

Social housing in France 2021-2061 amid economic turbulences

Jean-Pierre Schaefer

Warszawa

Listopad 2023



SGH

Sources

« *Etude sur le logement social* » Edition 2023 CDC

“*State of housing 2023*” Housing Europe

« *Les organismes de logement social Chiffres clés* » 2021” DHUP
Ministère chargé du logement

Zili E. « *Quels besoins en logements sociaux en 2040 ?* » HTC
Habitat & territoires Conseil 2023

« *Les chiffres clés du logement social 2023* » USH



Social rental housing in France (2022)

- 5,3 million of dwellings (including 0,2 M places in home for elderly etc..)
- 17% of the total housing stock in France (30.6M principal dwellings)
 - 58% of owner-occupiers and 25% private rental and miscellaneous.
- owned by 655 Social housing organisation composed of Offices(public), ESH (non profit private companies), SEM (semi public companies)
 - Plus miscellaneous small local social organisations...
- 84% flats and 16% houses, average area of 69m²
 - 40% of housing stock in categories A,B,C
 - 60% class D and above

Social rental housing in France (2022)

- new construction or buying existing buildings 78,600 new units*
 - *Share of total new construction in France 20%*
- demolitions #14,700 units**
- sales to sitting tenants 12,160 sales*
- Rehabilitation of existing stock #200 000 units*
- Average vacancy rate 4.7%*
 - *ranging from 1% to 10% especially linked with demolition projects*
- Turnover rate of tenants 8 %*
 - *ranging from 4% to 14% according to local housing markets*

Sources : * report DHUP ** report CDC

A diversified housing stock



ESH Clairienne Cenon (33) 1975 rehabilitation 2005



I3F Ville d'Avray (92) 2010



Nantaise d'habitation St Jean de Boisseau (44) 2020



La Grappinière
Vaulx en Velin (69) 1970

Retrospective financial analysis of social housing stock 2016-2021

Turnover (total rents 2021)	€ 25.4 bl
• Loans instalments	38%
• Management fees	27%
• Maintenance cost	16%
• Land tax cost	10%
“profit” from rental management	# 9% € 2,2 bl
Long term debt 2021	€189 bl

cost 2021	receipts 2021
Rent arrears -2,5	Net rents 100
	other 2.2
Operating cost -53.7 management cost -27.2 maintenance -15.8 land tax -10.7	
	gross operating profit EBITDA 46.0
annual instalment -37,8 capital -29,2 interets -8,6	
	self-financing from operating activities 8,3
	financial gains -0,4 other activities 0.7 exceptional resources 10,8
	total self financing 19.3

Financing social housing (2022)

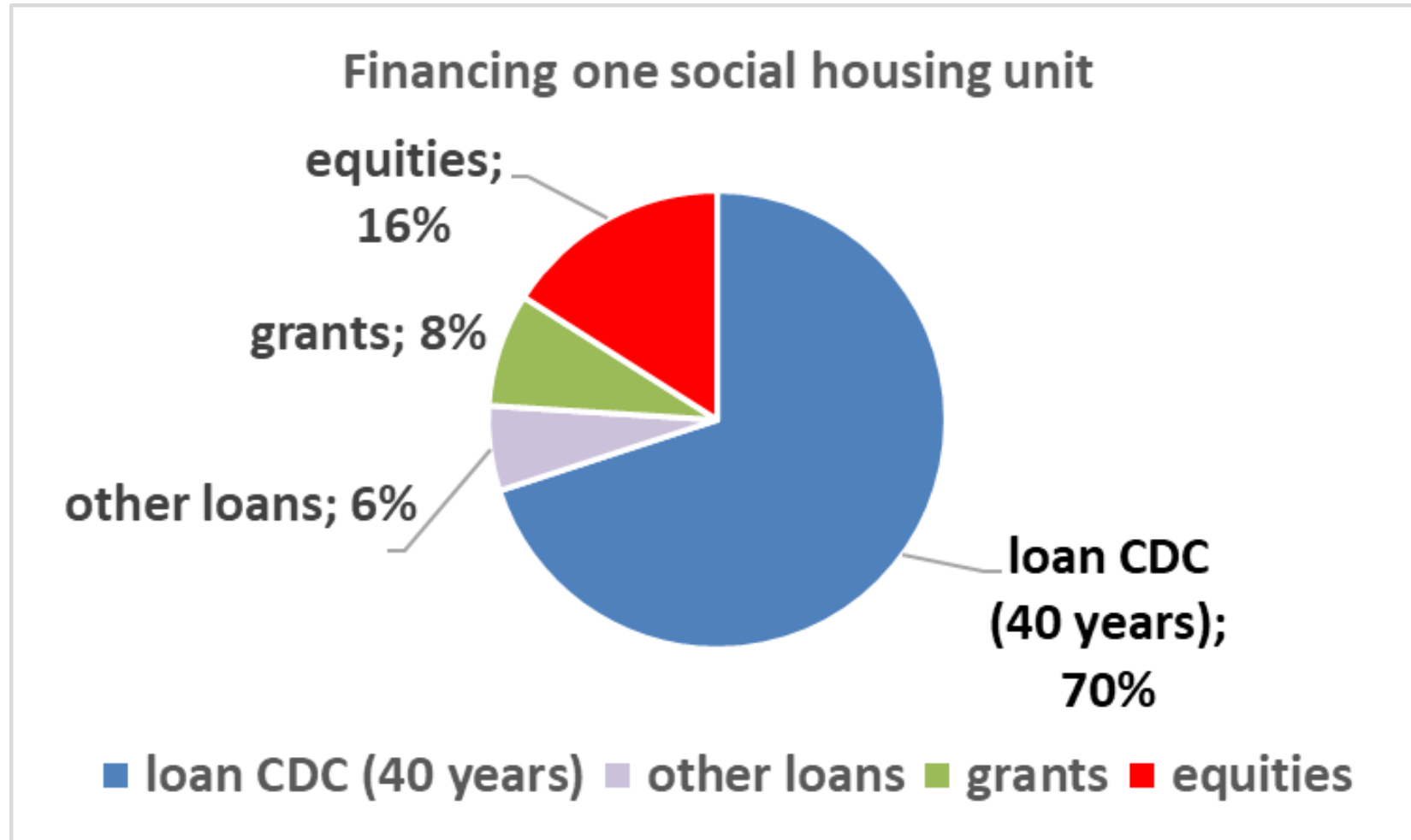
Financing social rental housing needs a growing share of equities from the SHO

Equities are provided by the net income from the management of existing stock plus revenue from sales and other activities

Average cost in 2022 of one social dwelling : € 159,000

Average size 65m²

Initial rent € 6.54m²/month



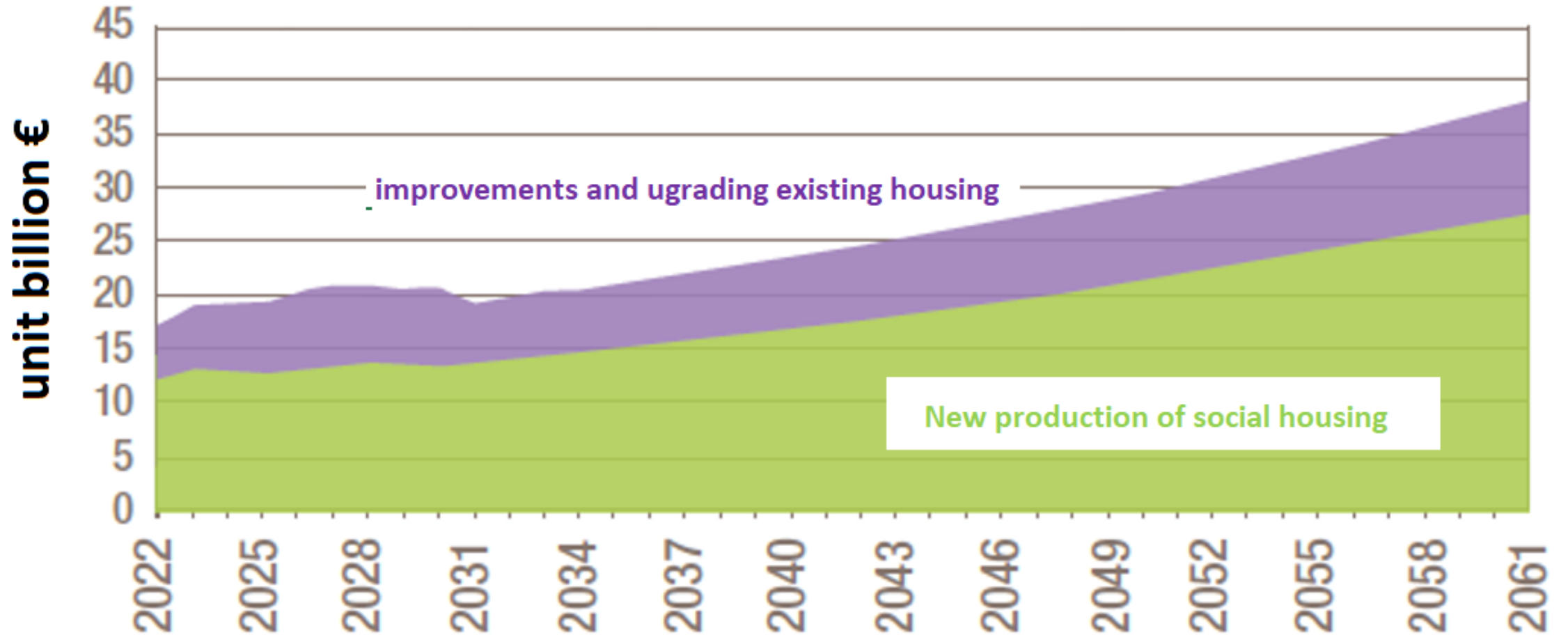
Assumptions for financial forecast 2021-2061

After 2027

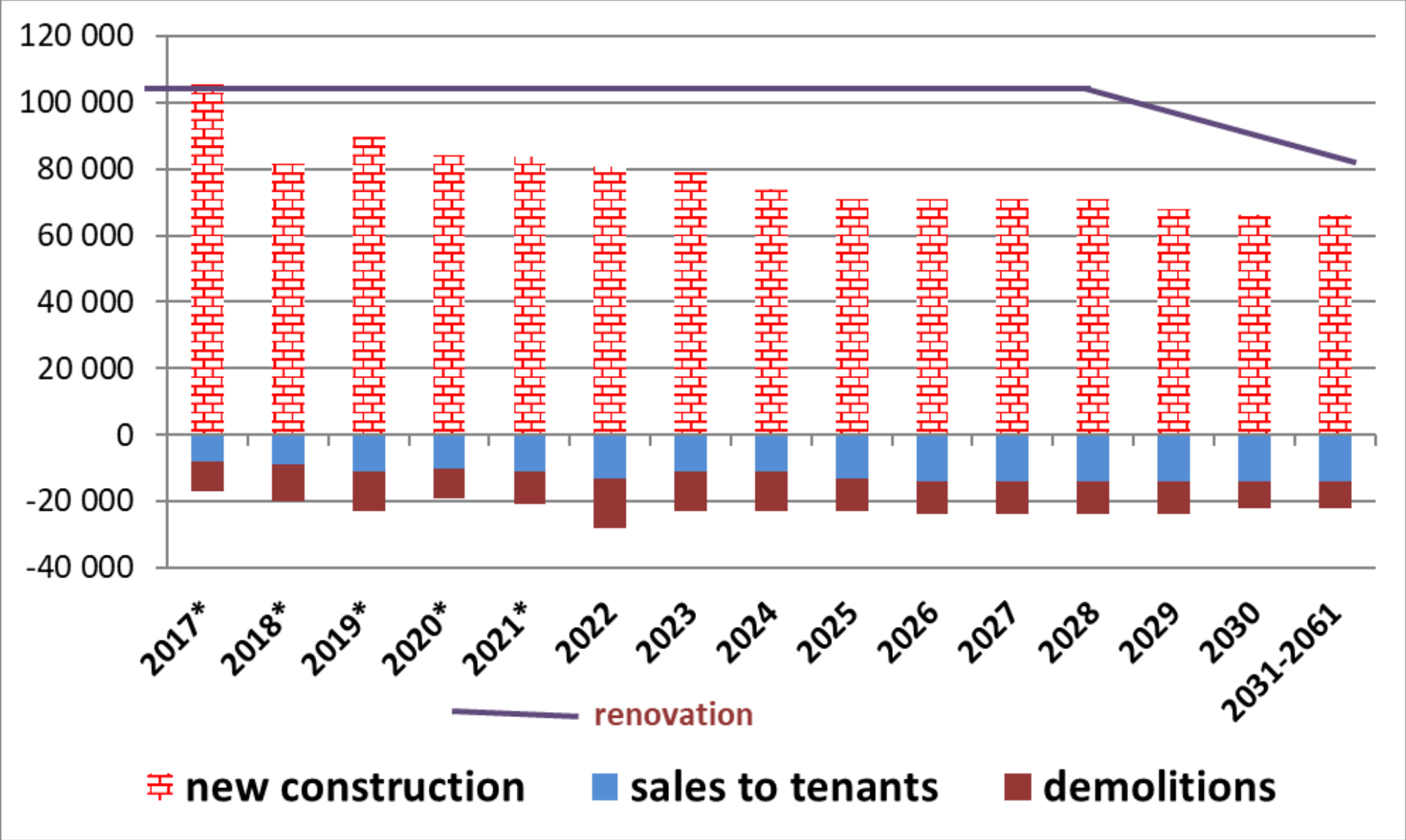
- Demand saving « Livret A » rate of interest 2%
- Inflation 2 %
- €STER 1.9%
- Rent increase 2% yearly (cf inflation) Rent arrears 1,2%
- Production
 - from 2025 until 2028 71,000 dwellings renovation 125,000
 - After 2030 66,000 dwellings renovation 80,000
- Sales to tenants 14,000 /year
- Demolitions 10,000 decreasing to 8000 /year
- Debt/rent ratio: above 40% from 2030 until 2054 38% in 2061

Investments of the social housing sector 2022-2061

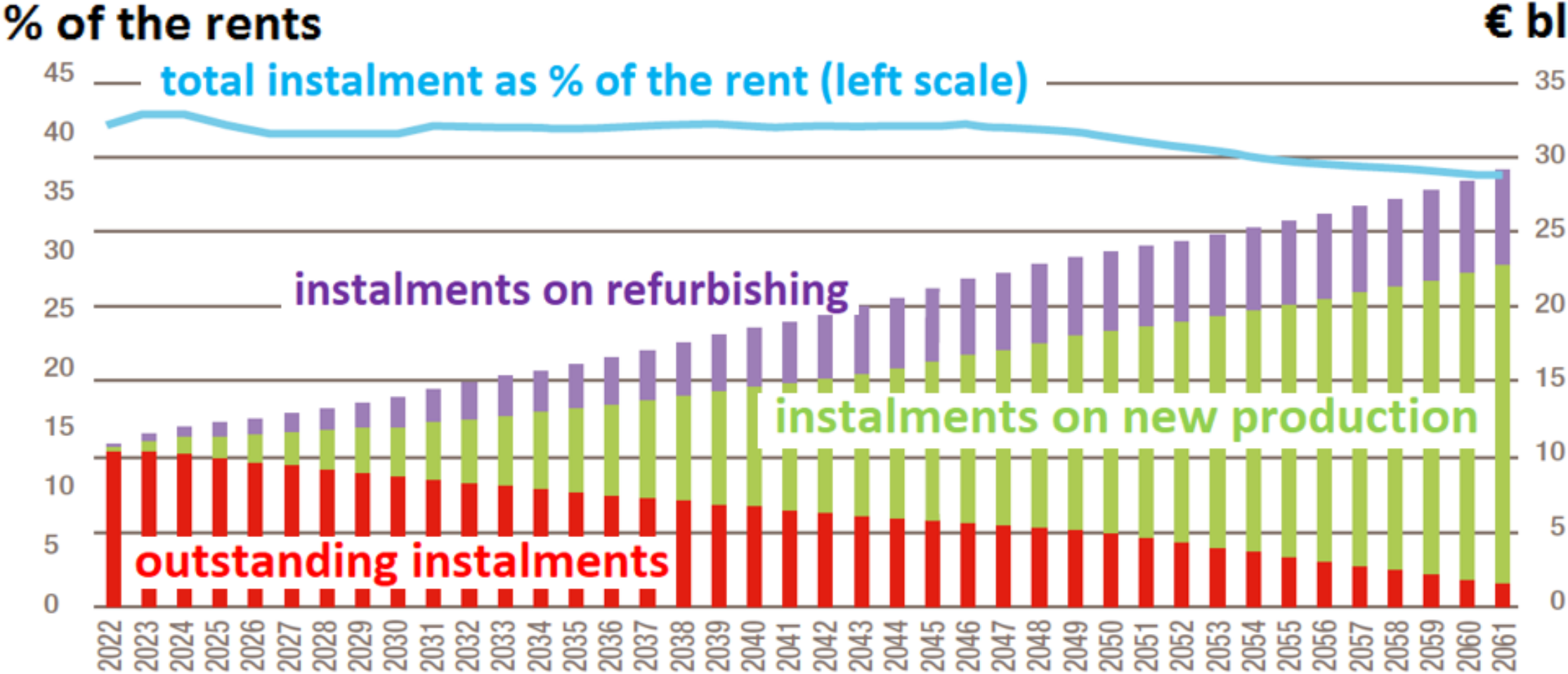
Investments for social rental housing in France bl €



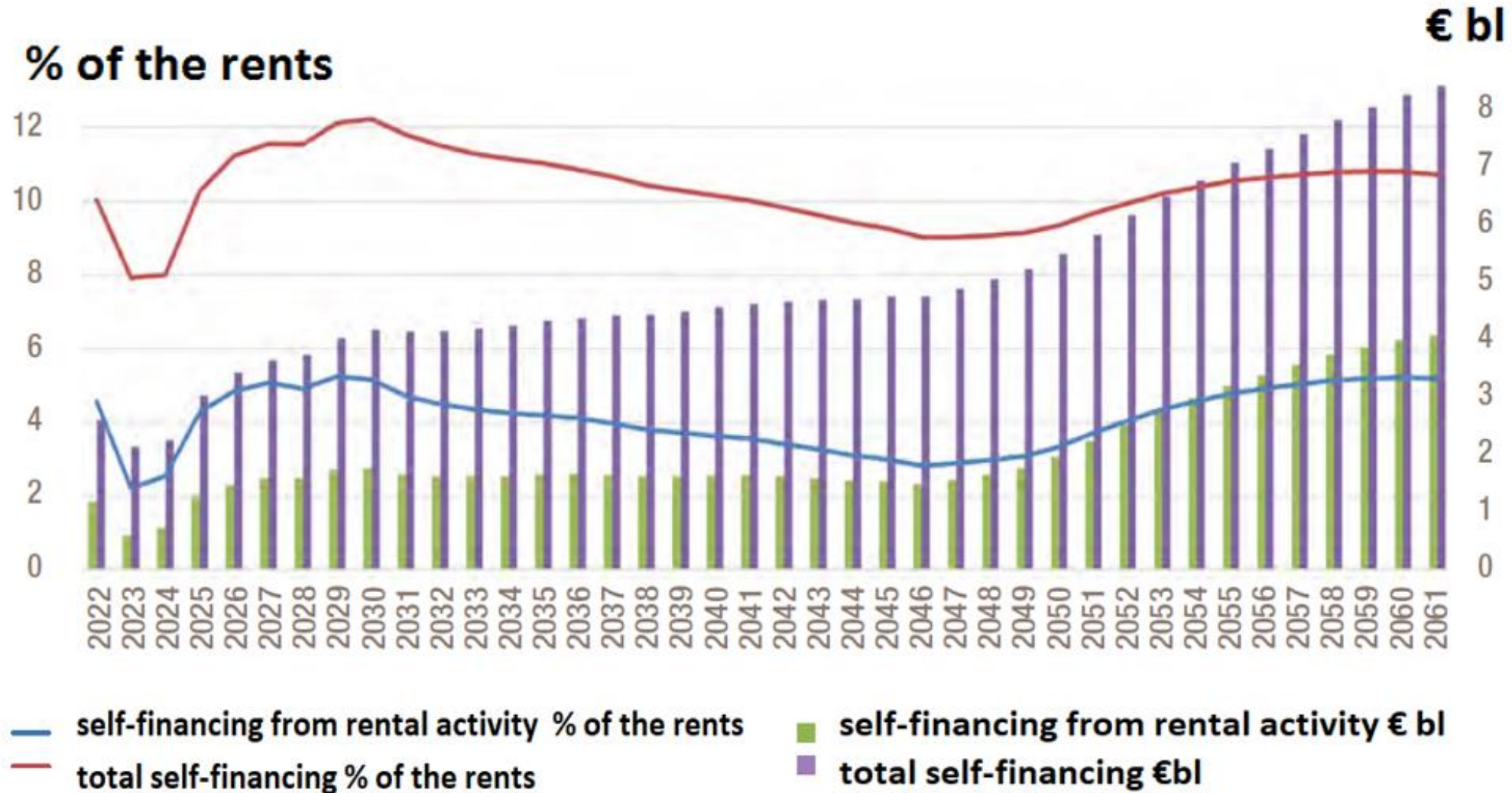
Trends of the social housing stock 2021-2061



Forecast for financial cost 2021-2061

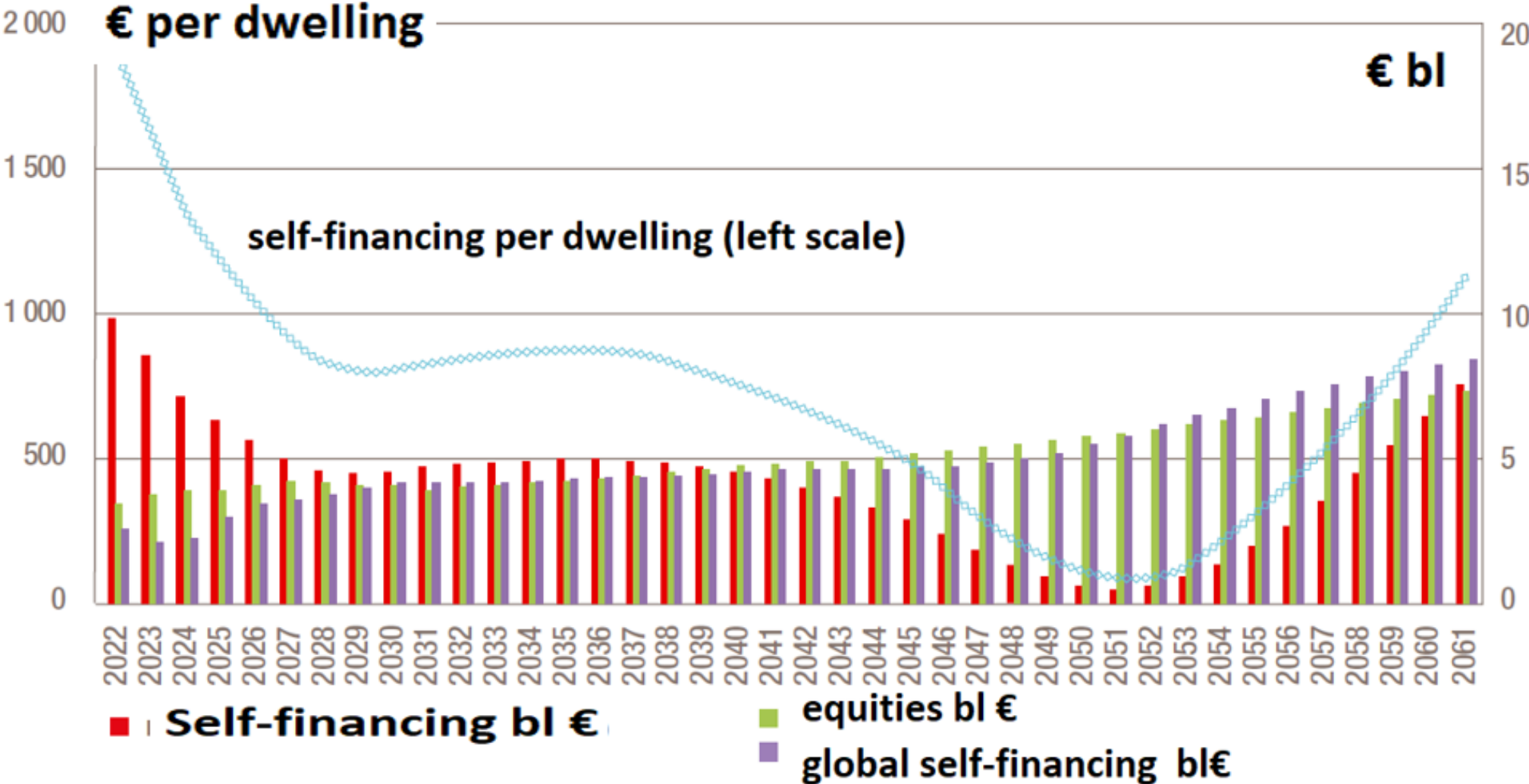


Self-financing € bl and as % of the rents



Source CDC

A very low income per dwelling in 2050 !



Strong constraints on a rather strong sector

- Self-financing will decrease after 2030
 - Due the reduction of rents for very low income tenants
 - Due to the high level of investments since 2005
- New production reduced after 2030
- The financial situation of the social housing sector should switch from a robust position in 2022 to a much weaker situation from 2030 until 2050
- But it will go on producing and improving the existing stock
- The social housing stock might be 20% of the total housing stock in the years 2030 and onwards and reach 7.3 M in 2061
 - : growth of 33% from 2022o 2061

Financial situation of each social housing organization might differ from the average

40 years forecasts, an exercise logical for financiers

Next 15 years are the political horizon

- 40 years.... Forecast necessary for opening the discussion between stakeholders : Ministry of housing, tenants, social housing organizations and Ministry of Finance
- The hypothesis of production are «less voluntarist » than 4 years ago
- Present debates about social housing needs are focused on the years 2024 - 2040 :
 - Increase of households and change of household structure
 - Need to reduce deficit of housing supply on tense markets
- 350 000 or 500 000 homes needed per year 2024-2040?
 - share of social rented housing
 - 15% to 25% of total production from 2010 until 2022
 - 25% or 40% of total production from 2024 until 2040 : 100 000 to 150 000 social units/year
 - an increase higher than 70 000 units seems impossible according to this financial forecast of the present financing system.
 - Increase could come only through higher grants from Central Government or local authorities or deep change in the production mechanism, including building only on leasehold or finding other sources of equity

Merci pour votre attention
Thank you for your attention
Dziękuję za uwagę



Lacaton & Vassal, Druot, Hutin Grand Parc Aquitanis Bordeaux 2017