

**Options for Social Rental Housing in the
Central and East European Region**
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SOCIAL HOUSING: ANOTHER FRENCH EXCEPTION?

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Preliminary version

Abstract

The French housing system, and particularly its social rental component, are often pictured as highly exceptional, and rather complicated. We shall argue that it is not so much exceptional in comparison with other North-western countries in Europe, but has in fact a lot of similarities with social housing in Austria, Denmark, Finland or the Czech Republic. The main “exceptional” features relate to social housing finance, balance between tenure status and the structure of the stock (housing types and location).

As regards social housing finance, private funds, both from firms (“1% patronal”) and households (“Livret A”), have been “mobilised” through special circuits.

The relative strength of the private rental sector, which is itself composed of several segments providing for a variety of products, is another French specificity.

Finally, the high percentage of collective dwellings, concentrated in remote urban areas, is another characteristic of the French social housing stock.

What lessons can be drawn from the French experience.

In a positive sense, the state-regulated circuits of private finance for social housing have proved their efficiency in supporting social housing delivery. But they are not so easily compatible with European single market regulations.

Second, in a context of general rise in prices, and large scale gentrification processes in main cities, the social housing stock is in practice the only way by which some form of social mix can be maintained in tight market zones, like central Paris.

In a negative way (what not to do), the excessive concentration of social housing in large estates, and the lack of individual houses in the social stock has favoured deprivation.

Finally, decentralisation of decision-making has raised “nimby” effects, as local politicians are reluctant to welcome low-income households.

Introduction : Social housing under attack

In most of European countries, the importance and legitimacy of the public housing stock set up during the “Glorieuses” decades of 1945-1975 has been subject to a re-examination in the last 2 decades, which has led almost everywhere to a slowing down (or even a stop) of constructions and a decrease of the housing stock and of construction subsidies. The implementation of Single Market European rules could lead to further reductions of the social housing stock in those countries where it still represents a significant part of existing dwellings.

In this general landscape, the French situation might appear primarily as exceptional: the social housing stock has not declined in the recent years. France remains one of the few countries where the construction level is still high, and where a political consensus has been maintained on the necessity to maintain a high social housing delivery. But the current evolutions with the ongoing reform of loans distribution to social landlords, the launch of a programme of sales to tenants and the change in rent regulations, in order to oblige middle class households to get out from social housing, represent a normalisation in comparison with the European average.

Once examined more precisely, nevertheless, things are not so simple.

- * First of all, there is no European norm, but several models (at least three) that coexist in the European Union;

- * The process of residualisation of social housing, even though it has started in a number of countries, is nonetheless far from being a general trend;

- * Finally, the question of the development of social housing is clearly on the political agenda, not only in countries that never had or no longer have a formal social housing sector, as Mediterranean or Eastern European countries, but also in countries where residualisation has started earlier as the UK. Given the very low price / elasticity of housing supply and the sharp increases in prices experienced in the last 10 years, most European countries are facing affordability problems, thus putting social housing back at the forefront.

The first section of the paper draws up a comparative picture, in which it appears that France, far from being an exception, is rather representative of what could be considered as a “main stream” European model of social housing, consisting in the coexistence of an influential social rental sector with a significant private rental sector and an extended but limited development of home ownership, thus avoiding both the residualisation process and a strong polarization of tenure status.

But the French social rental sector does exhibit a number of peculiarities, which are identified in section 2.

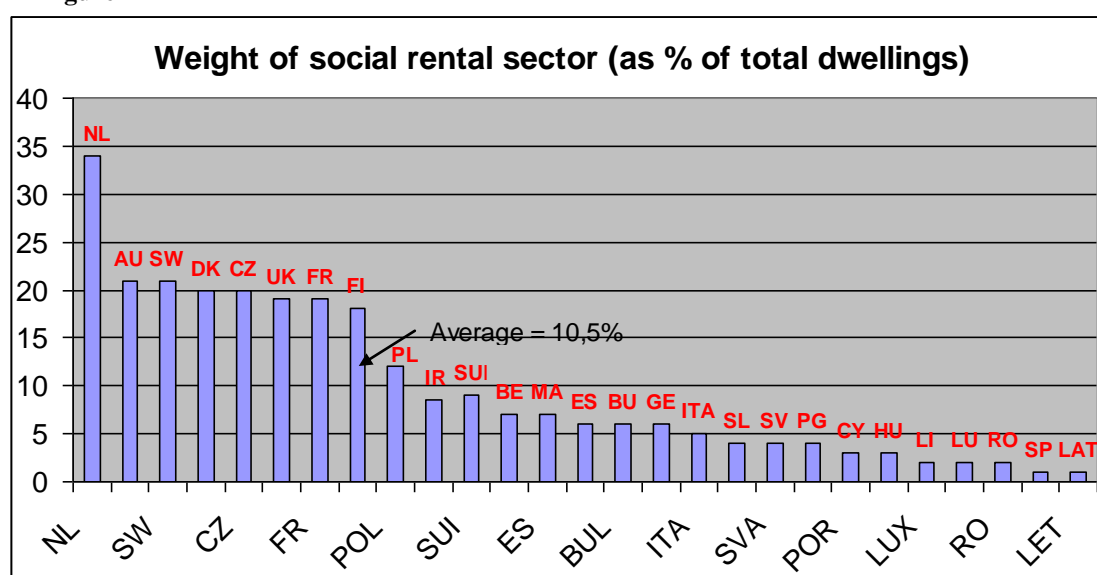
Finally, section 3 analyses current trends in some other North-Western countries (Netherlands, Sweden and the United Kingdom), which are contrasted with changes in the current position of social housing in France.

1. Housing tenures and public intervention: the European diversity

In the EU-27, the social rental housing sector represents about 22.5 million housing in 2005, accounting about 10, 5% of principal dwellings¹. Behind this average, some strong disparities exist (see figure 1 below), in which we can nevertheless identify 3 types of socio-institutional configurations:

- The first group corresponds to countries where the social stock is almost inexistent (less than 5% of the total stock of dwellings) ; 11 countries belong to this group, including 7 new member states², 3 Mediterranean countries (Spain, Greece and Portugal), plus Luxembourg;
- The second group corresponds to countries where the social housing stock represents a residual percentage: between 5% and 10, 5%; this heterogeneous group of 7 countries includes Germany, Belgium, Italy, and Ireland and among new member states, Bulgaria and Malta;
- A third group emerges which is very different from the 2 others: It includes countries where 12.5% of households or more are accommodated in the social rented sector. With a stock of more than 17 millions units of social housing, this latter group of 9 countries, including France, represents 77% of the social rental housing sector of the EU. The 8 remaining other countries are countries with a strong social-democrat tradition (Austria, Denmark, Finland, The Netherlands and Sweden), 2 Eastern European countries (Poland and the Czech Republic) and Great Britain. The Dutch stock is proportionally the most important with 34%³ of total dwellings, but the most important housing stock in Europe remains the British one, with almost 5 million of social rental units, representing still 18.5% of the total stock of dwellings in 2006⁴.

Figure 1



¹ 11% when considering only EU-15; the enlargement of the EU to PECO has thus not slightly changed the situation.

² Namely: Cyprus, Estonia, Hungary, Latvia, Lithuania, Romania and Slovenia.

³ In fact the Viennese stock, amounting to more than 40% of overall housing units, is the most important; the Austrian average of 21% masks indeed a remarkable contrast between the “Red Vienna” and the rest of the country.

⁴ In fact, if we add to the HLM and SEMs (“Mixed economy companies”) housing stocks, the municipal/public stock (State and local authorities), the French housing stock is approaching 5 million units. It is this definition of social housing which is used in the Housing accounts established by the INSEE.

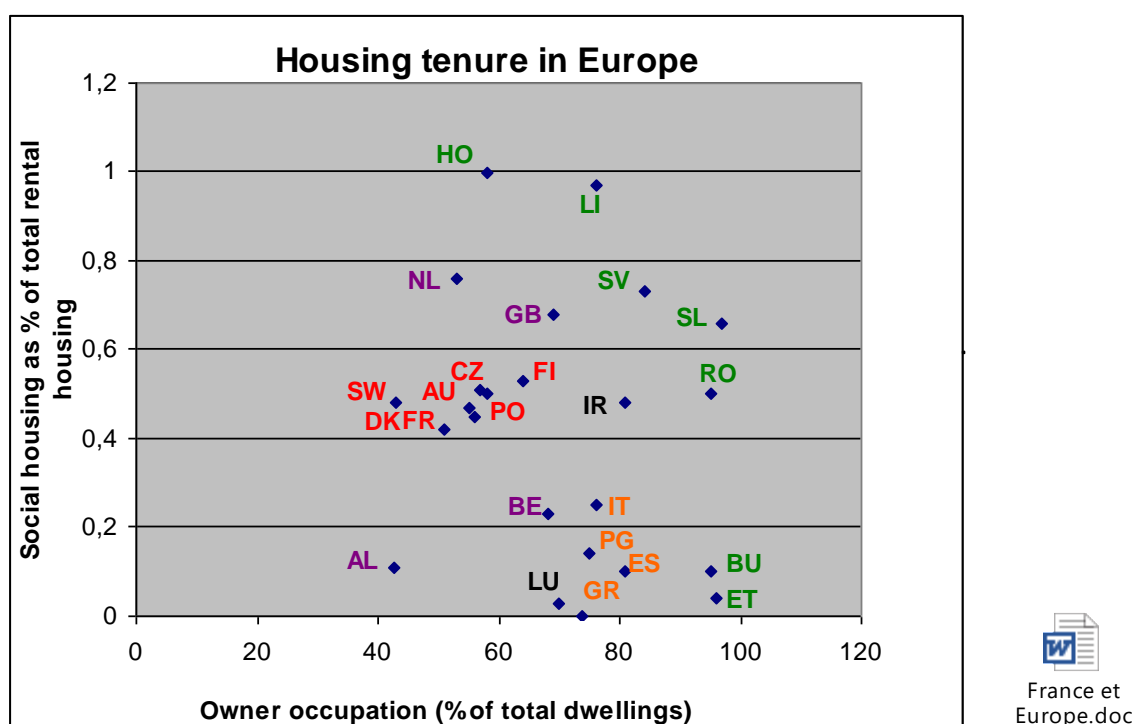
UK is also exceptional for the high proportion of owner occupation, which is approaching, with 70% of home owners, “mediterranean” or “east-european” rates. Among North-Western European countries, only Ireland, Luxembourg and Norway have so extensive home ownership.

Along with the Netherlands, where the social rental sector is “dominating” the rental market⁵ (Kemeny & alii [2005]), Germany is the other “special case”, with such a small social stock, within a very large rental sector⁶.

If there is something that could be identified as an “average”, or “mainstream” European model, it has to be searched among the 7 other countries in this third group where we can find France, a block of social-democrats countries and 2 Eastern countries, the Czech Republic and Poland. The owner-occupied sector represents 40 to 60% of households, and the social housing sector represents between 40% and 60% of the total rental sector (see figure 2 below). Except in Poland, where the private rental sector is residual, the other 6 countries (Austria, Denmark, Finland, France, Sweden and the Czech Republic) present, with a 20% to 25% of private rental housing, a “balance” of tenures.

With about 70 social housing for 1000 inhabitants, France stands in an intermediary position in Europe, between countries where the density of social housing is more important, as the Netherlands (155/1000) or the United Kingdom (106/1000), and those where it is very weak, as Germany (30/1000) or Italy (16/1000).

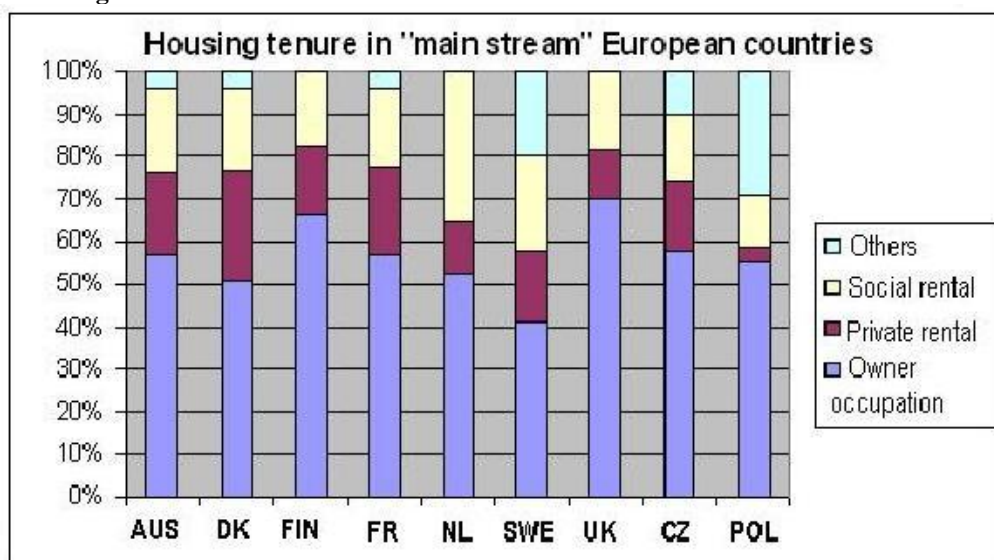
Figure 2



⁵ But clearly not the purchase market.

⁶ Outside the UE, Switzerland

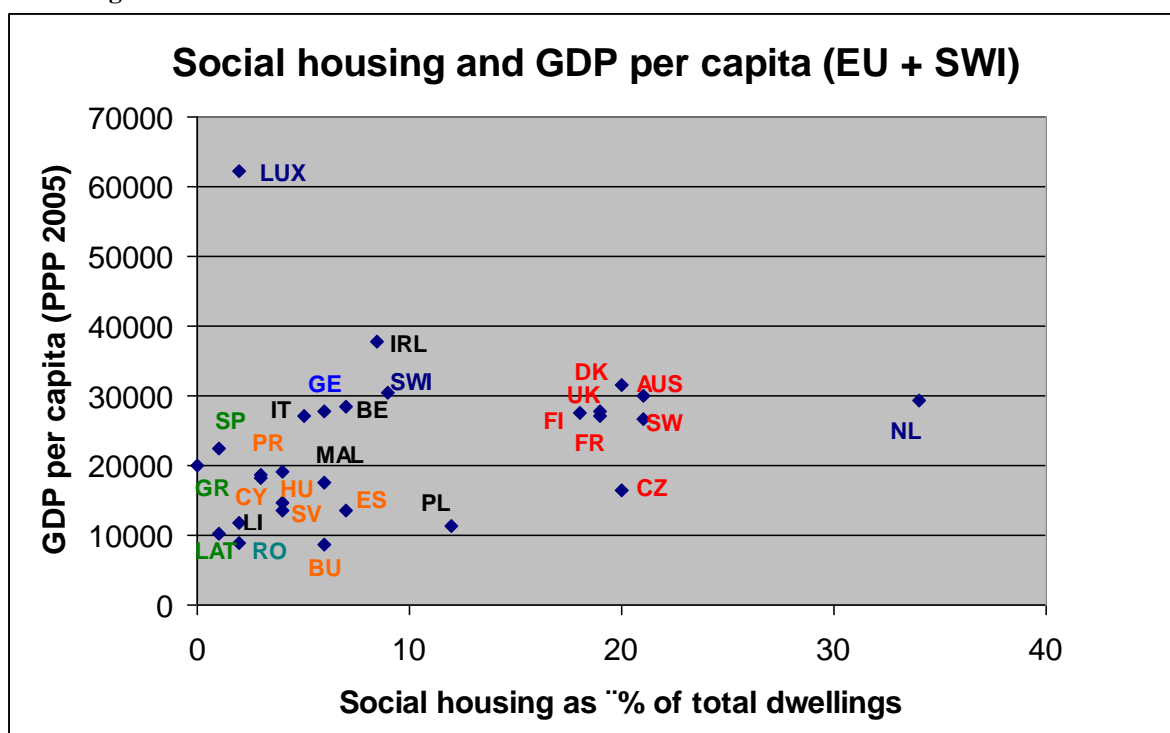
Figure 3



Two more things must be underlined:

- 1) The relative weight of the social rental sector is broadly proportional to national wealth ; the countries where it is more important are the wealthiest ; except for Belgium, Germany, Italy, Luxembourg and Norway, the lowest GDP per capita are generally associated with small or inexistent social housing sectors.

Figure 4



- 2) The “main stream” countries have lot in common in their history of social housing; on the contrary, countries with “residual” SHS have very diverse national trajectories.

What is rather surprising is that France appears very close to “social-democratic” states of Northern Europe, such as Denmark, Finland and Sweden, despite the fact that social-democracy has never dominated political life before the 80’s. The result is that the French case doesn’t fit well into usual typologies of housing welfare policies: neither Esping-Andersen [1990] distinction between “liberal”, “social democratic” and “corporatist” states, or Kemeny’s [1995] distinction between “unitary” and “dualist” housing systems give account of the way social housing is managed and controlled, and interacts with the other components of the housing system⁷.

2. Ownership, finance and governance

In this section we shall compare France with Great Britain, the Netherlands and Sweden, whose social rental sectors usually depicted as representative of dual-residualised and unitary-generalist systems respectively; these four countries have more than 13 millions of social housing units, 60% of the European social rental sector.

As seen above, each of these countries has a particular tenure structure:

- importance of the private rental sector (21%⁸) for France ;
- weight of the ownership (70%) and weakness of the private rental housing sector in Great Britain ;
- presence of a third sector (cooperative) and low rate of home ownership in Sweden ;
- importance of the social rented sector (34%) in the Netherlands.

Besides the relative weight of the housing stock, the social rented sectors of our four countries can be distinguished by the access conditions to housing, the legal status of social landlords, the form of grants and funding which are allocated to them, and the housing type.

1) Access to social housing

To take the terminology proposed by Laurent Ghékière (1997), the absence of maximum income ceilings in Holland and Sweden, enables us to qualify the model of social housing prevailing in those two countries as “Universalistic”.

With the existence of maximum income ceilings, but high enough to give access for 71% of households⁹, France corresponds to a “generalist” model. The so-called “HLM”¹⁰ sector has always offered a variety of products: standard social housing for salaried workers, upper social housing, for middle class households, and “lower” social housing for the more vulnerable¹¹. Austria and Denmark can also be included also in that model.

The British case is very special: the more restrictive access conditions to social housing (based on priority housing needs) justifies its description as “residual”, but given the importance of the social stock, the most relevant term would be “targeted” or “limited”. In other European countries, when social housing is tightly targeted on specific categories of populations, it

⁷ It is labelled as « corporatist » by Esping-Andersen, and as « dualist » by Kemeny.

⁸ 24% if “other tenures” are put into the rental sector.

⁹ In fact 31% (=0,71*0,43) given that 57% of French households are home-owners, thus not eligible to social housing.

¹⁰ HLM stands for Habitation à loyers modérés : Moderate rents housing.

¹¹ Those products are funded by distinct categories of loans.

stands in a marginal position in the housing system, as is the case in Eastern Europe, Mediterranean countries, or Ireland. Strictly speaking, only Germany, Ireland and Eastern Europe – where the social housing sector is clearly a “residual” - should deserve the label “residualised”.

2) *Ownership*

The legal status of social landlords is another important element of identification and differentiation of national models.

In France, the social housing stock is owned and managed by 2 kinds of landlords: the “offices publics” (public agencies, owned by local authorities: cities or boroughs - “départements”) and the social firms for housing (ESH: entreprises sociales d’habitat) which are non-profit maximising private companies. The “offices” and “ESH” form the formal HLM sector, and have an “umbrella” representative organization : the USH (Union for Social Housing). They manage 4.3 millions housing units. Non-profit associations and “mixed economy” companies (Sociétés d’économie mixte, whose main shareholders are local authorities, associated with private capital) are owners-managers of another 0.6 million; and finally the State, public firms and municipalities are direct owners of 0.2 million supplementary dwellings¹².

This variety of social-landlords, both municipal and independent (housing associations or non-profit seeking bodies), can also be observed in other countries, especially in Austria and the UK.

- In England and Scotland, the housing associations are today almost as important actors as local authorities after 20 years of transfers of the housing stock from these latter. These transfers were imposed by the Conservative government in order to limit municipal control on social housing.
- The juridical status of Dutch social landlords is rather closer to the French ESHs than the British housing associations, and there is practically no other form of social housing ownership.
- Finally Sweden is characterized by the coexistence of a municipal rented sector and an important cooperative sector almost equivalent in terms of scale;

The “public” nature of social housing takes thus several forms: state ownership is very rare, local authorities’ ownership is very common, and almost all countries have social landlords with a status of non-profit organisations or of companies with a specific status, which are subject to public regulation and “public services” constraints. Amongst all great European countries, Germany is the only one where “formal” social housing, under one or another of these forms, has almost disappeared¹³.

3) *Central or local control*

Except in the UK, a general trend can be observed all over Europe which tends to transfer responsibilities and decisions in housing from the national to the local level, especially for what regards the amount and location of new constructions. Strong regional differentiations of

¹² So that the social housing stock can be valued either to 4.3 millions of units in the formal “HLM” sector, or to 5.1 millions in a broader definition, including dwelling not eligible to government grants and loans.

¹³ Municipal housing has always been limited, and “social” housing was a temporary status, for a limited period of time.

are already observed in federal countries like Germany or Austria, where social housing conditions in Berlin, Hamburg or Vienna are very different from those that prevail in the rest of the country. France has long been highly centralised, but building permits and urban planning are entirely in the hands of lord-maires since the decentralisation laws of 1982. And the scope of local responsibilities in social housing (distribution of loans and other state aids) has been extended in 2004. So that, like in other countries (like Austria or Germany), local housing-welfare regimes are emerging.

4) Housing types and location

One of the main specificities of French social housing is the high proportion of multi-units flats, and the strong concentration of bid social estates (with more than 500 housing units) in a small number of towns, which can partly explain the acute character of the so-called “suburb crisis”, highlighted by urban riots of October and November 2005. 86% of the existing units are flats, rising to 97% in the Paris area. Large estates (“grands ensembles”) of more than 500 dwelling units represent less than 6% of the stock at the national level, but 12% in the Paris agglomeration.

5) Subsidies and funding

A last important element is the level and forms of the public housing subsidies, in particular the division between housing benefit (individual housing subsidies for people) and construction subsidies, on which we will come back later. With 4.45% of public spending and 1.65% of GDP devoted to housing subsidies, the level of government expenditure for housing in France is similar to what it is in other North-Western European countries, such as Denmark, Finland, the Netherlands or the UK. Like in other European countries, a massive shift has occurred from grants and subsidies for producers to personal allowances for consumers, and tax expenditures, which now represent one fourth of a total of 25 billions euros. Those indirect fiscal subsidies are now more important for landlords of the private rented sector than for the social housing rented sector. The shift in public aids towards housing benefits started in 1977 with a reform of the housing funding system. Today, the subsidies for consumers represent more than three times the amount of the subsidies for producers.

Table 2 Effective government spending on housing (€ billions)

| | 1984 | % 1984 | 1995 | 2000 | 2003 | 2004 | % 2004 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Grants and subsidies | 9,61 | 80,55 | 14,96 | 17,66 | 18,76 | 18,99 | 75,85 |
| to consumers | 4,84 | | 11,33 | 12,90 | 13,87 | 14,39 | 57,44 |
| to producers | 4,76 | | 3,63 | 4,76 | 4,89 | 4,61 | 18,44 |
| Tax expenditures | 2,32 | 19,45 | 3,85 | 6,07 | 6,11 | 6,05 | 24,15 |
| for owners | 0,99 | | 1,62 | 1,00 | 0,43 | 0,32 | 1,28 |
| for social landlords | 0,72 | | 1,21 | 1,88 | 2,00 | 1,93 | 7,71 |
| Exemption from property tax for social housing | 0,30 | | 0,60 | 0,61 | 0,70 | 0,73 | 2,92 |
| Reduced VAT rate on renovation of social housing | | | | 2,20 | 2,63 | 2,73 | 10,90 |
| Total | 11,93 | 100 | 18,8 | 23,73 | 24,87 | 25,04 | 100 |

Source : INSEE (2006), *Compte du logement 2004*

The only French peculiarity is the massive government subsidies for shrinking estates' regeneration within the PNRU (National Program for Urban Renewal) initiated in 2004. But, unless on a more limited scale, similar programs have been launched in Denmark, Germany and the Netherlands.

Thus, the true French specificity consists in the way private spending has been directed towards social housing, through 2 distinct mechanisms:

- the most important one is the “off-market” distribution of loans by a public financial body (the Caisse des Depots et Consignations - CDC), through the recollection of savings deposits made on a special tax free savingbook (called “Livret A”) ; those loans are very long run loans (50 years) with below-market interest rates.
- the other, and less important mechanisms is the so-called “1% patronal”, a tax on wages paid by any firm above 19 salaried-employees, whose product is assigned to housing benefits or loans to social landlords).

The CDC distributes €5 billions loans yearly (total outstanding loans amount to €75 billions), and the employers contribution amounts to €1 billion. Those amounts are broadly equivalent to the total of state aids to social housing (either direct subsidies or indirect aids through tax exemptions or rebates).

3. General trends in Europe: towards residualization?

On average, the size of the social rental sector has been declining over the last two decades, even in countries like Sweden and the Netherlands, where it is deeply rooted in social and political history, and has been a pillar of the welfare state for half a century and more. Selling social dwellings to sitting tenants is the main way by which the social stock is reduced. Demolitions, set up under massive Urban Renewal programmes, also contribute to that purpose.

Apart from former socialist countries where - except in Poland and the Czech Republic - most of the social housing stock has been sold to residents (see Hegedüs 2007), Germany and the UK are the countries where the most important process of reduction of the social housing stock has been experienced. In Germany, the decline of the social sector is due both to the progressive exit of private regulated stock from the social regime, and more recently to massive sales of municipal housing to pension funds.

3.1 Privatisation and increased targeting: the British laboratory

While the total stock of dwellings in the United kingdom was increasing from 21.6 million housing to 26.4 million housing from 1981 to 2006 (+22,3%), the number of social housing decreased from 6.8 million to 4.9 million, a decrease of 31,4% to 18,5% in the same period. This reduction benefited exclusively to owner occupation (which increased from 12.4 million households to 18.5 million, accounting 70%), the share of private rented sector remaining almost unchanged (11, 3% in 2006, even if this sector represents today additional 600 000 than 25 years ago). The reduction of the share of the public rented sector is still going on, but to a less important rhythm. A recovery of new constructions has even been registered in recent years (see figure 5 below).

The essential instrument of this reduction was the *Right to buy*, a right to buy for sitting tenants, which in fact was an obligation to sell for social landlords. More than 2.2 million of

social housing dwellings were sold, including 1.7 million in England, in two successive waves, in 1982-84 and in 1989-90. At the same time, more than 1 million of social housing dwellings were constructed; their share in new constructions varies around 13% since the middle of the 1990s. After reaching a third peak in 2003 and 2004, around 80 000 of annual loss, the social housing sales (see figure 6 below) have undergone a slowing down in 2006 and 2007 (less than 20 000 in 2007). They have in particular decreased in London, with less than 3 000 sales in 2007.

The size of the British social housing stock seems to stabilise around its current level. The best part of the stock has been sold, contributing to the pauperization of the residual housing stock and to its concentration in less attractive neighbourhoods. As stated by Mark Stephens (2007),

“the Right to buy has clearly contributed to the process of residualisation experienced by the social rented sector, because in general it was the most affluent tenants that exerted the right to buy; as a consequence the less affluent people have only access to the less attractive properties. But the RTB is far from being the only factor which has played a role: it has coincided with the shift from the subsidies housing policies to needs satisfaction policies for the most disadvantages people; reinforced by the 1977 law on homeless people (and those that have followed) which has compelled local authorities in all the UK to provide permanent housing to house priority categories of people involuntary without homes.”

Besides the sales of housing to occupants/sitting tenants, an important programme of transfer of properties from local authorities to housing associations was set up, which has concerned about 1 million of housing in England, hence the former has decreased from 93% of the social housing stock in the 1980 to 55% in 2006 (See Stephens [2007]).

Figure 5

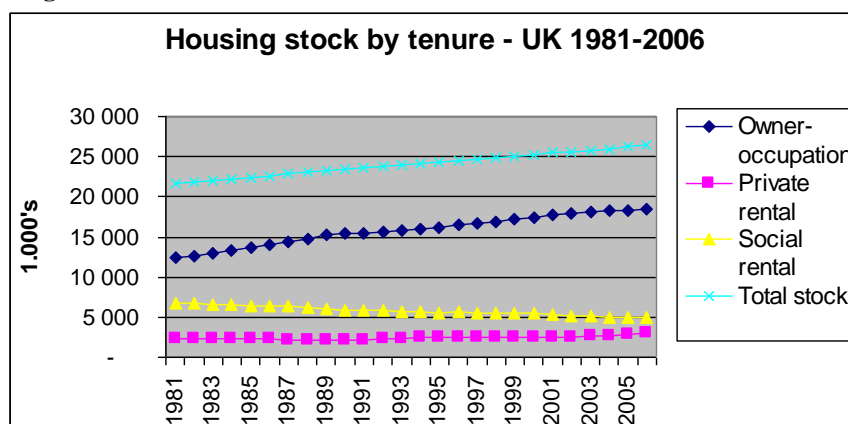
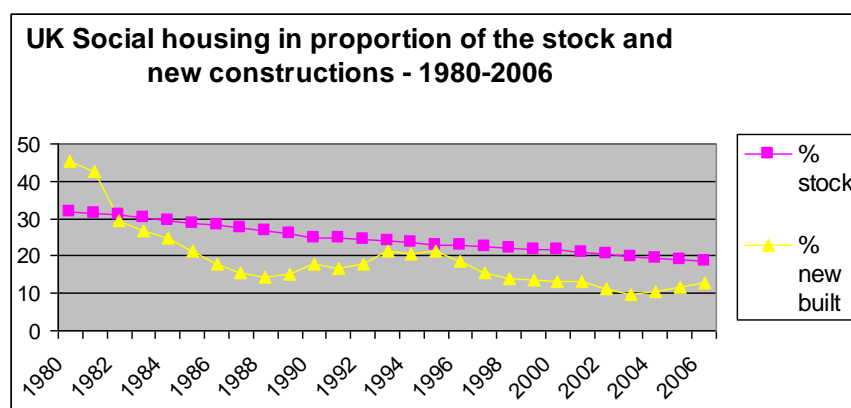
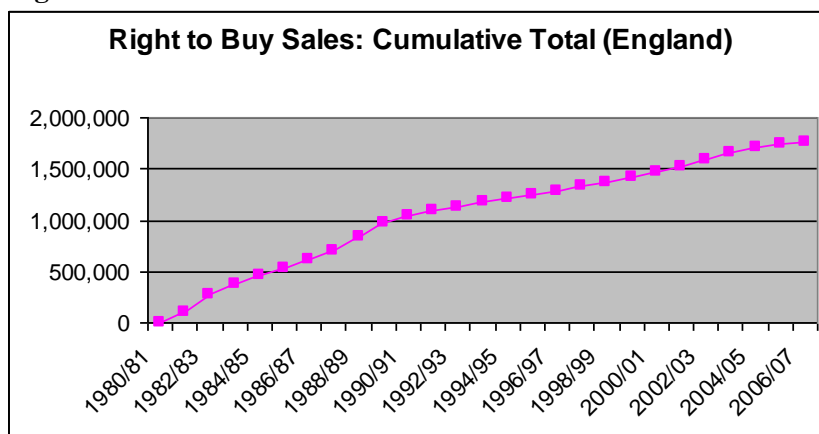


Figure 6



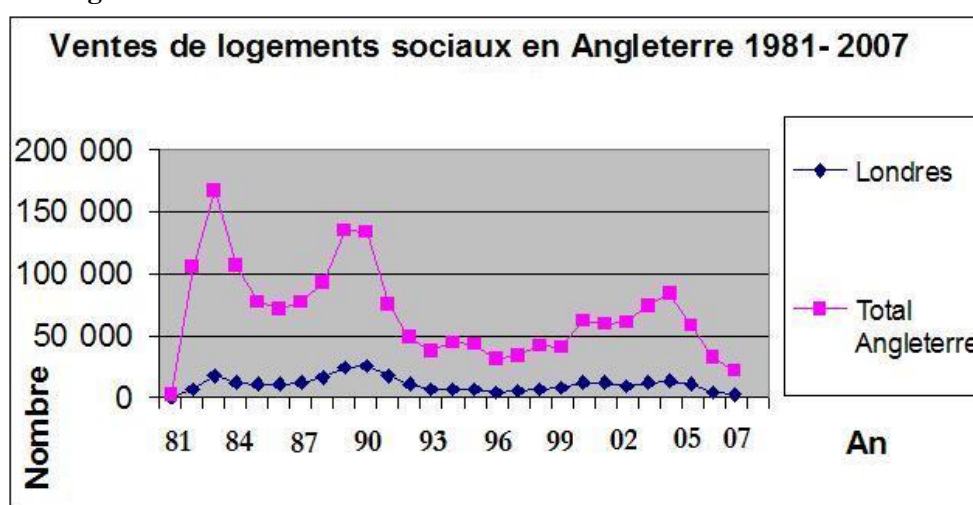
Source: Calculated from data by Communities & Local Government.

Figure 7



Source: Stephens [2007]

Figure 8



Source: Communities & Local Government: Live table 670

3.2 The Netherlands

With a stabilized housing stock, since some years around 2.4 million of housing (that have slightly decreased since 1997, after having risen up to 500 000 units in the 80's), the Dutch social rented housing sector has seen a slight reduction of its share of principal dwellings since the beginning of the 1990s, but remains nevertheless the highest of the European countries, accounting less than 35% of the stock (against 40% in 1992), and less than 20% of new constructions (with 12 000 annual housing during the last years, against 25 000 in the 1990s (see figure 7).

In the Netherlands, we can observe the increase of demolition programmes (10 000 to 12 000 per year) and the existence of sales to occupants since 1993¹⁴, stabilised around 15 000 housing per year. These sales constitute for organisations as well an instrument for the management of their housing stock as the effect of a voluntary policy of reduction of the housing stock. But there is a current debate on the scale of the future stock, nourished by a dispute with the European Commission.

¹⁴ With an original disposition consisting in the commitment of the social organism to take back the housing if the purchaser encounters difficulties.

Figure 9

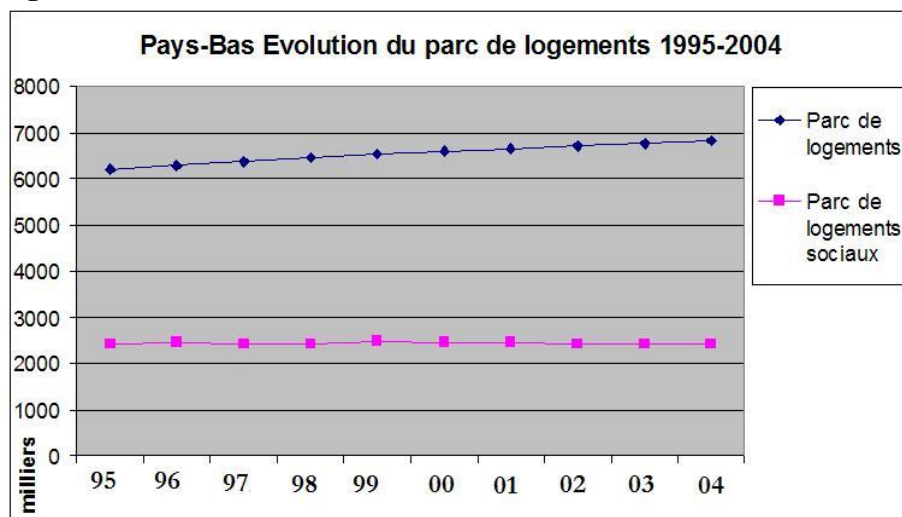


Figure 10

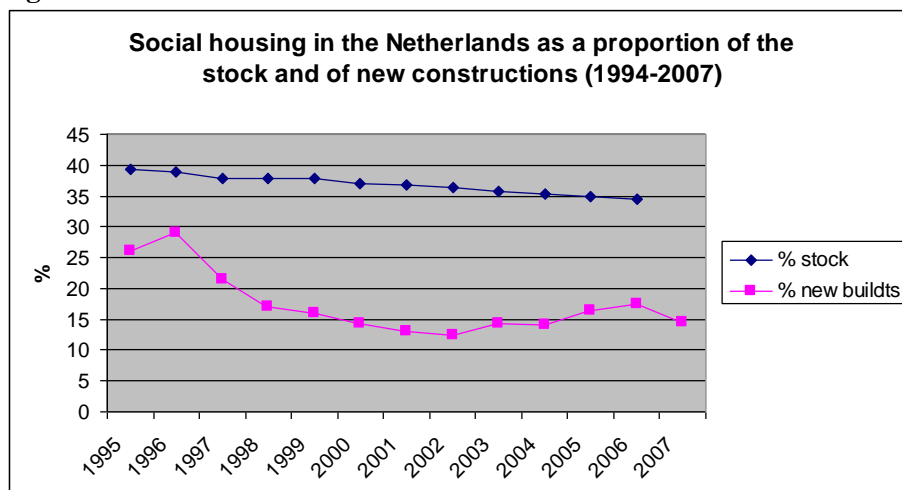
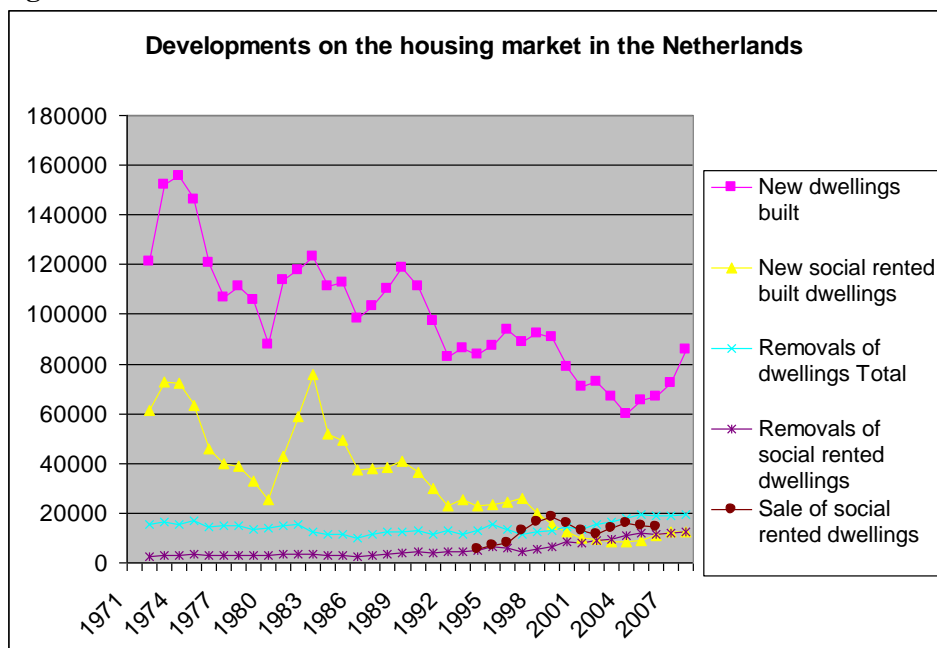


Figure 11



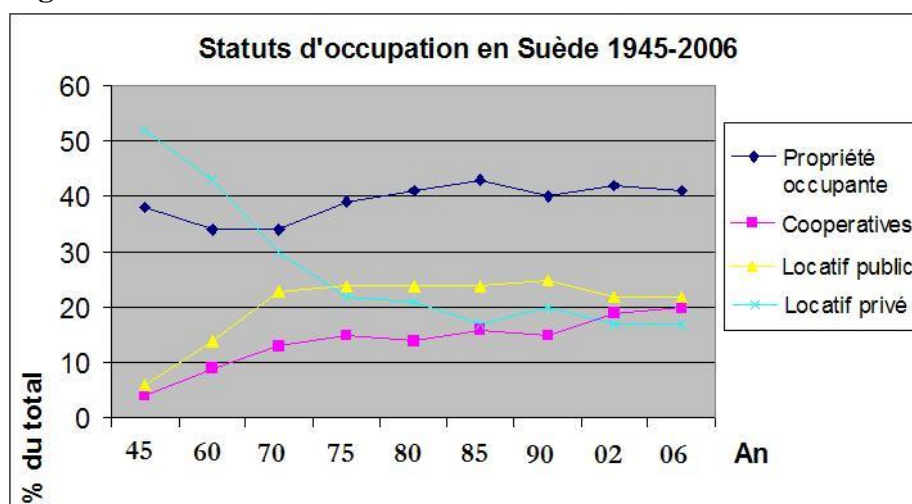
Source : CBS, Vastgoedmonitor

3.3 Sweden

In Sweden, the relative weight of the different housing tenures is notably stable since 1975. The slight decrease of the social rented sector (municipal) was supplied by a weak increase of the owner occupation, and especially an increase of the cooperative sector, the private rented sector remaining stable since 1985, after having been affected by a continuous decline from 1945 to 1985.

Historically (see figure 9 below), the public and cooperative sectors have substituted to the private rented sector. After a slight progression between 1970 and 1988, owner occupation has finished to progress since that time.

Figure 12

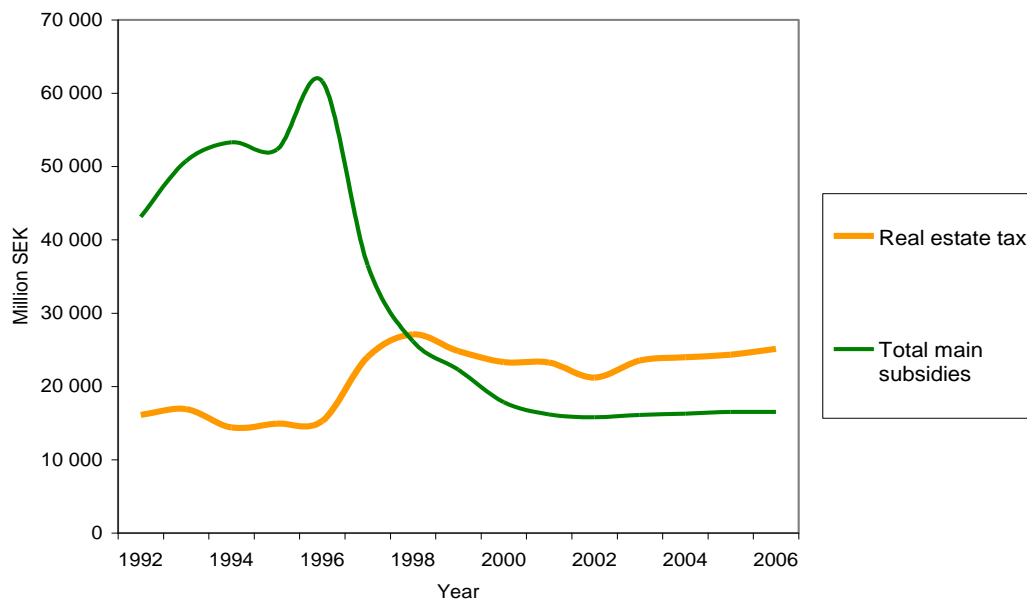


In Sweden and the Netherlands, an acceleration of sales can be expected in the next years, so that the social stock should be smoothly reduced. Amongst all Northern-Western European countries, Germany, where the status of social housing has always been limited in the time, is the country where the reduction of social housing has been more severe, under the pressure of its progressive exits/evictions from the social housing regime, and more recently of massive.

In a more general way, Sweden is, among social-democratic states, the one where the most tremendous change in housing policies was experienced in the 90's. As the two following figures show, borrowed to Magnusson [2007], Sweden is the country where the most severe cuts in government expenditures for housing have been introduced, housing being no longer a net charge for Swedish public finance, but becoming on the contrary a net contributor to the state budget.

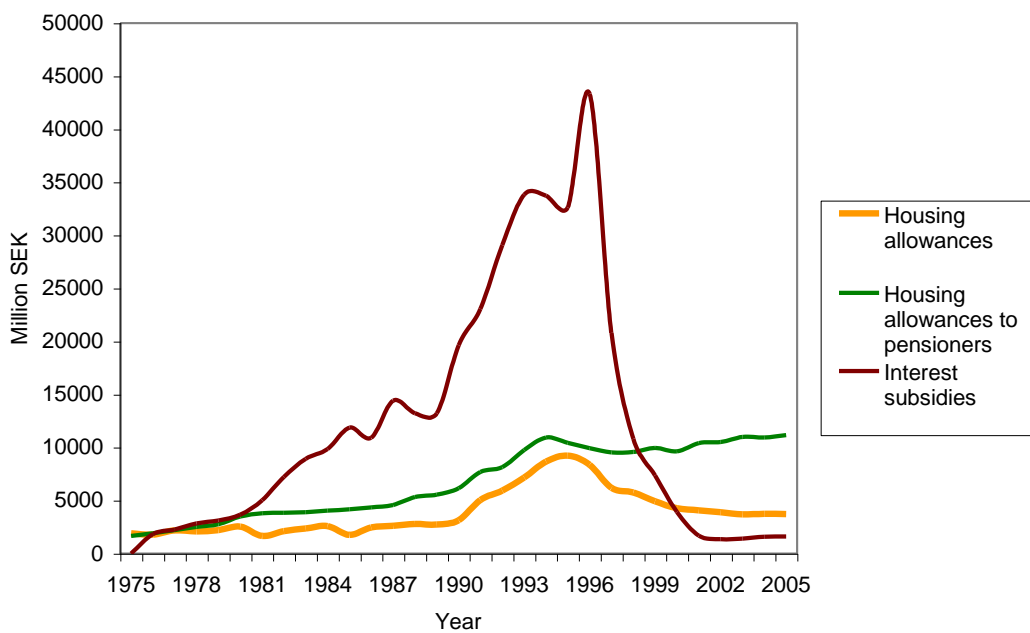
Even housing benefits have diminished, at the exception of those devoted to retired people. But the most spectacular decrease was that of rates subsidies, which have been brutally reduced in the middle of the 1990s.

Figure 13 Housing subsidies and real estate taxation in Sweden



Source : Magnusson [2007]

Figure 14 Housing subsidies and interest subsidies 1975-2005



Source : Magnusson [2007]

3.4 France: social housing at the crossroads

In January 2006, the formal (HLM) social rented sector was accounting 4.3 million housing, representing 17% of principal dwellings (except vacant housing and secondary dwellings)¹⁵. Amongst our “mainstream” countries, France is the only one, with Denmark, where the social stock has progressed significantly in the 80’s and 90’s (about 1 million since 1984, 600 000 since 1990). The construction rate (1,5% in the last 2 years) is the highest among comparable countries.

Figure 15

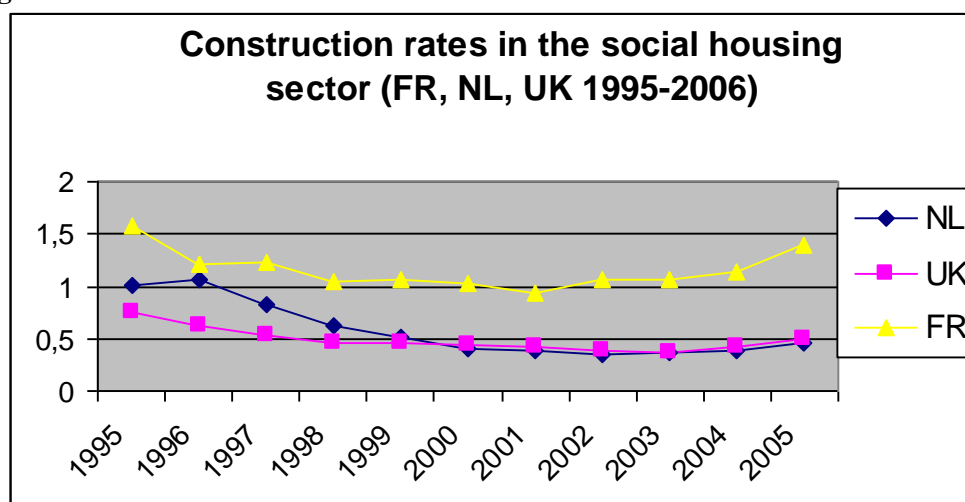
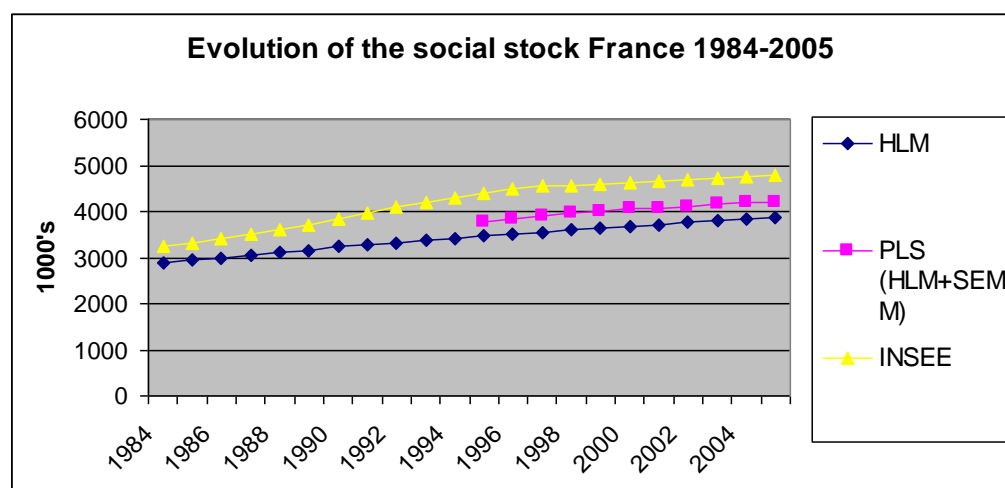


Figure 16



Between 40 000 and 60 000 new social housing units have been built yearly in the last 10 years, but the decrease in purchases from social landlords and the boom of demolitions, with the implementation of the national programme of urban renovation, explain the slowing down measured since 2002 in the housing stock augmentation. If an acceleration of sales were experienced, as it is now probable, the stock could diminish significantly within the next years.

¹⁵ See section 2 above for the formal definition of social housing.

Figure 17

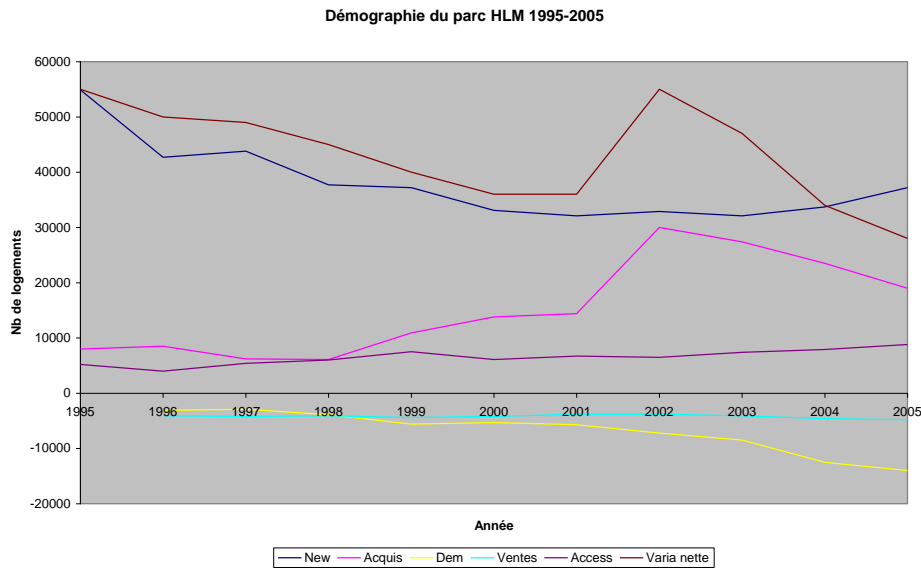
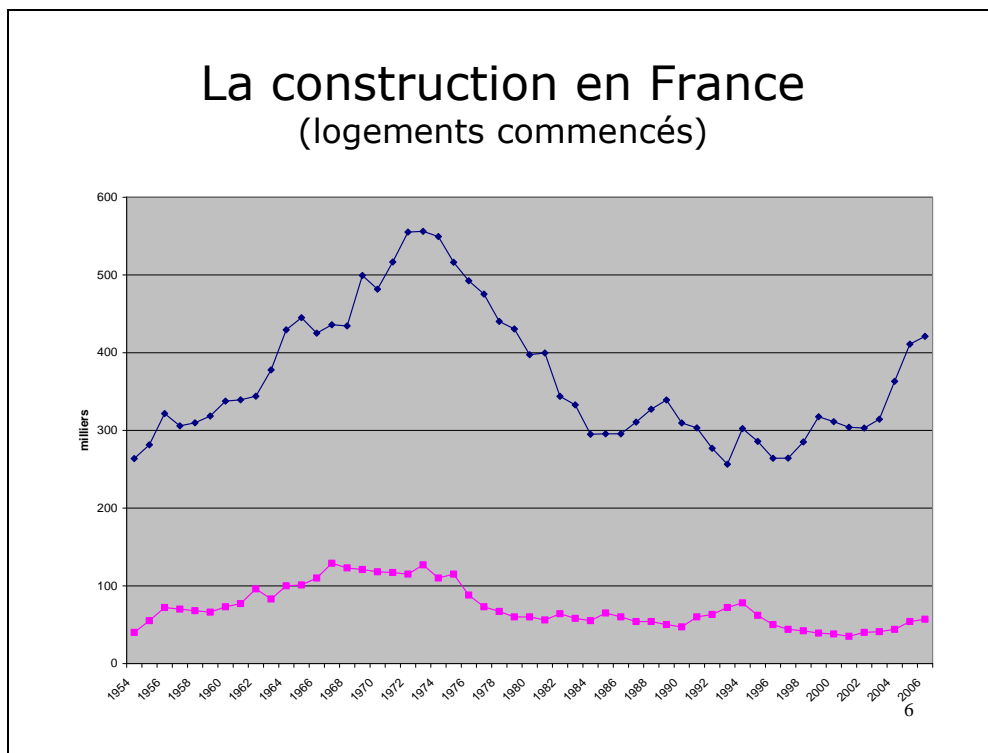


Figure 18



For the first time in the history of post-war France, the political consensus about the size and regulation of social housing has broken, and significant changes in its governance are bound to occur.

1) The special circuits by which social housing is traditionally funded are going to be reformed. The European Commission has contested the “monopoly” of public or semi-public financial agencies (Caisses d’Epargne and Banque Postale) in the distribution of “Livret A” saving deposits (see section 2 above). The former French government tried to resist this claim,

but after the presidential election, the new government went even further than what the Commission was asking. The government, in search for financial resources, also wants to use the “1%” funds for non-housing purposes. Those measures could threaten in the future the capacity of the HLM sector to finance new constructions.

2) A significant program of privatisations has been announced, with an objective of 40 000 yearly sales to tenants.

3) In the next few weeks, the French minister for housing, Christine Boutin, will present a new Housing Act that will change the whole regulation of the social rental sector. The rent setting system and the security of tenure are among the main questions in debate.

But given the accuracy of housing needs and the on-going crisis on real-estate markets, it seems very unlikely that a true *résidualisation* process could be engaged, and is even politically and socially feasible. Most probably, a smooth decline (with reduction both in size and financial capacities) will be observed, and the main stake will be to avoid further impoverishment of social tenants and a reinforcement of socio-spatial segregation, which could in turn impede any improvement of the situation in the deprived suburban neighbourhoods.

Conclusions

It is rather difficult to decide what can be considered as “normal” or “standard” social housing in Europe. In any case, the French system is by no way “exceptional”, but rather entails lots of similarities with those of several other Western European countries, including Austria, Denmark, Finland, and the Czech Republic. Regarding the size of the sector, ownership and demographics, those “mainstream” countries have lot in common.

The most distinctive characteristics of the French social sector are the balance of housing tenure, the way by which new investments are funded, and the urban-architectural design of products.

Where other countries have a deficit of private rental housing, France has a deficit of individual houses, especially in the social sector.

As regards future trends of evolution, the social rental sector is now faced to frontal attacks from the government, whose political agenda could lead to a *residualisation* process. At the same time, housing needs and market failures have never been so great for 30 years, so that there is little space, socially and politically, for a severe decline in the size of the social sector. Selling the best portions of the stock to sitting tenants and excluding middle class housing from social housing, could lead to a “thatcherian” process of “containment”, rather than “*residualisation*” which is clearly inappropriate for a social rental sector approaching 19% of the total number of dwelling units, as is the case in the UK.

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