

OPTIMAL USE OF PRIVATE FINANCE FOR SOCIAL AND AFFORDABLE HOUSING



Transforming household savings into social and affordable housing in France – the role of regulated saving schemes and the Caisse des Dépôts (CDC)



1. Overview and context



In France, it is very common for households to hold state-guaranteed savings accounts that produce tax-free interests such as the common ‘Livret A’¹, the ‘Livret de développement durable et solidaire’² (LDDS), and the ‘Livret d’épargne populaire’ (LEP). For 2024, it was estimated by the French Central Bank that 83% of the population held a Livret A³. Thus, these historic savings products are ubiquitous and a cornerstone in France, offering a secure and highly liquid savings option, and have become a core part of the management of personal finances by French households.

The Livret A is a tax-free way of saving money, up to a maximum of €22,950, which is available through any retail bank and offers savers a more attractive interest rate than their usual current account. The latest figures⁴ show that total savings in these schemes, including LDDS and Livret d’épargne Populaire (LEP), amount to **€687.4 billion**.

The Caisse des Dépôts (CDC), a special public financial institution founded in 1816 serving the public interest, centralizes and manages nearly 60% of these regulated savings accounts (livret A, LDDS or LEP). Under the supervision of the Parliament, CDC transforms these savings via its Savings Fund into long-term loans (with maturities of up to 80 years) for projects of general interest, such as the provision of social and affordable housing or the renovation of existing housing stock. In fact, the CDC via its *Banque des Territoires* is the leading lender for social and affordable housing in France, providing approximately 70–75% of the sector’s financing. This support allows for the construction of around 100,000 new housing units on average each year⁵. All of this activity is implemented via CDC’s network of 37 regional offices all over France, where local needs are addressed and tailor-made solutions are provided.

One of the strongest features of the CDC’s regulated savings model is its countercyclical role. This means that even as an economy enters a period of decline or recession, as was the case during the recent pandemic, **CDC can maintain or even increase its long-term financing -providing constant access to liquidity**. This is possible thanks to its stable and secure resource. During periods of economic uncertainty or recession, households tend to save more. This increase in savings flows into the CDC-managed accounts. Indeed, growth in savings by French households into their CDC managed regulated accounts actually increased in 2020,⁶ despite the impact of the pandemic. This means that, whether there is a recession or not, loans can be made available to support jobs in the construction sector and, thus, the wider economy. It also means that those who have lost their own job or seen a fall in their income can be helped to find suitable housing that meets their needs more quickly.

In addition, financing affordable and social housing by means of regulated savings allows for the loan pricing to be based solely on the social and environmental nature of the project. The fact that there is no interest rate discrimination between credit borrowers, helping to reduce social inequalities, territorial divisions and to meet environmental goals.

¹ Service Public, (2025). Livret A. [French Saving Booklet]. <https://www.service-public.fr/particuliers/vosdroits/F2365>

² Service Public, (2025). Livret de développement durable et solidaire (LDDS) [Sustainable and solidarity development booklet (LDDS)]. <https://www.service-public.fr/particuliers/vosdroits/F2368>

³ Banque de France, (2024) Rapport sur l’épargne réglementée 2024 [Report on regulated savings 2024]. <https://www.banque-france.fr/fr/publications-et-statistiques/publications/rapport-sur-lepargne-reglementee-2024>

⁴ Caisse des Dépôts et Consignations, (2025). Epargne réglementée : collecte mensuelle en août 2025 du Livret A et du LDDS ainsi que du LEP [Regulated savings: monthly collection in August 2025 of the Livret A and LDDS as well as the LEP]. <https://www.caissedesdepots.fr/sites/default/files/2025-09/2025%2009%2023%20-%20Communiqu%C3%A9%20Collecte%20mensuelle%20LA-LDDS%20-%20LEP%20ao%C3%BBt%202025.pdf>

⁵ Caisse des Dépôts et Consignations, (2025). Nos missions au service de l’intérêt général [Our missions in the service of the general interest]. <https://www.caissedesdepots.fr/modele-unique/nos-missions#:~:text=La%20Caisse%20des%20D%C3%A9p%C3%B4ts%20est,de%20la%20cha%C3%Aene%20de%20production>

⁶ French Central Bank (2021). L’épargne réglementée : Rapport annuel 2020 [Regulated savings : 2020 annual report]. https://publications.banque-france.fr/sites/default/files/medias/documents/rapport_er_2020.pdf

2. Governance and ownership



The CDC is a public financial institution, defined in the French Monetary and Financial Code as a “public group serving the public interest” and a “long-term investor”, operating under private-law status. It manages funds that originate from household deposits, operating under a strong public-interest mandate and within strict lending constraints. This makes it a unique publicly oriented institution. The CDC’s governance framework ensures its public service mission while maintaining financial stability and promoting long-term investments for the benefit of the community.

3. Funding model



The core of CDC’s funding model is the mobilisation of household savings via the before mentioned Livret A, LDDS, and LEP regulated savings accounts. CDC manages approximately 60% of these regulated savings, transforming them into long-term loans—sometimes extending up to 80 years of maturity—for projects of general interest defined by public authorities. Priority areas include social housing, urban policy, and local development projects, providing a mechanism to finance significant public initiatives without cost to taxpayers⁷.

The savings model offers social and affordable housing providers a stable and low-cost source of capital. They benefit from pooled risk, preferential interest rates well below commercial rates⁸, long maturities (20–40 years depending on the loan type, e.g., **PLAI, PLS, PLS Plus, PLI and even up to 80 years for the GAIA land loans**), and implicit public backing—meaning that, when a social landlord requests a loan from the CDC for a construction or rehabilitation project, the local authority where the project is located is required to provide a guarantee. Although the funds are technically private, the state’s oversight and support reduce risk for investors and indirectly guarantee the continuity and stability of financing, and interest rates far below those available on commercial markets.

4. Loan and investment conditions



Caisse des Dépôts (CDC) is the leading financier of social and intermediate housing in France, contributing to over 70% of the funding for new housing operations—around 100,000 units per year⁹. Through its Banque des Territoires (BdT), it offers a comprehensive range of loans that cover the entire housing production chain. CDC finances public interest housing in the broadest sense, from emergency housing to middle-income housing, as well as housing for students and the elderly, providing a diversified range of loan products, quasi-equity instruments, including intermediated loans on EIB resource, which complement the traditional offer. In addition to

⁷ Caisse des Dépôts et Consignations Habitat, (2024). *Au rendez-vous : Rapport d’activité 2024 [On the agenda: 2024 Activity Report]*, p.7. <https://www.caissedesdepots.fr/sites/default/files/2025-07/CDC%20RA24%20eaccess.pdf>

⁸ While preferential compared to market conditions, these rates remain indexed to the Livret A, meaning that fluctuations in regulated savings rates directly affect the borrowing conditions of social housing providers. With an outstanding debt of around €150 billion tied to the Livret A in 2023, Hlm organisations are therefore highly exposed to changes in interest rate trends. L’Union Sociale pour l’Habitat, (2023, January 13). *Hausse de 3 % du taux du Livret A : le Mouvement Hlm prend acte d’une décision équilibrée [3% increase in the Livret A rate: the Hlm Movement takes note of a balanced decision]*. [Press release]. <https://www.union-habitat.org/hausse-de-3-du-taux-du-livret-le-mouvement-hlm-prend-acte-d-une-decision-equilibree>

⁹ Caisse des Dépôts et Consignations Habitat, (n.d.). *Nos missions au service de l’intérêt général [Our missions in the service of the general interest]*. <https://www.caissedesdepots.fr/modele-unique/nos-missions>

its lending activities, through its subsidiary CDC Habitat, the Group is one of France's largest social and affordable housing operator, managing a portfolio of more than 560,000 housing units nationwide¹⁰. CDC Group is also an investor in the sector through its Banque des Territoires (BdT), which provides capital to companies that develop innovative building schemes allowing for synergies with social housing provider clients.

BdT loans offer highly advantageous conditions compared with commercial lending, thanks to the low cost of funds and the pooling of risks across the sector. While their relative competitiveness can fluctuate with broader interest rate trends, they have historically provided significantly lower rates and longer maturities, ensuring stable financing conditions for social housing providers. Loan rates are indexed to the *Livret A*—France's regulated savings rate— so fluctuations in this rate directly affect borrowing costs¹¹.

CDC financing is structurally secure and well-suited to the long-term investment horizons of social and affordable housing providers, thanks to its countercyclical role, fixed-rate stability, alignment with public policy objectives, and sector-wide risk pooling.

5. Impact and performance



The CDC's impact is visible both in the scale of housing delivery it supports and in its stabilising effect on the housing finance ecosystem. By sustaining production during downturns, it helps safeguard construction-sector jobs and mitigate housing shortages.

Thanks to its very long-term loan offerings, the Banque des Territoires achieved a record year in 2024, with €20.9 billion in loans dedicated to social housing and urban policy. This financing supported the construction of 115,000 new social and intermediate housing units and the renovation of 108,000 others¹². €2.9 billion in loans were also allocated to renovation operations, enabling the thermal renovation of 39,000 existing social housing units. Given the large existing stock of social housing units in France, and in line with the requirements of the French Climate and Resilience Law, one of the key challenges today is renovating nearly 1.8 million social and affordable housing units without compromising the high levels of new construction of the sector. Today's financial model of social housing providers relies therefore on balancing construction efforts and renovation ambitions within a constrained budgetary framework.¹³ In financing these efforts, CDC loans are often combined with EU grants for energy efficiency rehabilitation of social housing units provided through the ERDF.



¹⁰ Caisse des Dépôts et Consignations Habitat, (2024). *Au rendez-vous : Rapport d'activité 2024* [On the agenda: 2024 Activity Report], p.7. <https://www.caissedesdepots.fr/sites/default/files/2025-07/CDC%20RA24%20eaccess.pdf>

¹¹ French Ministry in charge of Housing, (2024). *Les aides financières au logement* [Financial assistance for housing], p. 10. <https://www.ecologie.gouv.fr/sites/default/files/documents/Les%20aides%20financieres%20au%20logement%202024.pdf>

¹² Caisse des Dépôts et Consignations Habitat, (2024). *Au rendez-vous : Rapport d'activité 2024* [On the agenda: 2024 Activity Report], p.7. <https://www.caissedesdepots.fr/sites/default/files/2025-07/CDC%20RA24%20eaccess.pdf>

¹³ Banque des Territoires (2025), *Perspectives 2025 : l'étude économique et financière sur le logement social*. <https://www.banquedesterritoires.fr/perspectives-2025-etude-economique-financiere-logement-social>

6. Cooperation with EU/International Institutions



PROJECT EXAMPLE: FRENCH ALLIANCE FOR SOCIAL HOUSING

The French system of financing social and affordable housing is well established, long-standing, and well-integrated in the European sphere, thanks to the catalytic role played by CDC and its Banque des Territoires. CDC is ensuring the link to European resources. The “European Alliance for Sustainable and Inclusive Social Housing”, launched in September 2020 embodies its cooperation with international financial institutions. This initiative brings together the Union Sociale pour l’Habitat (USH), the Banque des Territoires (CDC group), the European Investment Bank (EIB), and the Council of Europe Development Bank (CEB). The Alliance was formalised through a joint declaration signed during the event “Les Hlm, acteurs de la relance” (“Social Housing: Drivers of Recovery”), held in Paris on 15 September 2020.

The Alliance is part of the implementation of the Investment Pact, signed on 25 April 2019 by all French social housing stakeholders. Its core objective is to facilitate access for French social housing organisations to long-term European financing, ensuring the continuity and predictability of funding for the sector. Through this Alliance, **CDC (Banque des Territoires) distributes the resources of the EIB (social and affordable housing, energy efficiency of housing) and the CEB (specific housing) and combines these European resources with the national ones (stemming from popular savings). This platform provides a one-stop shop for social housing organisations seeking national and European funding for their projects – making these resources available also for smaller projects.** The partnership aims to leverage the combined resources and expertise of national and European actors to meet ambitious housing production and renovation targets. This intermediation logic has just recently been extended to the segment of affordable housing, via the signing of a new credit line between EIB and CDC to bolster the financing of affordable housing projects, ensuring that more individuals and families have access to quality housing at reasonable costs.

In the longer term, similar agreements could be replicated in other countries, provided that a dedicated financial institution is in place with sufficient capacity, financial viability, and a strong public-interest mandate. In such cases, cooperation with institutions like the EIB and CEB could secure a stable flow of long-term investment capital for social housing.

The Alliance also offers a replicable framework at national, regional, or municipal level through the **Investment Platform model (see Box 1)**. This approach aggregates local projects to reach sufficient scale for attracting private investors, municipalities, and other intermediaries. It allows the use of risk-sharing mechanisms, guarantees, and blended financing from EU sources, enabling long-term, fixed-rate financing under favourable terms — a critical factor for sustaining housing affordability over decades.



THE FINANCING SCHEME OF THE FRENCH ALLIANCE



Source: Housing Evolutions, (n.d.). <https://www.housingevolutions.eu/project/alliance-for-sustainable-and-inclusive-social-housing/>



7. Advantages and disadvantages

OVERVIEW OF THE ADVANTAGES AND DISADVANTAGES OF THE CDC MODEL



ADVANTAGES



DISADVANTAGES

Stable and counter-cyclical funding: Household savings in Livret A LDDS, and LEP accounts increase in economic uncertainty, ensuring steady capital for housing projects.	Dependence on regulated savings flows ¹⁴ .
Low-cost, very long-term loans: Implicit state guarantee and pooled sector risk allow lending below commercial rates. Loan pricing based on the social and environmental nature of projects, no interest rate discrimination between credit borrowers.	Limited flexibility in loan conditions: Statutory lending criteria, in alignment with public policy objectives, may not suit all projects.
Large-scale investment capacity: CDC (via the Banque des Territoires) finances the majority of social housing projects in France, enabling delivery at scale.	Centralisation at the Savings Fund: National pooling of funds requires the necessary administrative capacity and the decentralised distribution requires regional offices to respond to local needs.
Strong social mandate: CDC aligns investments with national housing policy objectives.	Potential political influence: Strategic priorities can shift with changes in government policy.
Integrated role in sector development: Supports construction, renovation, energy efficiency, and regional development	—

Source: Own compilation. Housing Europe, (2025).

Note: This table is based on a qualitative synthesis of available literature and policy analysis, notably Housing Europe (2025), as well as the author's own interpretation of the Caisse des Dépôts et Consignations (CDC) model. The criteria for advantages and disadvantages were selected to reflect financial, operational, and policy dimensions relevant to the housing finance sector.

¹⁴ It is however important to note that the underlying rate of the Livret A is strictly speaking not a political variable, as it is fixed twice a year by the Treasury after proposal of the French Central Bank applying a formula. This formula-based approach provides a level of stability and predictability.

8. Replicability and key success factors



Replicating the CDC model in other countries requires a combination of regulated household savings schemes, a **strong public financial intermediary**, and a clear statutory framework to ensure funds are used for social purposes. Implicit or explicit state backing is necessary to maintain confidence and enable low-cost lending, while alignment with national housing policy ensures that investments support affordable housing, energy transition, and urban regeneration goals. Additionally, the cultural acceptance of regulated savings products and the willingness of households to deposit funds in such accounts are crucial. Although the CDC benefits from France's long-standing savings culture and institutional history, its core principles — regulated savings, public-interest lending, and counter-cyclical investment — can be transferred to contexts with strong public trust and financial infrastructure.

THE FUNDING MODEL OF SOCIAL HOUSING IN FRANCE

The financing of social housing in France relies on several sources. Private loans represent 77% of total funding. Social housing providers secure most of their loans from private bodies, primarily through the Caisse des Dépôts et Consignations (CDC), which offers variable interest rates. In some cases, commercial banks provide loans with fixed interest rates. Own equity accounts for 16% of funding. Social housing providers are required to reinvest any surpluses they generate, including in new construction. Local subventions represent 4% of funding. Local authorities have autonomy to dedicate funds from their budgets to support social housing construction in their area. National subventions make up 2% of funding. The national government can provide financial support, for example to support the housing of people with particular difficulties, such as those experiencing homelessness. This support can include the National Fund for Housing Assistance for People in Difficulty (FNAP). Other sources, such as Action Logement, represent 1% of funding. In France, a social insurance contribution is specifically earmarked to support the construction of social housing for low-income workers. This fund co-finances new social housing projects in return for allocation rights.



THE FINANCING OF SOCIAL HOUSING, AND PUBLIC HOUSING SUPPORTS

TYPE OF FUNDING	% OF TOTAL	GENERAL COMMENTS
Private loans	75.9%	<ul style="list-style-type: none">● Social providers secure most of their investment capital from private bodies
→ Of which: CDC loans	70.2%	<ul style="list-style-type: none">● This includes primarily (accounting for around 70%) loans from CDC (<i>variable interest rates</i>)
→ Of which: other loans (Action Logement, commercial banks)	5.7%	<ul style="list-style-type: none">● There exists in France a social insurance contribution that is specifically earmarked to support the construction of social housing for low-income workers● This fund (Action Logement) will co-finance new social housing projects, in return for allocation rights● Can also include commercial banks (<i>fixed interest rates</i>)
Own equity	15.9%	<ul style="list-style-type: none">● Social providers are required to reinvest any surpluses they may generate, including in new construction
Subventions (national and local)	8.2%	<ul style="list-style-type: none">● Local authorities have autonomy to dedicate funds from their own budgets to support the construction of social housing in their area● The national government can also provide financial support, for example to support the housing of people with particular difficulties, such as those experiencing homelessness● Can make use of a national fund FNAP (National Fund for Housing Assistance for People in Difficulty)
Average living area (m ²)	65	
Rental price upon commissioning (including annexes)	7.1/m ² /month	

Source: Own compilation based on Banque des Territoires, (2024). *Perspectives L'étude sur le logement social – Edition 2025* [Banque des Territoires, (2024). *Perspectives: The study on social housing – 2025 edition*]. And L'Union Sociale pour l'Habitat, (2023). *Les Hlm en chiffres – 2023* [Social housing in figures – 2023.]. https://www.union-habitat.org/sites/default/files/articles/pdf/2023-09/reperes_ndeg_119_web.pdf





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