

FRANCE

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Table 1: Housing in France, by tenure (2023)

Tenure	# of Dwellings	- % of total (Primary Residences)	% of total
Social Housing	5,636,100	18.0	14.8
– of which: HLM	4,651,440	14.9	12.2
– of which: Other	984,660	3.2	2.6
Other Rental	7,773,130	24.9	20.5
Owner Occupiers	17,832,440	57.1	46.9
Total (Primary Residence)	31,241,670		82.2
Secondary residences	3,714,790	-	9.8
Vacant	3,053,230	-	8.0
Total	38,009,690		

Source: Ministry for Housing and Urban Regeneration – ‘Compte du Logement 2023’. Notes: ‘Social housing (HLM)’ equates to dwellings provided by OPH, ESH and COOP’HLM. ‘Other social’ equates to EPLs, the State, local authorities and public agencies, and other approved operators.

Type of social provider	Overview
Social Housing: ‘Habitations à Loyer Modéré’ (HLM)	
OPH (Offices Publics de l’Habitat)	<ul style="list-style-type: none"> • Akin to ‘Municipal Housing Companies’ in other countries • Tied to a specific geographic area (i.e., a municipality or a cluster of municipalities) • Operate under public law • Equate to around 35% of all social dwellings in France (175 housing providers)
ESH (Entreprises Sociales pour l’Habitat)	<ul style="list-style-type: none"> • Non-profit housing associations • Can be linked to a specific area, but are typically free to develop or own housing anywhere in France • Equate to around 41% of all social dwellings in France (166 housing providers)
COOP’HLM (Coopératives d’HLM)	<ul style="list-style-type: none"> • Non-profit housing associations, but based on a cooperative legal structure • Can be linked to a specific area, but are typically free to develop or own housing anywhere in France • Equate to around 3% of all social dwellings in France (44 housing cooperative organisations)
Social Housing: ‘Other social’ providers	
EPL (Entreprises Publiques Locales)	<ul style="list-style-type: none"> • ‘Local Public Enterprises’ (EPLs) are entities that are jointly owned by local authorities (such as municipalities, departments, or regions) and carry out public service missions while functioning under commercial law. • EPLs may be a semi-public company (Sem), with a mix of public and private capital, or a local public company (Spl) with 100% public capital¹. • Engage in a variety of local development projects, including urban planning, infrastructure management, and social housing • According to the national federation representing the EPL sector, their members provide around 720,000 rental dwellings² • EPLs are especially active in France’s ‘overseas territories’, where they are the principal providers of social housing

¹ More information about Sem and Spl at: <https://www.lesepl.fr/le-mouvement/epl-mode-demploi/>

² Fedep (2024). Observatoire des Epl immobilières en 2024. Paris : Fédération des élus des Entreprises publiques locales.

The State, local authorities and public agencies

- The state is itself the direct owner and provider of a small stock of ‘social housing’ that is primarily used to house civil servants and others who play a role in the functioning of the state.
- Two examples of this are:
 - 1) ALPAF (Action pour le Logement du Personnel de l’Administration Française), which provides subsidised housing for civil servants
 - 2) Fondation Louis Lépine, which is a semi-state housing foundation created in 1926 to provide housing solutions for law enforcement personnel, particularly police officers.
- The housing concerned is social housing for which the State and local authorities have a right of reservation.³

Other approved operators

Independent or specialised housing providers that have received approval to provide housing. These could include charitable organisations, religious entities, or private operators with a social housing mission.

Action Logement: A public entity that uses specially earmarked tax revenues to co-finance social housing projects

Associations de maîtrise d’ouvrage d’insertion (“Association for the management of integration projects”) (e.g. Habitat et Humanisme, Soliha which are represented under the umbrella organisation Fapil⁴), which are approved and monitored by the State, and eligible for subsidies from the Anah.

The three core missions of these entities are:

- develop a very social rental offer
- mobilise/fight against vacant housing
- fight against substandard and degraded housing⁵

Private landlords who have an ANAH agreement (“conventionnement”), with subsidies from ANAH, to finance social housing for a period of 6 to 9 years, including rehabilitation costs.

Origins and brief historical overview

As in many other countries in Europe, the earliest form of what would eventually become social housing in France is inextricably linked to the industrial revolution and the rapid urbanisation of the labour force in the mid-to-late 1800s. Several large industrialists in sectors such as textiles, coal mining, and heavy industry built and let housing to their workers at affordable prices; which was effectively a way of keeping wages low. A number of the non-profit housing associations (ESH) that are active in France today can directly trace their lineage back to these ‘worker housing’ schemes.

The first key legislative breakthrough came in the early 1890s, with the adoption of the *Loi Siegfried*. It established the concept of what was called at the time *Habitations à Bon Marché* (HBM), or ‘Low-cost housing’,⁶ which were enterprises of private initiative financed by the *Caisse des Dépôts et Consignations* (CDC); France’s long-established public sector bank. Further legislation in 1906 and

³ Ministry of Public Action, Civil Service and Simplification, (2023). *Le parc social [The social housing stock]*. <https://www.fonction-publique.gouv.fr/etre-agent-public/mes-prestations-daction-sociale/logement/vous-recherchez-un-logement-perenne/le-parc-social>

Légifrance, (2025). Code de la construction et de l’habitation [Construction and Housing Code]. Article R*441-5 https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000025832715/2014-02-25

⁴ Fapil, (2021). Produire des logements abordables et de qualité: Panorama de la maîtrise d’ouvrage d’insertion. [*Producing affordable and quality housing: Overview of integration project management*]. <https://www.fapil.fr/wp-content/uploads/2021/10/Produire-des-logements-abordables-et-de-qualite-Fapil-Maitrise-douvrage-dinsertion.pdf>

Fapil, (2024). La Fapil: Plus de 35 ans d’engagement pour le Logement d’Abord. [*Fapil: More than 35 years of engagement for Housing First*] <https://www.fapil.fr/wp-content/uploads/2024/04/Plaquette-Fapil-2024.pdf>

⁵ Anah, (2022). Mobiliser le financement de l’Anah pour les opérations de maîtrise d’ouvrage d’insertion (MOI). [*Mobilising Anah funding for integration project management operations*] <https://www.calameo.com/read/00358825472f45f830fd1>

⁶ For a concise overview of the development of the social housing sector in France, see: <https://www.union-habitat.org/l-histoire-du-logement-social>

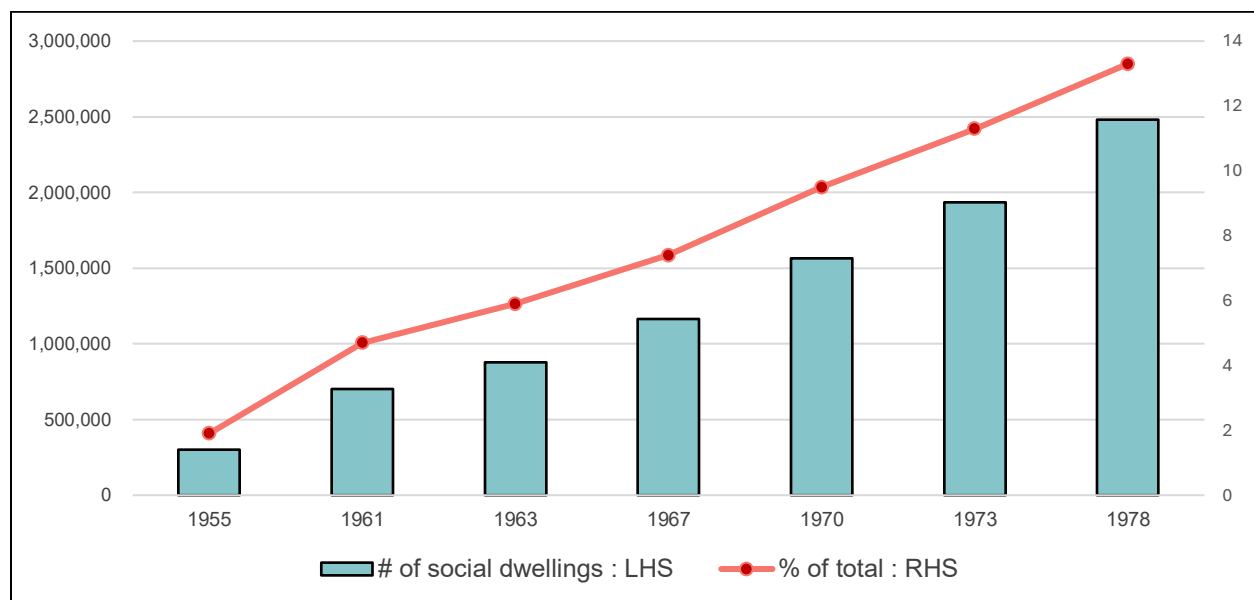
1908 provided for municipal government to offer financing and other assistance to support the development of HBMs, for public banks to support HBMs with low-interest loans, and for the establishment of specific legal entities to build and manage HBMs.

The Interwar Period was marked by the rapid expansion of suburbs, particularly around Paris, and the emergence of poorly housed property owners due to unplanned suburban development. The government responded with two key laws addressing housing and urban planning:

- **March 1928: The Sarraut Law** aimed at resolving the issue of substandard housing conditions;
- **July 1928: The Loucheur Law** introduced the first multi-year housing finance plan. This law facilitated the construction of over 200,000 homes and encouraged two types of housing developments.

These laws extended the State's involvement in housing to broader segments of the population than before. While the economic crisis of the 1930s limited their impact at the time, they still marked a turning point by establishing the idea that housing was a public responsibility—a notion that gradually took root in French society.

Figure 1: Evolution of the French social housing stock (1955-1978)



Source: *Enquête logement (various years)*

In the decades that followed, factors such as reconstruction after two World Wars, rapid population growth (in many cases linked to rising immigration), and a need to combat the poor housing conditions faced by many low-income families saw further growth and development in the French social housing sector. This included the development of the large high-rise urban and peri-urban housing estates that are indicative of the image that many non-French people have of social housing in the country; even if the reality is that they constitute, even today, a minority of the overall social housing stock in France.

In the post-WWII period, the size and relative importance of the social housing sector rose quickly. For example, in 1955, there were around 300,000 social housing dwellings in France, equating to just 1.9% of the entire national stock of residential properties. A massive intervention by the state to build faster and more affordably led to the emergence of the '*grands ensembles*' model, which supported the construction of social housing, but also sought to build sustainable communities. The *grands ensembles* began to take shape in the mid-1950s at the intersection of various public policies, intellectual movements, and social dynamics shaping French society at the time. This concept refers

not only to the large number of housing units built on a single site but also to a new urban form—vertical, geometric, and functional—and to specific legal and urban planning tools. It is essential to highlight the break this policy represented compared to the interwar period; which had failed to address the severe housing crisis persisting since the late 19th century.⁷

By 1978, the social housing sector had grown to a little under 2.2 million homes. This suggests that a net average of around 95,000 additional social dwellings were added to the stock each year during the previous 23-years from 1955. By this point, the social housing sector equated to around 13.3% of the national housing stock.

In the early 1980s, the *Conseil National de l'Habitat* (CNH), the National Housing Council, was established as an advisory body to the government, addressing housing assistance, social diversity, and ownership issues. In addition, the *Loi Defferre* transferred significant authority over urban planning and housing to local governments, encouraging much stronger municipal involvement in housing policy. This included the development of locally-specific strategies on the development and provision of social housing. By the end of the 1980s, the social housing stock in France had grown to around 17.3% of the total; excluding secondary residences and vacant residential properties.⁸

A further key development came in 1990, with the passing of the *Loi Besson*. This law established the right of all people in France to access decent housing and stipulates that “*ensuring the right to housing is a duty of solidarity for the entire nation*”.⁹ By the end of the 1990s, the growth in social housing in France saw it reach 19.2% of primary residences.

Another significant reform came in the year 2000, with the passing of the *Loi relative à la solidarité et au renouvellement urbains*, the ‘Urban Solidarity and Renewal Law’ (SRU). It set out a legal requirement for municipalities with over 3,500 residents to ensure that at least 20% of the homes in their area were social housing. The objective was to ease the pressure on the large metropolitan areas to provide social housing, and to ensure that affordable housing was available across the country. In 2007, the so-called ‘Borloo Plan’, named after the government minister who devised it, set an objective to construct 500,000 new social housing units over five years, tackling housing shortages in urban areas. The goal was in the end not reached, but annual construction of new social dwellings did increase, and in the five-year 2009-2013 period a total of 427,000 new social homes were added to the national stock.¹⁰

By the late 2000s, significant legislative developments continued to shape the social housing landscape in France, addressing issues such as enforceable housing rights, sustainable development, tenant protections, and energy efficiency. The 2007 *Loi DALO* (Droit au logement opposable; the ‘Enforceable Right to Housing Law’) marked a major step forward in promoting housing rights in France. This law allows individuals in precarious housing situations to have their applications prioritised, and mandates that they be provided with adequate housing solutions within six months. The law emphasises the state’s role as a guarantor of this right and defines priority groups, such as homeless individuals, those facing eviction without rehousing, and families living in overcrowded or

⁷ Tronquoy, P, Montel, O. & Bocquet, J.C. (2015). Logement et Marché Immobilier [*Housing and Real Estate Market*], *Cahiers Français*, 338, p. 23.

⁸ Housing Europe estimates, based on the Ministry for Housing and Urban Regeneration – ‘*Compte du Logement*’ - 2023

⁹ Translated from French.

¹⁰ This figure include both direct build by social housing providers and acquisitions. The figure is ‘gross’ meaning it ignores any sales, mergers or demolitions of homes during the same period. Figures based on analysis of the ‘Enquête sur le parc locatif social’ (EPLS) from 2009-2011, and its replacement the ‘Répertoire des logements locatifs des bailleurs sociaux’ (RPLS) for 2012-2013. The EPLS and the RPLS are annual reviews of the development of the social housing sector in France, produced by the French government. The RPLS can be accessed online:

<https://www.statistiques.developpement-durable.gouv.fr/les-logements-sociaux-0?rubrique=52>

unsanitary conditions. Between 2009 and 2010, the *Grenelle* laws brought sustainable development to the forefront of housing policy. These laws introduced ambitious energy efficiency standards for the construction and renovation of social housing, reflecting a growing commitment to addressing climate change and reducing energy poverty.

The *Duflot* and *Pinel* schemes introduced tax incentives to encourage private investment in affordable housing. The *Duflot I* Law (2013) offered income tax reductions to private owners renting newly built or rehabilitated homes in 'housing-shortage' areas at below-market rates, aiming to boost private sector involvement. The subsequent *Duflot II* law (2014) advanced housing policy further by enhancing tenants' rights, improving rental transparency, combating substandard housing, and introducing urban planning reforms to curb sprawl. It also created community landholding organisations and established the National Agency for the Control of Social Housing (ANCOLS) to oversee social housing providers. The *Pinel* Law replaced *Duflot I*, offering greater flexibility by allowing tax reductions of up to 21% for 12-year rental commitments and permitting rentals to family members under specific conditions.

Then, in 2017, the *Equality and Citizenship Law* introduced significant changes to social housing allocation, notably requiring that at least 25% of available social housing in the most 'attractive' neighbourhoods be reserved for the poorest 25% of households (up from 19% in 2016). This measure aims to break the cycle of poverty concentration in disadvantaged neighbourhoods with historical over-concentrations of social housing.¹¹

The *ELAN Law 2018* (Evolution of housing, planning and digital technology law) introduced structural reforms to modernise and streamline social housing. Social housing providers managing fewer than 12,000 units were required to consolidate resources. The law also improved the allocation of social housing, ensuring better matches between tenant needs and housing availability. It introduced measures for young people under 30, such as renewable one-year leases, and encouraged innovative solutions like shared low-cost housing.

The *Climate and Resilience Law of 2021* emphasised energy performance in all housing sectors, including social housing. It set ambitious goals to improve building energy efficiency and banned the rental of properties with the lowest energy ratings, starting with G-rated properties in 2025. This law was important in aligning the rental housing sector with France's broader climate goals.

Recent years have also been marked by significant efforts to retrofit existing social housing to meet environmental standards, with annual rehabilitation projects covering over 200,000 units by the end of the decade, and driven by initiatives such as the Building Energy Renovation Plan ("*Plan de Rénovation Énergétique des Bâtiments*"¹²) and the National Low-Carbon Strategy ("*Stratégie Nationale Bas-Carbone*")¹³.

Looking at the situation in France at the end of 2024. There are 4.65 million so-called '*Habitation à loyer modéré*' (HLM), which are homes that are clearly provided as social housing in line with French legislation; by OPH, ESH, and specialist social housing cooperatives (COOP'HLM). This means that the allocation of such homes, eligibility criteria, and rent setting are all strictly defined by law. These homes are what is referred to as "*conventionnés*", or "based on a legal agreement". In other words, the HLM providers have agreed with the state to provide the homes in line with the legislation on social housing (e.g., on rent setting and allocation procedures), in return for certain state supports; which will be outlined later in this chapter.

¹¹ Vie Publique. (2019). *Égalité et citoyenneté : qu'a changé la loi du 27 janvier 2017?*

¹² Ministères Transition écologique, Aménagement du territoire, Transports, Ville et Logement. (2021, April 8). *Plan de rénovation énergétique des bâtiments*. <https://www.ecologie.gouv.fr/politiques-publiques/plan-renovation-energetique-batiments>

¹³ <https://www.ecologie.gouv.fr/politiques-publiques/strategie-nationale-bas-carbone-snbc>

In addition to the HLMs, there are roughly 985,000 other ‘social’ dwellings. Some of these are also ‘conventionnés’. In effect, this means that such homes have also benefitted from state supports, and in return are bound to provide housing to specific target groups. However, these providers are not legally established as HLM housing providers, and as such, are not covered by the same legislation defining their structure, role, and possible scope of activities.¹⁴ Combined, the HLM sector and other providers of social housing provide nearly one-in-five primary dwellings in France today. Indeed, at 5.9 million homes, the French social housing stock is the largest in the European Union in absolute terms.

The role of government and other actors in the provision of social housing

The French state can most easily be understood as being divided into four hierarchical levels of government. At the top is the ‘national’ government, which includes the ministries and public agencies that oversee elements of housing policy across the entire nation. After this are the 18 ‘regional’ governments, which focus on broad strategic issues, particularly related to economic development, planning, and regional cohesion; such as regional train networks. Each region in turn consists of at least two ‘departments’, of which there are 101 in total. These departments have a more localised focus, dealing with services that affect the well-being of residents more directly on a day-to-day basis, such as health and social care, as well as many local welfare programmes.

Finally, there are the ‘local’ governments of France, of which there are close to 35,000. Each local government has a directly elected Mayor. Many Mayors choose to pool resources with neighbouring communes to develop so-called ‘agglomerations’ that can cooperate on provision of local investment and services. In most of France’s largest cities, there are also ‘métropoles’, which bring together the cities and surrounding communes to cooperate on infrastructure and other projects of mutual benefit. This can also be the case in social housing, where a Municipal Housing Company (OPH) could operate on the level of an agglomeration or a metropole in order to develop sufficient scale to be effective in their operations.

Level of Government	Primary role and responsibilities with regard to housing
National	<p>The ‘Ministry of Regional Planning and Decentralisation’ is the focal point for housing in France. For social housing, the principal roles of the Ministry are to:</p> <ul style="list-style-type: none"> • Regulate the construction, financing and management of social housing; • Setting rents and income ceilings for accessing and remaining in social housing; • Support local authorities in the construction of social housing; • Helping households gain access to social housing, whether for rent or for home ownership; • Linking social housing policy with policies to combat inadequate housing; • Determining and setting housing subsidies.
Regional	<p>Its role is to prepare and implement the decisions of the Regional Council. Examples of housing initiatives:</p> <ul style="list-style-type: none"> • Energy cheques for thermal renovation work • Funding for urban renewal: equipment, work on run-down condominiums, etc. <p>Although regions do not have direct responsibilities for housing, they can engage in initiatives such as the recovery of European Regional Development Fund resources to support projects indirectly linked to housing.</p>
Departmental	<p>France’s ‘Departments’ are responsible for the development and administration of local programmes to support social care and supports for households. This</p>

¹⁴ L’Union Sociale pour l’Habitat, (2023). *Etre ou ne pas être un logement social [Be or not to be a social housing]*. <https://www.union-habitat.org/etre-ou-ne-pas-etre-un-logement-social>

includes, for example, the local framework and funding for housing and care facilities for the elderly.

With regard to social housing, they are responsible for:

- co-piloting and implementing the departmental action plan for the housing and accommodation of disadvantaged people (PDALHPD) with the State
- co-piloting and implementing the departmental plan for the Reception of Travellers¹⁵ (SDAGV) with the State
- managing the 'Fonds de Solidarité Logement' (Housing Solidarity Fund) – since 2005
- contributing to the reduction of fuel poverty
- creating and evaluating the management of retirement homes
- implementing accommodation policy for disabled people

Local

Municipalities, whether independent or part of a Public Institution for Inter-Municipal Cooperation (EPCI), they hold significant housing-related responsibilities, including:

- Administering land-use regulations (e.g., granting planning permissions).
- Overseeing social action via **local social action centres (CCAS)**.
- Contributing land or financing for social housing projects.
- Guaranteeing loans for social landlords.
- Funding renovations for the private housing stock.
- Reserving/Allocating social housing for specific groups.
- Using their general police powers to ensure public health and safety, including securing 'unsafe' buildings

EPCIs are responsible for implementing local housing policies. Their housing-related actions include:

- Providing subsidies for public and private housing stock.
- Supporting renovations and ensuring the safety and quality of private housing.

Source: Housing Europe

As shown above, the successful provision of social housing policy, and housing policy more broadly, in France relies upon a complex hierarchical framework, where various roles and responsibilities are cascaded down to increasingly local levels of government. This speaks to France's powerful and substantial public sector, but also to a possible over-complexification of certain processes, which may become evident in the remainder of this chapter.

In terms of other actors who have a stake in the provision of social housing in France. There are a number of public agencies and bodies that have garnered significant powers for oversight and administration. These include:

- **National Urban Renewal Agency (ANRU):** ANRU is tasked with implementing and financing the 'New National Urban Renewal Programme'. Its Board of Directors comprises 36 members, including representatives from the State, HLM organisations, local authorities, and other experts. ANRU focuses on urban renewal initiatives aimed at improving disadvantaged neighbourhoods;
- **National Housing Improvement Agency (ANAH):** ANAH operates under the supervision of the Ministry of Regional Planning and Decentralisation, with the mission of improving the

¹⁵ It should be noted that the term 'Travellers' is not used in French, but rather the term "Gens du Voyage", which is a somewhat vague term used to refer to virtually all nomadic or semi-nomadic communities in France, including groups of Romani (Gitans, Manouches, Tsiganes), Yenish, and other similar populations of indigenous groups. These groups are typically French by nationality, and are somewhat distinct from the more newly arrived travelling communities from Eastern Europe and elsewhere.

existing private housing stock. It provides financial assistance for renovation projects, targeting resource-limited households and projects initiated by local authorities;

- **National Agency for the Control of Social Housing (ANCOLS):** Since its establishment in 2015, ANCOLS has been responsible for monitoring and assessing the social housing sector and the employers' contribution to housing construction efforts (PEEC). It ensures compliance with regulations and evaluates the performance of social housing providers;
- **Caisse des Dépôts/Banque des Territoires (CDC):** The Caisse des Dépôts is a national public investment bank that channels household savings, such as those from Livret A accounts, into financing public projects. The attraction for households is that the interest they receive is tax free, and offers a higher rate of return than a typical current account. The CDC's subsidiary, *la Banque des Territoires*, provides preferential loans for constructing and renovating social housing. In 2024, the CDC managed €582 billion in savings, with the HLM sector being its largest individual beneficiary;
- **Social Rental Housing Guarantee Fund (CGLLS):** Funded by contributions from HLM organisations, the CGLLS guarantees loans for social housing providers and assists in the financial recovery of struggling HLM entities.

The private sector plays a limited but significant role in the provision of social housing in France. Private for-profit actors can engage through the *Prêt Locatif Social* (PLS), or 'Social Rental Loan' scheme,¹⁶ which allows them to construct housing using publicly subsidised loans. Properties developed under this scheme must be rented as social housing for a minimum of 15 years, after which the restrictions are lifted. Additionally, the state occasionally leases housing from private landlords to accommodate social housing tenants, especially in high-demand areas.¹⁷

Social Rental Agencies (*Agences Immobilières à Vocation Sociale*), represented under the umbrella organisation *Fapil*,¹⁸ also exist in France. They serve as intermediaries between private landlords and low-income tenants. These agencies manage privately-owned properties and rent them at affordable rates, contributing to the broader social housing effort.

The financing of social housing, and public housing supports

Table 2: Typical financing structure for new social housing developments

Type of funding	% of total	General comments
Private loans	77%	<ul style="list-style-type: none"> • Social providers secure most of their investment capital from private bodies • This includes the CDC (<i>variable interest rates</i>) • Can also include commercial banks (<i>fixed interest rates</i>)
Own equity	16%	<ul style="list-style-type: none"> • Social providers are required to reinvest any surpluses they may generate, including in new construction
Local subventions	4%	<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

¹⁶ Action Logement (n.d.). *Logements sociaux PLAI, PLUS, PLS, PLI, quelles différences ?* [Social housing PLAI, PLUS, PLS, PLI, what are the differences?]

<https://www.actionlogement.fr/guides/trouver-un-logement/logements-plai-pli-plus-plus>

¹⁷ Based on an interview conducted by Housing Europe with a French social housing expert. [January 3rd, 2025]

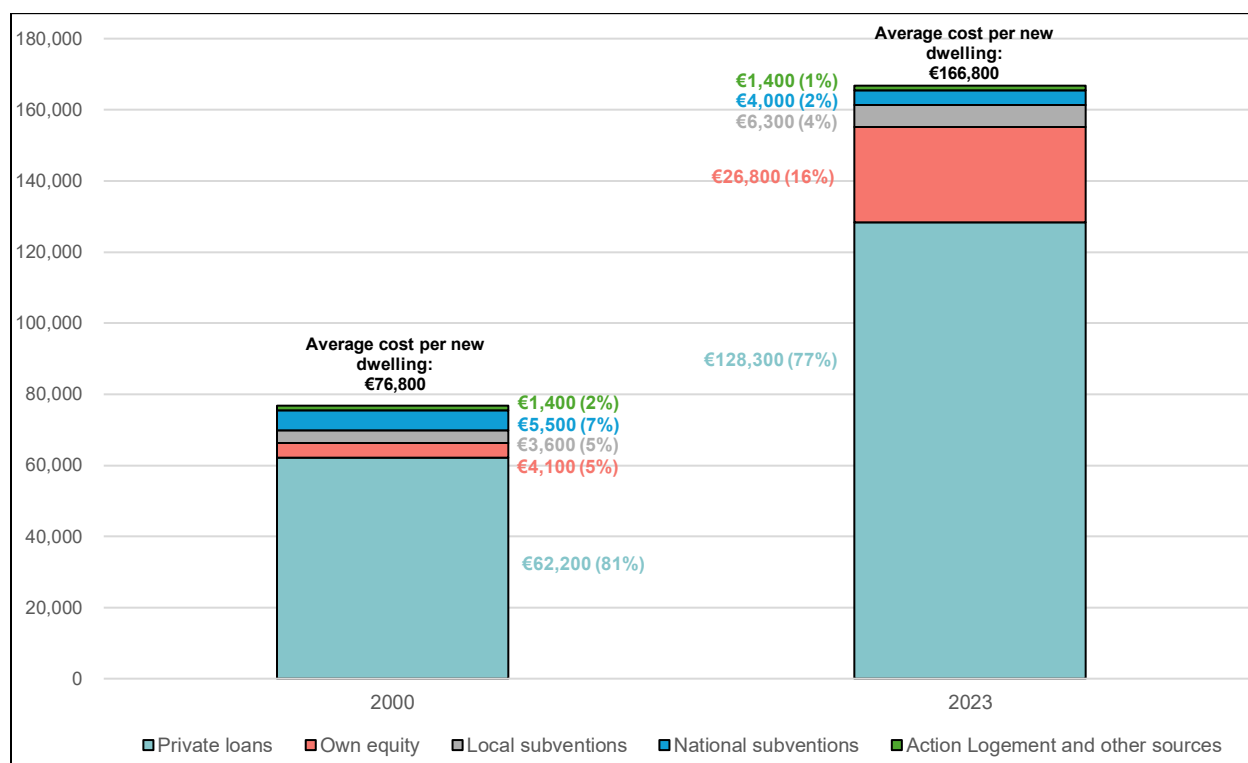
¹⁸ Fapil, (n.d.). *Agences Immobilières à Vocation Sociale* [Real Estate Agencies with a Social Purpose].

<https://www.fapil.fr/les-aivs>

National subventions	2%	<ul style="list-style-type: none"> 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)
Action Logement and other sources	1%	<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

Source: L'Union sociale pour l'habitat. Notes: Based on analysis of the average new HLM construction project in 2023

Figure 2: Breakdown of cost and funding sources for the average new social dwelling



Source: L'Union sociale pour l'habitat

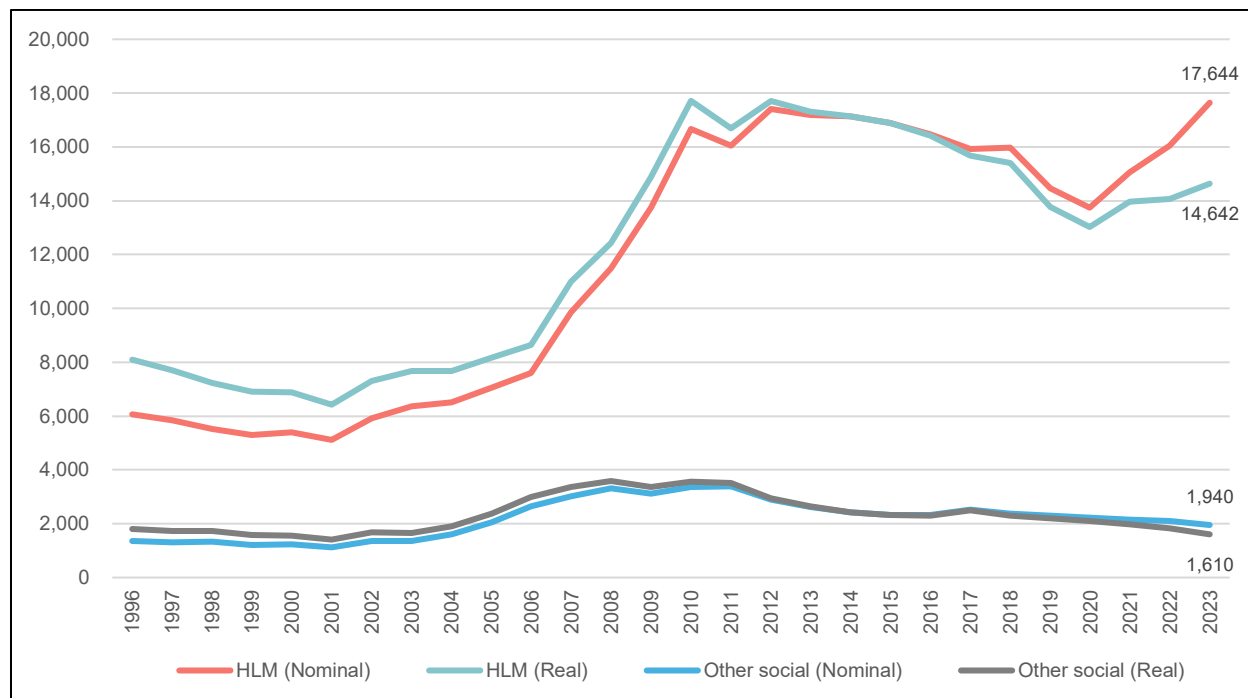
Notes: The figure shows the breakdown of the funding sources for the average new social housing dwelling in the year 2000 and the year 2023 (in the PLAI, PLUS, PLS categories; see below for explanation). The exact mix of funding will vary depending on the type of construction programme, but the private loan component is always dominant. This refers only to mainland France (i.e., excludes overseas departments), and homes built by the HLM sector. Prices are inclusive of all taxes and charges, as well as land acquisition costs.

In terms of the overall investment situation of the social housing sector in France, the latest available data—which are for 2023—show that investment by all social housing providers (both HLM and others) reached an all-time high in nominal terms. The HLM sector invested €17.6 billion in the year, overwhelmingly reflecting the construction of new social housing (€11.9bn), followed by major renovations and upgrades to the existing social housing stock (€5bn), and the acquisition of existing buildings (€685m).

Taken over the long term, we can see that investment in social housing in France has been higher in the post Global Financial Crisis (GFC) period, in part spurred on by the aforementioned 'Borloo Plan'. Such investment has been made possible in large part by the existence of a powerful counter-cyclical

public-interest financier, the *Caisse des Dépôts* (CDC). However, as shown in the figures above and below, this assessment is somewhat incomplete. Inflation has been significant in recent years, pushing up the cost of various inputs and overall construction and renovation prices. As such, while investment is at an all-time high in nominal terms, in real terms, investment actually peaked in the 2010-2012 period.

Figure 3: Investment in social housing (France)



Source: Author's calculations, based on 'Compte du Logement – 2023' and 'Eurostat HICP'

Notes: "Real" is based on France's HICP inflation index (2015 = 100). Figures include all investment in the construction and acquisitions of social housing, as well as major renovation works and upgrades to existing buildings.

Private loans

In terms of the private loans, the HLM sector in France had €164.2 billion in outstanding loans in 2022.¹⁹ Of these, €127.6 billion was owed to the 'Caisse des Dépôts'; the national public investment bank. €9.2 billion was owed to Action Logement; a national investment fund that uses a form of social insurance contribution from employers to invest in social housing. The final €28.3 billion was owed to various other lenders, including commercial banks.

CASE STUDY / KEY POLICY FEATURE

Caisse des Dépôts

The CDC is a national public investment bank. It is based on a model of recycling excess savings from private households and turning them into the capital required to invest in vital public projects. While this can include transport infrastructure, educational institutions, or capital investment in healthcare facilities, by far the largest beneficiaries are HLM providers.

The mechanics of the CDC's funding model are simple. Households can open special state-backed savings accounts via the commercial bank of their choice; which are usually referred to as 'Livret A' accounts. Almost every person in France has one of these accounts. Money saved

¹⁹ USH (2024). Les HLM en Chiffres – 2024. Paris : L'Union sociale pour l'habitat.

attracts a higher rate of interest for savers. For example, at the time of writing in May 2025, interest is paid at a rate of 2.40%, and is exempt from capital gains or withholding taxes. The interest rate is reviewed every few months, and is based on the average EU interbank lending rate (i.e., EONIA) and core CPI inflation.

As of April 2025, the CDC had access to €607 billion in excess savings.²⁰ It plays a central role in financing social housing through the savings funds it manages. It transforms deposits collected on regulated savings products (e.g., Livret A, Livret de développement durable et solidaire, Livret d'épargne populaire) into long-term variable rate loans of between 20 and 80 years.

According to its latest report, in 2023 the CDC and its affiliates provided €16 billion in funding to the social housing sector in France.²¹ This will help to develop 84,000 new social housing units, plus 105,000 renovations of existing social homes. In addition, 8,000 new intermediate homes were supported.

While the position of the savers vis-à-vis the Livret A / CDC model is clear, we ought also to explain briefly the position of the borrowers (e.g., social housing providers). Providers take out long-term variable rate loans. The rate of interest is pegged to the interest on Livret A savings. In other words, borrowers typically pay the Livret A rate + an additional margin. However, as will be noted later, the margin paid depends on the target group for the social housing development. In other words, the lower the income of the beneficiaries, the more attractive the terms of the loan financing provided by the CDC, and vice versa.

- **Action Logement** – Formerly "1% logement," is a French organisation funded by the "*Participation des Employeurs à l'Effort de Construction*" (PEEC), a mandatory 'levy' for companies with 50+ employees. This levy requires employers to contribute 0.45% of their total gross payroll in the form of a social insurance contribution. Action Logement finances the construction and renovation of social housing by providing loans, subsidies, and guarantees to housing providers. In return, Action Logement gains an 'allocation right' to nominate a certain number of households to the social housing stock, which is based on its relative contribution to a given project (e.g., if they contribute 20% of the finance, they would gain a 20% allocation right).
- **Other private funding** – These include long-term loans from commercial banks, some of which will direct money raised on capital markets for specific ESG purposes. One important lender is 'La Banque Postal', which is a subsidiary of France's national postal service (*La Poste*). It is owned by Caisse des Dépôts (66%) and La Poste (34%). It operates as a full-service bank offering retail, corporate, and public sector banking. It is used by many HLM providers to access long-term stable (i.e., fixed rate) loans to develop housing.

Own equity

HLM providers are not allowed to charge interest to their tenants on their own equity, as the funds they generate must strictly serve their public utility mission. Under the provisions of the *Civil Code*²² and

²⁰ However, in reality the CDC will only ever use a portion of these funds at any given time.

²¹ CDC (2024). Rapport d'engagement sociétal 2023 [Social engagement report 2023]. Paris : Caisse des dépôts et consignations.

²² Légifrance, (2025). Code Civil [Civil Code].

https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000006070721/LEGISCTA000006118123/

the *Construction and Housing Code*,²³ the use of own equity is tightly regulated to ensure it is directed exclusively toward financing activities related to social housing.

Additionally, a mutualisation mechanism was established by an agreement with the Government in 2014. This system enables the pooling of financial resources across social housing providers through a general, compulsory contribution determined by the rents collected, the assets held, and contributions to the CGLLS mutual guarantee fund.²⁴ To maintain its effectiveness, a dedicated commission periodically reviews the mechanism and recommends adjustments as needed.²⁵

Local Authority and State Subsidies

- 1) **Local authorities (“Collectivités territoriales”)**: They play a crucial role in financing social housing projects. Under Article 55 of the *Solidarité et Renouvellement Urbain* (SRU) law, municipalities are required to ensure that between 20% and 25% of the local housing stock is available as social housing. Local authorities provide financial support through:
 - Construction and rehabilitation grants, including subsidies for social homeownership schemes like *Prêt Social Location-Accession* (PSLA) and *Bail Réel Solidaire* (BRS);
 - Loan guarantees to reduce financing costs for social housing providers;
 - Provision of land to facilitate new developments.
- 2) **State subsidies** for social housing include:
 - Construction and rehabilitation grants, funded by the State budget and the *Fonds National des Aides à la Pierre* (FNAP). The level of these subsidies varies with government priorities.
 - Tax incentives, which represent the largest share of government aid for social housing:
 - **Exemption from property tax on built properties** (TFPB) for up to 25 years for HLM providers. As of the 2022 Finance Act, the government compensates local authorities for this lost revenue over a ten-year period.
 - **Reduced VAT rates**: 5.5% for *Prêt Locatif Aidé d’Intégration* (PLAI) and 10% for *Prêt Locatif à Usage Social* (PLUS), applied to construction, improvement, and refurbishment of social housing.
 - **Exemption from corporate income tax** for HLM organisations and public development and construction agencies (OPAC).
 - **Land**: The State sells public land or buildings to social housing developers at discounted rates. A 2013 law enabled the State to offer price reductions to promote the development of affordable housing.
- 3) **Employer Participation in Construction Effort (PEEC)**²⁶

The *Participation des Employeurs à l’Effort de Construction* (PEEC), or “1% housing,” requires companies with 50 or more employees to contribute 0.45% of their payroll to housing initiatives. This funding supports construction, rehabilitation, and access to housing for workers. Initially set at 1% of payroll, the contribution rate was subsequently reduced, but remains a key source of housing finance. Since 2008, the programme has also been extended to agricultural companies under the *Participation des Employeurs Agricoles à l’Effort de Construction* (PEAEC). There is also a voluntary ‘*Participation supplémentaire des employeurs à l’effort de*

²³ Légifrance, (2025). Code de la construction et de l’habitation [Construction and Housing Code]. https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000006074096/LEGISCTA000006177754/#LEGISCTA000044637021

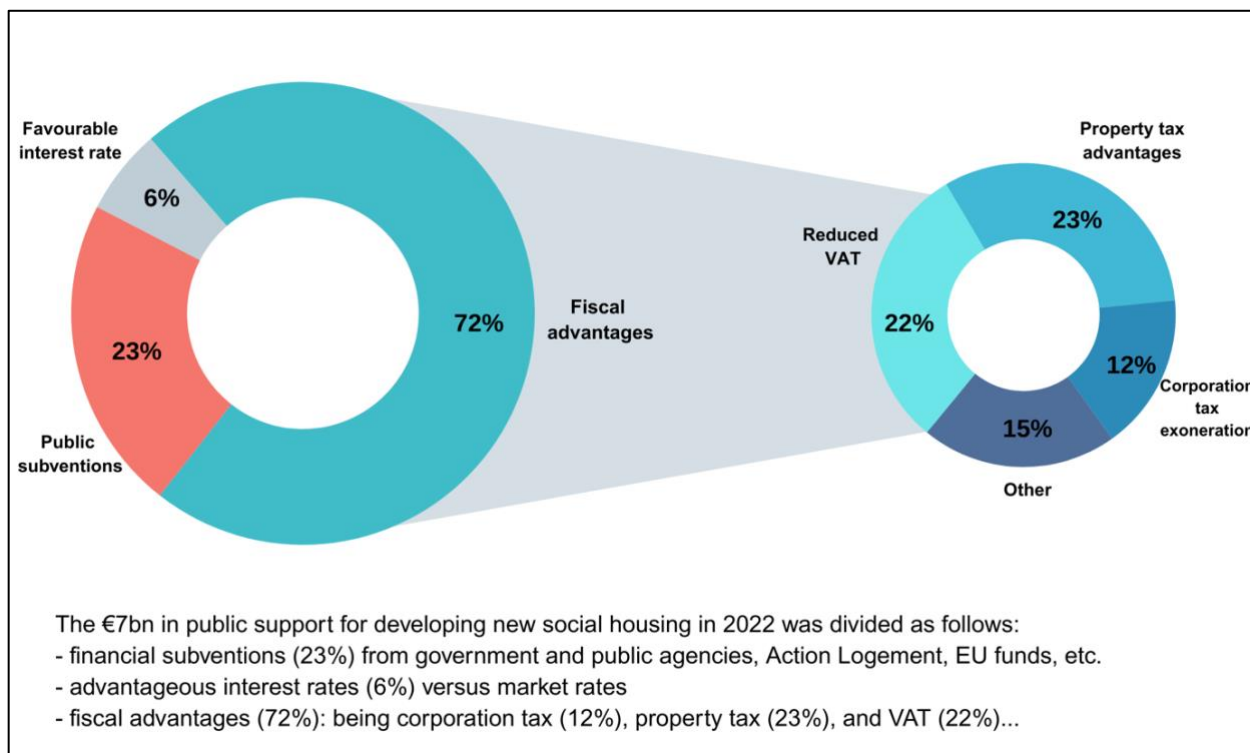
²⁴ See : <https://cglls.fr/>

²⁵ Vie Publique, (2022). *Logement social : quels financements ? [Social housing: what funding?]*.

²⁶ Action Logement, (n.d.). *Qu’est-ce que le 1% patronal?* <https://www.actionlogement.fr/guides/trouver-un-logement/1-patronal-logement>

construction' (PSEEC) scheme, which is typically paid by companies whose workers would otherwise not have the possibility to benefit from the housing provided by Action Logement. Overall, these payroll taxes raised €1.82 billion in 2023.²⁷

Figure 4: Overview of direct and indirect public supports for the HLM sector



Source: USH

In addition to direct financial supports from various levels of government and public institutions, new social housing construction in France benefits from a number of indirect supports; primarily in the form of favourable treatment with regard to taxation. Indeed, if we look at the benefits that social providers receive, public subventions and favourable interest rates are less than a third of the overall public support. For example, HLM providers are exempt from paying corporation tax, while they also benefit from a reduced VAT rate on construction projects vis-à-vis private for profit housing developers (either 5.5% or 10% versus the standard 20%). The largest individual benefit that new social housing projects enjoy is a time-limited reduction in property taxes (*Taxe Foncière sur la Propriété Bâtie (TFPB)*). The degree to which properties benefit from this depends on the type of social housing scheme concerned, as will be outlined below.

France's social housing funding model remains an interesting approach, but is becoming increasingly difficult to implement due to the gradual withdrawal of state support. Since 2018, social housing providers have been obliged to reduce the rents they charge many of their tenants. This is the result of a reduction in the level of housing welfare payments (*Aide Personnalisée au Logement – APL*) these tenants now receive from the state. In other words, social rents for many households fell to ensure that there was no net decline in their disposable income, with the social housing providers being the ones to effectively absorb the cost of the government's budget deficit reduction measures.

²⁷ Assemblée nationale. (2024, October 18). *Rapport sur la programmation des emplois de la participation des employeurs à l'effort de construction (PEEC)* [Annexe au projet de loi de finances 2025, Tome 18 « Jaune »]. https://www2.assemblee-nationale.fr/static/17/Annexes-DL/PLF2025-Jaunes/18-Jaune_effort_construction.pdf

The reduction in the rent was €40–€70 per month, depending on factors like the size of the household and its location.²⁸

The net impact is that there are lower revenues from rents for social housing providers, and this is combined with an expectation on the part of the state that providers would fund a greater share of their activities through their ‘own equity’; a seemingly contradictory ask. The reduction in state support is further evident in programs like the *Fonds National des Aides à la Pierre* (FNAP) and other urban renewal efforts, which have seen their budgets decline in both nominal and real terms.

This disengagement of the state has left HLM providers with fewer resources to finance both construction and renovation projects. Combined with higher *Livret A* rates in recent years, which dictate the variable interest rates paid on loans received from the CDC, the financial environment has become increasingly challenging. Additionally, budget constraints and regulatory pressures—particularly regarding energy efficiency—risk prioritising renovation over the construction of new homes in some cases, which has the potential to limit the ability to meet growing demand.

However, the state has provided some new funding mechanisms to support the renovation of social housing and other options for low-income households in recent years:²⁹

1) *Eco-loan for social housing (eco-PLS)*

The social housing eco-loan (eco-PLS) is a loan distributed by the *Banque des Territoires* and is intended to finance the energy renovation of social housing. It aims in particular to accelerate the eradication of so-called “thermal sieves” (*passoire thermique*), homes that are not well-insulated and are difficult or costly to keep at a comfortable temperature, and to finance ambitious renovations, providing for a minimum energy gain of 40% and a minimum of 80 kWh/m²/year between the conventional primary energy consumption of the building before and after rehabilitation for heating, domestic hot water, cooling, lighting and auxiliaries.

The eco-PLS is a variable rate loan, depending on its duration, revised according to variations in the *Livret A* rate. Energy renovation operations on housing in the social rental stock of energy classes D, E, F or G, and located in metropolitan France (special conditions in the overseas territories) are eligible for the social housing eco-loan. Several conditions for the work must be met, such as proof of a minimum energy consumption gain of 40%, with consumption after rehabilitation of less than 80 kWh/m²/year.

2) *Renovation aid and improvement loan (PAM)*

Aid for the energy renovation of social housing can be paid by the state to finance energy improvement and decarbonisation work. This aid is intended for approved social housing that has been completed at least more than 15 years ago.

Two types of aid are set up in 2024:

- **Aid for energy renovation:** This concerns energy renovation work allowing the achievement of at least class C of the DPE and an energy gain of 40%. The reference subsidy base is represented by the entire forecast cost price of the building rehabilitation operation, expressed excluding value added tax. The maximum amount of the subsidy is at most equal to 35% of the forecast cost price of the operation.

²⁸ The rates and terms of conditions of the reduction in rents for certain social tenants can be found on the French government’s website: <https://www.info.gouv.fr/actualite/reduction-du-loyer-de-solidarite-les-montants-applicables-depuis-le-1er-octobre-2021>

²⁹ Ministry in charge of housing, (2024). *Les aides financières au logement [Financial aid to housing]*. <https://www.financement-logement-social.logement.gouv.fr/l-edition-2024-de-la-plaquette-des-aides-a2219.html?lang=fr>

- Aid for changing energy vector: This concerns the installation of heating or domestic hot water systems operating mainly using renewable energy.

There is also a loan option:

- The improvement loan (PAM) is granted by the CDC, and is used to finance both operations eligible for direct aid for energy renovation, and those not eligible for aid meeting certain criteria. This loan has the following characteristics:
 - the amortisation period of the loan is between 5 and 25 years
 - it can finance the entire amount of the work, after deduction of any subsidies;
 - the loan is variable, indexed to the Livret A rate, and uses a 'double revisability' mechanism. Specifically, the rate varies according to the terms provided for in the contract, and indexed to the rate of the Livret A. With each variation in the rate of the Livret A, upwards or downwards, social landlords have the possibility of smoothing this variation over all remaining instalments by varying the rate of progression of the annuities in the same direction (mechanism of "double revisability");
 - quarterly or annual payments depending on the product versions are available;
 - the interest rate: borrowing rate (TLA) + 0.60%. Its rate is equal to one of the PLUS loan (which is a loan directed to approved social housing providers, primarily to finance the acquisition or construction of rental housing). However, it is alternatively possible to opt for a rate indexed to inflation and defined according to a monthly scale.

3) *Seconde Vie (Second life)*

The "second life" scheme allows housing that is subject to major renovation that gives it characteristics equivalent to those of new housing, particularly in terms of energy performance, to benefit from the aforementioned tax advantages (reduced VAT rate and TFPB exemption) granted to new social production.

Dwellings must:

- have been completed for at least 40 years, and have been social housing for at least 40 years (APL agreement, built and improved, or acquired and improved with financial support from the State) and belong to or be managed by an approved social housing provider;
- fall under an initial energy and environmental class E, F or G.

The work must allow the housing to:

- move to an energy and environmental class of at least B;
- meet criteria of safety of use, health quality and accessibility.

The work operation is subject to an approval allowing the benefit of the application of the reduced rate of 5.5% of VAT to all work carried out. Upon completion of the work, the housing will benefit from an exemption from TFPB for 25 years.

4) *Reduced rate VAT for renovation work on social housing*

Renovation work on social housing in France benefits from a reduced VAT rate, typically set at 10% or 5.5%. Specifically, for energy performance improvement projects in the overseas departments of Guadeloupe, Martinique, and La Réunion, the rate is further reduced to 2.10%.³⁰ Additionally, in both

³⁰ France consists of 101 'departments'. Of these, 96 make up what is called 'metropolitan' or 'mainland' France. The remaining five departments are Guadeloupe and Martinique (found in the Caribbean), French Guiana (north-east of south America), and La Réunion and Mayotte (Indian ocean). The overseas departments are integral parts of France (and the European Union), and inhabitants enjoy all of the same rights as other French citizens. However, some special supports and programmes do exist, to take account of geographic and social specificities of these departments.

French Guyana and Mayotte, VAT does not apply. The reduced 5.5% VAT rate covers a wide range of activities, including improvements, transformations, adaptations, and maintenance work (excluding maintenance of green spaces), as well as cleaning tasks. This also applies to energy efficiency improvements for housing completed more than two years ago, helping to encourage the renewal and sustainability of social housing stock.

5) *Property tax relief on built properties (TFPB) for social landlords*

Article 1388 bis of the General Tax Code provides that social rental housing of HLM organisations benefits from a TFPB reduction of 30% if they are located in a “priority” district of the city policy. This reduction applies to taxes established for the years 2016 to 2022.³¹

Another form of aid that is available to social housing providers in France is access to land for new construction. To facilitate the development of social housing, the French government has implemented a policy of reducing the price of state-owned land through a discount (*décote*) on its market value. This discount is particularly focused on high-demand areas, where developable land is scarce and expensive.

Furthermore, in order to preserve the most attractive plots of public land for housing (e.g., in prime locations in high-demand areas), in particular social housing, and to speed up sales, regional authorities regularly establish lists of plots likely to benefit from these below-market prices.³² Local authorities (*collectivités locales*) also have the possibility of transferring/selling land from their reserves, particularly for new social housing developments, especially those that they have initiated themselves (e.g., in order to meet the local targets for social housing delivery set out by the SRU).

Additionally, Public Land Agencies (*Établissements Publics Fonciers* (EPFs)) support the sector by acquiring, servicing, and offering for sale land. While EPFs can make land available to social housing providers, local EPFs typically limit this service to their member municipalities or intermunicipal entities. These combined efforts aim to mobilise public land resources effectively to address the housing needs of vulnerable populations.³³

In their remit of producing social housing in sufficient quantities, and faced with the increasing difficulty of mobilising land, particularly in highly urbanised areas, HLM organisations can acquire assets from the private sector to transform them into social rental housing.

Additionally, the VEFA³⁴ (*Vente en état futur d'achèvement*) approach gives HLM organisations the possibility of bailing-in private land, by acquiring housing built by private developers on private land (e.g., turnkey development). The VEFA approach is interesting for French social providers, as not only does it provide access to privately held land, but it can allow them to circumvent time-consuming aspects of the usual public procurement procedures that are part of housing projects they develop themselves (i.e., direct build social housing).

³¹ Article 1388 bis https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000048846633

L'Union Sociale pour l'Habitat, (2024). *Dossier Abattement de la TFPB dans les quartiers prioritaires de la politique de la ville* [File on the reduction of the TFPB in priority districts of the city policy].

<https://www.union-habitat.org/centre-de-ressources/economie-financement/dossier-abattement-de-la-tfpb-dans-les-quartiers>

³² Ministries for Land-use Planning and Ecological Transition, (2021). *Mobilisation du foncier public en faveur du logement* [Leveraging public land for housing].

<https://www.ecologie.gouv.fr/politiques-publiques/mobilisation-du-foncier-public-faveur-du-logement>

³³ L'Union Sociale pour l'Habitat, (2006). *Maîtrise d'ouvrage - L'accès au foncier : Comprendre, proposer, agir* [Project management - Access to land: Understand, propose, act]. *Actualités habitat*, 158, p. 12 <https://www.union-habitat.org/sites/default/files/articles/documents/2018-03/CAHIER%20105.pdf>

³⁴ Légifrance, (2025). *Code de la Construction et de l'Habitation* [Construction and Housing Code].

<https://www.legifrance.gouv.fr/codes/id/LEGISCTA000006159128>

Taking a step back from social housing for a second, it is also important to consider the wider scope of public investment in housing-related policies in each year. According to the latest annual review, which covers the year 2023, the state spent €43.5 billion on various housing measures.³⁵

Table 3: Breakdown of public spending on housing in France

Type of Allocation	Mln of €
Housing allowances	20,082
Grants to support new construction or building conversions	5,374
Fiscal supports & exonerations	15,786
Subsidised loans / interest rates	2,283
Total	43,525
- of which: HLM	15,253
- of which: Other social	1,411
- of which: Owners	9,398
- of which: Private rental	12,693
- of which: Other	4,770

Source: *Compte du Logement – 2023*

Notes: 'of which: Other' primarily refers to the provision of housing solutions outside of the more 'permanent' parts of the housing stock. For example, this could include payments to departments for the provision of housing solutions for those seeking asylum or those experiencing homelessness, who are not currently being housed in the social housing sector or some other part of the housing stock. Can also include housing for young workers (e.g., 'Foyers de Jeunes Travailleurs').

The largest individual part of the public housing budget is the roughly €20 billion that was allocated to various housing allowances. Providing a breakdown of this shows that virtually all of the spending on housing allowances can be accounted for by four government programmes (which are non-cumulative subsidies).³⁶

- 1) **Aide personnalisée au logement (APL)** – The 'Personal Housing Benefit' is a housing allowance designed to reduce the cost of rent for tenants (both social and private), or those living in certain specialised housing situations, such as nursing homes or supported living facilities, or eligible student housing schemes. Eligibility is based on the income of the applicant household, the location of the property, and the number of people living in the home.³⁷ It only applies to those in "conventionné" housing; i.e., homes that are provided on the basis of conditions established by the state (e.g., income limits, rent setting).
- 2) **Allocation de logement sociale (ALS)** – The 'Social Housing Allowance' is a housing benefit aimed at individuals who do not qualify for APL or ALF, often young people, students, or low-income workers. It is income-tested and calculated based on rent or housing costs. Unlike APL, ALS can apply to non-conventionné housing. Recent reforms have aligned its calculation methods with those of APL to ensure consistency.
- 3) **Allocation de logement familiale (ALF)** – The 'Family Housing Allowance' is specifically for families with dependents, including children, elderly individuals, or disabled family members. The ALF is income-based and often complements other family-related benefits.

³⁵ See : Datalab (2024). Rapport du compte du logement 2023. Paris : Ministères Territoires, Écologie, et Logement. Available at : <https://www.statistiques.developpement-durable.gouv.fr/rapport-du-compte-du-logement-2023>

³⁶ See: <https://www.service-public.fr/particuliers/vosdroits/F31864>

³⁷ These criteria are legally prescribed, and are periodically updated. See: <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000039160329>

- 4) **Allocation Logement Temporaire (ALT)** – The ‘Temporary Housing Allowance’ is designed to support non-profit organisations and social landlords that provide temporary housing for people in precarious situations. The goal is to help individuals transition from emergency shelters to long-term housing by partially covering housing costs over and above what may be covered by other allowances.

In terms of ‘Fiscal supports and exonerations’, as already noted HLM providers in France benefit from several advantages with regard to their tax treatment. In 2023, this included VAT reductions (worth €2.2bn), lower property taxes (€1.9bn), and exemption from paying corporation tax (€800m).

Table 4: Fiscal supports and exonerations for housing, by sector (in Mln EUR)

Beneficiary / Tax Benefit	Reduced VAT	Lower income tax	Reduction in local property tax	Other fiscal benefits (including exemption from corporation tax)	Total
HLM	2,193	193	1,878	820	5,084
Other social	215	16	99	-	330
Owners	4,865	-	114	85	5,064
Private rent	975	3,123	16	-	4,114
Other	1,143	-	50	-	1,193
TOTAL	9,391	3,332	2,158	905	15,786

Source: *Compte du Logement – 2023*

If we look at other parts of the housing sector that benefit from lower taxes or exemptions, as shown in the above table, there are two beneficiaries that stand out. First, a significant foregoing of VAT receipts, to the benefit of homeowners (€4.9bn in 2023). The second is a reduction in income tax (Impôt sur le Revenu) for those offering homes to rent on the private market.

With regard to the first of these categories: the French government, in an effort to promote the renovation of existing properties, offers a number of fiscal incentives. The tenant or owner of a dwelling which has renovation work carried out by an approved professional can benefit from VAT at the reduced rate of 10% or 5.5% for certain energy quality improvement work, instead of 20%. Eligible dwellings are dwellings completed more than two years ago, whether they are used as a main or secondary residence. The reduced VAT rate of 10% applies to improvement, transformation, renovation, and maintenance works on housing, excluding household appliances and furniture. It covers labour, essential materials, built-in fixtures, certain heating systems, and outdoor arrangements such as access paths and fencing, while the reduced VAT rate of 5.5% applies to services related to the installation, adaptation, or maintenance of materials, equipment, or systems aimed at improving energy efficiency or using renewable energy, specifically for thermal insulation, heating and ventilation, and hot water production³⁸.

A reduced VAT rate of 5.5% is also available for purchasing new housing in "ANRU zones" and priority neighbourhoods, serving as a key mechanism to support homeownership access³⁹.

³⁸ Ministry of Economy, Finance and Industrial and Digital Sovereignty, (2025)

<https://www.economie.gouv.fr/particuliers/tva-taux-reduits-travaux#taux-r-duits-de-tva-pour-quels-l-1>

³⁹ ANRU, (n.d). *TVA à taux réduit pour l'accession à la propriété dans les "zones ANRU" et les quartiers prioritaires [Reduced rate VAT for property ownership in "ANRU zones" and priority neighborhoods]*.

With regard to the lower income taxes for those offering homes to rent on the private market. This reflects a number of schemes to encourage private owners to offer homes for rent to low-income or vulnerable households, in return for a favourable tax treatment.

1. *Dispositif Pinel*

The Pinel scheme allowed people to benefit from a reduction in income tax for the acquisition of new housing (completed or in a state of future completion), the acquisition of housing restored to a high standard, the construction of new housing, the acquisition of premises converted into housing or the acquisition of non-decent premises that are rehabilitated, between January 1, 2013 and December 31, 2024 (i.e., the scheme is no longer active in 2025).

Eligibility for the tax reduction was conditioned on the energy performance of the building, as only energy-efficient buildings qualified. Additionally, the leasing commitment must have been for a period of 6 to 9 years, which could be renewed twice for 3-year terms, up to a maximum of 12 years.

The tax reduction was calculated by applying a rate to a base amount, with the rates for 2023 being 10.5%, 15%, and 17.5%, and changing in 2024 to 9%, 12%, and 14% for rental commitments of 6, 9, and 12 years, respectively. However, these rates did not apply to housing in priority city districts or with higher energy/environmental standards.

2. *Dispositif Denormandie*

The "Denormandie" scheme is a tax aid granted as part of a rental investment. It is intended to encourage the renovation of old housing in need of renovation.

This program provides an income tax reduction to individuals purchasing a home to renovate in specific areas, with the intent to then rent it out. The eligibility criteria for this tax reduction are outlined in Article 199 of the General Tax Code.⁴⁰

The scheme applied to homes acquired between January 1, 2019 and December 31, 2027.

To qualify, the property must meet the following requirements:

1. *Location Criterion*: The accommodation must be located in designated municipalities.
2. *Renovation Investment*: The cost of renovation work must account for at least 25% of the total project expenditure (i.e., property acquisition costs, plus works)

Conditions related to the renovation work include:

- work improving the energy performance of the accommodation by at least 20 to 30%, depending on the nature of the accommodation,
- at least two types of work among the change of boiler, the insulation of the roof, the insulation of the walls, the change of hot water production, the insulation of the windows,
- creation of new living space (for example: balcony, terrace or garage).

3. *Dispositif Loc'Avantages*

The "Loc'Avantages" scheme is a tax incentive designed to encourage property owners to offer affordable rental housing. Under this programme, landlords can benefit from tax reductions by renting out their properties at rates below the local market level. The rented property must be unfurnished and used as the tenant's primary residence. Additionally, eligible tenants must meet

<https://www.anru.fr/tva-taux-reduit-pour-laccession-la-propriete-dans-les-zones-anru-et-les-quartiers-prioritaires>

⁴⁰ Article 199, Code général des impôts [Article 199, General tax code] (2024).

https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000044991962

specific income thresholds established by the government, ensuring the scheme targets those in need of affordable housing.

Property owners must commit to renting their property for at least six years under a formal agreement with the National Housing Agency (Anah). To further promote energy efficiency, the scheme excludes properties with energy performance ratings of "F" or "G".

The income ceiling that the tenant must respect to benefit from Loc'Avantages depends on the level of rent requested, their situation (single or couple, number of dependents, etc.) and the location of the accommodation. The scheme cannot be combined for the same accommodation with other schemes in favour of rental investment such as "Pinel" or "Denormandie".

Accessing social housing

The social housing system in France is divided into 'segments'. The idea is that different segments ought to cater for different levels of need, which is primarily differentiated via area-specific income thresholds (i.e., limits will be higher in relatively expensive parts of the country, such as Paris), and type of households. Therefore, in France the system is set up to offer housing based on a spectrum of needs; from those with very low incomes to those on more moderate incomes.

More specifically, to qualify for social housing, prospective tenants must demonstrate income equal to or below the regulated ceilings, which are defined under a framework agreed with the state, and according to three criteria:

- 1) The rental loan used to finance the housing: (PLAI, PLUS, PLS)
 - For each program, an agreement is signed with the government:
 - It sets the income ceilings that must be met by the future tenant of the property.
 - It also regulates rents and may provide entitlement to certain housing benefits (AL, APL).
- 2) The location of the housing;
- 3) The household category/composition and the person's disability status.

The annual updating of resource ceilings is carried out taking into account the variation in the rental reference index (IRL).⁴¹

- 1) Prêt locatif aidé d'intégration (**PLAI**) – This is the social housing segment aimed at those on the lowest incomes, and with the greatest risk of housing exclusion. It is estimated that, based on the present income limits, PLAI housing is theoretically open to the bottom 25% of households in the income distribution; though this percentage varies from year to year and is not a fixed 'target' eligibility rate. The reality, though, is that fewer households are actually eligible, as those who already own a home are not eligible, even if they fall below the set income threshold. This disqualification for owners is also the case for the other forms of social and affordable housing in France.
- 2) Prêt locatif à usage social (**PLUS**) – This is the 'standard' form of social housing in France. It is estimated that around 55% of households in France are theoretically eligible to access PLUS housing, based on the current income limits;
- 3) Prêt locatif social (**PLS**) – This is a form of social housing that is aimed at those on slightly higher incomes, but which still have arbitrarily assessed difficulties to access housing on the market.⁴² It

⁴¹ Action logement, (2025). *Plafond de ressources : comment le calculer ? [Resource ceiling: how to calculate it?]*. <https://www.actionlogement.fr/guides/trouver-un-logement/plafond-de-ressources-calcul>

⁴² The income limits in France for access to the different forms of social housing are essentially arbitrary, and are not linked to any clearly observable benchmarks like the cost of a minimum acceptable standard of living.

is estimated that presently 72% of households in France have an income below the PLS eligibility threshold;

It is important to note that a housing unit cannot shift from PLUS to PLAI or PLS, meaning that the stock of social housing is somehow segmented. Each financing scheme—PLAI, PLUS, or PLS—is linked to specific funding conditions, interest rates, and state aid eligibility set at the time of the project's development. PLAI and PLUS are eligible for state subsidies and have differentiated regulated interest rates (Livret A - 0.20% for PLAI and Livret A + 0.60% for PLUS), while PLS does not give access to state subsidies and has an interest rate of Livret A + 1.11%. The financing status of a unit remains fixed regardless of tenant changes.⁴³

Table 5: Rent limits and (net) income conditions for accessing social housing, by type of scheme for the year 2024

Scheme	Maximum Rent (per m2)	Maximum Household Income (1 person)	Maximum Household Income (2 People)	Maximum Household Income (3 - 6 People)	Per additional person
PLAI	€5.11-6.71	€12,452-14,329	€18,143-23,355	€21,818-44,861	€3,569-4,998
PLUS	€5.76-7.52	€22,642-26,044	€30,238-38,925	€36,362-81,562	€6,492-9,089
PLS	€8.66-14.68	€29,435-33,857	€39,309-50,603	€47,271-106,031	€8,440-11,816

Source: Ministère Chargé du Logement (2024). *Les aides financières au logement – 2024*.

Notes: The ranges shown above reflect the fact that the maximum levels vary depending on the 'zone' in which the social housing is allocated. For example, the maximum income for a single person household is €12,452 in most rural areas, where incomes and housing costs tend to be lower, but can be as high as €14,329 in the most expensive parts of the country, such as Paris. This is the same as the situation for the maximum allowable rent per square metre of habitable floor space, with higher limits allowed in more expensive parts of the country.

It should be noted that in addition to the three main social housing segments (i.e., PLAI, PLUS, PLS), there are 'affordable' housing schemes in France. The most consequential affordable rental scheme is the 'Prêt locatif intermédiaire (**PLI**)'. In 2024, around €5 billion was invested in PLI schemes, including €4 billion granted by the CDC and €1 billion granted by other credit institutions. PLI is a form of housing that can be offered by private housing providers, rather than HLM providers. It is intended for those on middle incomes in areas of the country with tight housing markets. The PLI scheme benefits from significantly less financial support from the state. At the same time, PLI housing is not considered in the context of the calculation of local social housing delivery targets (the aforementioned 'SRU' obligations). It is not usually considered in the same context as 'social' housing in France, but rather as a separate category of 'affordable' or 'intermediate' housing.

In order to access social housing, a household must make a formal demand.⁴⁴ Their application will be reviewed, and if approved, they are given a unique "application number" on the national registration system—which certifies that the application has been taken into account and its seniority. The household or applicant needs to:

- 1) Have an identity card, passport or residence permit;
- 2) Choose the place where they want to live;
- 3) Indicate who will live with them;
- 4) Indicate their taxable income for the last two years;

⁴³ Ministry in charge of housing. (2024). *Les aides financières au logement [Financial aid to housing]*. <https://www.financement-logement-social.logement.gouv.fr/l-edition-2024-de-la-plaquette-des-aides-a2219.html?lang=fr>

⁴⁴ Service Public, (2025). *Faire une demande de logement social (HLM) [Apply for social housing (HLM)]*. <https://www.service-public.fr/particuliers/vosdroits/F10007>

- 5) Specify their current income (salary, social benefits, income from investments, etc.);
- 6) Specify any personal information that might be of relevance. For example, being disabled, homeless, or a victim of domestic violence.

Upon receipt of the registration certificate, the applicant can assert their aforementioned enforceable right to housing (*Loi Dallo*) to obtain social housing more quickly, if they are in certain urgent situations. Each social landlord can contact the applicant to offer them housing that matches their request. The applicant must renew their application within 11 months of the date of registration of the application (if not, then the application is cancelled). Finally, if after an “abnormally long”⁴⁵ waiting period no social housing offer has been made to the applicant, then they may assert their enforceable right to housing.

The allocation of social housing to an applicant is carried out by a local “allocation committee” (*Caleol*), based on the following procedure:

- **Application and Registration**

Every request must be registered and assigned a unique number via a registration office. The chair of the commission may invite, in an advisory capacity, a representative of the municipal social action centre (CCAS) or the departmental social services. The Caleol can meet remotely with the prefect’s approval.

- **Review of Applications**

For each housing unit, the commission reviews at least three applications. These are proposed by the reserving party (for direct management) or by the landlord (for delegated management or own quota). The commission follows national and local priorities and may consider applicant scoring if available.

- **Decision**

The commission may:

- a) Allocate the unit to a candidate;
- b) Rank candidates by priority, allocating to the next in line if the offer is refused;
- c) Allocate conditionally, pending submission of a missing document within a set timeframe;
- d) Refuse the allocation;
- e) Reject the application as ineligible.

Each allocation is nominative, and any refusal must be justified.

- **Reserving Entities**

Reserving rights are held by the State, local authorities, public institutions, inter-municipal bodies (EPCI), employers, Action Logement, and non-profit organisations. These rights apply to an annual flow of vacated units. Applications may be submitted by social housing providers (HLM), public services, or directly online.

- **File Review**

Allocations are subject to income limits, set by decree and based on household size, location (Paris / Île-de-France / rest of the country), and housing type (PLAI, PLUS, PLS financing).

- **Review by the Caleol**

After checking eligibility, landlords or reserving entities present candidates to the Caleol. Housing allowances and the effort rate (as per the decree of March 10, 2011) are taken into account when assessing financial suitability.⁴⁶

⁴⁵ Ministry Responsible for Housing, (). *Recours amiable devant la commission départementale de médiation en vue d’une offre de logement* [Amicable appeal before the departmental mediation commission with a view to a housing offer]. Cerfa N°51754#01. <https://www.formulaires.service-public.fr/qf/getNotice.do?cerfaNotice=51754&cerfaFormulaire=15036>

⁴⁶ Ministry of Housing, (2023). *La politique d’attribution des logements locatifs sociaux: Les missions des commissions d’attribution des logements et d’examen de l’occupation des logements (Caleol)* [The policy for

One interesting new development with regard to the allocation of social housing in France are new discretionary powers for the *Caleol* to consider the “key worker” status of an applicant. In the wake of COVID-19, France has taken the position that certain workers are essential for the functioning of society. This includes doctors and other medical professionals, as well as teachers and similar professions. However, it also includes—according to the French state—diverse professions like baker, butcher, or taxi driver. Overall, close to 20% of the French workforce can be considered a key worker. It also now means that, provided they meet the basic income criteria, these workers can benefit from a more ‘favourable’ assessment from the *Caleol* when deciding who should be allocated available social housing.⁴⁷

Table 6: Maximum allowable social rent, based on scheme type and geographic zone

Zone	PLAI (€/m ²)	PLUS (€/m ²)	Zone	PLS (€/m ²)
Zone 1 bis (Paris and immediate surrounding area)	6.71	7.52	Zone A bis (Paris and 75 high income communes in neighbouring areas)	14.68
Zone 1 (areas in the greater Paris area not in Zone 1 bis)	6.29	7.09	Zone A (A number of high income areas around France, including the Côte d’Azur and the area near to Geneva)	11.31
Zone 2 (Some areas near Paris, but mostly urban areas with more than 100,000 people; French islands like Corsica and overseas territories)	5.53	6.22	Zone B1 (A number of large cities with high demand for housing, as well as some other high demand areas not already captured)	9.76
Zone 3 (all other areas)	5.11	5.76	Zone B2 (A number of areas near to Paris, where incomes are lower, but demand is high, other housing pressure zones)	9.34
//	//	//	Zone C (all other areas)	8.66

Note: Figures are for the year 2024. The rent caps are reviewed each year.

In France, the rent for social housing is determined based on a mix of regulations and criteria to ensure affordability and fairness, and are modified each year. The maximum rent values for different zones and housing types are fixed through regulatory provisions. These caps vary by geographical zone and housing program type (e.g., PLUS, PLAI, PLS for new housing), reflecting local market conditions and subsidy levels.

Additionally, a structural coefficient adjusts rents based on property size, with higher rates for homes under 60m² and lower rates for those above this threshold. This ensures a ‘balanced’ approach to rent setting across housing types.

CASE STUDY / KEY POLICY FEATURE

allocating social rental housing: The missions of the housing allocation and housing occupancy review committees (Caleol)].

https://www.ecologie.gouv.fr/sites/default/files/documents/fiche_politique_attribution_logements_locatifs_sociaux_mission_commission_attribution_logements_examen_occupation_logements_caleol.pdf

⁴⁷ The French government has produced a review of the key worker status, and its impact on allocations. It is available at:

https://attributionlogementsocialetdalo.logement.gouv.fr/IMG/pdf/flash_dgaln_n_19_2022_travailleurs_essentiels.pdf

Social Rent Calculation – Worked Example⁴⁸

Reminder of the rule: the maximum rent per m² which is fixed in the agreement must be such that: after application of the increases resulting from the local scale, the maximum rental income (equal to the product of the total usable surface area multiplied by the agreed rent) does not exceed by more than 18% the level which would have been its level in the absence of any additional surface area and any margin applied to the maximum monthly base rent (structural coefficient “CS” x the value of the maximum zone rent “LMzone”).

This may not be intuitive for many non-French social housing professionals to understand. Thus, we can consider the hypothetical example of a PLUS project in Zone 2 involving the construction of 20 housing units with an average of 60 m² of living space and 12 m² of ancillary space each. In this case, the value of the maximum zone rent (LMzone) is €6.22/m² as of January 1, 2024. Ancillary space is deducted at 50% (i.e., 6 m² per unit, or 120 m² for the 20 units in the project) and thus represents 10% of the project's living space (1,200 m²). The usable floor area of a unit is therefore 66m², and the total usable floor area of the project reaches **1,320m²**.

a) Calculation of the maximum rent per m² that can be set in the agreement:

Total usable floor area: 1,320 m² (66 m² x 20 units); CS = 1.0033

Maximum monthly base rent (CS x LMzone) per m² of usable floor space, i.e.: €6.22 x 1.0033 = €6.24/m²

If we assume that the local scale provides a 5% increase (given the technical characteristics and location of the project), then the APL agreement can set a maximum rent per m² of usable floor space equal to: €6.24 x 1.05 = €6.55/m².

b) Verification of the rule limiting the agreed rent per m²:

The maximum rental income with the local increase therefore amounts to **€8,646/month** (€6.55/m² x 1,320 m²); It must not exceed by more than 18% the level that would be achieved in the absence of any surcharge or any additional space:

Total usable floor area without additional space: 1,200 m² (60 m² x 20 dwellings); CS = 1.0267.

Maximum monthly base rent (CS x LMzone) per m² of usable floor area: €6.22 x 1.0267 = €6.39/m².

Maximum rental income without local margin or additional space: €6.39 x 1,200 m² = €7,668/month.

This verifies that the maximum rental income possible under the agreement (€8,646/month) exceeds by around 13% the level that would be achieved in the absence of any local surcharge or additional space (€7,668/month).

The regulatory condition is therefore met (18% limitation), and a maximum rent per m² can therefore be set in the agreement, within the limit of **€6.55/m²** of usable floor space.

In practice, this condition will be almost automatically met whenever the percentage increase provided for under the scale, plus the weight of the ancillary areas (counted at 50%) relative to

⁴⁸ Ministry of Ecological Transition and Territorial Cohesion, (2024). "Avis loyers 2024: Le présent avis comporte 11 annexes" [2024 Rent Notice: This notice includes 11 annexes]. https://www.financement-logement-social.logement.gouv.fr/IMG/pdf/avis_loyers_2024_annexes_cle123922-1.pdf

the living area, does not exceed the regulatory limit of 18% (or 25% if an elevator is not mandatory). In the example presented, the ancillary areas and the local increase together account for **15%** (10% for the annexes and 5% for the increase).

For existing rental contracts, the procedures for rent and fee revisions are also established. These revisions are subject to specific conditions defined by the state, allowing periodic updates to align with inflation or investments in renovations and upgrades.⁴⁹

If a household's combined total annual income exceeds by at least 20% the maximum income for the allocation of social housing of the same type (PLS, PLUS or PLAI), then they are obliged to pay a rent "surcharge", known as the *Solidarity Rent Supplement*.⁵⁰ The annual amount of the rent (excluding charges) increased by the annual amount of the additional rent cannot exceed 30% of the total annual income of the household.

Calculation rule - The rent supplement is calculated using the following figures:

- Living area of the dwelling (SH) in m²,
- Income ceiling exceedance coefficient (CDPR) for the allocation of social rental housing (CDPR),
- Reference rent supplement (SLR), i.e., the amount in euros per m² of living area. This amount is set according to the location of the dwelling.

The monthly additional rent is calculated using the following rule:

$$\text{Additional rent} = \text{SH} \times \text{CDPR} \times \text{SLR} \quad ^{51}$$

If the home is located in a priority urban policy area (QPV), tenants are exempt from paying the SLS and cannot be forced to move out.⁵² This is done in order to encourage greater social mix in historically disadvantaged communities (i.e., to retain social tenants on middle incomes).

In France, there are a variety of housing schemes specifically targeted at different population cohorts.

- **Youth:** Housing for students can be developed under the Prêt Locatif Social (PLS) program, providing affordable accommodation tailored to young people pursuing education.
 - *Traditional social housing:*
 - social housing under direct tenancy (meaning that students apply for social housing) or for shared accommodation
 - intergenerational and solidarity-based cohabitation: The ELAN law allows tenants aged over 60 to rent a room or part of their accommodation to a young person under 30.

⁴⁹ The memorandum on rents for the year 2025 has not been published yet due to the change in government. Ministry of Regional Planning and Decentralization, (2024). *Avis Loyers 2024 [Rent Notice 2024]*. <https://www.financement-logement-social.logement.gouv.fr/avis-loyers-2024-a2243.html>

⁵⁰ Service Public, (2025). *Logement social : supplément de loyer de solidarité (surloyer) [Social housing: solidarity rent supplement (surcharge)]* <https://www.service-public.fr/particuliers/vosdroits/F21051>

⁵¹ Service public, (2025). *Logement social : supplément de loyer de solidarité (surloyer) [Social housing: solidarity rent supplement (surcharge)]*. <https://www.hauts-de-seine.gouv.fr/layout/set/print/Vous-etes/Particulier#!/particuliers/page/F21051>

⁵² Service Public, (2025). *Peut-on conserver son logement social en cas d'augmentation de revenus? [Can you keep your social housing if your income increases?]* <https://www.service-public.fr/particuliers/vosdroits/F31601>

- Housing under article 109 of the ELAN law, has made it possible, on the basis of specific authorisations, to reserve all or part of a social housing development for young people under the age of 30 for rental contracts of up to one year, renewable until they turn 30 if they still meet the basic eligibility criteria
- *Dedicated housing developments for young people:*
 - Subsidised university residences: managed by a public body (Crous), social landlords or voluntary organisations;
 - *Foyers de jeunes travailleurs* (FJT) (young workers' accommodation): offering housing suited to 16-30 year olds, and meeting the need to support these young people in the early stages of their working lives;
 - Social residences for young workers (RS-JA): a social project aimed at young people that do not meet the conditions set out by the FJT scheme. Most of the residents are young people in work, in traineeships or apprenticeships, or jobseekers. The target group is young people aged 18 to 30⁵³.
- **Seniors:** Nursing homes (EHPAD) are care facilities catering to various levels of need for supported living. These range from '*résidences autonomie*' where residents are capable of living largely independent lives, residing in individual apartments or small houses, right up to more institutionalised settings, where residents require significant support from medical practitioners on a daily basis. They are intended for people generally over 60 years old.
 - There are three types of assistance that can be added together to help pay for accommodation costs: (i) social assistance for accommodation (provided that the establishment is authorised for social assistance), (ii) housing assistance and, (iii) the personalised autonomy allowance.⁵⁴
- **Homelessness:** The French government has put forward a Housing First ('*Logement d'abord*') plan aiming at the creation of new rental intermediation places and family pensions, the deployment of a system in rural areas and for young people, called "Un chez soi d'abord" (*A place of your own first*). This system allows the most vulnerable homeless people, those with issues regarding their mental health, and others who have difficulty to engage with the 'traditional' procedure for accessing social housing to gain direct access to ordinary housing and thus be supported towards better integration.⁵⁵
- **For various population cohorts** experiencing significant difficulties (people that have experienced homelessness, people with health issues, socially isolated, or refugees and asylum seekers), social housing solutions include:
 - PLAI adapté: dwellings approved under the PLAI scheme, which benefit from an additional '*PLAI adapté*' (adapted PLAI) subsidy provided that they meet a certain number of specific criteria, including rental management arrangements designed to address the difficulties faced by households, with, if necessary, support to enable them to access or remain in housing. For example, for members of the travelling community (e.g., Gens du voyage), this

⁵³ L'Union Sociale pour l'Habitat, (2024). *Logement des Jeunes: Organismes Hlm en action [Youth Housing: Hlm organizations in action]*. https://www.union-habitat.org/sites/default/files/articles/documents/2024-06/brochure_logements_de_jeunes_-_les_organismes_hlm_en_action.pdf

⁵⁴ French Republic, (2025). *Les EHPAD*. <https://www.pour-les-personnes-agees.gouv.fr/vivre-dans-un-ehpad/les-differents-etablisements-medicalises/les-ehpad#anchor7>

⁵⁵ Ministries of Regional Planning and Ecological Transition (2020). *Un chez soi d'abord [A home first]*. <https://www.ecologie.gouv.fr/politiques-publiques/soi-dabord>

Inter-ministerial delegation for accommodation and access to housing, (2023). *Second five-year plan for Housing First (2023-2027) [Second five-year plan for Housing First (2023-2027)]*. <https://www.info.gouv.fr/organisation/la-strategie-logement-dabord-ses-resultats>

includes the development of family plots (*terrains familiaux*), with land ownership and management often overseen by inter-municipal authorities (*EPCI*).

- *Résidences hôtelières à vocation sociale* (social hotel residencies - commercial accommodation establishment) where people rent by the day, week or month. They may eventually occupy it as their primary residence⁵⁶

In terms of other schemes in France to support households who struggle to access housing on the private market, there are now a number of affordable (usually referred to in France as “intermediate”) housing options. Article 73 of the 2014 Finance Act created a specific tax regime to incentivise the development of intermediate housing by private legal entities. This financial incentive mechanism aims to expand housing supply in areas with “strained” housing markets, bridging the gap between social and market-rate housing through targeted public support. To benefit from these tax incentives, housing must meet specific conditions. Firstly, it must be situated in designated areas deemed to have a meaningful unmet need for housing, form part of a development with at least 25% social housing (unless in municipalities with over 35% social housing or priority urban areas), and be rented as a primary residence to tenants whose income and rent fall within thresholds set out in the aforementioned “Pinel” system⁵⁷.

The following schemes are designed to support middle-income households in accessing affordable homeownership.

- **Bail Réel Solidaire (BRS):** The BRS is a recent scheme that makes homeownership accessible for moderate-income households. It allows the purchase of a new home in high-demand areas at an affordable price through a unique mechanism that separates land ownership from the ‘bricks-and-mortar’.

With the BRS model, the land is owned by a ‘*Organisme de foncier solidaire*’ (OFS), which is similar in many ways to a Community Land Trust. The purchaser signs a long-term lease (18 to 99 years) and pays a low land-rent, resulting in monthly savings of 15% to 40% depending on the location.

Each OFS defines eligibility criteria in collaboration with local authorities, including factors like housing type, household composition, proximity to work, and current social housing tenants.

Advantages of purchasing through BRS include:

- Savings of 15% to 40% on full ownership of the property (depending on the location)
- Building equity with reduced monthly payments
- Low land rent, indexed to the IRL (French rent index)
- A buyback guarantee from the OFS
- A reduced VAT rate of 5.5% instead of the usual 20%
- The possibility of financing the purchase with a zero-interest loan⁵⁸ (available to first-time buyers)
- In some areas, a reduction in property tax of 30% to 100%.

⁵⁶ Ministry in charge of Housing, (n.d.). *Résidence hôtelière à vocation sociale* [Social hotel residence]. https://www.financement-logement-social.logement.gouv.fr/IMG/pdf/02_fiche_pratique_les_residences_hotelieres_a_vocation_sociale_rhvs_mai_2021_cle7db921.pdf

⁵⁷ Ministry of Regional Planning Ecological Transition, (2024). *Logement locatif intermédiaire « institutionnel »* [“Institutional” intermediate rental housing].

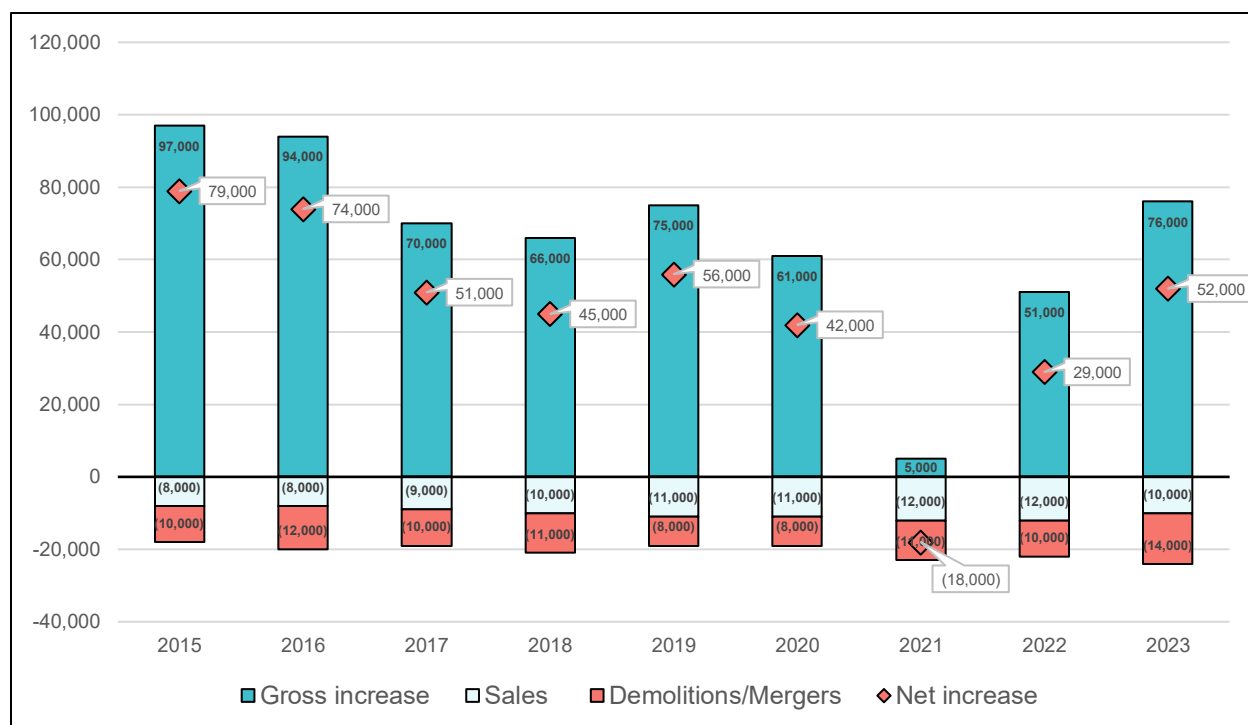
⁵⁸ The French state also supports a ‘Prêt à taux zero’ (Zero Interest Loan) scheme, which sees eligible low-income households benefit from a principle-only mortgage to purchase or build a house. See: <https://www.service-public.fr/particuliers/actualites/A17337>

- **The Social Loan for Lease-to-Own (PSLA)⁵⁹** is designed to help households within specific income limits to become homeowners. It involves two phases: a rental phase, where tenants pay a capped fee that includes a rental portion and an equity-building portion deductible from the purchase price, and an acquisition phase, where tenants can choose to buy the property under predefined conditions.

The PSLA offers several advantages, including capped purchase prices, the ability to ‘try out’ the home and test financial feasibility during the rental phase, a yearly discount on the purchase price, reduced VAT at 5.5%, and a 15-year property tax exemption for new developments. Households may also benefit from zero-interest loans and other support mechanisms, along with guarantees for repurchase and rehusing under specific circumstances.

Developing new social housing and meeting targets

Figure 5: Annual change in the HLM housing stock



Source: L'Union sociale pour l'habitat

Notes: 'Mergers' refers to renovation works or other building transformations which might lead to a net loss in the number of social dwellings

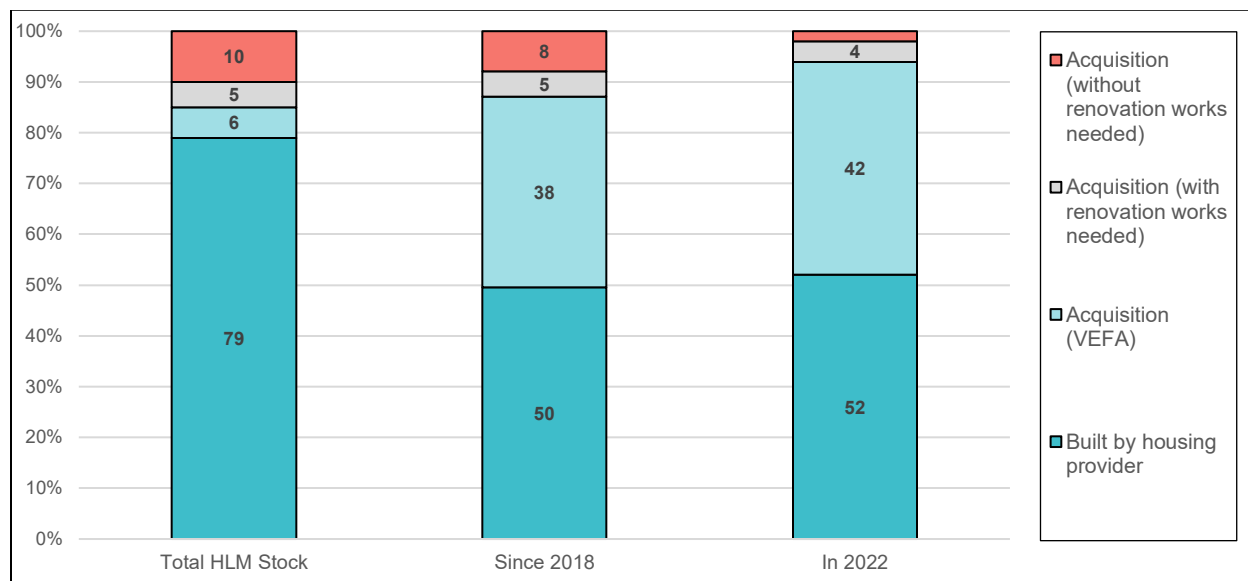
Excluding a COVID shock and supply-chain related impacts, the French HLM providers have been adding around 70,000-75,000 additional homes to the social housing stock per year in recent times. However, when we consider that each year a portion of the stock is privatised, while some older homes are demolished or merged to make fewer (but larger) dwellings, the ‘net’ increase is lower. Indeed, in a typical year, around 10,000-12,000 social dwellings are privatised, primarily to the benefit of sitting social tenants.

⁵⁹ Action Logement, (n.d.). *Devenez propriétaire avec le prêt social location accession (PSLA)* [Become a homeowner with the social rental purchase loan (PSLA)].

<https://www.actionlogement.fr/guides/acheter-un-bien-immobilier/devenez-propretaire-avec-le-pret-social-location-accession-psla>

In addition, there is a loss of at least 10,000 dwellings from demolitions or mergers. However, it should be noted that if social housing is demolished, it is typical that the land will be used to build new social homes. Thus, a loss in one year could be 'compensated' via a gain in a subsequent year. Overall, demolitions are most common in the case of substandard housing, or where greater density is required (i.e., in growing areas). However, there are also some cases where demolitions can result in de-densification, mostly in areas with historically high levels of social housing, and where a policy of developing more 'mixed' communities is being pursued by municipal authorities.

Figure 6: How is French social housing actually delivered?



Source: USH

Digging a little deeper into the annual 'gross' delivery of new social housing by HLM providers in France, we find that roughly half of the additional homes provided in recent years (i.e., since 2018) have been built by social housing providers directly. However, almost 40% have been so-called 'VEFA' acquisitions,⁶⁰ which involves a social provider pre-purchasing new homes from private developers before they are completed (i.e., turnkey developments).

According to data published by the National Agency for the Control of Social Housing (ANCOLS) in 2023, the total cost per square metre is slightly lower for VEFA schemes than for schemes directly developed by social providers. The average cost per m² of net usable area in 2021 was €2,370 (excluding taxes) for direct build, compared to €2,129 (excluding taxes) in VEFA schemes.⁶¹ The reason for the lower comparative costs of VEFA schemes relates to a number of factors. This includes the fact that private developers typically use lower quality materials and develop less architecturally ambitious buildings (e.g., in terms of energy efficiency or environmental sustainability). However, the fact that the private developers are not obliged to apply time- and resource-consuming public

⁶⁰ VEFA = Vente en l'état futur d'achèvement ("Sale in a future state of completion"). It refers to a legal framework in France where a property is sold before its construction is completed. In the context of French social housing, VEFA allows HLM organisations to purchase housing units directly from developers while the project is still under construction.

⁶¹ ANCOLS, (2023). *Coût de production des logements sociaux Analyse comparative des modes constructifs Maîtrise d'Ouvrage Directe (MOD) / Vente en l'état futur d'achèvement (VEFA) [Cost of production of social housing: Comparative analysis of construction methods Direct Project Management (MOD) / Sale in future state of completion (VEFA)]*.

https://habitat.dordogne.fr/fileadmin/Actualites/MOD_VEFA_4pages_Etude_cout_production_principaux_enseignements_23_06_2023_-_v3.pdf

procurement regulations also helps reduce costs. Private developers also appreciate the VEFA arrangement with social providers, as it “reduces the number of buyers involved [in new developments] and the number of units to be commercialised, the results of which include savings on marketing costs, faster release of bank loans, and a reduction in risk.”⁶² Thus, it represents a clear *quid pro quo*.

The balance of additional homes added in recent years consists of the purchase of other types of properties, including existing properties in need of rehabilitation. The trend in recent years represents a significant departure for France’s social housing providers, as if we look at the entirety of the social housing stock in the country, only 6% of homes have been delivered through VEFA agreements. The dramatic increase in the use of this delivery mechanism primarily reflects difficulties faced by social providers to access developable land in many high-demand areas, though constraints on staff resources (e.g., the time taken to deal with public procurement, or to plan and develop new projects directly) is also a factor for some providers. Indeed, the French social housing federation, USH notes:

“Even if social landlords prefer to buy land (to retain direct control of the project) rather than VEFA housing, it does enable them to produce in areas where they would not otherwise have been able to: it is presented as a ‘land search tool’ by some housing associations (in tight markets). It, therefore, fits in well with the location strategies of some housing associations, as it often has the advantage of speed. It can also encourage a mix of housing types in inaccessible neighbourhoods, where the level of land costs would not allow the landlord to buy”.⁶³

With regard to supply of new social housing, we must also discuss France’s efforts at an inclusive zoning and land use policy. The main legislative tool is Article 55 of the SRU Act, which requires municipalities with a population of over 3,500 (1,500 in the Paris area) that belong to urban areas or intercommunal bodies with a population of over 50,000 that include at least one municipality with a population of over 15,000 to have at least :

- 25% social housing in high-demand areas;
- 20% of social housing in areas where demand is lower.

Outside these areas, municipalities with a population of more than 15,000 that are experiencing population growth of more than 5%, and which can justify an additional production effort based on the functioning of their local housing market, are required to offer at least 20% social housing. This target refers to the percentage of all homes in an area, not just in new developments. Each year, the state carries out a joint inventory with the municipalities concerned to determine their rate of social housing relative to the number of primary residences.⁶⁴ Municipalities that are failing to meet delivery targets face financial penalties. Intermediate housing, such as PLI, cannot be counted towards the 20-25% local social housing target.

Every three years, each municipality subject to the SRU law is notified of a "quantitative" target for the production of social housing in an effort to catch up; assuming that they are not already meeting supply targets. Municipalities must also submit to a "qualitative" target for the distribution of housing produced between the different housing categories: at least 30% "PLAI" and no more than 30% (or 20% depending on the case) of "PLS". At the end of this three-year period, the local prefect conducts an

⁶² Pollard, J. (2023). The political conditions of the rise of real-estate developers in French housing policies. *Environment and Planning C: Politics and Space*, 41(2), 274-291.

⁶³ L'Union Sociale pour l'Habitat, (2014). Les Cahiers: Aménagement, partenariats, montages Les outils de production du foncier en faveur du logement social Regards croisés des agglomérations et des bailleurs sociaux [The Notebooks: Development, partnerships, assemblies Land production tools in favor of social housing Crossed perspectives of urban areas and social landlords]. *Actualités habitat*, 158. p. 39. https://www.union-habitat.org/sites/default/files/articles/documents/2018-03/cahier_158.pdf

⁶⁴ Vie Publique, (2024). *Logement social : la loi solidarité et renouvellement urbain (SRU) en 6 questions [Social housing: the Solidarity and Urban Renewal Act (SRU) in 6 questions]*.

assessment. Depending on the outcome, penalties may need to be imposed. The assessment is 'flexible', meaning a clear distinction can be made between those not meeting targets, but making their best effort to do so, and those not meeting targets and not making sufficient effort to rectify the situation.

Either way, municipalities with a social housing deficit must catch up. The local prefect can offer a Social Mix Contract (CMS)⁶⁵ to support this. Non-compliant municipalities are also subject to an annual levy on their tax revenues, calculated based on their fiscal potential and social housing shortfall. Investments in social housing reduce this levy, potentially to zero.

If a municipality fails to meet its triennial targets, the prefect may declare it "failing" and apply the so-called "carence", through an order, triggering stronger sanctions:

- The existing levy can be multiplied by five;
- A minimum 30% social rental housing requirement for new residential developments;
- Prefect's automatic resumption of pre-emption rights (i.e. allows the prefect – instead of municipalities - to directly acquire property before private buyers, to facilitate social housing projects.);
- Ban on housing sales by social landlords, unless a CMS is in place.⁶⁶

The levy applies to certain municipalities subject to the SRU law. For these municipalities, there are two target rates:

- 25% of social housing for municipalities referred to in paragraph I of Article L.302-5⁶⁷ (the largest municipalities in high-demand areas),
- 20% or 15% for those referred to in paragraph II of the same article (municipalities in less high-demand areas or with specific conditions).

The calculation of the levy is as follows:

$$\text{Levy} = 25\% \text{ of the per capita tax potential} \times (\text{SRU target} - \text{current social housing rate})$$

This amount cannot exceed 5% of the municipality's actual operating expenses (as seen in the administrative accounts for the year before last). At the same time, if the calculated amount is less than €4,000, it is not levied.

Certain municipalities are exempt from the SRU financial penalties. This includes those receiving some type of grants (Urban Solidarity Grant, Rural Solidarity Grant), provided they already meet the required threshold of social housing. Additionally, municipalities newly subject to the SRU law benefit from a three-year grace period⁶⁸.

In 2022, faced with the backlog accumulated by hundreds of municipalities, the so-called '3DS' law⁶⁹ extended the objectives of the SRU law beyond 2025, and further adjusted them. Instead of aiming

⁶⁵ It constitutes a framework for the commitment of resources enabling a municipality to achieve the [SRU catch-up] objectives and concluded for a renewable period of three years.

⁶⁶ Vie publique, (2024). *Logement social : la loi solidarité et renouvellement urbain (SRU) en 6 questions [Social housing: the Solidarity and Urban Renewal Act (SRU) in 6 questions]*.

<https://www.vie-publique.fr/questions-reponses/294111-logement-social-la-loi-sru-en-6-questions>

⁶⁷ Code de la construction et de l'habitation, Article L302-5 [Construction and Housing Code, Article L302-5] (2023). https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000045214963

⁶⁸ Code de la construction et de l'habitation, Article L302-7 [Construction and Housing Code, Article L302-7] (2023).

⁶⁹ Loi n° 2022-217 relative à la différenciation, la décentralisation, la déconcentration et portant diverses mesures de simplification de l'action publique locale (2022) [Law No. 2022-217 relating to differentiation, decentralization, deconcentration and containing various measures to simplify local public action (2022)].

<https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000045197395>

for 20% or 25% of social housing by 2025, municipalities must now make up a third of their backlog during each three-year period (or 50-100% of their backlog if they are approaching their target rate).

CASE STUDY / KEY POLICY FEATURE

Example of non-compliance with the SRU – the case of Nice

The levy on fiscal resources of non-compliant local authorities is tied to the fulfilment of the quantitative and qualitative targets set under the SRU law. The Commission responsible for the three-year report advises Prefects on the actions to take in case of non-fulfilment of these targets e.g., multiplication of the levy, resumption of pre-emption rights by the prefect, etc.). However, the prefect has final discretion in setting the sanctions. This means that there is no one approach that can be taken to deal with municipalities not meeting their social housing targets. As such, the below example of Nice is just one approach.

Achievement rate of the three-year social housing (Hlm) production target in Nice

City	Social housing rate 2021	Achievement rate (2017-19 targets)	Achievement rate (2020-22 targets)	PLAI achieved	PLS achieved	Quality targets 2020-22 achieved	Quantitative targets 2020-22 achieved
Nice	14%	29%	13%	13%	52%	No	No

Source: Housing Europe, based on: Fondation (2023). *Palmarès de la loi sru 2020-2022 des centaines de communes hors-la-loi* [List of hundreds of municipalities outside the law under the 2020-2022 SRU law], p. 5.

Sanctions imposed:

In December 2023, the Prefect of Alpes-Maritimes department, in which Nice is located, issued an order declaring a housing shortfall (*carence*) for the city.⁷⁰ The city had made little effort in the previous years to meet the local social housing targets set in the SRU law, and local politicians (including the directly elected Mayor) have even made something of a political virtue of their opposition to the SRU obligations.⁷¹

The result was that the Prefect decided to impose an 86.51% increase of the annual levy, effective from January 2024; to be reviewed after a period of three years. In addition, the right of pre-emption (which grants local governments the right of first refusal to purchase property being sold privately, usually for use as social housing)⁷² was also transferred to the Prefect for the entire duration of the order's application and social housing providers are prohibited from selling social housing located within the city of Nice. Finally, the order states that the Prefect can also propose that the City of Nice develop a Social Diversity Contract (*contrat de mixité sociale*).

The latest figures published by the Nice Côte d'Azur Metropolitan area show that the levy paid in 2024 for non-compliance with the SRU equated to €7.3 million. This equates to a 'base' levy of €2 million, plus the surcharge (additional penalty levy) of €5.3 million. The funds raised by the

⁷⁰ Arrêté prononçant la carence définie par l'article L. 302-9-1 du code de la construction et de l'habitation au titre de la période triennale 2020-2022 pour la commune de Nice, réf. 2023-1146 [Order declaring the failure defined by Article L. 302-9-1 of the Construction and Housing Code for the three-year period 2020-2022 for the municipality of Nice, ref. 2023-1146], p. 100. <https://www.alpes-maritimes.gouv.fr/contenu/telechargement/49380/385516/file/Recueil%20special%20323.2023.pdf>

⁷¹ See: Fondation pour le Logement. (2024). *Les communes face à la loi SRU – 2023 : Entre contraintes réelles et manque de volonté politique* [Rapport d'enquête]. Fondation pour le Logement des Défavorisés. <https://www.fondationpourlelogement.fr/wp-content/uploads/2025/06/les-communes-face-a-la-loi-sru-2023.pdf>

⁷² Under this right, whenever a residential property is being sold, the prefect can step in to purchase the property at the same price as had been agreed by the private parties in the deal.

levy will be allocated to the National Housing Assistance Fund (*Fonds national des aides à la pierre*, FNAP).⁷³ In effect, the fine that Nice and other non-compliant municipalities pays helps to support the development of social housing in other areas.

New social dwellings are generally smaller than older homes. For example, 40% of social rental housing units developed in the last five years are one or two-room dwellings, compared with 28% of all existing social rental housing. Conversely, recent homes are less likely to have four rooms or more (23%, compared with 35%).⁷⁴ USH produces detailed annual breakdowns of new delivery by the HLM sector, as part of its '*Hlm en Chiffres*' publication series.

In terms of the need for social housing. A study conducted in 2023 by HTC research consultants estimated that France required an average of 518,000 additional homes each year (2024-2040).⁷⁵ It suggests that of these, almost 200,000 should be new social housing, or around four out of every ten new homes. For comparison, circa 430,000 new dwellings were granted planning permission annually between 2017 and 2022 in France. While official and timely data on the annual completion of new homes in France are not readily available, estimates produced by the European Central Bank suggest that 375,000-400,000 new homes have been built each year in recent times.⁷⁶

At the end of 2023, the number of applications for social housing in France stood at 2,606,700. A third of these households already live in social housing, meaning they are on the waiting because they are seeking to move. In some cases this could be a request to move to a different home in the same area (e.g., because of a change in the size of the household), and in others it can be a request to move to a different part of France. Since 2013, the social housing waiting list in France has increased by almost 50%; much higher than the change in the French population (+4.3% over the same period) and the number of households (+7.2% between 2013 and 2021).

The National Agency for the Control of Social Housing (ANCOLS) operates under the administrative authority of the State, and is jointly supervised by the Ministers with responsibility for housing and the economy. It is primarily responsible for the oversight and governance of the social housing sector in France. ANCOLS's mission is to monitor and evaluate social housing organisations, as well as any entity or individual involved in building or managing social housing. This includes associations active in the housing and accommodation sector and organisations approved to collect or benefit from employer contributions (i.e., the PEEC).

The scope of ANCOLS' monitoring, as defined by Article L.342-2 II of the French Civil Code, covers just over 700 entities nationwide, primarily social housing organisations (such as those outlined at the

⁷³ Arrêté fixant le montant du prélèvement prévu à l'article L. 302-7 du code de la construction et de l'habitation au titre de l'année 2024 pour la commune de Nice (2024). [Order setting the amount of the levy provided for in Article L. 302-7 of the Construction and Housing Code for the year 2024 for the municipality of Nice, (2024)]. p. 34-35.

⁷⁴ Ministries of Territories, Ecology and Housing, (2024). *5,4 millions de logements locatifs sociaux en France au 1er janvier 2024 [5.4 million social rental housing units in France by January 1, 2024]*.

<https://www.statistiques.developpement-durable.gouv.fr/media/7974/download?inline>

⁷⁵ HTC, (2023). *Quels besoins en logements sociaux à l'horizon 2040 ? [What are the needs for social housing by 2040?]*.

<https://www.union-habitat.org/etude-quels-besoins-en-logements-sociaux-l-horizon-2040#:~:text=Dans%20une%20C3%A9tude%20command%C3%A9e%20au,sur%20la%20p%C3%A9riode%202024%2D2024>.

⁷⁶ Data available from the ECB Data Warehouse:

https://data.ecb.europa.eu/data/datasets/RESH/RESH.A.FR_T.N.NTR.HCOM.FR2_Z.N_Z

start of this chapter). Inspections are conducted using comprehensive, targeted, or thematic approaches.⁷⁷

In recent years, ANCOLS' annual reports have focused on key themes, reflecting the evolving challenges and priorities of the social housing sector in France. For example:

- The 2024 edition focuses on energy renovation in social rental housing. The objective of this thematic report is to assess the obstacles to energy renovation of social rental housing within the regulatory deadlines set by the Climate and Resilience Act, Article 160 of which introduces a ban on re-renting, in mainland France, housing with an energy class G, F, and E;
- The 2023 edition focuses on organisations of the Soliha (Solidarity for Housing) movement, approved for integration project management, which operate under the 2023 support schemes for people with particular housing difficulties;
- The 2022 edition focuses on the financial health of the HLM sector from 2019 to 2021.⁷⁸

Integration with social and urban policy

Social housing in France has numerous overlaps with the fulfilment of the state's broader social and urban policies.

Urban regeneration

Managed by the National Agency for Urban Renewal (ANRU), the New National Urban Renewal Program (NPNRU) and the National Urban Renewal Program (PNRU), aim to revitalise recognised socially 'deprived' urban areas, particularly dense social housing estates built in the post-war period. By renovating housing stock, improving public spaces, and ensuring better connectivity, these programmes aim to promote social cohesion and reduce segregation. These programmes can also try to promote de-densification, as well as a greater social 'mix'.

CASE STUDY / KEY POLICY FEATURE

Operation Town Centre⁷⁹

In France, many small- and medium-sized cities and towns have struggled economically in recent decades, partly reflecting a more services-driven economy concentrated in large cities, and compounded by the loss of traditional manufacturing jobs. This has brought with it problems in relation to population decline or ageing, as well as increases in the number of vacant or derelict buildings—both commercial and residential.⁸⁰

Launched in 2018, 'Operation Town Centre' (*Action Cœur de Ville* - ACV) brings together a number of public agencies, policymakers, and social partners to tackle issues like vacancy and

⁷⁷ Inspections are carried out as part of an annual program approved by the ANCOLS Board of Directors and organised into a three-year cycle (2024–2026 for the current cycle). The objective is to inspect most of the sector within a six-year period, through two successive programs.

⁷⁸ ANCOLS thematic reports:

<https://www.ancols.fr/publications/rapports-de-contrôle?year=&organismeType=&departement=&publicationType=rapports-publics-annuels-de-contrôle&keyword=&result=15>

⁷⁹ The content of this section is derived from: Housing Europe (2023). Tools to Deal With Vacant Housing.

⁸⁰ Vie Publique (2021, March 22). Villes petites et moyennes : des centres-villes en souffrance [Small and medium-sized towns: town centres in distress]. Accessed at: <https://www.vie-publique.fr/eclairage/277179-villes-petites-et-moyennes-des-centres-villes-en-souffrance>

regeneration in these smaller cities and towns. A present, 244 towns and smaller cities are part of the ACV programme.⁸¹

The main objectives of ACV are:

1. *Reinvigorate town centres;*
2. *Enhance the urban, architectural and landscape heritage in the town centres;*
3. *Develop a new and attractive supply of rental housing;*
4. *Contribute to the development of local economic activity (or local businesses).*

To achieve its objectives, the French government established a multi-partner agreement to provide several billion euro in investment capital to support the ACV initiative. While the state was to provide some funding, most of the money was to be provided from some of France's many public investment and development agencies. This includes the *Caisse des dépôts*,⁸² the national workers' housing fund (Action Logement), and the national housing agency (Anah). This highlights the importance of having well-resourced and specialised public institutions to coordinate such initiatives.

Since 2018, around €11.6 billion has been committed to projects linked to ACV. By the end of 2024, around 28,000 additional homes had either been delivered, or were in an advanced stage of development. Of these, more than 80 per cent were additional social housing, with the balance being made up of affordable purchase and some limited owner-occupier schemes.

Another crucial partner in ACV is l'Union sociale pour l'habitat (USH), the national federation of social housing providers. USH represents over 400 housing providers in France, who collectively own 4.8 million homes right across the country in towns and cities of all sizes. Thus, USH is one of the few organisations in France to have a detailed network of actors with experience in the regeneration and management of buildings in town centres; bringing together financing agencies, building managers, the construction sector, supply chain, architects, heritage experts, engineers, and other specialists.

Social housing providers also have a strict legal commitment to be non-profit, and to serve public functions. Therefore, they can be considered to be 'honest brokers' in accepting and using the capital funding required to meet objective 3 of ACV—'to develop a new and attractive supply of rental housing'.⁸³

According to USH's outline of its role in ACV: "The deterioration of an emblematic local heritage always constitutes a loss of identity for the local area in question. In close partnership with local authorities, social housing associations acquire and renovate properties of special character, thus giving a second life to a heritage that is sometimes abandoned".⁸⁴ This has seen social housing providers purchase or take ownership of many vacant heritage buildings in town centres, and bring them back into use as social and affordable housing. USH members have also been able to reach their objective for the provision of additional affordable homes by

⁸¹ The full map of urban areas participating in the programme can be viewed at : <https://agence-cohesion-territoires.gouv.fr/action-coeur-de-ville-42#scrollNav-2>

⁸² <https://www.housingeurope.eu/blog-1523/household-savings---a-force-for-a-renewed-and-solidaire-europe-of-housing-opportunity>

⁸³ A detailed review of the involvement of social housing providers in ACV can be found at : <https://www.union-habitat.org/centre-de-ressources/politique-de-la-ville-urbanisme/action-coeur-de-ville-les-hlm-engages-aupres>

⁸⁴ p.6, <https://www.union-habitat.org/sites/default/files/articles/pdf/2022-07/ush-coeurdeville-bat.pdf>

converting non-residential buildings into residential units. This includes buildings such as convents or other former religious sites, offices, post-offices, and workshops.

However, many of the actions described above largely relate to dealing with the so-called 'bad teeth' of vacant buildings in town centres. ACV is also about creating new areas within towns, in order to bring together a critical mass of residential, commercial, public, and recreational buildings. By making sure that town centres serve useful functions throughout the day (e.g., that they cater to both households and workers), it can help to better support surrounding local businesses, such as shops and restaurants, which in turn can attract greater investment in future projects and local development.

Labour market access

Since 1953, the French state has used a special levy on the payrolls of firms (*la Participation des Employeurs à l'Effort de Construction* (PEEC)) to build up a fund to invest in housing solutions for workers. This was commonly known as the "1% Logement" (1% housing) fund, as the tax was previously levied at 1%. In 1992, it was lowered to 0.45%. The body that collects and uses the PEEC funds today is called Action Logement. Its particular focus is on housing for workers, in order to promote labour market integration and ensure workers can live affordably near to their places of work. In 2023, *Action Logement* collected around €1.82 billion in revenue from the levies it administers.⁸⁵

Action Logement runs a number of different programmes.⁸⁶ For example, it helps by offering subsidised rental properties and financial assistance for homeownership. Programmes such as "Loca-Pass" provide interest-free loans to cover rental deposits, while "Mobili-Pass" offers financial aid to cover the cost of relocation (e.g., when taking up a new employment). Additionally, the "Visale" guarantee service acts as a security deposit for landlords, facilitating rental agreements for low-income employees who may lack the financial stability required to secure a rental contract on their own. Action Logement also has specific programmes aimed at young people (under 30). For example, the "MOBILI-JEUNE" scheme provides financial aid to young people who are completing vocational training or apprenticeships. It helps cover a portion of their rent, easing the financial burden related to housing, and helping them to enter the workforce.

In terms of its capital investment activities, as of 2023 Action Logement had financially supported the development of 1,037,638 social housing units, in addition to 75,145 "intermediate" housing units; working primarily in partnership with France's housing association (ESH) sector. At the end of 2023, it had a project pipeline of around 45,000 additional social and intermediate homes.⁸⁷

In 2023, the state signed an agreement with Action Logement, setting out a five-year, €14.4 billion investment plan (2023-2027). This is intended to support "efforts to promote residential and professional mobility, which is essential for companies struggling to recruit, and maintaining their efforts to enhance the attractiveness of metropolitan and overseas territories".⁸⁸ Important parts of the plan are support for ANRU and the aforementioned 'Action Cœur de Ville' programme.

⁸⁵Assemblée nationale. (2024, October 18). *Rapport sur la programmation des emplois de la participation des employeurs à l'effort de construction (PEEC)* [Annexe au projet de loi de finances 2025, Tome 18 « Jaune »].

⁸⁶ For a brief overview of these programmes, see: <https://www.actionlogement.fr/entreprise/actualites/au-service-du-logement-des-salaries>

⁸⁷ Action Logement (2024). Chiffres clés 2023.

⁸⁸ Action Logement (2024). L'Essentiel 2023.

Social inclusion

- 1) Family centres: Social housing providers also play a crucial role in fostering social inclusion through initiatives such as “family centres”, which are integral to the Housing First plan. This plan aims to create 10,000 additional Housing First places by 2027, in collaboration with local stakeholders. Family centres, whether general or in the form of reception residences, offer an alternative housing solution for individuals with limited resources who face isolation or social exclusion. These small-scale structures provide daily support to people often cycling between temporary accommodation and sleeping rough; due to complex social, psychological, or psychiatric challenges that hinder access to ‘conventional’ affordable housing options.⁸⁹
- 2) Social housing providers can benefit from property tax (TFPB) exemptions in priority urban areas by using them as a lever to implement concrete actions that improve living conditions and foster social inclusion. These exemptions, formalised through local agreements (i.e., with Mayors), enable providers to allocate additional resources toward urban and social management initiatives, such as external maintenance of household waste, resident welfare, social innovation to develop local services, urban agriculture, supporting the ‘social clause’ in public procurement, and better integration of vulnerable residents—e.g., through targeted integration projects.⁹⁰

The job of a social housing provider in France goes beyond just providing housing. They are involved in a range of activities that contribute to local communities and social integration. Alongside managing and maintaining homes, they handle tenant complaints, offer mediation services, and provide on-the-ground support through caretakers or sworn officers (*assermentation*).

Providers also engage with residents through social mediators who organise activities, support social inclusion, and offer guidance on practical matters like energy use or accessing social services. In addition, they play a key role in urban planning, often developing community spaces such as playgrounds, shared areas, and sports or cultural facilities, to enhance the living environment for residents.

As alluded to in the introduction to this chapter, there are areas of France with high levels of social housing, and which based on various socio-economic factors have been designated as being “vulnerable”, or “priority”. The ANRU has set up a number of programmes, including the PNRU and the NPNRU (2014-2024), with the aim of radically changing neighbourhoods by promoting greater social ‘mix’, diversifying housing types and buildings, promoting economic development, skills and educational attainment.

The new National Urban Renewal Programme (NPNRU) reflects a political ambition: the in-depth transformation of priority urban neighbourhoods (QPV) where social difficulties are concentrated and where there are the most significant urban issues, in terms of isolation, deterioration of buildings and

⁸⁹ Interministerial delegation for accommodation and access to housing, (2024). *Dossier de presse: Les pensions de famille, un outil puissant d’insertion par le logement, un levier pour lutter contre le sans-abrisme* [Press kit: Family pensions, a powerful tool for integration through housing, a lever for combating homelessness]. <https://www.info.gouv.fr/upload/media/content/0001/12/12725e552f120e3957d514d46033a13143a5b4da.pdf>
Ministry in charge of Housing, (n.d.). *Pension de famille (PF)* [Family pension (FP)]. https://www.financement-logement-social.logement.gouv.fr/IMG/pdf/05_fiche_pratique_les-pensions-de-famille_pf_mai_2021_cle191dab.pdf

Unaf0 & Ministry of Territorial Cohesion, (2019). *Le guide de la pension de famille: Accompagner et faciliter les projets*. [The family pension guide: Support and facilitate projects]. <https://occitanie.dreets.gouv.fr/sites/occitanie.dreets.gouv.fr/IMG/pdf/guidepensionfamille-vf.pdf>

⁹⁰ L’Union Sociale pour l’Habitat, (2024). *Dossier Abatement de la TFPB dans les quartiers prioritaires de la politique de la ville* [File on the reduction of the TFPB in priority districts of the city policy]. <https://www.union-habitat.org/centre-de-ressources/economie-financement/dossier-abatement-de-la-tfpb-dans-les-quartiers>

public spaces, unsuitable urban and land use patterns, lack of commercial and essential service provision, and difficulties of access to economic activities. In pursuing this ambition, the NPNRU is at the crossroads of two political priorities shared by the State and Action Logement: housing and employment.

In order to change the image and attractiveness of the QPV concerned, it is necessary to implement a comprehensive urban restructuring. In this context, the aim will be to develop an overall project that combines and prioritises :

- the demolition of buildings as part of overall development projects, freeing up and reorganising the land supply (this can include a policy of ‘de-densification’, building lower rise buildings);
- the development of a new range of properties, from social to intermediate housing, as well as affordable purchase, student, and elderly housing, as well as the privatisation of some parts of the existing social stock;
- restructuring and refurbishment of existing properties, in order to promote energy efficiency, but also to ensure that the stock of homes is well-aligned with the local needs;
- developing new public spaces; e.g., sports and cultural facilities;
- improving the quality of life, particularly in terms of public services and local public facilities, including schools and medical care.

The NPRU proposes a new approach to urban development, moving from urban renewal to urban renewal and neighbourhood transformation. The PNRU focused on massive operations to redevelop neighbourhoods, in particular through the demolition of run-down buildings and the reconstruction of new housing.⁹¹ 85% of the municipalities involved in the NPNRU were involved in the PNRU.⁹²

While the SRU law sets minimum targets for the provision of social housing (20-25%), it does not set out any ‘maximums’. However, in some municipalities with particularly high levels of social housing (well in excess of the minimums), the ‘*Plan Local d’Urbanisme*’ (local multi-year urban development plan) may outline initiatives to promote increased private housing or “intermediate” forms of housing, in addition to de-densification (e.g., intentionally demolishing high-rise residential buildings and replacing them with mid- or low-rise). In some cases, this can actually see the overall size of the local housing stock and population decline.

Linked to this is a renewed push to privatise parts of the social housing stock in France, with sitting tenants purchasing their home. Such sales are subject to specific conditions. The buyer must be the tenant, their spouse, or one of their direct relatives (ascendants or descendants), and eligibility depends on meeting income criteria.

Social housing put up for sale is divided into two categories:

- *Vacant housing*: It is primarily reserved for tenants of social housing organisations in the same department, but can also be sold to households meeting the criteria for acquiring social housing;

⁹¹ *Arrêté du 13 novembre 2023 portant approbation des modifications du règlement général de l’Agence nationale pour la rénovation urbaine relatif au nouveau programme national de renouvellement urbain* [Order of 13 November 2023 approving amendments to the general regulations of the Agence nationale pour la rénovation urbaine relating to the new national urban renewal programme]. N° TREB2327567A.

<https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000048466083>

⁹² ANRU, (2024). *Le Nouveau Programme National de Renouvellement Urbain (NPNRU)* [The New National Urban Renewal Programme (NPNRU)]. <https://www.anru.fr/le-nouveau-programme-national-de-renouvellement-urbain-npnru>

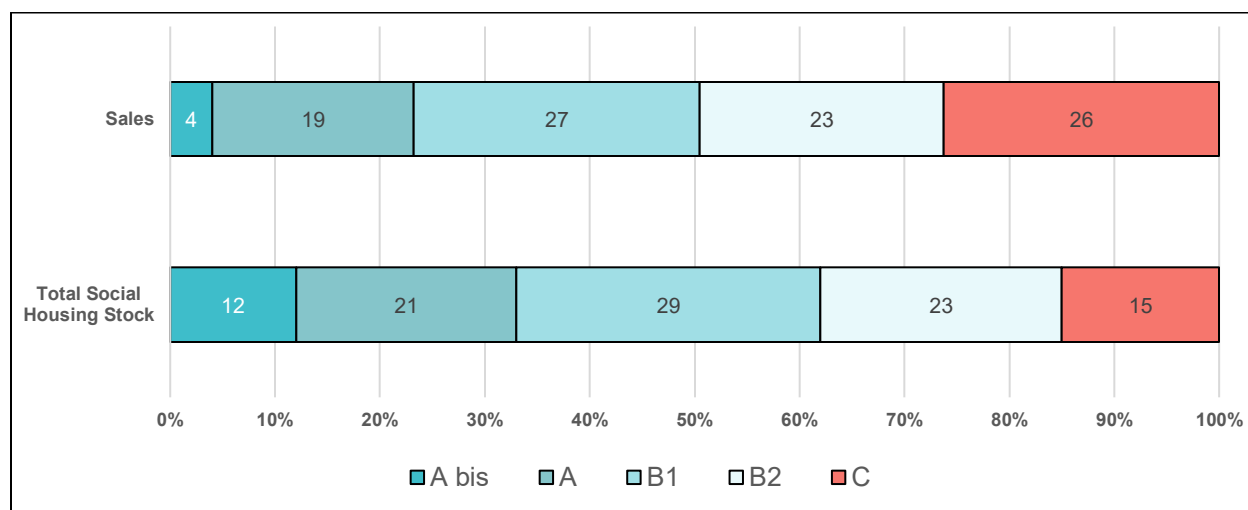
- **Occupied housing:** Only tenants who are occupants, as well as their spouses, descendants or ascendants, can purchase these housing units. In the event of family renunciation, the occupants benefit from the right to remain in the premises.

The sale price is set by the social housing provider, based on an evaluation conducted by state services. Specific clauses are included in the sales contract, covering aspects such as buyback, resale, and rental conditions. Additionally, only homes that comply with minimum habitability and energy performance standards and which have been owned or built by the social housing provider more than 10 years ago can be sold.⁹³ This is intended to avoid the risk that low-income households will become owners of poor-quality homes and struggle to cover maintenance costs in the future.

It should be noted that almost half of all units are sold to occupants or other HLM tenants (47%). What's more, while single-family housing represents just 16% of the total social housing stock, they generally account for almost half of all units sold. There was a marked drop in sales in 2023, due to the increase in bank interest rates, which reduced the borrowing capacity of many households.⁹⁴

Regarding the location of the sold properties, 49% of sales took place in areas with the lowest rental pressure (B2 and C), even though only 38% of the stock is located there. Conversely, the “A bis” area (see description of maximum rent level by geographic area, above), the most under pressure housing market in France, only accounted for 4% of sales, even though 12% of the social stock is located here.

Figure 7: Breakdown of Social Housing Sales, by housing zone (2014-2017)



Source: USH

Notes: Does not sum to 100 due to rounding issues

10% of sales took place in the ‘Priority Neighbourhoods’ (QPV), while they account for 31% of the social housing stock. Even after taking into account the fact that QPVs are more likely to be located in high-demand areas, the gap with other neighbourhoods remains noteworthy. Sales in municipalities with a deficit in social housing, as defined by the SRU law, are less frequent: 18% of sales take place in these areas, even though they account for 27% of the social housing stock. This may reflect, in part

⁹³ See:

<https://www.service-public.fr/particuliers/vosdroits/F282#:~:text=Locataire%20ou%20son%20%C3%A9poux%20ou,lou%C3%A9s%20concre%20un%20oyer%20mod%C3%A9r%C3%A9>

⁹⁴ L'Union Sociale pour l'Habitat, (2024). *Les Hlm en chiffres - La production et la réhabilitation de logements sociaux [Hlm in figures - The production and rehabilitation of social housing]*, p. 24. https://www.union-habitat.org/sites/default/files/articles/pdf/2024-09/ush_reperes_136_hlm-en-chiffres-edition-2024_2024-08.pdf

at least, the fact that to sell housing in these municipalities, the Mayor's agreement is required.⁹⁵ Given a need to maintain a large social housing stock and the desire to avoid fines for failure to do so, many Mayors may choose to block sales.

Additional local context, and conclusions

Over the past five to six years, the social housing system in France has undergone significant changes. This includes the gradual withdrawal of state support, creating financial pressures for housing providers. In addition, higher inflation has led to higher interest rates, and the increase in the Livret A rate. With most outstanding debt of social housing providers being at variable rates, this has further squeezed the finances of the sector.

At the same time, the social housing sector faces a dual challenge. There is a noted need for social housing in many parts of France, which requires additional capital investment. However, the social housing sector is also faced with the need to renovate and modernise its stock of existing homes, which will also be costly. A particularly urgent need is to change the heating in many social dwellings, which currently rely heavily on gas-based systems.⁹⁶

In terms of the medium-term public policy outlook, this is difficult to predict. At the time of writing, France has entered a period of relative political instability. This has also resulted in a period of several short-lived Ministers with responsibility for housing policy. As such, there is not much visibility on potential reforms or changes in the social housing sector at the moment. This makes it hard to predict any clear direction for the future. It also means that many of the problems with the current model, which have been highlighted by USH and other stakeholders, could persist—at least over the medium-term—as the fast turnover of Ministers can make follow-through with reforms difficult.

However, it is important to note that support for social housing in France remains high. According to a survey published in October 2024, amongst the general population, 71% of people support the construction of additional social housing. However, there is a regrettable degree of NIMBYism. Whereas in a similar poll in 2005, 75% of French people were in favour of new social housing in their own neighbourhood, only 56% are now in favour, and barely one in five (19%) say they are 'very much in favour'. This suggests a growing disconnect between broad public support for the principle of social housing on the one hand, and growing resistance to its practical local implementation on the other.⁹⁷

⁹⁵ ANCOLS, (2019). *La vente de logements sociaux aux personnes physiques: Etat des lieux, pratiques des organismes et freins à son développement [The sale of social housing to individuals: Current situation, practices of organizations and obstacles to its development]*. <https://www.ancols.fr/publications/statistiques-etudes/vente-de-logements-sociaux-aux-personnes-physiques/telecharger-droit-de-reponse/Principaux%20enseignements>

⁹⁶ USH (2024). *Les HLM en Chiffres – 2024*. Paris : L'Union sociale pour l'habitat.

⁹⁷ Ifop, (2024). *Le regard des Français sur l'accès au logement [The French view on access to housing]*. <https://www.ifop.com/publication/le-regard-des-francais-sur-lacces-au-logement/>