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Doubling housing production in the Paris region: a multi-policy, multi-jurisdictional response

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ABSTRACT
How can metropolitan regions ramp up housing production to meet the demands of a growing population, after years of inadequate construction and mounting challenges for affordability? I consider recent policy reforms in the Paris region that have successfully doubled that area’s housing-unit completion rate. I show that a focus on social housing, harnessing of publicly owned land, new financial and regulatory incentives, and the enforcement of municipal policy by higher level governments have effectively encouraged development. These policies complemented one another and were implemented by multiple levels of government as part of a shared metropolitan strategy. Paris’ example offers a model for other regions looking to identify appropriate policies to spur construction.

KEYWORDS Housing production; Paris region; social housing; public land; multi-level governance

Introduction
In the face of rising home prices and apartment rents, housing affordability has become a locus of concern globally (Wetzstein, 2017). Stagnant incomes, the financialisation of housing, the elimination of rent controls, a desire for more space and growing inequality have each contributed to the problem (Fields & Hodkinson, 2018). Inadequate housing production adds pressure on a constrained market. Dense and more populous communities where construction is made difficult because of regulatory, geographical, financial or other barriers face particular challenges in providing homes for low- and moderate-income families (Kallergis et al., 2018; Saks, 2008). What policies can urban regions pursue to induce more building?

In this article, I argue that the combination of a broad array of disparate policies promoted by multiple levels of government enabled the Paris
metropolitan region to roughly double housing unit construction over a short period beginning in 2015. This increase in construction cannot be explained by national or global economic conditions, but rather must be understood as the result of a government-led attack on the housing-production problem. I characterise the policies the region pursued as on-the-ground implementation of four approaches often emphasised by scholars and advocates: producing additional permanently affordable units; exploiting public land; developing financial and regulatory incentives; and requiring municipal planning to meet metropolitan goals.

The first approach—providing additional permanently affordable units—counters declining per-capita government support for subsidised units, a trend in countries such as the UK and US (Scalon, Whitehead, & Arrigoitia, 2014; Vale & Freemark, 2019), and addresses lower income family needs. In Germany, for example, home prices have risen significantly more quickly than incomes since the mid-1990s (Dahl & Góralczyk, 2017). Investment in public or social housing expands unit availability for rent-burdened families and those threatened by gentrification-induced displacement. But many communities enforce zoning that permits only single-family homes; as such, the construction of multi-unit affordable housing complexes is often forbidden. Moreover, in the face of a persistent ideological attachment to neoliberal urbanisation throughout the West—including housing privatisation and welfare-state retrenchment—building support for additional public investment may be difficult (Fields & Hodkinson, 2018).

The second approach allocates additional public property for housing, in response to the fact that land is a primary contributor to housing prices. Reduced-cost public land lessens project investment expenditures. California’s Governor Gavin Newsom, following in this vein, has proposed allocating state land for housing construction (Dillon, 2019). Yet its use for housing also means less room for other local priorities, such as commercial space, and fewer potential revenues for cash-starved governments.

The third approach suggests that regulatory burdens are a primary contributor to housing costs (Quigley & Raphael, 2005), and thus that new rules or incentives are necessary for production. Building is made pricier because of, for example, design standards or minimum-lot-size requirements, but altering such regulations threatens industries reliant on current codes. Moreover, many low-income neighbourhoods cannot induce construction because of difficulties attracting a market of potential renters and buyers—so subsidies, which may be difficult to generate given limited governmental expenditures, may be necessary to complete certain investments.

Finally, the fourth approach recommends higher level governments mandate rules that allow more development (Freemark, 2019), given that local exercise of land-use powers often produces low-density zoning that
excludes low-income residents from certain neighbourhoods (Schleicher & Hills, 2019). US efforts of this sort, however, have been largely reactive in their reliance on developers and have done little to enforce change on unwilling municipalities; they thus have had limited success. Massachusetts’ Section 40B enabled developers to build affordable housing in cities with a deficiency, but has produced only about 35,000 guaranteed low- and moderate-income units since the 1970s (Infranca, 2019), even as the total number of housing units in the state increased by 1,000,000. Similarly, California’s Housing Element requirements, which mandate that local planning match growth, have been oft-ignored by municipalities (Monkkonen, Manville, & Friedman, 2019).

There are thus reasonable arguments for engaging each of these approaches, but also clear obstacles to their implementation, and few related policies have been more than haphazardly put into place. Nationwide, US per-capita housing production declined by almost 60% between the 1960s and 2010s.¹ In the UK, homebuilding has declined by 40% since the 1970s; in the Netherlands, production fell by about 30% since 2000; and in Germany, construction is now roughly half 1990s levels (Joosten, Wisman, & Klaver, 2016; Wilson & Barton, 2018).

What would occur in a region’s housing market if efforts were undertaken simultaneously on each of the aforementioned fronts? This article’s case study provides some insight. Over the past decade, political actors in the French capital region implemented a coordinated set of initiatives to encourage housing production. These changes count on additional housing to increase supply, absorbing demand from a growing population and relieving pressure on the market. Paris shows how a region can increase construction over a constrained period by amalgamating a wide variety of related policies, each of which would stand to be further considered in other countries.

I review data and reports produced by French national, regional and local actors to explore policies they advanced since 2010. I supplement these with insight garnered from interviews with public officials.² I first contextualise what spurred the region into action. Second, I identify and discuss key elements of the region’s recent policies. Finally, I consider what lessons the Paris example offers to other regions, while noting which roadblocks may limit long-term policy continuity.

Decades of inertia and rising housing costs

Politically, Paris’ urban area generally corresponds with Île-de-France, a dense region with more than 12 million inhabitants. Île-de-France is divided into eight départements (counties) and more than 1200 municipalities.
The city/county of Paris itself accounts for less than 20% of the regional population and less than 1% of its land area.

The region’s built environment and demographics changed considerably in the 30 years of economic and population growth following the Second World War. During this period, the national government managed land-use investment, using public development corporations to concentrate hundreds of thousands of housing units on exurban sites, often in new towns (Lelévrier & Melic, 2018). Many units were explicitly affordable (60% of today’s social housing was completed before 1975), often in ‘grand ensemble’ concrete towers (Arènes & Richon, 2018).

Yet public officials halted this construction programme as economic growth slowed in the mid-1970s and as social-housing complexes isolated from jobs and services became ghettoised (Lelévrier & Melic, 2018). The central government pursued several reforms. It shifted subsidies away from social housing and towards homeownership (Wijburg, 2019). And it decentralised decision-making, giving regional governments like Île-de-France power to create plans, while shifting land-use control to localities (Pinson & Le Galès, 2005). Mayors, Prost (2015, p. 24) notes, were ‘praised as the real representatives of local democracy, be[coming] a central element of political life’.

The national-government pullout subjected construction to the whims of local officials, ‘whose inclination to densify land use is limited’ (Driant, 2012), and housing production flagged. Whereas in the 1980s, about 47,000 units were produced annually in Île-de-France, this figure declined to about 37,000 in the 2000s (the region’s population increased by 20% over this period). Population-adjusted construction declined to half the rate of several other French regions (Driant, 2012); Île-de-France’s share of national production tumbled from 17.8 to 12.1% from 1990 to 2011 (Cour des comptes, 2015). Paris’ city planners in 2011 were morose, arguing that construction ‘can only fall further in the coming years’ (APUR, 2011, p. 9).

Regional living costs increased dramatically over the past few decades (Freemark & Steil, 2019), and because of the slow ramp-up in social-housing units, mobility has been low, making it difficult for young households to find reasonable-cost apartments (Cour des comptes, 2015). This occurred despite repeated plans to address the housing crisis from the 1970s through 2000s (Sabbah, 2016). The 1994 regional plan (Schéma directeur de la région d’Île-de-France [SDRIF]), for example, proposed 53,000 new housing units annually (Cour des comptes, 2015). But far fewer were completed.

Limited production resulted, at least partly, from a missing ‘sentiment of being part of a shared, metropolitan destiny’, according to Le Hervet (2012, p. 3). But the perception of local isolation shifted in the early 2000s. Upon entering office in 2001, Paris Mayor Bertrand Delanoë concentrated city
attention to metropolitan-scale cooperative planning (Driant & Lévy-Vroelant, 2019). French President Nicholas Sarkozy, elected in 2007, reemphasised the national government’s role, promoting a vision for a ‘Grand Paris’ focused on reinforcing the region’s competitiveness through a new metro system, business hubs and a surge in housing production (Préfect d’Île-de-France, 2018c). Below, I show how these approaches catalysed a doubling in construction.

Policies for Île-de-France housing production

Following Sarkozy’s lead, the National Assembly passed 2010 legislation targeting constructing 70,000 units annually in Île-de-France to accommodate the housing deficit for existing residents and the needs of a growing population (Poncelet et al., 2018). The Île-de-France government, tasked with developing the regional plan, approved a 2013 SDRIF reaffirming this objective, while preserving a greenbelt to limit greenfield projects and champion transit-adjacent, dense infill. With construction as its primary goal, the SDRIF noted ‘housing, foundational for equity… but also economic attractivity, requires massive and quality production, particularly for social housing’ (Île-de-France, 2013, p. 7). Legally, the SDRIF is substantiated through local land-use plans, which must be altered to comply within three years of SDRIF passage.

The SDRIF and the Grand Paris law set the table for implementation, launching a cascade of new, multi-governmental policies, particularly in 2014 and 2015. One explanation for their quick execution, according to interviewees, was consensus about the need to do something about the region’s housing challenges. Interviewees emphasised that Sarkozy’s Grand Paris idea encouraged them to espouse a shared metropolitan agenda. As such, there has thus far been little opposition, even with changes in partisan control among governments concerned. In this section, I organise policies within a series of four themes, summarised in Table 1, which identifies government levels involved.

Focus on affordable housing

Social housing—defined here as government-subsidised, project-based affordable housing—has been a key French policy since the nineteenth century. As noted, decentralisation reduced the volume of social-housing construction, though by 2018, Île-de-France had 1.26 million social units (Pagès, Genty, Blanchard, Monier, & Risoul, 2018). These were funded through government subsidies, a reduced value-added tax (VAT) for construction, allowances for property-tax exoneration, local-government
guarantees and low-interest loans from the Caisse des Dépôts (CDC), the national public investment bank (APUR, 2011).

The SDRIF prioritised social housing, arguing that more units were needed to ‘enable households to move’ (Ile-de-France, 2013, p. 87). It proposed that regional housing stock be 30% social by 2030, from 23.5% in 2015 (Poncelet et al., 2018). Similarly, the national government’s 2000 SRU (Loi relative à la solidarité et au renouvellement urbains) legislation, and a 2013 amendment, required communities to make space for affordable units in the context of unequal distribution between municipalities. Every Ile-de-France city with more than 1500 inhabitants—even the wealthiest—must achieve 25% social housing by 2025 (Cour des comptes, 2015).6

These policies had a real impact. First, a large share (31%) of all units built between 2011 and 2017 were social (Poncelet et al., 2018). Second, more were built; in 2017, 30,183 social-housing units were completed, compared with 13,219 in 2003—the contemporary nadir (Préfet d’Ile-de-France, 2018c). Third, cities concerned by the SRU increased social-housing shares

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**Table 1. Overview of key housing-production policies.**

<table>
<thead>
<tr>
<th>French national government</th>
<th>- SRU law requires 25% social housing per city by 2025 (2000; updated 2013)</th>
<th>- Grand Paris metro project incorporates joint-development potential (2010—)</th>
<th>- Incentives for social and intermediary housing options through reduced tax rates (2014)</th>
<th>- National government representative uses fines and threatens eminent domain to enforce SRU (2013—)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ile-de-France regional government</td>
<td>- SDRIF regional plan aims for 30% social housing by 2030 (2013)</td>
<td>- Regional government increases land transfers for housing (2014—)</td>
<td>- Additional regional funding for projects</td>
<td>- Enforcement of SDRIF on local plans, requiring minimum construction levels (2013—)</td>
</tr>
<tr>
<td>Local governments (e.g., Paris)</td>
<td>- Desire for new housing in general encourages social housing through mixed-income projects</td>
<td>- Local developers encouraged to ramp-up production (2014—)</td>
<td>- Local governments reduce property taxes for new construction</td>
<td>- Local planning and housing oversight gradually shifted to higher-level organisations (2014, 2015)</td>
</tr>
</tbody>
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from 13.2 to 15.9% on average between 2002 and 2011 (Cour des comptes, 2015). The city of Paris, fulfilling the ambitions of socialist councils, took the goal particularly seriously, funding 100,000 units from 2001 to 2019 and increasing the permanently affordable share of units from 13.4 to an estimated 22.2% between 2001 and 2020 (Paris, 2019). This broad increase in social-housing construction contrasts dramatically with global trends of privatisation and reduced social support (Fields & Hodkinson, 2018).

Interviewees noted that municipal housing production advanced as a whole due to SRU mandates. Cities that valued housing for higher-income families produced more units overall because they were required to incorporate social housing into new developments, and land and funding were available (see below). The completion of social-housing units thus constitutes a major element of the region’s overall production increase.

Harnessing public land

Governments pursued several policies to leverage public property for construction. Sarkozy prioritised station-area construction; in initial proposals, the national-government metro constructor—Société du Grand Paris (SGP)—would hold eminent-domain redevelopment power. This vision, however, emphasised economic development rather than housing affordability (Enright, 2016); moreover, legislators ultimately required SGP to make redevelopment agreements with affected municipalities. Even so, SGP has advanced several station-area joint developments, and metro construction has encouraged cities to re-plan locally owned land near stops. Interviewees emphasised that the metro catalysed many large developments.

Other policies linked public land with housing construction. First, national government-controlled developers and local-government developers—which together account for a fifth of regional production—intensified investment. Following a 2014 directive from the regional prefect (the national government’s representative), national developers tripled building between 2010–2013 and 2014–2017 (Préfet d’Ile-de-France, 2018b). In 2017 alone, these developers began 18,000 housing units, from 9500 in 2015 (Paruta, 2018). Several interviewees noted that their municipal development companies also ramped up planning and site identification because of the housing goal.

Second, a 2014 national housing law encouraged mobilising land (by all levels of government) for housing (Cour des comptes, 2015). In 2015, the national government identified 70 publicly owned sites for 7900 housing units, of which 45% would be social (Commission nationale de l’aménagement, de l’urbanisme et du foncier, 2016). Public enterprises promoted
production. For example, the national railway agreed to complete 8000 housing units across seven sites in Paris previously devoted to infrastructure (Le Moniteur, 2016). Working through an intermediary, the regional government increased land transfers for housing by 50% between 2013 and 2018 (EPF Île-de-France, 2019).

Financial and regulatory incentives

France is relatively welcoming to new construction; compared to neighbouring Germany and the Netherlands, the country had more than 50% higher per-capita construction levels between 2000 and 2015 (Joosten et al., 2016). Interviewees emphasised the present ease of attracting private-developer investment, due to high housing demand. A number of financial incentives developed by local, regional and national governments support that investment by reinforcing assistance for first-time homebuyers, while expanding the rental market. But these approaches in themselves do not explain the boost in construction that occurred in Île-de-France after 2015, since they were pre-existing.

Several new policies tackling the cost of construction and the regulatory impediments to building supported Paris-region development. First, the government promoted ‘intermediary’ housing, designed for families with incomes too low to afford market-rate units, but too high to qualify for traditional social housing. A 2014 national law provided such units in dense, transit-accessible areas a lower purchasing VAT, allowances for property-tax exoneration and the ability to incorporate units into social-housing projects. Regional intermediary housing production increased from 3000 to 5000 units between 2015 and 2018 (Joinet & Pauquet, 2019).

Second, new policies at multiple levels filled in the financial gap. The regional government increased direct housing grants. The national government supported social-housing construction, signing a pact with the CDC and Action Logement (which collects certain employment taxes) to finance 30,000 social-housing units (Escudié, 2014). It provided reduced land purchase price and reduced construction VAT for social-housing projects (Commission nationale de l’aménagement, de l’urbanisme et du foncier, 2016). And interviewees noted that local governments increasingly reduce property-tax burdens for any new housing.

Finally, several regulatory changes reduced costs by making projects more feasible. Alterations in the national building code in 2014 and 2015 reduced expensive accessibility requirements (République Française, 2015), and a 2014 national law eliminated floor-area-ratio limits in local plans. Though cities retained power over building heights and ground coverage, this made small-scale, infill projects more feasible throughout the country.
**Enforcement from above**

Regional and national housing objectives could have been undermined by city councils that historically have been more concerned about maintaining the status quo than construction. Yet national and regional governments developed enforcement policies to spread the burden. This effort took several forms. First, the national government deployed data systems to identify where housing was built (Préfet d’Île-de-France, 2015). Second, it instructed the prefect in 2013 to rigorously impose SRU requirements through budgetary fines on municipalities not on track to achieve their 25% social-housing goal (Actu.fr, 2018). The prefect’s power includes the ability to use eminent domain to seize land in non-conforming municipalities; it can then transfer land to developers (République Française, 2014). According to interviewees, this threat encouraged cities to accelerate social-housing projects.

Third, national and regional plans were enforced. The Grand Paris law allowed the prefect to identify housing-production goals for sub-territories throughout the region, subdividing the SDRIF-defined levels (Cour des comptes, 2015). Relatedly, the prefect reviews (and can force modifications of) local zoning to ensure conformance with housing-growth objectives. The national government, meanwhile, attempted to curb parochialism encouraged by local planning practices; 2014 and 2015 laws transferred zoning and public housing authorities to new sub-regional entities (Arènes & Richon, 2018; Préfet d’Île-de-France, 2018a).10

**Results: sharp production increase**

These policy changes had a cumulatively dramatic effect. Between 1991 and 2014, annual production in Île-de-France averaged 43,000 units, and never surpassed 51,000 units. This figure expanded mightily; in 2017 and 2018, housing authorised increased to 98,300 and 89,200 units, respectively (Osouf & Monier, 2019). About 80,000 units, roughly a third social, entered into construction in both years. These units were spread across both wealthy areas and poorer ones (Préfet d’Île-de-France, 2018c). Figure 1 documents the increase in construction occurring after 2015, demonstrating the impact of the new policies.

The increase focused on infill. While only 14% of units completed from 1975 to 2006 were in the suburbs closely adjacent to the city of Paris, that figure increased to half in recent years (Poncelet et al., 2018). As of 2019, annual production expanded by 110% in these inner suburbs, compared with the period from 2005 to 2014, versus by 71% in outer suburbs (Osouf & Monier, 2019). The effort to spur construction was thus not primarily predicated on the bulldozing of natural and agricultural land.
Contextually, these figures are impressive. Île-de-France’s share of national housing production expanded from 10% in 2006 to 20% in 2017 (Osouf & Monier, 2019); the increase therefore cannot be ascribed to widespread changes in France. Similarly, there is no evidence to link the trend with commonalities among global cities; in 2017, for example, New York City permitted only about 20,000 units, and London started only 19,000 (New York City Department of City Planning, 2018; U.K. Ministry of Housing, Communities & Local Government, 2019)—both about a third of the per-capita Paris-region rate. Finally, changes did not reflect a generalised come-back from the Great Recession; national construction in France was lower in 2015 than in 2009 (Haran & Kaldi, 2017), and Figure 1 shows Île-de-France production was not largely impacted by that slowdown. The increase can thus reasonably be understood as a response to policy changes, not to broader economic conditions.

Figure 1. Housing units put into construction in Île-de-France region over the previous year, 1985–2019.


Conclusion

Paris-region officials achieved their goal of doubling housing production, despite pessimism less than 10 years ago that such an expansion was
feasible. Île-de-France’s experience suggests that limited construction in countries throughout the West is hardly an immutable condition. I have discussed how a focus on social housing, harnessing of public land, financial and regulatory incentives, and enforcement of local plans from above have spurred production. This combination required political leadership at multiple governmental levels, and has been far more effective than previous, halting efforts.

The policies complemented one another in a way that previous efforts pursued individually did not. Public land availability, for example, made space for social housing. Prefect enforcement of SRU and SDRIF goals required localities to open space for construction, which was made more feasible thanks to additional funding. More research, however, must identify the impact of these changes in terms of affordability—especially as compared with policies aimed at issues unrelated to construction. Additional evidence is necessary to quantify each policy’s individual impact.

The longevity of these policies, moreover, is unknown. Recent elections of anti-development officials in some municipalities suggest finite consensus about housing needs (Sabbah, 2016). Moreover, social-housing production slowed somewhat in 2018 because of difficulties putting projects in the ground, and national-government support is tenuous. Nevertheless, the Paris-region example maps a path forward. For countries looking for effective approaches to get more units in the ground, the policies pursued in France could be a good place to start.

Notes
1. 16.9 million privately owned housing units were started in the average year in the 1960s, compared to 11.7 million on average per year from 2010 to 2018; the U.S. population was 181 million in 1960 versus 309 million in 2010. See U.S. Census Bureau and U.S. Department of Housing and Urban Development, Housing Starts: Total: New Privately Owned Housing Units Started, 1959–2019.
2. I conducted interviews as part of a related study from January–March 2019 with 41 stakeholders, including 16 elected officials (mayors, councillors, and regional representatives), and 25 government staff. Interviews lasted 1.5 hours on average.
3. Sarkozy’s government, which had oversight, prevented the region from passing a SDRIF in 2008 (it originally had a 60,000-unit annual goal) because he wanted it to incorporate his Grand Paris proposals. The right-wing national government and the left-wing regional government spent much of the period between 2009 and 2013 fighting over appropriate routes for the new metro lines and their purpose.
4. Control over the national government shifted from right to left (2012), then to the centre (2017). The regional government shifted from left to right (2014). Many cities saw changes in partisan control after the 2014 elections.
5. French social housing is accessible to a range of family incomes equivalent to about two-thirds of the population, not just the poorest (Scanlon, Whitehead, & Arrigoitia (2014, p. 335) argue that social-housing allocation in Europe ranges from universalistic, such as in Denmark and Sweden, to generalist, such as in Austria and France, to targeted, such as in the U.K. and Ireland, where public units are reserved for the least
well-off; the U.S. would fall in the latter category as well). Separate subsidy categories address very-low-income (PLAI); low-income (PLUS); and moderate income (PLS) families; an additional category (PLI) is designed for middle-income families—though these units do not count for municipal achievement of SRU goals. Social housing can be constructed by non-profit providers, local authorities, and public developers. Recent Ile-de-France social-housing has been 15% PLAI; 55% PLUS; 25% PLS and 5% PLI (Pagès et al. 2018).

6. There is significant variation between communities in terms of their current social-housing levels. Whereas many communities northeast of the city of Paris have more than 40% of their housing in the social sector, many wealthy communities to the west have fewer than 20% social (Arènes & Richon, 2018). These divergences have begun to converge as a result of the SRU law (Freemark & Steil, 2019).

7. One-bedroom social-housing units, for example, rent at around 8€/m², versus 18.4€/m² for market rate (Joinet & Pauquet, 2019).

8. The CDC’s low-cost loans (typically 40-50 years long) are financed by several banking products, such as the Livret A, offered in commercial banks, and which CDC centralises. Loan rates are adjusted based on the level of affordability of the social-housing units. It is worth noting that inhabitants can take advantage of (entitlement) housing vouchers to help pay the cost of rents.

9. Depending on the circumstance, this rule change (in the ALUR law) could significantly increase allowed building sizes. See Dominique Lorrain (2018), L’urbanisme 1.0, Paris: Raisons d’Agir.

10. Some interviewees were sceptical of those new entities’ effectiveness, arguing that cities retained informal control over most local planning. The impact of these entities is thus not yet clear.

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