

Social Housing and Social Diversity in France

Rémi PELTIER, Florence GOFFETTE-NAGOT, Lionel VEDRINE

Access to affordable housing is a key issue in many developed countries. In this context, social housing is key element of housing policies by contributing to the supply of affordable housing due to its regulated rents. However, the question of where should social housing be located remains. Indeed, social housing is considered as a major factor in residential segregation (OECD 2018 for the Netherlands; Botton *et al.*, 2020 and Beaubrun-Diant and Maury, 2020; for France). The current location of social housing stock is a strong determinant of residential segregation in France (Beaubrun-Diant and Maury, 2020). Therefore, one way of reducing social segregation and promoting social diversity would be to reduce the spatial concentration of social housing. This objective is set out in Article 55 of the ‘Solidarity and Urban Renewal’ (SRU) Law, which aims to reduce the concentration of social housing and increase social diversity. This paper aims to shed light on the effects of the new supply of social housing on social diversity and the characteristics of the neighborhoods where this supply is located. The focus is on the effects of Article 55 of the SRU law. We use Selod's (2004) definition of social diversity: "the coexistence in the same space of social groups with diverse characteristics".

Existing literature addressing the effects of the SRU law (Bilek *et al.*, 2008; Bono *et al.*, 2012; Gobillon et Vignolles, 2016; Beaubrun-Diant et Maury, 2020; Botton et al. 2020) focus mainly on the location (at municipal scale) of social housing and global social segregation, but do not consider specifically newly built social housing units, nor the situation of social tenants. Botton *et al.* (2020) study changes in segregation as a function of several characteristics of individuals from 1990-2015, including the segregation of tenants in social housing, but fail to isolate housing built under the SRU law. In a different context but with similar objectives, Aliprantis *et al.* (2021) assessed American residential mobility programs, focusing on the characteristics of households in their new homes. The authors provide a method for simulating neighborhood characteristics that can be used to construct control groups to assess causal effects. In addition, Bolt (2009) showed the need to consider neighborhood characteristics. The study shows that a shift in population as a result of an urban renewal policy does not automatically lead to desegregation, as households do not necessarily move to a less segregated neighborhood because they need affordable housing. Similarly, the location of new social housing in different municipalities does not necessarily mean that they are situated in a better neighborhood within those municipalities, as shown by Botton *et al.* (2020).

This study aims to assess the effects of SRU law on mean income of the neighborhood by focusing on newly built social housing units and the household level. This finer scale allows us to study the effects of the new supply of social housing on the social diversity measured at the household level. To do this, we distinguish between social housing built under the SRU law and other housing to analyze their impact on neighborhood characteristics and social diversity more precisely. Furthermore, this study considers the characteristics of tenants and neighborhoods, allowing us to assess whether these new homes have been built in low-income neighborhoods and whether they have changed the distribution of households in the social housing stock. Two research sub-questions are addressed:

- are **social housing units built in response to the SRU law** located in more attractive neighborhoods than existing social housing, on the one hand, and newly-built units in other communes, on the other? The attractiveness of neighborhoods is understood here in terms of distance to jobs and the socioeconomic status of the neighborhood, measured according to several metrics,

- Are **tenants occupying social housing built in response to the SRU law** located in more attractive neighborhoods than social housing tenants of similar characteristics occupying other segments of the social housing stock (existing housing on the one hand, newly-built housing in non-SRU communes on the other)?

The SRU law of December 2000 sets a minimum share of 20% of social housing for all municipalities with more than 3,500 inhabitants (more than 1,500 in Île-de-France), which are part of a metropolitan area with more than 50,000 inhabitants and a central municipality with more than 15,000 inhabitants. To reach the 20% target, municipalities must increase their social housing rental stock by 5% every three years; if they fail to meet this target, they will be fined. In addition, a reform of the law in 2013 raised the minimum threshold from 20% to 25% in areas where the housing market is under pressure.

Our identification strategy relies on two approaches. First, the number of municipalities subject to SRU law is increasing every year, rising from 745 in 2004 to 1111 in 2021. This staggered implementation of the 20% target and the fact that the number of municipalities subject to the SRU law increases each new year means that we can implement a staggered Difference-In-Differences (DID) approach (Callaway and Santa'Anna, 2021). Within this approach, municipalities subject to the law in $t+1$ act as a control group for those subject to the law in t . We characterize neighborhoods according to mean income or percentage of higher socio-economic status. Second, we exploit a natural experiment induced by the 2013 reform, which the increase in the threshold in 2013. This reform allows us to use a standard DID approach by comparing municipalities affected by the reform with those that were not. The impact of the law may differ with the pressure on the housing market. For this purpose, we consider the variation in demand from one year to the next. This allows us to consider municipalities that enter and exit the scope of the law.

We cannot exploit the 3,500-population threshold in the law to set up a regression on discontinuity. In France, approximately 1,000 municipalities do not meet this threshold. In other words, by regressing on discontinuity, we obtain a sample that is too small for sufficiently robust statistical analysis. One of the difficulties of assessment lies in the fact that SRU law is based on an incentive rather than a coercive approach. Municipalities that fail to meet the threshold must pay a fine rather than being required to catch up. This means that the application of the law is not entirely exogenous, as communes can choose not to apply it to retain or attract their share of wealthy households. This represents approximately 15% of the municipalities for each three-year target period from 2002 to 2019.

We use 3 databases:

- Database containing information on SRU law results. The report consists of two parts: annual reports and three-year reports. The data are at the municipal level and cover the period 2004 to 2021. Information is available on the rate of social housing, the municipality's social housing construction targets, actual construction in the municipality, and whether the municipality complies with the legal threshold.
- Annual census of social housing units (RPLS) with information on geo-location, housing characteristics, date of construction, and owner.
- Housing and individual demographic file databases (Fideli). Provides information on housing, landlords, social housing occupancy, and household characteristics.

With these data, neighborhoods are characterized by their level of social mix based on income (GINI index and Hannon-Wiener index), level of segregation based on income, pressure on the housing market (population change), attractiveness (in terms of proximity of employment and natural amenities), and level of concentration of social housing.

References

- Aliprantis, D., Martin, H., & Tauber, K. (2024). What determines the success of housing mobility programs?. *Journal of Housing Economics*, 65, 102009.
- Beaubrun-Diant, K., & Maury, T. P. (2020). Income Segregation and Social Housing in France.
- Bilek, A., Costes, N., & Monmousseau, F. (2008). La loi SRU incite-t-elle les maires à construire du logement social? Les enseignements d'une analyse principal-agent. *Économie publique/Public economics*, (20).
- Bolt, G., Van Kempen, R., & Van Weesep, J. A. N. (2009). After urban restructuring: relocations and segregation in Dutch cities. *Tijdschrift voor economische en sociale geografie*, 100(4), 502-518.
- Bono, P. H., Davidson, R., & Trannoy, A. (2012). Analyse contrefactuelle de l'article 55 de la loi SRU sur la production de logements sociaux.
- Botton, H., Cusset, P. Y., Dherbécourt, C., & George, A. (2020). L'évolution de la ségrégation résidentielle en France: 1990-2015. *Document de travail, France Stratégie*
- Callaway, B., & Sant'Anna, P. H. (2021). Difference-in-differences with multiple time periods. *Journal of econometrics*, 225(2), 200-230.
- Gobillon, L., & Vignolles, B. (2016). Évaluation de l'effet d'une politique spatialisée d'accès au logement. *Revue économique*, 67(3), 615-637.
- OECD (2018), *Divided Cities: Understanding Intra-urban Inequalities*, OECD Publishing, Paris.
- Selod, H. (2004). La mixité sociale et économique. *Villes et économie*.