



Housing: For an act III of the decentralization process

by **Patrice Lanco** & translated by Michael Stokes

Although housing has not been concerned before now by decentralization, the contrasted realities of local markets have led to the emergence of local housing policies. The author argues that these local experiments should be furthered by a real decentralization of responsibilities and prerogatives as far as housing is concerned. Here he reveals various ways and means for organizing and implementing this.

Concerning housing, a decision was made, during act I of the decentralization process in 1982, to not decentralize. It was prompted by both economic reasons (the State was reluctant to relinquish an important lever of regulation) and political ones (social housing is an instrument of national solidarity). However, increasingly contrasted trends on local housing markets, and the initiatives of pioneering local representatives (Rennes^I, Nancy), soon led to a “territorialization” of local housing policies. As a result, Local housing Plans (PLH), first implemented in 1983 and spurred on by inter-communal structures, are increasing in number, and the State has given some leeway to its deconcentrated services and allows them to contractualize financial arrangements based on the PLH. Over the past 30 years therefore a policy has taken shape which is sometimes defined as « deconcentration »^{II}: a parallel trend towards deconcentration and State contractualization with local authorities, principally inter-communal structures.

In 2004, with act II of the decentralization process, the inter-communal structures resulting from the Chevènement [1999] law, and the departments as well, were granted authority to control building subsidies (social housing programmes and subsidies for private housing). This reform has taken the process to a new level, and many local authorities have reached a new “maturity level”^{III}. They carry out detailed studies of territories, tailor their housing policies to the planning policies and to the elaboration of urban planning documents covering the entire area of housing provision, set up assistance scheme adapted to local needs, enter into local partnerships, etc. Others, however, are lagging behind, even within stringent market areas, and no single consensus has been reached on the specific situation of the Paris Region (Ile de France).

Moreover, the advances made are now under threat. The State has reduced to nil its participation in the form of subsidies while appearing to want to regulate everything^{IV}, at the risk of inciting some local authorities to back out in their turn. This encourages the creation of large private social housing groups which are bound to want to break away from local policies, and might even demand to shake off the constraints of social housing. Moreover, the housing crisis is deepening (with difficult access to housing, growing burdens on low-income households, and ever-widening social and cross-generational inequalities). Finally, the inevitable contradictions between the twin aims of housing rights and social diversity^V are becoming more and more jarring: they can only be addressed in a democratic framework at

the level of the housing district. The need for public services, that is, for a collective organisation in the service of a common good, has never been more pressing: it calls for a response that is both national and decentralized.

For decentralized organizing authorities

An act III of the decentralization process is indispensable to “ford the stream”. It is important to clarify the roles of the State and local authorities, to re-establish a coherent relationship between the responsibilities conferred on these authorities and the powers they enjoy, so that these responsibilities may be assumed and actually are in practice. The aim is to encourage the emergence of genuine authorities responsible for organizing housing.

The institutional context is favourable to this: the scheduled completion of the inter-communal map by June 1st 2013, and the election, as the law requires, of inter-communal councillors in the framework of local elections by direct universal suffrage, bring a little more legitimacy to the inter-communal authorities. We might add to this the right of foreigners to vote in local elections. Reform of the departments is also desirable, one which would establish them as federators of the inter-communal organisations strengthening their legitimacy as actors of town and country planning, a solution preferable to the appointment of a territorial councillor who is going to break up the regions into districts. The organizing authorities would then be the towns (represented by different type of inter-communal structures: *métropoles*, *communautés urbaines* and *communautés d'agglomération*), the departments in other parts of the country and, in Ile de France, the Region.

A founding principle of the nation

The law would need to define political guidelines for services of general interest defining the republican founding principles of housing policy (notably the right to housing and social diversity). Since inter-communal structures are not supra-communal structures the law would reinforce mechanisms such as the SRU* law in favour of social diversity, even if this allowed the organizing authority to avoid complying, in view of the local context, by means of a strengthened majority of its decision-making body. The essential financial means upon which organizing authorities must be able to depend, along with guaranties to prevent any shirking of responsibilities, would be maintained on a national level: the special financial system of the *Livret A* (a tax-free savings account), reduced rate VAT for social housing, personal housing benefit as a vital tool of national solidarity. A provision for financial equalization between territories would also be set up, based on the resources to be decentralized and the acuteness of the problems encountered: a second national urban renovation programme, re-centred in this spirit, would make a difference.

Clear responsibilities

The organizing authorities would assume political responsibility for ensuring that the various operators involved (social or private landlords, developers, housing cooperatives...) provided rented housing that was able to meet demands, was lasting, of high enough quality, affordable, and well distributed nationwide. More generally, they would encourage the provision of new housing, whatever its status [public or private], required to satisfy local needs.

They would have to accept legal responsibility, under conditions and within certain time limits which will need to be discussed, for the enforceable right to housing (*DALO - Droit Opposable au Logement*). In the interests of coherence, responsibility for housing

policy would be transferred to the department, along with compulsory contractual delegation if the inter-communal organisation should require it.

Own resources

To maintain, or even reinforce the fiscal autonomy of local authorities, their own resources should be decentralized. Two courses of action should be explored. The more ambitious of the two would be to decentralize the taxation of property revenues, which would no longer be levied as income tax but taxed at a flat or progressive rate according to rent per m², voted by the organizing authority. Income from this tax stood at around 2,8 billion Euros in 2008. The value of such revenues is that they would increase the more stringent the market happened to be (the share of private rentals would then be larger and rents higher) and hence the need for intervention greater. A more modest option would consist in re-instituting, in favour of the organizing authorities, the “contribution on rental revenues” due until 2006 by individual private landlords.

The issue of the “1% logement” [a tax paid by employers^{**}] also deserves to be raised again following the complete surrender of management and labour to the demands of the State which unilaterally ended twelve years of contracting policies whose track record had been unfairly criticized^{VI}. The sum of “employers contributions” raised in a region could be mutualized between the organizing authorities under the Region’s auspices, with conditions for the use of the funds worked out between representatives of management and labour at the Regional Economic, Social and Environmental Council.

Regulation tools...

Responsibility for local land use plans (PLU) must become inter-communal. To have some bearing on property prices, they should systematically explore the possibility of mapping out sectors reserved for social diversity^{VII}: a percentage of new housing programmes must be devoted to social housing but also, if necessary, to price-controlled low-cost home ownership and, why not, to participatory housing.^{VIII} The same applies to the regulation of property taxes - capital gains taxation included - which must be decentralized, and must cease to benefit from tapering rates (which incite landlords to hold on to their properties), becoming progressive, on the contrary, so that serviced land be put on the market according to the timetable drawn up by the PLU.

The organizing authorities should negotiate and sign “public interest agreements” with the social landlords, who formally establish their quasi-delegation of public service and set the “guidelines for social management of social matters”^{IX} in current public housing. They should reinforce a government-regulated private rental sector which completes the social housing stock, by fixing goals according to geographical areas and by modulating tax incentives or any existing subsidies in keeping with the social obligations agreed to by the landlord. To quickly compensate for the unequal distribution of social housing and the *de facto* exemption of certain geographical areas from a response to the needs of DALO, they should define a “territorial housing programme for very low income households” with objectives for each sector and provisions aiming to appropriate a significant proportion of the private accommodations that become vacant (such as Louez solidaire or Solibail).

Since certain markets are not only stringent but congested, the organizing authorities would be authorized to employ certain exceptional measures to ease inflationist tensions: overseeing rents on new rentals, overseeing the transformation of main residences into secondary residences, the levying of a surcharge on vacant housing, or even the taxation of capital gains on main residences to assist recent first-time home owners, who will be in

trouble when prices inevitably return to levels more on a par with the real income of ordinary inhabitants.

A much-needed transition

The medium-term prospects sketched out here, given the unequal maturity of local housing policies, calls for a transition. The more advanced local authorities ought, should they so wish, become genuine organizing authorities right away, by means of a “call for jurisdiction” procedure. The others should set a time limit of five to ten years maximum at the end of which such jurisdiction would be transferred to them. One might also leave the option to refuse such statutory power, in which case the State should be granted the power to substitute its authority for all or some of the powers which are currently decentralized. The principle of delegation which underlies the views exposed here indeed operates in both directions.

To find out more: the site of [Réseau des acteurs de l’habitat](#)

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Notes

^I As early as 1983, the district of Rennes adopted its first local housing policy, whose aim was to equalize the number of social housing developments between the town centre and the other communes, as well as to answer the needs of deprived households; State financing was put on a par with communal financing, which helped double the number of accommodations built. As early as 1980 the district of Nancy undertook to elaborate a PLH.

^{II} A term which appeared in the 70s, adopted by Brouant. 1998. “L’hypothèse d’une déconcentration accrue”, in J-P. Brouant, Y. Jegouzo, “*La territorialisation des politiques et du droit de l’habitat social, Les Cahiers du GRIDAUH*”, “Droit de l’habitat” series, n°2, p 102.

^{III} HTC/ Philippe Méjean. 2010. [L’évolution des politiques locales de l’habitat](#), study report for the Réseau des acteurs de l’habitat, p 10.

^{IV} A recent report from the *Inspection générale des Finances* and the *Conseil Général de l’Environnement et du Développement durable* [Auditing department of the Treasury and General council for the Environment and Sustainable development] has actually noted a “weakening of public services in the regions and departments in the area of housing” and the fact that “nobody is able to say any more whether or not they are responsible for this sector within the territorial services of the State”.

^V For a presentation of the contradictions inherent to housing policy, Lanco, Patrice. 2009. “Pour une régulation cohérente des politiques de l’habitat”, *Après-demain*, n°11, p.46.

^{VI} The uses to be made of “employer contributions to construction costs” paid by companies with more than 20 employees led, between 1996 and 2007, to settlements – always at the highest level - between the State and Management and labour. In 2008 this contractual policy was abandoned.

^{VII} Art. L. 123-1 16° of the Code of Urban planning

^{VIII} Participatory housing is an umbrella term for a number of groups, some of whom identify with self-promotion (property development self-managed by groupings of families), others with housing cooperatives (collectively-owned housing conceived and managed in democratic fashion by the inhabitants, in a non-speculative perspective) or more broadly in grouped housing (a generic term designating a housing project conceived and managed by several households, with shared spaces, sometimes in cooperation with a social landlord).

^{IX} These guidelines (art. L. 445-2 of the construction and housing code) “recapitulate the obligations of the organization pertaining to the conditions for occupying and populating the development” (ceiling on revenues and rents, rent surcharge...)

*Loi Solidarité et renouvellement urbain (Solidarity and Urban Renewal law), 13th december 2000.

** Housing contribution to a housing fund equivalent to a 1% tax on wages paid by any company with 20 or more employees.

To quote this article :

[Patrice Lanco](#) & translated by [Michael Stokes](#), « Housing: For an act III of the decentralization process », *Metropolitics*, 18 February 2011.
URL : <http://www.metropolitiques.eu/Housing-For-an-act-III-of-the.html>