a major issue by the elected officials in Paris. Besides their willingness to regulate its use which did not seem to be much supported by the executive, it also causes conflicts with landlords and their representatives, but most of all with corporations themselves such as Airbnb, even though the City has reached an agreement with the platform for the collection of the travel tax (Aguilera, Artioli and Colomb, 2019).

3.2 Q2: Impact of exogenous macro-trends, policies and crises: What have been the events that really made a change in each tenure?

- I. *To what extent are processes of de-commodification and re-commodification in each housing system driven by, or respond to, the identified exogeneous macro-trends and crises?*

This section focuses on the national level, and is based on the distinction between non-housing/ housing specific items.

Non-housing specific macro trends and crises

In France, the housing system at the national level has been affected by welfare restructuring over the past decades. This process was already evident in the 1977 reform which was a milestone in housing policy, and social housing in particular, leading to a shift from brick-and-mortar subsidies (*aides à la pierre*) to housing allowances (*aides à la personne*). The reform was linked to a decrease in government spending in response to the 1973 oil shock (Driant, 2015). This austerity rationale putting pressure on the social housing has grown throughout the 2000s. Following the 2012 sovereign debt crisis, it was used to support the centre-left government's plan to bring institutional investors back to housing through a new tax regime for intermediate rentals (LLI). Since Emmanuel Macron's election in 2017, it has served as a guiding thread for the housing policy in general, which is presented as inefficient due to its complexity and cost (Fol, Gimat and Miot, 2022). At the same time, the combination of supply-side tax incentives introduced in the 1980s and the successive reforms of the pension system has led many households to use housing as a means to reach financial security, including for retirement (Benites-Gambirazio and Bonneval, 2024).

Moreover, the housing system has been subject to several key crises that had a structural impact at several levels. Besides the burst of the bubble, the **1991 property crisis** ignited a massive exit of institutional investors away from the residential market, which then became more structural as active asset management took root in the real estate industry. This had a twofold repercussion: it reinforced owner-occupation – and in the case of Paris, social housing through an active purchase policy of buildings for sale by the City – and led to further regulation of tenant rights. These path-dependency factors have constrained institutional investment into housing once policymakers have been willing to encourage it in the 2010s (Guironnet, Bono and Kireche, 2024).

Besides its outcome in economic slowdown and the repercussions seen in housing production, the **2008 global financial crisis (GFC)** had two main outcomes on the housing system. Firstly, the government positioned housing as a key countercyclical tool to kickstart economic activity through enlarging existing tax incentives (such as relaxing access conditions to zero-interest loan, revising tax incentives for private investment into rental housing). So, while the crisis can be seen as putting President Nicolas Sarkozy's ambitions to reach a rate of 70% of owner-occupation on hold, this tenure was still part of the government's toolbox. This countercyclical strategy also involved social housing through the large-scale purchase plan of future units by

social housing providers through forward sales agreements with private developers (30 000 VEFA). In the next years, this shifted to an established practice of outsourcing social housing production to private developers. Secondly, the concern of policymakers for systemic financial risk led to the reinforcement of macroprudential regulation through the creation of the High Council for Financial Stability (HCSF), which started to issue recommendations (e.g. capital requirements, loan duration and loan-to-value).

In 2020, the government essentially reproduced this strategy to combat the economic downturn caused by the outbreak of the **Covid-19 pandemic and associated lockdown policies**. The state-owned housing provider CDC Habitat signed a large-scale purchase agreement with private developers for 40,000 units (out of which 30,000 were eventually built), including social housing, and private rentals (intermediate housing, “affordable”, an even market-rate). This was reiterated in 2023 (17,000 units, including 12,000 intermediate), mostly financed through a provision of fresh equity by the State⁸. Additionally, in order to regulate the provision of credit to households, the HCSF recommendations were made mandatory.

In the face of other crises such as the **energy crises** linked to the Russia-Ukraine war, and subsequent **rise of inflation** that compounded pre-existing dynamics (e.g. glut in global production networks for raw materials because of Covid-19 pandemic), other governmental strategies included budgetary plans to alleviate the costs for the less affluent population as we detail in the WP3 report (see D3.2).

Overall, the influence of EU policies seems to have a moderate impact on social housing policy in the case of France compared to other countries – at least in a direct way (Daniel, 2018). One reason may be that the system of social housing follows the “generalist” model, which is less subject to regulation in the name of competition policy than the “universalist” found in Netherlands or Sweden (Ghekière, 2010). The influence of EU policies over housing are also larger, having to do with monetary policies (QE) that created a low-interest rate environment conducive to asset price appreciation.

Housing specific events and processes

In France, housing is subject to an accumulation of policies and instruments over time, serving different – if not contradictory purposes – of home, urban development, and economic growth and wealth accumulation (Driant, 2015). Altogether with the continuous policy support for homeownership but as well as for private and social rental, it results in a complex landscape that makes any attempt to identify trends across tenures and key historical moments a challenging task.

For private rental, the most significant process has been the **development of tax incentives since the 1980s to stimulate individual investment into buy-to-let housing**. There have been many adjustments throughout time, the main variable being the introduction/relaxing of income and rent ceiling by centre-left policymakers. Despite heavy criticism, these schemes

⁸ In 2023, Action Logement, the institution financed by the tax on salary mass (*participation des employeurs à l'effort de construction*, also known as 1% for housing) and co-managed by union representatives of employers and employees, also adopted a plan to buy 30,000 housing units (either for intermediate or social housing).

have persisted over time until recently. Some of their critics argue that the fiscal support should instead be redirected to institutional investors in order to incentivise them to purchase buy-to-let housing, and more recently, to invest into energy retrofitting of the existing stock. Additionally, the regulation of the private rental market has been reinforced through the introduction of rent controls in 2014, but only as an experiment in some localities, including the City of Paris (more on this below).

While the production of **social housing** has remarkably remained significant throughout the 2000s (Gimat, 2017), the sector has **undergone contradictory trends**. On the one hand, its development was encouraged through the creation of social housing quotas for urban municipalities in 2000 (SRU), and access to it was made an enforceable right for the most deprived through the creation of a “right to housing” in 2007 (DALO). On the other one, a number of policies have undermined its ability to meet the housing needs of the population. In the name of the “social mix”, the estate regeneration policy (2003) led to an actual shrink of social housing overall (including its lowest tier with low rents). This doctrine was motivated by what policymakers considered as the failure of estate regeneration policy (*politique de la ville*), and gained further traction after the so-called “urban riots” that erupted in 2005 following the death of two young residents due to police control. Moreover, new reforms in 2018 (ELAN) accelerated ongoing processes of corporatisation and commodification, such as the pre-existing Right-to-Buy policy that it sought to buttress, and the regrouping of housing providers to achieve a minimum size. Altogether with the decrease in state funding, they pushed social housing providers to seek more revenues by “diversifying” their activity (see below).

Last but not least, the situation of housing in the **devolution process** that was initiated in 1982 **remains contrasted**, due to concerns that territorial fragmentation (ca. 36,000 communes at that time) and competition would lead to exclusion and inequalities (Driant, 2015). In 2004, the delegation of supply subsidies was created by the law but conditioned on the adoption of local housing plans by intercommunal institutions, and remains limited (i.e. volume of subsidies is capped by the State, and remains low). In 2014, local strategic plans for housing (*programme local de l’habitat*, PLH) were reinforced. However, the central State has maintained its grip over key aspects of the housing policy and system, such as tax incentives, and estate regeneration (Epstein, 2013).

3.3 Q3: Capacity to filter crises: how does each housing system respond to macro-events and crises?

- I. *What is the capacity of the local and national housing system to provide affordable housing? Identify the key obstacles to production of affordable housing, and the key enablers of the production of affordable housing, in both the national and local housing systems.*

In France, “affordable” housing is a keyword that has made its way in policymaking and practitioners circles over the past years – not without generating criticism from some advocates of social housing who consider this as part and parcel of the political effort to undermine the

“generalist” of social housing in France by blending it into a larger, more flexible buzzword. This was epitomized by the government’s short-lived draft bill in 2024⁹. There is **no official definition of affordable housing, however**. A range of initiatives and new hybrid tenures have emerged under this umbrella term: some being developed by housing providers such as CDC Habitat (*logement abordable contractualisé*, LAC), others by local authorities (*Foncière de logement abordable* by the City of Paris, ‘3A’ plan of the Métropole de Lyon). These run across different tenures (mostly owner-occupation, and private rental). In the following, we adopt a **larger focus that includes traditional social housing** which arguably aims at affordability to the extent that it is regulated by income and rent ceilings¹⁰. We also do not engage in assessing whether housing that is claimed as being “affordable” really is.

The key enablers of the production of such affordable housing and the key obstacles that may run against them are summarised in Table 2 below, distinguishing between the national level and the local (with a focus on the City of Paris).

Table 2 – Summary of key obstacles and enablers to the production of affordable housing

	Key enablers to the production of affordable housing	Key obstacles to the production of affordable housing
National housing system	<ul style="list-style-type: none"> - Strong social housing sector with dedicated, long-term loan system and mandatory quota for 25% social housing (SRU) - Strong tradition of public landownership and land-use planning - Introduction of right to housing as a constitutional right and a policy instrument (DALO) - Creation of new tools to experiment affordable schemes across tenures 	<ul style="list-style-type: none"> - Neoliberal ideology and austerity policies undermining social housing funding, pushing for less affordable units - Neoliberal ideology and austerity policies undermining fiscal autonomy, pushing for more land rent extraction - Estate regeneration (PNRU) leading to demolition of lower tier of social housing
Local housing system	<p><i>City of Paris:</i></p> <ul style="list-style-type: none"> - Housing as a key priority in the agenda, including affordability issues - Internal expertise and coupling of legal competencies - Strong fiscal base linked to hot market 	<p><i>City of Paris:</i></p> <ul style="list-style-type: none"> - General rise in prices not really undermined by rent controls, nor by municipal policy - Dependence over the central state for legal changes - Lack of available land in the upcoming years

⁹ Eventually the bill was dropped because of snap elections called by Emmanuel Macron.

¹⁰ But, crucially, in a different way since the funding model is in principle based on the cost of production, rather than the market rate as it is for affordable housing (Gimat, Guironnet and Halbert, 2022, p. 63). However, not all social housing is affordable (see item **Error! Reference source not found.** above).

	<i>Other localities:</i> - In attractive cities (e.g. first ring around Paris), ability of mayors to use land-use planning powers to bargain with developers	<i>Other localities:</i> - Greater fiscal dependence over land rent extraction to compensate for austerity policies (e.g. loss of intergovernmental transfers)
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National housing system

At the national level, the production of affordable housing (including traditional social housing) has been supported by four main items. Firstly, there exists a **strong social housing sector** (representing 18% of the households in 2021) with dedicated, **long-term loan system** overseen by the CDC, a state-owned financial institution responsible for transforming households' deposits into long-term loans to social housing providers at a variable rate (but not based on market)¹¹. While the rest of the funding (e.g. public subsidies) has come under pressure, and despite several reforms that have restricted the scope of this loan system, it is still functional. Additionally, social housing provision is also supported by the **legal framework for social housing quotas** (25% in urban municipalities) that was established in 2001 – even though some municipalities still do not meet the target, and that it regularly comes under attack, such as in the latest governmental project (DOLA).

Secondly, there is also a **strong tradition of public landownership and land-use planning system** conducive to social housing production – provided there is local political will. This takes shape in an array of instruments, from dedicated arm's length development corporations (*établissements public fonciers*, EPF) to legal competencies of municipalities, such as eminent domain purchase, construction permit delivery, local tax setting, etc. In attractive locations, such as municipalities adjacent to Paris, this has allowed mayors to go engage in bargaining with private developers, and settle paralegal arrangements to secure the delivery of social housing, or cap the price of new private housing schemes (Pollard, 2018).

Thirdly, the rights of the population to access social housing was reinforced – at least on paper – by the consolidation of the **“right to housing”** into the Constitution by the end of the 1990s, leading to a specific framework in 2007 (*droit au logement opposable*, DALO). Provided they are willing to engage in the process, this opens the possibility for the most deprived to put the State under the obligation to provide them with social housing.

Fourthly, the last two decades have seen a **proliferation of new schemes** designed at securing affordability across the different tenures, providing local mayors and administrations with a toolbox (see Appendix 1 in 6.1). For owner-occupation, these include zero-interest loans, shared ownership schemes (PSLA), and the dismemberment of land-housing (OFS-BRS)¹². For private rental, the counterparties to accessing specific retrofitting subsidies (ANAH), or the new intermediate housing tax regime (LLI). Even in social housing, a tenure geared towards the provision of below market housing, some experiments were introduced as

¹¹ Crucially, this system is based on an equal access to loans, i.e. the interest rates are the same whatever the financial conditions of the providers or the location of the operation (Halbert *et al.*, 2013).

¹² For these, affordability is not always an end in itself, but can instead be a means towards homeownership.

a national framework (*PLAI adaptés* in relationship with Housing First policy) or by specific NGOs (Fondation Abbé Pierre through its *Sociétés d'investissement solidaires*).

On the other hand, these elements are counterbalanced by **significant obstacles to the production of affordable housing**, with some of these being structural shifts still ongoing. Firstly, despite its long-established tradition, the **funding of social housing sector has come under significant pressure in the last decade**. Neoliberal policies have “put [the system] in crisis” (Santili, 2020), whether in the name of efficiency, and/or austerity, by decrease grants to social housing providers, either directly (e.g. central state grants), or indirectly (e.g. by redirecting resources devoted to other purposes, such as the *1% logement*). In addition, production costs have significantly increased, while specific programs to alleviate the cost of land through the use of public land (*programme de mobilisation du foncier public*) have not generated significant results. This puts providers under pressure, and force them to tap into their own equity, as well as to “diversify” their revenues by selling their existing stock, engaging in new activities such as partnerships with private property developers, or producing less affordable social housing (upper tier, PLS) or intermediate housing (LLI). Despite the sector’s ability to resist some of the reforms, these have also revealed that it is divided, with some of the biggest providers pushing for them (Gimat, Guironnet and Halbert, 2022).

Secondly, this pattern also applies more largely to public landownership and the planning system. Indeed, the **fiscal autonomy of local authorities has eroded** as a combination of (i) austerity cuts to intergovernmental redistribution that have aggravated since 2012, and (ii) structural reforms of the fiscal system since 2017. As a result, local authorities are pushed to partner with private developers and national public agencies to finance their urban and housing policies, especially in areas where they can leverage their attractiveness on the real estate market, such as first ring municipalities in the greater Paris area, leading to land rent extraction (Adisson, Halbert and Maisetti, 2023; see also Clerval and Wojcik, 2024, p. 144).

Thirdly, the **estate regeneration policy (PNRU) has led to a shrinking of traditional social housing**. In the name of the “social mix”, more social housing was destroyed (164,000) than rebuilt (142,000) – many of which in other areas. The net result of 48,000 additional housing units presented by policymakers includes private housing built in order to make room for the middle class in working class areas. Altogether with the sale of the existing stock by social housing providers to generate new revenues, estate regeneration policy leads to the decrease of the older stock, which is usually associated with lower rent levels, while new social housing construction is not, due to rising costs in construction and land (Clerval and Wojcik, 2024).

All in all, the tensions between the key enablers and obstacles of affordability are reflected in the rise of the number of applicants on a waiting list for social housing, which has reached unprecedented high at 2,25 millions in 2021, up from 1,4 in 2013, which was already a 37% increase compared to 2001 (Fondation Abbé Pierre, 2024, p. 193).

Local housing system

Focusing on the City of Paris, the production of affordable housing has been enabled through the combination of political change, organisational, and fiscal resources. Firstly, housing has been **framed as a priority** by the centre-left mayor Bertrand Delanoë (2001-2014), followed

his former deputy Anne Hidalgo (2014-2026), in stark contrast with the previous right-wing majority. Based on the doctrine of the “social mix”, this included the production of social housing, including for the middle class. This can also be seen as a way to comply with the national framework of the SRU law, which set a target of 25% of social housing to be reached by 2025. This proactive housing policy also involves the conflict with Airbnb, and more generally the development of tools to regulate STR supply.

Secondly, this agenda is supported by **strong organisational resources**, owing both to its capital status and related institutional specificities (Le Galès and Mouchard, 2023). Given that Paris is both a municipality, a district, and does not belong to any intermunicipal institution, it combines competencies over housing, planning, and social action that are elsewhere fragmented between different tiers of government (Hervet, 2013). Additionally, its intervention into housing is supported by a strong technical expertise (with over 400 people, *ibid.*).

Thirdly, and crucially, it is also supported by **abundant fiscal resources**, resulting from the most attractive real estate market nationwide that generates significant revenues. These fiscal resources come from the housing tax (suppressed in 2024), the property tax, as well as the tax on real estate transactions (DMTO). In 2019, the latter represented 22% of its operating revenue, with the slowing down of the market during the Covid-19 lockdown estimated to a loss of €300 millions¹³. These fiscal resources help to finance social housing through a variety of channels, including the acquisition-conversion of existing privately-owned buildings into social housing through eminent domain purchase power (for €250 millions per year), and more recently, the creation of a municipal housing company to provide “affordable” housing.

In the City of Paris, the **share of social housing increased significantly** over the past three decades, going from 12% to 18%, and even reaching the 25% quota according to other studies (Apur, 2024a). However, the lower tier of social housing (PLAI) only accounted for less than a third of the construction, with the middle (PLUS) being most prominent, and the upper (PLS) accounting for the remaining third according to the same study. While there was an effort in targeting the most affluent neighbourhoods (1st to 8th and 15th to 17th districts), the bulk of the stock remains in the Eastern (above 40% in the 19th, 20th, and 13th) due to historical location and land availability for large-scale regeneration projects. The purchase of existing buildings – including those owned by institutional investors – and their conversion to social housing was also a key instrument. On the other hand, critics have underlined that **this policy is faced with conjunctural** – as it creates less units than are destroyed in the old stock – and **structural limits** – with the priority given to the middle and upper tiers, while being oblivious to – if not complicit with – gentrification (Clerval, 2013).

More largely, there are key obstacles to the production of affordable housing in the City of Paris. The first and foremost is that the **policy has not curbed the general rise in prices**, despite the introduction of rent controls since 2014 (reintroduced in 2019 after a suspension following legal issues). This led to slow down the rental increase of 4,2% from 2019 to 2023 (Apur, 2024b). Earlier studies highlighted its “limited efficiency” given the stability of the number of cases (ca. 25%) where the rent exceeds the legal threshold (Bosvieux, 2020). This can be seen as the result of several factors, from the political orientation of the majority (more reformist

¹³ Denis Cosnard, « [Le coronavirus fait chuter les recettes de la Ville de Paris](#) », *Le Monde*, 14/04/2020.

rather than radical) to its fiscal dependence over real estate transactions, including the structural constraints linked to private property being a constitutional right in France.

Secondly, for all its internal resources, the City is still **dependent upon negotiations with upper tiers of the state** on different matters. This was the case during B. Delanoë's two mandates (2001-2014), on issues such as access to public land owned by state administrations or enterprises, or the production of intermediate housing¹⁴ (Hervet, 2013). Currently, the Deputy mayor for Housing is advocating for a reform of the tax on vacant housing in order to make it costlier for individual landlords to withhold their properties.

Thirdly, the provision of affordable housing benefited from land opportunities, which were transformed through large-scale regeneration schemes (e.g. Paris Rive Gauche, Clichy-Batignolles, Chapelle International). Now that these are mostly completed, the challenge for the municipality in the coming years will be to adjust to this new context where **land is increasingly a scarce resource** (Rainaldi, 2024).

Relatedly, land opportunities are more abundant in the periphery: regeneration-led housing schemes have multiplied in the past two decades **besides the administrative boundaries of the City**, in a more or less direct relationship to the large-scale transit-oriented project Grand Paris Express. In these peripheral spaces, a number of structural obstacles to the production of affordable housing arise, such as **institutional fragmentation** (Hervet, 2013), **fiscal competition**, and more largely municipal **strategies trying to mitigate austerity** through partnerships with cash-abundant central agencies and private developers, leading to an intensification of land rent extraction (Adisson, Halbert and Maisetti, 2023).

II. How have the identified crises and macro-trends affected the capacity of these housing systems to provide affordable housing?

See above, and below.

III. What challenges have the state and non-profit sector faced, in the light of recent crises?

First of all, the 2008 GFC crisis and Covid-19 pandemic outbreak have led to a **downturn in housing production**, whereas there is a dominant consensus between policymakers and experts that (i) there is a lack of 800,000 to 1 million dwellings, hence a goal of reaching 500,000 new dwellings per year, and that (ii) more supply will lead, per market mechanisms, to a decrease in prices.

Secondly, these crises have been fought through **massive spending by the State**, which led to an increase in sovereign debt and public deficit. Since 2012, and even more since Emmanuel Macron's election in 2017, most policymakers and experts have used this argument to justify and austerity policy leading to a cut in state spending that puts intense pressure on social housing. While local authorities have stepped in during some time, they have

¹⁴ Again, pre-existing schemes different from the new 2013 tax regime (see footnote n°1 above).

increasingly come under pressure as well, due to less intergovernmental transfer from the central state, as well as tax reforms motivated by supply side policy (first in 2005, but mostly during Emmanuel Macron's term) that have eroded their fiscal autonomy as explained above. At the same time, despite welfare policies that mitigated its impact, the GFC has led to the pauperisation, especially in the Paris region where almost 20% of the population lives under the poverty threshold, and where a third of poor households cannot even afford the lowest rents in social housing (Clerval and Wojcik, 2024).

Relatedly, the 2008 GFC led to **monetary policies** (low interest rate, QE) that essentially drove **asset price appreciation** by lowering the cost of debt, thus increasing the cost of housing for first-time home purchasers, boosting the value of homeowners with no outstanding debt, ultimately reinforcing inequalities in access to housing and wealth. In fact, access to homeownership has been highly selective on social grounds, with the poorest left outside of the market despite supportive policies (Bugeja-Bloch, 2013, p. 79; Driant and Madec, 2018). More recently, the rise of inflation has led to a revision of monetary policies, with a rise of interest rates. Coupled with rising costs for construction and land, this has led to a tightening of credit distribution, and therefore to a drop in demand that fuelled one of the biggest decrease in housing production (250,000 units in 2024, against 345,000 in 2009).

4 CONCERNS REGARDING THE GREEN-HOUSING NEXUS

The green-housing nexus implies complex synergies and trade-offs between existing restructuring processes of the welfare and housing system on the one hand, and of increasing concerns and targets for environmental and energy policies (EEPs) on the other hand.

In terms of **housing retrofitting**, these interactions are better captured through a distinction between different tenures, which are based on distinctive policy instruments and financing circuits. In the following, we mostly focus on the national scale.

- **Owner occupation:** in the past decades, owner-occupied housing has increasingly been transformed as a patrimonial asset to “achieve lifetime financial security”, especially for rich households (Benites-Gambirazio and Bonneval, 2024). At the same time, homeownership has been increasingly concentrated in the wealthiest groups, with 24% of households owning 68% of homes (André, Arnold and Meslin, 2021). Access to homeownership has been increasingly difficult for modest households despite specific policy instruments (e.g. zero-interest loans), due to the enduring rise in prices since the early 2000s that was only moderately compensated by loan conditions adjustments (lower interest rates, higher duration). In that context, energy retrofit policy seeks to incentivise owner-occupiers to engage in energy efficiency renovation works (as opposed to the rental sector, see D3.2 report for more details). Recent studies shows an emerging pattern of “green value”, i.e. adjustments of price in relationship to energy consumption (with housing labelled F and G selling at a discount, whereas A and B would get a bonus) (Notaires de France, 2024).

Consequently, it could be hypothesized that this **green value may be captured by those households that either already own energy efficient housing, or can afford to engage in renovation works**. In that regard, it should be noted that there exists an array of public instrument (subsidies, loans, obligation scheme) targeting the most modest households. However, they suppose administrative resources to navigate applications, and do not cover all the costs which remain important.

- **Private rental:** investment into private rental schemes (PRS) goes through several channels, which have seen a restructuring in the past decade. *Individual investors* (households) are the most important provider of PRS. Since the 1980s, the state has used tax instruments to incentivise them to invest into rental housing. Additionally, the boom in short term rental platforms such as Airbnb has supported this trend. The trend towards wealth concentration observed for homeownership is thus even greater for private rental, with 3,5% of households owning 50% of the rental stock, including 40% of homes located in Paris (André, Arnold and Meslin, 2021). Concomitantly, since the late 2000s, there has been increasing governmental support to shift the source of funding to *corporate investors*, to finance affordable and green housing. While new tax incentives for intermediate housing, but above all macroeconomic conditions (low interest rates and inflation, etc.) have led to an increase in institutional investments since 2015, this remained limited and short-lived however (Guironnet, Bono and Kireche, 2024). In that context, energy retrofit policy has adopted a **more stringent approach to the rental market**: minimum standards for dwellings to be leased has *de facto* created a requirement for landlords owning obsolescent properties to engage in renovation or to sell¹⁵. Given that public subsidies are only available for individual landlords, this could create a different incentive structure between investors. For individuals, the availability of public funding may contribute to create opportunities for multi-owners, as filtered by the uneven geographies of real estate markets (i.e. retrofit investment targeting high-demand markets where investment can be recouped). As for corporate investors, this could act as a further deterrence of investment into housing, even though they have been identified by some policymakers as key actors in reaching at-scale energy retrofit due to their access to large capital pools.
- **Social rental:** in the case of social housing, energy retrofit policy may compound ongoing patterns of restructuring. The estate regeneration (*rénovation urbaine*) policy has led to a demolition of part of the old social housing stock, which tended to be the most affordable, and to the displacement of modest households in the name of the ‘social mix’. Meanwhile, social housing providers tend to struggle with maintaining a high volume of production as they did during the past two decades. Austerity policies have led to a decrease in public subsidies, as well as rental revenues. This has pushed them to engage in the so-called diversification of their financing, e.g. sale of their existing stock, developing non-social schemes (such as intermediate housing – LLI), or engaging in real estate development partnerships. Against that backdrop, energy retrofit policy requires them to upgrade the performance of their stock, and provides dedicated funding (subsidised loans, punctual subsidies based on competitive allocation). Therefore, it could be hypothesized that the **combination of austerity and retrofit policies may result in trade-offs between environmental and social**

¹⁵ Although this regulation has been partially relaxed, see D3.2 for more details.

objectives: it could either lead to a decrease of production of new social housing in order to save money to fund renovation, and/or to push the production towards less affordable types of social housing (upper tier, or LLI).

Turning to **densification** requires to shift the lens onto different submarkets, based on the type of spaces, urban forms, and policy instruments:

- **Urban regeneration projects:** there already is evidence that eco-neighbourhoods projects can contribute to the production of social housing, but that it is tilted towards the middle-class, and is dependent upon the generation of revenues through the sale of private housing at a higher cost, with implications for the design of buildings, housing units and public spaces, as well as unaffordability of the private market (Piganiol, 2021). On the other hand, such projects can be more redistributive towards lower social groups through energy retrofit and the construction of new collective infrastructures, but that it is highly dependent from local political dynamics, including the ability of grassroot initiatives to mobilize (Béal, 2017). More generally, many urban regeneration projects are based on a transit-oriented (TOD) approach. In the case of the Paris city-region, the new Grand Paris Express project might lead to gentrification of the inner suburbs, as new infrastructure might provide landowners, developers, and investors the opportunity to close the rent gap (Clerval and Wojcik, 2024). This is because both the central state and many mayors see this project as an opportunity to attract more affluent residents in historically working-class areas, as well as to the lack of a cohesive metropolitan governance and active public landownership policy. More generally, given the pressure on local public budgets linked to austerity, many local authorities leverage land as a way to extract revenues (Adisson, Halbert and Maisetti, 2023). All in all, higher costs of brownfield redevelopment and lower public resources (financial, technical) allowing for landownership and funding of social housing might lead to costlier housing.
- **No net artificialisation policy (*zéro artificialisation nette, ZAN*):** notwithstanding current political efforts to undermine the initial targets and mechanisms of the policy adopted in 2021 (see section 2 above), possible interactions with local housing systems seems contrasted. On the one hand, periurban spaces have been a significant lever for access to homeownership for first-time buyers, especially amongst the lower social groups who benefited from the zero-interest loan policy (Gobillon, Lambert and Pellet, 2022; but see Bavay, 2015)¹⁶. Therefore, to what extent might the ZAN policy slow down this type of homeownership, characterized by low financial/high environmental costs? On the other, in the contemporary fiscal and property system, the recycling of the existing built fabric entails higher costs (e.g. decontamination, title consolidation, etc.) that might translate to higher housing prices on the private rental market, and the difficulty in creating social housing. Experimentations in separating land from housing (*démembrement foncier*) might open perspectives, but as for now the actual numbers remain low (see Table 4 in Appendix).
- **Air rights (*surélévation*):** the construction of additional floors on top of existing buildings has been pushed as a tool for densification, especially in Paris. Its supporters have argued that it would also contribute to increase the supply of housing, thus leading

¹⁶ In 2024, the eligibility of individual housing to zero-interest loans was already suppressed.

to decrease sale prices. However, research shows the opposite: its implementation by private developers may lead to housing unaffordability, due to the higher administrative risks translated into higher profit (Bouchet-Blancou, 2025).

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6 APPENDIX

6.1 Methods

This report is primarily based on desk research, compiling data from the academic literature, grey literature, and press reviews. It is also informed by semi-structured interviews conducted

with key actors solicited for their expertise in housing policy and systems, including on the role of environmental and energy policies.

Table 3 – List of interviewees

Name of the institution	Type	Date	Length (in min)
Fédération des offices publics de l'habitat (FOPH) <i>Industry body of public social housing providers</i>	Social housing provider (public)	28/04/2025	110
City of Paris	Local government	28/04/2025	80
Institut Paris Region (IPR) <i>Regional planning agency for the Paris region</i>	Local agency	22/05/2025	60
Coordination gouvernementale du plan de rénovation énergétique des bâtiments (CIPREB) <i>Intergovernmental taskforce for building retrofit</i>	National government	22/05/2025	90
Agence nationale de l'habitat (ANAH) <i>National agency overseeing energy retrofit policy</i>	National agency	07/05/2025	80
Ministry for Ecological Transition and Planning (Direction générale de l'aménagement, du logement, et de la nature, DGALN)	National government	18/06/2025	100
Banque des Territoires (Caisse des Dépôts et Consignations) <i>Main provider of loans to social housing providers</i>	Financial institution (public)	19/06/2025	60
CDC Habitat (Caisse des Dépôts et Consignations) <i>Main provider of social and intermediary housing</i>	Housing provider (public)	30/06/2025	60
Fédération des entreprises sociales de l'habitat (FESH) <i>Industry body of private social housing providers</i>	Social housing provider (private)	16/07/2025	80

6.2 Alternative type of homeownership property

Table 4 – Experimentations in alternative type of homeownership property

Instrument	Date	Production	Geography
Prêt social location-accession (PSLA) ≈ <i>shared ownership</i>	2004	46 700 authorisations over 2004-2015, 80% by social housing providers	Only 14% in tense markets (zone A), 40% in less tense (B1)
SCI d'accession progressive à la propriété (SCI APP) ≈ <i>shared ownership</i>	2006	ca. 100, mostly through coops	Mostly in the Toulouse area
Usufruit locatif social (ULS)	2006	500/year in 2011 according to industry estimates (main provider: CDC Tonus Territoire with 4,400 units as of 2023)	3,274 units in the Paris region (Île-de-France) between 2015-2021
Bail réel immobilier (BRI)	2014	None	
Bail réel solidaire (BRS) ≈ <i>community land trusts</i>	2016	9,200 units expected in 2024*	15% in the Paris region (Île-de-France)*

* Outlook from 2019

Source: Authors, based on Le Rouzic (2019)