

FSO / BRS: A Response to the Housing Crisis

SPEAKERS

Nathalie Demeslay, Jean-Baptiste Soulard, Céline Priem, Julien Gug, Juliette Grenier

Juliette Grenier 00:03

This session will be conducted in French, and translation into 60 languages is available via Worldly, so please check the chat for the link to activate it. Thank you very much. So, let's get started. First of all, thank you very much to the International Center for CLTs for giving us the opportunity to present the OFS / BRS initiative with members of the Association Fonciers Solidaires France, which is an association that brings together solidarity-based housing organizations in France. My name is Juliette Grenier, and I work at the Federation of Social Housing Cooperatives (HLM), which is a federation of social housing organizations. Since not all of you are from France, we'll start with an introduction to the French context. Then we'll move on to a presentation of the various speakers, followed by a Q&A session. For the Q&A, please don't hesitate to go to the small box, where we'll be able to see your questions and answer them at the end of the presentation. Regarding the French context, France actually benefits from a long-standing, protective social policy through social housing, with a public housing stock that has historically played a role in social integration by enabling households to find housing, settle permanently in communities, and participate in community life. This model was designed as a tool for inclusion and to address the right to live with dignity. Alongside this massive social housing policy, there is also a very dense network of nonprofit organizations in France, which plays a fundamental role in supporting the most vulnerable populations. And alongside that, there are also specialized structures such as shelters and solidarity networks that supplement what institutional housing cannot provide. So social housing cannot always address both the human and cultural dimensions. And that is why people of color, in particular, as well as migrants, receive greater support for inclusion in France. So for us, it is really important to mention in this introduction that there is, in fact, a very significant legal and political limitation in France: we are not permitted to collect ethnic or racial data. So, in fact, this means that we are somewhat out of step with the theme chosen by the International CLT Summit, and we wanted to make that very clear. It also means that, as a solidarity-based housing organization, we cannot know how many people of color live in our housing stock, nor can we establish quotas. So it's true that this is a blind spot when it comes to assessing the program's inclusive effects. But we really aren't in a position to answer that question, and we prefer to state that right up front in the introduction. So, Community Land Trusts emerged in the United States and the United Kingdom, where social housing isn't as robust as in France. Since we have other alternatives available, the Bail Réel Solidaire (ground lease) wasn't necessarily designed as a tool for community inclusion either. It's more of a lever for home ownership for so-called low-income households. And so the very heart of the model lies in breaking with speculative logic and ensuring that low-income households are no longer excluded from the tight housing market. And this also takes the form of intergenerational solidarity, since the first buyer cannot realize a capital gain that would deprive a future household of access to the same properties. So for us, this model truly represents a form of social justice, facilitating the housing journey for several generations of households. And so, in fact, the BRS is truly designed to help people move out of rental housing—whether social or private—and take a step toward homeownership, which in France is truly a major cultural aspiration and is synonymous with both social mobility and security. And so it is truly within this framework that the BRS was conceived. And today, we're also starting to think about renovating existing housing, since that will help bring affordability back to markets that have now become exclusionary. And so, of course, this principle of social justice is complemented by that of environmental justice. We'll be able to discuss this in more detail during the participants' presentations. The speakers, sorry. Finally, the last point of context is how

to understand the term “affordability” or “affordable housing.” And so it’s clear that there isn’t, in fact, a clear definition. And so for us, it really comes down to comparing it to free-market prices and enabling households below the income threshold to access homeownership while adhering to the 35% debt-to-income rule. In France, this rule is imposed by the High Council for Financial Stability, which has decreed that a household cannot devote more than one-third of its income to repaying its mortgage. This means that beyond this 33.3% threshold, it is not possible to become a homeowner, even under the BRS program. And it’s worth noting that household income is net of taxes and social security contributions, which fund public services—such as healthcare, education, and pensions. That’s why I’m clarifying this here, because even the concept of affordability in the French context isn’t necessarily viewed the same way as in countries where there is little or no such protection. So for us, this webinar was truly an opportunity to address three major questions: How can the BRS be a solution to the housing crisis by enabling households to rent housing at a reasonable cost? How does the BRS contribute to social and even environmental justice, and how is it evolving according to stakeholders and across French regions? And so, to answer that last question, I’m going to give a quick overview of the speakers. So I’ll start by sharing the slideshow with you. I hope it works well. Here we are, and we’ll start with Nathalie de Mêlée, who is the Housing Director at Rennes Métropole, so I’ll let you take it from here, Nathalie

Nathalie Demeslay 07:12

Hello everyone. The slideshow is very small, so I’m trying to see how to make it bigger, but if not, it’s no big deal. So, the Rennes Métropole region—Rennes Métropole is in northwestern France; it’s the capital of the Brittany region and is a metropolitan area with a population of just over 450,000, balanced by the presence of a central city—Rennes—which has a population of just over 250,000, and 42 other municipalities that have developed over the course of the suburbanization trend of the past few decades. I am giving you this spatial and geographical overview of our metropolitan area because it is essential to understanding our approach to welcoming residents, and in particular, the balance of population distribution within the region. We have the city of Rennes, which tends to concentrate the youngest, poorest, or oldest and wealthiest households, and outlying municipalities that generally accommodate households in the process of residential mobility. Homeownership, to put it very simply—and in fact, quite schematically—this balance that has existed for over 40 years has been virtually, I would even say abruptly interrupted by the spectacular rise in real estate prices, particularly since 2017 but especially since the COVID-19 period, which has disrupted the housing balance in our metropolitan area and led to exclusion from the metropolitan area. V. To more distant areas, so we created a solidarity-based land agency—Organise le Foncier Solidaire—which enables us to effectively organize the development of social homeownership. We created it in 2018 as soon as we sensed that the market was tightening. And it is indeed a solidarity-based land agency that was created at the initiative of Rennes Métropole, which is an EPCI. So, an intermunicipal structure bringing together the 43 municipalities of which I am a part and for which I am responsible for the housing department. I forgot to mention this in my introduction, but we created this solidarity-based land agency precisely to curb speculation and the accelerating rise in real estate prices, particularly for new construction projects. However, in Rennes Métropole, we didn’t really need this agency to address that specific issue, but rather to ensure long-term stability. So, a fight against real estate speculation. And then, of course, the goal was also to produce housing accessible to as many people as possible—but we’ll come back to that—and the unique feature of the Rennes Métropole OFS compared to other OFSs that will speak later, since ours is an OFS derived from public agencies of a local government. The major challenge was indeed to ensure the efficiency of public aid over several generations. I would even say to protect public aid so that it can serve several generations of first-time homebuyers. And that is why we adopted this OFS tool, which allows us to organize access to homeownership through the separation of land and buildings, with the land remaining permanently a common asset for all residents of the metropolitan area. That’s all I’ll say at this point; that’s enough. I could go on.

Juliette Grenier 11:46

You can continue later, don't worry. Thank you, Nathalie. We also have Julien Gug with us, who is the secretary general of the OFS in Alsace. Yes

Julien Gug 11:57

Hello. So, regarding Alsace, I'd like to give you a brief overview of the local context in the Alsace region. It is a region that is highly urbanized compared to other French regions. There is significant pressure on land and housing within major metropolitan areas and around these key urban centers. The current supply of new housing is completely out of step with the financial capabilities of middle-class households. And we have a real estate market that is currently quite stagnant; at the same time, there is very strong demand for social rental housing and also for rental housing in the private sector. We can also note a persistent appeal in Alsace for houses, mainly on the outskirts of major urban areas. This is something that works well today with solidarity-based real estate leases and other specific features. As you may have noticed looking at the map, we are in a cross-border area—France, Germany, and Switzerland—with the presence of European institutions in Strasbourg and all the people who work there and therefore also need housing in the Alsace region. These specific features are as follows: this is an OFS limited solely to this territory, composed of members with about ten years of prior experience in the production of affordable home-ownership housing—what is known in France as the PSLA program. The founding members are primarily a land developer, a semi-public company, and a developer affiliated with a SASICA. This brings together both land-related issues and housing production challenges. The OFS d'Alsace involves local elected officials, social housing providers in the region, and the local government land agency in both the governance of the organization and its day-to-day operations, since this OFS was also established with the support of local governments. And finally, I don't know if this is specific to Alsace, but the Alsace FS has recently been granted the right of first refusal within the Strasbourg metropolitan area and can therefore exercise its right to preempt sales taking place in the area. That's it. Thank you

Juliette Grenier 3:03 PM

Thank you very much, Julien. Next is Céline Priem, who is the director of homeownership at the OGCNE. Yes.

Céline Priem 3:09 PM

Hello, everyone. So, the OGCNE is located in Normandy, and we operate in two regions—that's why you see two arrows: Normandy and Île-de-France. These are regions with very contrasting realities. We have areas near the coast where there is intense housing demand, but also town centers that require revitalization and re to retain residents. We are the first in Alsace—and thus the first social housing organization in France—to have been certified by the OFS in 2019. Today, we are active in both the existing and new housing sectors; we'll discuss this further later. But regarding the sale of new homes or the existing housing stock we manage. This accreditation has given us a new area of expertise, since today we manage 26,000 rental units. We build housing that we manage for rent or for sale. So we handle sales, we provide social property management services, and this BRS certification allows us to make homeownership even more affordable. We'll come back to that later. Indeed, we operate differently from our colleagues—from my colleagues who are active in the field. We don't have any support rights since we work exclusively with our OLS. Our OFS works with our OLS, and the distinctive feature of our sector—particularly in Normandy more so than in the Île-de-France region—is that we have a pricing structure. I mentioned this because it may indeed be the case in other regions, but in Normandy, except along the coast. In the rest of the region, we have discounts on the open market that are lower than the BRS, allowing us to achieve attractive discounts. With the BRS. It's true that sometimes there are areas where the open market isn't that high. So you really have to choose your service area carefully for the BRS to be relevant. Thank you

Juliette Grenier 5:10 PM

Thank you very much, Céline, and finally Jean-Baptiste Soulard, who is the deputy director of the OFS Pleine Commune. Yes,

Jean-Baptiste Soulard 5:15 PM

Pleine Commune. It's a territory that's part of the Greater Paris Metropolis. So we often look to our neighbor south of the ring road, which is Paris and is very well known. Pleine Commune itself is one of the EPTs—public territorial establishments—that were created with the Greater Paris Metropolis, but it was a much older intermunicipal structure and a territory that had a very, very strong working-class identity. It is the city of those who built Paris, who helped feed Paris, and who made it a manufacturing city. It is the city of the working class and the working people, who historically experienced the deindustrialization of France, and this urban renewal that began first with the 1998 World Cup, the Stade de France project, and then the Paris 2024 Olympic and Paralympic Games—which we could almost call the Paris and Greater Paris 2024 Olympic and Paralympic Games, since so many events were held in our area. But beyond that, it is also an area marked by the new Grand Paris Express metro lines, which will serve our region. And the challenge in urban development and housing is not to forget those who were here from the start—a working-class area, as I said, one heavily marked by public housing—where we must continue to provide housing for these people and support their journey, potentially offering them a path to upward mobility in housing. And that is why, before 2020, and then during the last term of the penultimate political administration, the OFS of Pleine Commune was created. I wanted to bring up an interesting topic since the purpose of this meeting was initially to discuss populations coming from elsewhere. It turns out that in Pleine Commune—admittedly, we don't have statistics in France on people's origins—but we can say that there are roughly 135 different nationalities represented in the town. This shows that, in addition to being a working-class manufacturing town, it is a rich, diverse town with a wealth of skills and expertise—a true global town in its own right. Even though we are not Paris or the capital, we are part of this metropolitan region with this diversity of people's origins. It is a very small area—half the size of Paris and covering just 3% of New York in terms of area, and yet we have our own OFS—a very young OFS—where we have produced 400 housing units since 2022. We have a fairly significant development plan for this very limited territory, where we face the issues mentioned by the colleague earlier. We are also in a territory where new housing—whether new or older in the northern part of the territory—is already affordable by definition. And so making housing more affordable than it already is, and doing so economically, is not possible. So we face the challenge of ensuring our housing supply is well-adapted: just 100 meters from Paris, once you cross the ring road, prices drop to €7,000 per square meter for new construction and €7,500 in the southern part of the area, in Saint-Ouen for example, whereas in the north of the area, we'll be barely at €4,009 including 20% VAT, whereas in Paris, we're looking at €10,000 per square meter—€12,000, €15,000, or €18,000 for new construction in certain sectors. So we're in an area where there's a lot at stake thanks to new urban projects and this so-called “urban renewal”—that valuations don't get out of hand—and we'll have time to discuss this further during the Q&A session

Juliette Grenier 21:05

Thank you very much. We'll move on to the topic of the residential pathway, so let's start with you, Julien. Given the commitment of the Strasbourg metropolitan area and the OFS to paying particular attention to the residential pathway, what are its objectives? More specifically? So

Julien Gug 9:25 PM

First, it's important to note that today, the Strasbourg Eurometropolis has a population of over half a million. As I mentioned earlier, the housing market is very tight in central cities like Strasbourg, and it remains tight as well in all the municipalities surrounding Strasbourg that are part of this

Eurometropolis. So the challenge for all these municipalities is to be able to offer their residents a comprehensive package that combines jobs, services, transportation, and above all, housing—and this housing must be affordable. Over the past 25 years, we've seen that the housing supply has become largely insufficient and increasingly ill-suited to demand. Demand for social rental housing has risen sharply without corresponding new construction; land prices, as in many places in France, have also risen, and construction costs have increased as well. And today, the result of this equation is very clear: there is a significant gap between the price of new housing on the open market and, the financial capacity of low-income households and the middle class. These households are therefore neither prioritized in the allocation of social rental housing nor able to purchase a new home, or even an older home on the open market within the Eurometropolis. The result is that many of them are moving away and leaving this Eurometropolis in order to become homeowners, even if it means significantly increasing their daily commutes—particularly and above all to come to work in the metropolis—and thus enabling these people to remain in the city and within the metropolis, and above all in Strasbourg. The local authority has assigned several objectives to the OFS d'Alsace. First, to enable tenants in the social housing stock who can afford it, as well as tenants in the open market, to become homeowners through a solidarity-based lease, thereby freeing up a unit in social rental housing or in the private housing stock for another household. Second, to enable young working people to find housing near their workplace by becoming homeowners through a solidarity-based lease. Since it is difficult today, when starting out in the workforce or in a first job, to become a homeowner. It also allows growing families to find housing in the Eurometropolis through a solidarity-based lease. It's important to know that this program also allows you to purchase a one- or even two-bedroom unit—more than what's available on the open market—and it ultimately enables buyers under a solidarity lease to build up a financial down payment that allows them to eventually become full homeowners in the private market after 15 or 20 years, thereby freeing up resources. Solidarity-based lease housing for a new household: I've included a small chart from the presentation—it's a real-life example of a 15-year trajectory for a 30-unit project that was delivered a few months ago and is very well located, right next to the European Parliament in Strasbourg. If we take the example of a three-room apartment of 68 m² for a couple with one child and monthly financial resources of just over €3,000, we see that they can purchase a BRS for €223,000 with a monthly payment of €80, compared to an apartment that would sell for over €100,000 more on the open market. And if we look at the evolution of this household's financial capacity after 15 years, we realize that they can build up real financial assets by reselling this property after 15 years and then move into a home on the open market—something that is not actually possible is what we see in purple on the first graph—something that renting does not actually allow—and the area shown in green, which effectively finances housing with non-repayable funds and does not allow for the accumulation of financial capital to eventually become a homeowner. The whole challenge here is for us to scale up the solidarity-based lease program over time and open it up to as many people as possible so that many households can actually become homeowners through this program over the years. And in the second graph, which you can see in the presentation, we see the light green area, which represents the 15-year price trend for the same housing unit in this example under a solidarity-based lease, and the orange area shows the price trend for the same housing unit in the same area that would be on the private market. So we can clearly see that the entire area outlined in red is what we call real estate speculation. So, over the long term, the price of a solidarity-based lease will inevitably increase less than the price of a private-market home. This also helps support the housing journey of future households

Juliette Grenier 28:10

on the part of the city and the Strasbourg Eurometropolis. How is this being implemented in practice? So this issue of the housing journey in relation to the OFS. So

Julien Gug 28:23

For a long-term solidarity lease to be the first step in a housing journey that is both gradual and successful, it simply must be financially affordable for the household wishing to acquire it. And so there is already an effort being made by local authorities, the city, and the Eurometropolis of Strasbourg. Regarding the prices of public buildable land sold to the OFS as part of public projects. These prices are two to three times lower than those of public land sold to private developers for their projects. Furthermore, local authorities also mandate in their urban planning documents a quota for social rental housing and a quota for solidarity-based leasehold housing in specific areas of the city. This effectively requires developers to offer solidarity-based leasehold housing under the conditions set by the OFS. Finally, elected officials at the OFS in Alsace are systematically involved in the selection of buyers to limit windfall effects. This takes the form of an approval process conducted anonymously to prevent any favoritism. It is presented to a committee on which the elected officials serve. That's it. Thank you

Juliette Grenier 29:53

Thank you very much, and now for you, Jean-Baptiste, still on the topic of urban policies, how does the BRS fit into the Pleine Commune territory?

Jean-Baptiste Soulard 30:04

We are the OFS of Pleine Commune, and that's 89 member municipalities, including the new municipality of Saint-Denis-Pierrefitte. We are a regional OFS, and we do what we're told to do, to put it simply, but we are one of the links in this chain of affordable housing production. And so, in this housing pathway, we must support people at every stage—from tenants, social tenants, private tenants, to those eligible to take that first step on the staircase of the housing pathway—which we might call an upward trajectory—to become tenants, then homeowners, and stop paying for their housing with non-repayable funds. It's an entire production chain. First, in the expansion of the BRS housing segment itself, since we have a very young population, so the PLH—the Pleine Commune rental housing program—is asking us to build 500 units per year and 300 in the long term, so this is far from insignificant in a small area like ours. And to help us, Pleine Commune is the area—the local authority area, I believe in France—where there are the most ZACs (). I think there are 40 developed sectors, if I'm not mistaken, and so I have a portfolio managed by the local authority where I have to manage the production flow of BRS housing units that are mandated either in water supply agreements or in the various negotiations that may take place with developers. On top of that, we have a PLUI—a local intermunicipal urban planning plan—that was approved a few months ago with social diversity requirements, which mandate a certain volume of BRS units for operators as soon as they exceed a certain floor area. This actually helps us a lot when entering negotiations to set minimum BRS housing quotas. But the current market situation is such that BRS units are selling better than the open market. There are even developers telling us they want to go beyond what's required of them, so that's quite encouraging. It's one of the rare times I'll say "thank you, crisis," but in any case, it helps us produce a bit more BRS housing and contributes to the overall housing development process. There's also this issue of the discount, which is still problematic. A 25% discount is required to allow us to secure the Gaia loan from the Bank of Territories, which helps us purchase the land. We quickly realize that in the northern part of our territory, we can't produce housing at a discount; we can't build and sell housing at €1,500 per square meter—that's already a construction cost—so that's where we're dealing with the issue of land discounts, which is certainly being considered today. For us, much like my colleague Julien, we have land that's discounted and earmarked for us, but in the northern part of the territory. That's the next step. That's why we also have a Youth OFS in this segment of all the region's tools. We need cheaper land in the long term to be able to produce BRS housing with attractive discounts in the northern part of the region. So all that's left is to... And we still have many years of reflection ahead of us to figure out how to approach that development. And

Juliette Grenier 33:32

By the way, you're in a region that has changed very quickly, particularly with the arrival of the JO. Do you think the BRS is sufficiently equipped to handle all these changes?

Jean-Baptiste Soulard 33:44

It's true that this is the challenge—and it was, in fact, the focus of the municipal election campaign a few months ago. It's about how to continue ensuring support for the people already living in an area that's set to change due to this—well, the term isn't very nice—urban renewal, or at least revitalizing the city to make it attractive again, even though people have been living there quite well for years. So it's a real political debate, and the Olympics weren't necessarily seen as a positive for everyone—a nice showcase, sure—but what do we do with it, and what are we doing about the people who are already here? The BRS, as it was recently conceived, was based on the idea that we'd sell it primarily to local residents—we're trying, but it's based on a principle of advertising, a marketing principle. We're only advertising locally, assuming that those who hear about the program will be local residents, and assuming that the price will naturally appeal to the local population. Now, in this transitional period and with this change in the political majority—my new president was elected yesterday—the question arises, given the feedback we now have at the OFS from three or four years of data, about who we've actually targeted and how we can improve our targeting of Local working-class populations to help more people move out of public housing if they wish, allowing them to purchase a home through social home ownership, rather than acting as a magnet for people who might otherwise live in Paris but are just starting their professional careers and thus belong to lower socioeconomic groups yet remain eligible for the program. So I think that's the key. We are at a point in our OFS where we need to ask ourselves the right questions regarding these projects that have transformed our region in terms of visibility, and how our OFS can better adapt or ensure adaptability to local demand. Thank you

Juliette Grenier 35:55

A lot. So, in a nutshell, for you and Julien, what does the BRS mean for the future in terms of population policy in your two regions? Or is there still a need for other forms of rental housing? In any case?

Julien Gug 36:13

So for Alsace, the BRS alone won't solve the demographic equation. But it's certain that without this solution for home ownership, the metropolitan area will, in the long term, lose an entire age group of the population that will ultimately be forced to leave to find housing further away. So once again, locally here in Strasbourg. There is also a public health issue in the metropolitan area, which is currently trying to minimize daily car use for commuting. All this in a context where public transportation is already heavily congested during rush hour and where the development of new public transportation solutions is becoming increasingly expensive and restrictive. So the idea is still to offer on-site housing at prices and under conditions that can meet the needs of a significant portion of the middle class. Indeed, the BRS plays a very significant role in the region's demographic policy, given that today a new solidarity-based lease in Strasbourg means an energy-efficient family that will not necessarily use their car to commute to work every day and that will remain there for 10 to 20 years before passing the baton to a new family. So we are indeed in a virtuous cycle that will ultimately contribute significantly to the region's demographic policy. Even if the BRS alone is not sufficient. We,

Jean-Baptiste Soulard 38:09

it's both the same and different at the same time. It's true that the choice of where to live—being free to stay where you've established your lifestyle. That's still what the BRS offers: I can stay in the same place, keep my lifestyle, keep my children's lifestyle, with the same level of effort, by becoming a homeowner. Or if I'm already a homeowner, I keep the same address. I want a bigger place or a smaller one because we're at a turning point in our family's journey. Let's say that's the point for me in the question you're asking about the demographic aspect: offering a public service—we're a regional

public service tool for housing—to stay at the same address and maintain the same lifestyle, while remaining free and breaking away from the sense of being tied down that housing can sometimes entail. We have a tool for empowering the local population with this offer. There. Nevertheless, it doesn't solve everything. There is a large segment of the working class that does not have access to loans because banks are cautious, because interest rates have risen, and because there is also an international situation that may not encourage people to go into debt. And so it doesn't solve everything when it comes to getting on the property ladder. There is still a need for quality social rental housing, and that is why we are just one of the tools Plaine Commune uses to provide the population with housing options across all segments of the real estate market. Thank you

Juliette Grenier 39:47

Thank you very much, Nathalie. So, at Rennes Métropole, you've been doing historic, long-standing work on land policy and housing. So my question is: What is your vision for the residential journey, and in relation to your BRS? You have different levels of BRS, so how does this actually align with your vision of the residential journey, and to what extent does it address an issue of social justice? Rennes Métropole doesn't have your mic open. Nathalie, sorry,

Nathalie Demeslay 40:35

I forgot to turn my mic back on. I'd like to pick up a bit on the comments made by our two previous speakers. Perhaps what makes Rennes Métropole unique is its approach. It's the approach of scaling up the BRS, which is strongly desired within the framework of its local housing production housing. Why mass-production of housing? Simply because we've organized the housing chain—I'll come back to that—so you have a small diagram. I can only see things very small on my screen, but you have the diagram representing the chain. We've organized and assigned a type of BRS to each major category of households eligible for the BRS, and this applies across the entire housing chain. I often say that, in effect, a developed product equals a housing product, so that's the first thing: we're operating more from a mass-market perspective and, above all, from the perspective of saying, "Let's not be naive"—the BRS is aimed at a broad audience across our territory; nine out of ten tenants, whether in public or private housing, have access to a BRS. So we must not be naive, and we must ensure that, within this eligible population, all groups can indeed be served and have a BRS that is specifically dedicated to them—particularly households coming from public housing who need to enroll in a housing pathway—which we, as a local authority, need them to do if they wish—to manage the turnover of the social housing stock. Today, we have a social housing stock that is under strain. We have a huge number of applicants. The number of applicants has doubled since 2016. We're at 30,000—a little over 30,000 applicants. It takes about four years to receive a first offer of public housing. So that's too long. It's too long because people aren't leaving public housing because they can't afford to rent on the private market. So for us, the question of how we approach the housing pathway is really about ensuring a housing pathway for everyone, and that's why we're working on this system and will organize its implementation across its different BRS levels. So we have the Social Homeownership BRS, which is primarily aimed at households eligible for social housing or intermediate rental housing. Then, for French citizens who fall within the PLS income bracket—to put it simply, for rental housing with income limits slightly higher than those for standard social housing—and then so-called affordable homeownership and intermediate homeownership, all of this is part of the BRS with dedicated quotas for each of these products. That's also important to understand. But that was mentioned earlier. So then, effectively, we have the tools to implement this PRS chain—which, for us, is the housing chain—and what you need to understand is that in our policy, which was redefined in 2023, we no longer try to correct the free market. We no longer view our housing sector through the lens of the free market and attempt to make corrections to that free market. No, we start from the premise that the foundation—the basic, universal product—is public housing. It's relatively universal in France since the income ceilings are very high—well, they're higher than the general standards—so we have a general-purpose social housing stock, and it's through this lens that we define all our products. You can see that in this housing

chain, the free market plays a very small role at the end of the process for households wishing to become full homeowners. How do we actually organize the implementation of all this? Well, that was mentioned earlier—I'm sorry, Jean-Baptiste. But it's not Pleine Commune that has the most ZACs; it's Rennes Métropole, since we must be at around 90 development projects. What does that mean—ZAC development projects? It means that the public authority can manage programmatic guidelines and define, for each development project, provide guidance regarding programmatic direction. The share of social housing, the share of BRS-1, the share of BRS-2, the share of BRS, etc. So once we have planned projects—that is, development projects— We guide the projects that are actually to be implemented within the framework of these development projects. Then, as was also mentioned—I believe by the colleague from Strasbourg—we also make extensive use of social diversity easements. That is to say, when we're in a dispersed area, the private developer, in order to obtain a building permit, will also have to provide BRS housing—often BRS or BRS 2 in our region. So there you have it. So for us, the issue of residential pathways is the challenge this poses. It is, in fact, about our ability to ensure equal access to housing for all by effectively utilizing all available tools—the various types of BRS to be implemented—and by using all these tools so that we can provide BRS housing tailored to specific demographics across the entire metropolitan area, whether in the heart of the city or in the most remote sectors. So for us, this is truly something very important, and that is why we are pursuing a strategy of massification, because we believe that only massification can bear fruit in terms of the fluidity of these housing pathways. And I don't know if this is the right time to address this issue, but it was mentioned earlier in relation to the demographic question. But behind that, there is indeed an ecological and climate challenge—even one of preventing the dispersion of populations—the fact that residential patterns are concentrated in areas far too distant from people's workplaces. So there is an ecological issue of land use planning, of reducing commuting, etc. But also, and above all, there is a social justice issue for us, since we know full well that those who move further away are those with the least means to access the open market—hence the importance of organizing within our territory. We'll come back to this later when we connect it to the existing housing stock. So, organizing this chain—this housing chain, this housing supply chain—within our region to provide a solution tailored to each household category. From

Juliette Grenier 49:16

So, in a nutshell, can you tell us if this is also linked to your policy for allocating BRS housing—specifically, this issue of distance, etc.? So

Nathalie Demeslay 49:26

First, regarding our BRS allocation policy, what you need to know is that there are several types of BRS. That's what I explained in points one, two, three, and four. And so, in this case, we've established marketing procedures that aren't exactly the same. We place a lot of importance—well, we place importance on all BRSs, but much more so on BRS 1 and 2, which are the BRSs that are the most credit-enhancing, the ones that are intended to target households that do not exceed 125% of the income ceiling for social housing. And there, we organize tripartite allocation committees. Anonymously. Earlier, we were talking about inclusion. It's extremely important. We believe in anonymizing the applications of households wishing to access BRS housing. And during these committees, there are three types of stakeholders: the municipality hosting the program, the developer who built the program and is marketing it, and of course the housing department, but on behalf of the OAFS, which will ensure that allocation is carried out in strict accordance with the defined criteria. So we are extremely careful about this with the BRSA, which is our latest BRS, the most expensive one, and which accounts for only 150 units out of 1,700. There, we don't have any specific marketing mechanism; households just need to meet the income ceiling. What I also wanted to say regarding what I mentioned earlier—I know this is a bit technical, but I'll try to be clear. The decoupling mechanism in France is based on, and indeed the very concept of the housing pathway in France will rely heavily on, the security mechanisms provided by our housing production system within the BRS.

And this security is effectively the authority of the OFS. That is the right, the legal provision to buy back the housing if the household finds itself in difficulty or is unable to resell its home. So these safeguards in the sales process are also extremely important, since they're what will enable households to try to embark on a homeownership journey. Now, moving up—I don't like that term; it gives the impression that being a renter is somehow wrong, but no, that's not it. But in any case, if they wish to move toward social homeownership because there's a sense of security for the tenant who knows that the OFS—the solidarity-based housing organization—will be there, and what's more, when that organization is backed by a local government, it will be there to provide security in case of difficulty. And for us, it's extremely important to have this very comprehensive, holistic approach to things. Thank you

Juliette Grenier 52:54

Nathalie. In fact, this is also something we can see when a social housing organization specializes in social homeownership and also fits into this model. And that's your case, Céline. So can you tell us about how social housing sales work, since that's mostly what you do with the BA, if I'm not mistaken. And how do you combine that with the topic of the residential pathway? Yes

Céline Priem 53:21

Actually, our approach is a bit different from that of my colleagues speaking today, since we're a social housing provider with a long-standing commitment to social homeownership. We've been selling for several years now, and so, in practical terms, social housing sales involve selling existing properties. So today, we manage 26,000 units and have identified 3,000 units as targets for social housing sales—specifically for BRS sales. That's what I mentioned earlier in my introduction. Indeed, being approved by the FS allows us to sell our social housing stock at a lower price thanks to the PRS, thanks to the decoupling that Nathalie mentioned earlier. In practical terms, we're selling existing stock that's over 10 years old, since that's the French regulation. We were talking about the environment and energy labels as well. Exactly. I don't know if "respectable" is the right term, but in any case, not energy-inefficient housing. That's for sure. So here in France—I don't know if the system is the same abroad—but the energy label on older housing, particularly in Normandy, when it's rated C or D, is actually pretty decent. Let's put it that way, knowing that the best rating in France is A and the worst is G. So for F and G, we're not allowed to sell them. In any case, that's what the regulations stipulate. So with BRS, we'll sell at a price—specifically, at a price discounted by about 20% from the standard HLM sale price. This discount will help households. We were talking about this earlier. The idea is to enable households that currently cannot afford to buy. It's clear that the middle class and wage earners no longer have as easy access to homeownership. So, by selling existing housing stock, we'll be able to offer prices slightly lower than for new construction, and by further discounting them through the BRS—with this decoupling and a discount ranging from 20% to 100%—it will serve as an additional lever to help households achieve homeownership. Often with the BRS, people say it allows them to have an extra room or to live in a place they couldn't otherwise afford. The discount also serves that purpose compared to the open market. So it could be a case where someone says, "Actually, on the open market, I have the budget for a one-bedroom, but I need a two-bedroom because I have a child and I'd like to live there." You mentioned this. My colleagues have mentioned it. I'd like to live near my workplace, but it's too expensive, so I'll have to move further away, drive my car, and so on. And so, indeed, the BRS will also be an additional tool to be able to buy a property in an area where one couldn't buy under the open market housing system. So for us, the BRS is indeed a relevant tool that also guarantees sustainable social housing. That is to say, with social housing sales—historically, when we sold social housing, it was a one-time transaction. The person would resell it and could make whatever profit they wanted. For us, the benefit we've seen with the BRS is that all of this is regulated. Nathalie mentioned this earlier. The regulations are actually quite favorable for the households that will take over. With each resale, we'll re-evaluate the households. That means we'll have oversight over the selling price, which is regulated. So every OFS in France has these rules regarding resale, but here's the thing: the safeguards you mentioned, Nathalie—the security for everyone, essentially—but the safeguards vary

slightly depending on the solidarity-based housing organization. So, in fact, we'll have oversight over resales to verify that the resale price is appropriate and to ensure that income limits are met for the second buyer. So, in fact, these units will be sold on a long-term basis at a regulated price. And so, we'll have housing that serves a sustainable social purpose, and that's the appeal of the BRS for us in sales as well. HLM and

Juliette Grenier 57:22

you're also a solidarity-based property manager. So just a few words on that before we move on to renovation.

Céline Priem 57:30

Yes, indeed, at Logio, we have a solidarity-based property management firm, and the benefit of this firm is that it provides continuity. You were talking about the residential journey earlier— we're tenants, we're owners, and we're co-owners—how do we support this journey in a secure, structured way? So with this property management firm, we believe it's very important to support the transition to co-ownership, but also the co-owners themselves. Often, we're dealing with households that have never owned property before, so we see there's a significant need for education. And so our property management firm is committed to this—beyond the technical and financial aspects, etc., which will obviously be closely scrutinized—to assure the co-owners that we won't vote on outlandish projects or incur exponential expenses. But support also involves educating residents by explaining at every general meeting—especially when new co-owners join—how the general meeting works. What a property manager is, what a repair fund is, what a cash advance is, and so on. So it's about providing very thorough education. We also hold annual gatherings, organize co-ownership evenings, bring together co-owners' associations, and offer training on how to read a service charge statement and how to support multi-year renovation plans. So, in short, we provide additional educational support. Specifically, our property management firm is a cooperative for the public good (SCIC) that integrates homeowners' associations into its governance structure. Therefore, there is a genuine commitment to working with these associations to develop this mission of supportive property management—particularly for condominiums—in a sustainable, long-term manner. It's clear that we're in this for the long haul, and that's a genuine commitment—it also provides security for the communities. We also need to offer guarantees to the communities. There's a lot of talk in France about fragile or deteriorating co-ownerships. This is a real issue, and so being deeply involved in these condominiums will allow us to keep an eye on the community's operations—ensuring everyone pays their fees on time, identifying technical or other issues—and thereby assure local authorities that we know how to lease, we know how to sell, and we can also fulfill this property management role by being actively involved in sustainable management of the condominium and its owners. Thank you

Juliette Grenier 1:00:06

a lot. We're going to move on to the topic of renovation, so we have less than half an hour left, so to save a little time—at least ten minutes—for Q&A. I'm going to ask you to be a bit more concise than in this first part. Let's continue with you, Céline. How much attention do you pay to the condition of the properties—particularly condominiums—when they're sold under the BRS program? And if renovations are needed, do you consider carrying out that renovation work outside of your own portfolio, or not? Okay,

Céline Priem 1:00:37

Two questions in one. I'll keep this brief regarding the first point: how we sell when dealing with heritage properties. We're very careful about what I just mentioned, specifically to assess the future expenses of the co-owners. Yes, we take a very close look at the condition of the building at the time it goes on the market. That is to say, we really bring in professionals. In any case, we have regulations in France that

require us to conduct a whole series of inspections. But we'll check to see if there are any major projects that need to be approved within the five years following the sale—major, projected projects. I mean, for example, insulation, roof repairs, etc. So if there was a need at the time of converting this existing property into a condominium—as I mentioned earlier—we'll carry out the work before putting it on the market to ensure, guarantee, and reassure the co-owners as well as the local authorities. In relation to what I said earlier. So yes, to answer your question, we're doing work before the sale to ensure the property won't require major repairs for at least five years after the sale. And earlier, we were talking about the property manager. That's also part of the support mission. I'm making the connection: it's about saying that while there's no need for work today, in 10 or 15 years, there will be a need for a facade renovation. Well, that's also the property manager's role: to notify the co-owners, advise them, and say, "Here's my expertise—in five or ten years, we'll need to do a facade renovation. Let's start setting aside a little savings now so we can pay for this work in five or ten years." And regarding your question about renovation, we've actually been thinking for a few months about how the BRS could serve as a tool for renovations beyond just our own properties. Indeed, there are landlords' properties, but it's not just that—we can clearly see today that there's a growing concern about properties that might be falling into disrepair. And we're thinking about it, working with notaries and lawyers, to see how the BRS could serve as a lever to facilitate these renovation projects. We always use the example of the private homeowner who buys a home on the open market at age 70 and is then faced with renovation costs of €20,000 or €30,000 in their condominium, which they can't afford. At 70, they're no longer eligible for a loan, and they ask themselves, "How am I supposed to pay for this?" "Either I sell my home and leave, or I have no other options." So what we're considering here is how we might use the BRS to help this group. We're thinking that what we envision would be to perhaps offer this person the chance to stay in the home, buy back the full ownership from them, grant them a BRS, and use the difference between full ownership and the BRS to finance their renovations. We're thinking that we would have participated in the renovation without public funds. We would be bringing a unit into the social housing category I mentioned earlier, which isn't the case with market-rate housing. And here, thanks to this BRS intervention, we could bring a unit into this sustainable social housing category and, above all, allow this gentleman to stay in his home without moving. So this is an idea we're currently exploring. Can the BRS—well, there are many things in France that will be needed; there may be grants to apply for as well to sustain this initiative long-term. But in any case, we're discussing it, particularly with the Foncer Solidaire France network, to see how we could use the BRS to support these renovations, especially in the private sector. Thank you

Juliette Grenier 1:04:20

Thank you very much, Jean-Baptiste. In your area, you're also involved in social housing sales and you're interested in rehabilitation. So what are the challenges in your area, and how would that fit with your BRS projects—specifically in new construction? I

Jean-Baptiste Soulard 1:04:37

I'll clarify just a little bit. Actually, we'd like to do social housing sales and rehabilitation. Let's say that all the planning frameworks have been approved for me. We've tried to explore the idea of social housing sales to current occupants. A while back, we faced a major challenge with the loan that needed to be arranged with the regional development bank. Since our organization isn't a social housing provider, we aren't in a position where we can do this as easily as my colleague. That shift required us to buy out the full ownership and the land in order to resell it immediately to the current tenants, and there was a notarial and, above all, financial complexity involved in taking out a loan to repay a land loan that was still outstanding with the landlord in question. That clearly put us off this particular experience, but I think we'll come back to it eventually, since we're in an area with a high proportion of social rental housing, and as for renovation, the same goes—we're in an area with dilapidated condominiums. There's this opportunity where the OFS have voting rights, or at least are invited to the condominium meetings, so we bring public authority into the condominiums as soon as we are present, and if we also

carry out rehabilitation, we maintain a long-term presence. The problem is the carrying costs. Here again, for X months—the time it takes to complete the work—we are the full owners of the building's value while bearing the land costs. And here, it's more a matter of equity and the resources allocated to make this happen. We have all the necessary expertise across all relevant fields. The problem is often the same. It's a matter of money

Juliette Grenier 1:06:40

Very, very clear, and in fact, I think this ties into what Julien will also be able to say about the renovation projects that you and the Strasbourg metropolitan area have been spearheading in recent days. We saw that things were a bit stalled. Where do things stand today, and what would it take to make this work? So

Julien Gug 1:07:04

It really is mostly about money when we talk about rehabilitation, whether it's through real estate leases, solidarity-based leases, or other mechanisms. An experimental study conducted by OFSA was announced last year, and since then, we've been working on individual properties—that is, houses and small buildings with two or three units. The conclusion today is that, unfortunately, the results are inconclusive, for several reasons. The first, of course, as we've mentioned, is the cost of renovation. The costs are actually too high today, and they do not allow for the creation of housing units under a genuine solidarity lease that are priced low enough relative to the prices observed in the surrounding new or existing free-market sector for this to work. So, first of all, I do not believe today that this can work as is without public involvement and given the renovation costs as they stand today. For MINIMA to work, the land would have to be very cheap, or even free. That is to say, the land would have to be, in one way or another, given to the OFS for free. For this to work, it would also be necessary to increase the density of the plots in question by adding one or, in the best-case scenario, several new housing units. But this is rarely possible given the actual layout of the plots within the existing built environment. And then we talk about rehabilitation; what you also need to know is that this experiment demonstrated that in most cases, it would actually be necessary to demolish the old structures and rebuild from scratch. Except that this is rarely possible in existing built-up areas because most of these old buildings and houses are now protected under urban planning regulations. That's it. So there are a whole host of factors that mean this experiment has very clearly come to a halt today and will not, for the time being, be carried through to completion, mainly for financial reasons, even though it is indeed a real challenge for the future to be able to rehabilitate through community-based initiatives. That much is very clear. We will have to find a solution. Thank you

Juliette Grenier 1:09:56

Thank you very much. That's very clear Nathalie, you're also dealing with this issue in Rennes Métropole. For you, as you mentioned, it's about both social justice and environmental justice. And you said you'd managed to make an economic model work. So, can you tell us about your experience and how it works in Rennes Métropole? So

Nathalie Demeslay 1:10:19

No, we haven't managed to make a business model work. We've managed to launch two BRS projects within the existing system, with a significant public deficit that we've accepted. I just wanted to come back to that. I'll make this quick, don't worry, but I just wanted to revisit the BRS within the existing system—specifically, why we want to implement BRS within the existing system. Indeed, there are different objectives. There's the simplest target, which Céline explained— —diversification within the social housing stock. It's about ensuring that we can actually restore a balanced mix within large social housing complexes that are currently struggling to attract residents. So this contributes to what we're doing, of course, with our landlords and particularly our metropolitan housing authority as part of urban

renewal. We're promoting diversification through the BRS in existing stock, which is primarily intended for tenants—though not exclusively—because it's not necessarily tenants who are in a position to purchase the BRS due to issues with access to credit, etc. So I'll skip that part. The other aspect we'd like to develop—and for which we're actually part of a European project called Ulsa Kleen Trust—involves meetings on September 10 in Rennes that are very open to the issue of real estate recycling. So I invite you to stay tuned and sign up if you'd like to participate in today's discussion. The city of tomorrow is already being built in our metropolitan areas, so we can talk all we want about new construction. We can say all we want that we're going to build a lot of BRS—1,700 BRS—in this new development, but a number of neighborhoods in the heart of the metropolitan area within the city of Rennes are already established, and we need to ensure a certain level of diversity in these neighborhoods as well and bring back owner-occupiers today. This is due to an extremely tight housing market. These are neighborhoods, some of which have been transformed into rental properties, driven in particular by private landlords who, on the one hand, drive up rents and, on the other hand, push owner-occupiers further away. So our idea is effectively to reclaim the condominiums. That's how I put it: we need to set out to reclaim the condominiums, particularly by allowing them to be reintroduced in certain neighborhoods. I feel like I'm reintroducing animal species, but no, don't worry—I mean reintroducing owner-occupiers, and that is the purpose of our response and our participation in the European project, specifically in a neighborhood covered by the Urban Policy program called Villejean, which is very close to a major university located within the neighborhood, with a largest students and co-ops that have completely shifted to condominiums owned by private landlords who rent out their apartments, sublet them by the room, and create several difficulties. So right now, we haven't yet made acquisitions of the other co-op, but we're in the process of identifying those acquisitions, knowing that there really isn't a business model. Right now, you have to buy a co-owned property—even if you buy it cheaply, you have to renovate it. You have to fix it up. Then you have to resell it—resell the real property rights while retaining the land—and that doesn't happen naturally. So there is still the question of the business model, particularly regarding access to credit, which may be more long-term outside of the GAIM loan, because here we are buying a home. So we'd need to see how we can work through these issues. But nevertheless, in this first phase, what we want to verify is that there's buyer interest and that we can build a business model. But we could also face difficulties marketing the housing in certain neighborhoods if we fail to restore their appeal, etc. So our first step is to effectively ensure that there is a customer base and that we can meet the challenge of rebalancing diversity, particularly in neighborhoods, specifically in QPV neighborhoods with condominiums. And the two housing projects we've completed were built primarily in the historic center of Rennes as part of a planned housing improvement initiative. That is to say, we're in a heritage preservation zone. We're dealing with heritage buildings constructed in the Middle Ages, featuring half-timbered structures, etc., which need to be rehabilitated. Our public developer purchased units in these condominiums because the owners couldn't afford it. It is very expensive to rehabilitate this heritage. And so the position of Rennes Métropole and the city of Rennes is that once a property has been acquired by the public authority, its release onto the market is automatically guaranteed through a public offering, whether as social rental housing or as BRS units via the OIFs. In other words, the public authority does not resell housing to feed a speculative private market—that is a political stance. And so, in this case, there are two OBRS units that we built in the historic center, which we resold at €3,500 per square meter. These are units that—I'm not even talking about the price, but the total cost of—far exceed €7,000. So there's a big deficit there, but we're accepting it; we're committed to this. And like Céline, we're thinking a lot about support. We're going to run a pilot program here: we have the housing, we have the owners to support—helping owners who can't afford the work involved in the energy-efficient renovation of their condominium. So here, we're going to see if we can actually do it and what the conditions are, and likewise, whether the owner—or owners—agree to sell their full ownership to recover real property rights. And so, we're going to make our first acquisition. This is imminent in a city policy neighborhood. And finally, I'll conclude with this: our avenues for exploration. It's also the solidarity life annuity. So I know they exist, but the ability to actually support elderly owners who wish to stay in their homes but

who need support and financial assistance. And here, we're also considering setting up a program because these elderly homeowners are the ones who own the city—they're the ones who can help reintroduce diversity. And since they bought their homes a very long time ago in fairly attractive areas—single-family homes in housing developments—we have a very strong responsibility as a public authority to revitalize these neighborhoods. So it's not unreasonable to say that purchasing through a solidarity-based life annuity, well, buying a home through a joint life annuity and via a BRS arrangement would allow us to build the land reserves of tomorrow that we'll need precisely within the framework of this ecological transition and in terms of rebuilding the city on its own terms. So, the revitalization of our cities—that's it. So, we have two housing units that were built with a significant deficit; we're about to build as part of the European project on co-ownership diversification to bring in owner-occupiers. And right now, I don't have a business model, but we'll go ahead anyway. We're part of the European project and we mainly want to gauge buyer interest. That's what's important to us. And finally, as Céline said, it's about supporting owner-occupiers who find themselves in difficulty and who might be evicted or forced to sell their homes because they can't afford the repairs. Thank you

Juliette Grenier 1:19:50

a lot to all four of you. We'll be able to go through as many Q&As as possible. There's a first question about whether the developer handles Even more so regarding marketing. So yes, indeed, when there's a BRS project with a private developer or a public housing organization building, it's usually the developer or organization itself that handles the marketing for the BRS units. And then a second question about why it's more advantageous for the developer to include more BRS units in a project? Well, I know

Jean-Baptiste Soulard 1:20:23

to

Nathalie Demeslay 1:20:24

At the moment, at the moment, it's because there are tax advantages attached to BRS for a developer—that is to say, instead of building with the VAT rate that currently applies to our new construction, once we're in a BRS project, the VAT rate is reduced to 10%. So there's a 15-point difference in the VAT rate, which helps balance out the operations. Jean-Baptiste, I was going to say something else.

Jean-Baptiste Soulard 1:20:59

I was going to say that the BRS opens up a customer base that isn't possible with a 20% VAT rate, so we double it. We're allowing a developer to double their target customer base. Now, the wording isn't very elegant—it sounds very marketing-speak—but technically, they can sell twice as fast if they have a strong sales force, which isn't guaranteed. But whereas in a normal, traditional market, the market targets the 7th, 8th, and 9th deciles of the population, But with BRS, we can target the 1st, 5th, 6th, and 7th deciles of the population. That's a bit of an exaggeration. My neighbors will say that in their own , their city, or their area, it's not exactly those groups that are fully served either, but in any case, it allows us to double our reach, and and that's what I tell them: "With the BRS, you'll get there twice as fast because you're targeting a much larger customer base." And it's true—the BRS sells twice as fast in Pleine Commune as it does in the open market. Next,

Juliette Grenier 1:21:59

How do you view the complementarities between the BRS and PSLA, if the latter program is still being considered in your respective territories?

Céline Priem 1:22:10

In

Nathalie Demeslay 1:22:11

As far as Rennes Métropole is concerned, we do not allow both programs to operate within the same area. That is to say, affordable intermediate social homeownership—whatever you want to call it—if the OFS is present, there are no more PSLA approvals; however, we do allow PSLA in municipalities within the metropolitan area because they also look toward other territories that do not use the BRS. So, in any case, we're trying to—well, we're making sure there's no competition between full ownership and shared ownership. Because that's the issue. In reality

Céline Priem 1:22:54

I'd like to add a few points as well. I agree with you, Nathalie. We're keeping a close eye on that, and I think we all are. And then, actually, depending on our regions. You could say there are regions that use BRS and regions that use PSLA. We were talking about this earlier, I think with Jean-Baptiste. I think it was you, Jean-Baptiste. There are sometimes small differences between the open market and BRS. Typically, if the differences aren't significant enough, BRS isn't necessarily the right solution either. It really depends on the area. So I think BRS isn't dead, if I may put it that way, because there really are areas for PSLA. It's PSLA—sorry—that isn't dead. There are areas for PSLA and areas for BRS. I think they're complementary, and you're right, Nathalie—we shouldn't compete against ourselves in the same area or municipality with two programs, since in France, after all, we're very much focused on full ownership. So that's how it is here in France. It might not make sense to people in other countries. But if households have the option to buy outright, they'll go for outright ownership. So we also have to be careful not to compete with ourselves, even though the offerings are different. But we have to be mindful of that, maybe

Jean-Baptiste Soulard 1:24:08

By the way, we need to clarify what this is: the PC here refers to the social rental-purchase loan. That is to say, it's housing aimed primarily at people in the social rental stock, and we provide them with security by offering them the option to move into their home while remaining tenants, and at some point to buy their home after having reduced the price slightly through a portion of the rent they've paid over several years. To explain quickly

Julien Gug 1:24:40

Indeed, by mentioning that there is this BRS and PSLA aspect, which can also be found in housing units marketed in the city's priority neighborhoods, which also benefit from a reduced VAT rate. And in Strasbourg. Today, we realize that a real solidarity lease sold next to a QPV housing unit isn't attractive because, in fact, you lose half the advantage of the standard BRS compared to a new housing unit on the open market with full VAT and

Céline Priem 1:25:21

which is why we're also campaigning in France for the property tax exemption that applies under the PSLA. Here, people don't pay property taxes for 15 years when they buy under the PSLA, which isn't the case with the BRS. And that's a bit of an issue too. I think we're all trying to advocate for this in our respective regions, since we've discussed the sustainable social nature of the BRS—which isn't the case with the PSLA—and it's really a shame not to have that exemption. And actually, Julien, you're right—it can sometimes also be a barrier to sales between a PSLA and a BRS. If the discount isn't significant enough, and on one hand there's no property tax, while on the other hand there is a property tax in certain areas, that can make a significant difference in the budget.

Juliette Grenier 1:26:04

I have a question specifically for you, Céline. Given that there are many unmet demands for social housing in the rental sector, why sell rental units from the public housing stock for home ownership? Why

Céline Priem 1:26:17

Sell? I'd say there are two angles to the housing journey. We discussed this during the webinar. It still allows for a cheaper option than new construction. Naturally, older housing costs less than new construction. So it enables a housing journey that sometimes isn't possible with new housing. So that's one point—it's really in our interest. It's this housing pathway with an accessible, affordable option. And then the other point—let's be honest—is that landlords' business model today also relies on the revenue from these sales. In fact, we have major renovation projects for the housing stock. Here at Logeo, we build 600 units a year and renovate just as many. And so we have fewer and fewer public funds available in our region. And today, landlords' business models nationwide also rely on these sales. We estimate that one sale allows us to rebuild three units. Thank you

Juliette Grenier 1:27:24

Thank you very much, Céline. Next, I have a question for you, Nathalie. The different BRS levels receive differentiated subsidies from the metropolitan authority. Does this allow for prices tailored to each income level? And do these different levels translate into the housing units produced, or are they purely administrative and financial? In other words, could the different BRS levels coexist in the same building? So

Nathalie Demeslay 1:27:51

They do coexist in the same building. In particular, BRSM and Brace 3 are generally mixed in the same building. Because we have a small specific feature: BRS is produced only by social housing providers. So basically, social housing cooperatives or social housing organizations. We don't let developers come in and produce BRS units. So, in order for social housing organizations and cooperatives to ensure a real estate—or rather, economic—balance in their operations, revenue sharing is necessary. They can't sell everything as BRS units because the BRS has a price cap of €2,800 per square meter. So, €2,800 per square meter relative to construction costs, etc. Today, that's hardly sustainable. So it's often mixed with BRS-3, for starters. That allows for a mix of occupancy. It's actually very beneficial for balance. We're reaching more households, and it also makes the projects economically viable. So we mix it with BRS-3. The BRSquat is mixed with the "libre" category, meaning primarily freehold property, since the BRS is the only BRS type built by developers on behalf of the OFS—or rather, for the benefit of the OFS—and it is mixed with the "libre" category. So there you have it. And yes, there is a price set by BRS type based on income ceilings. So that is extremely important. The BRS that is produced in the greatest numbers and that we hold in high regard are BRS 1 and 2, which we call "subsidized BRS" because, in fact, they benefit from a metropolitan subsidy that allows for a discounted price higher than other BRS, since the maximum is €2,800 per square meter. Thank you.

Juliette Grenier 1:30:16

Next, there's a question about the rehabilitation and coordination of these initiatives with other formats. What kinds of coordination? What coordination have you experimented with—or not—with hackers and stakeholders in social housing development, for example? So

Julien Gug 1:30:34

In the case of Alsace, we haven't actually experimented with solutions involving actors other than those currently producing new "bail réel solidaire" units. However, we have tried to coordinate the release of housing units undergoing renovation with the ANA's pilot program—the National Agency for Housing Improvement. The problem is that the conditions of this ANA pilot are currently too restrictive and

require at least three units per renovated building, which was not the case for the properties we are trying to renovate under the BRS. So we effectively had to set that aside. But I think that if the properties can meet these ANA conditions, it could be worthwhile because the conditions are quite favorable in this proposed pilot program

Juliette Grenier 1:31:38

Next, a question about who sets the discount on the BRS sale price—the developer or the OFS.

Nathalie Demeslay 1:31:46

Well, that depends entirely on who we're talking about. That's kind of the specific nature of it. There isn't just one type of OFS. As for the OFS of Rennes Métropole, it's Rennes Métropole that sets the price. It's not the OFS. There is a resolution by the Metropolitan Council that sets the framework for the OFS's activities and provides the OFS with the specifications regarding the nature of the BRS units to be produced, since it is truly a tool for implementing local housing policy. And so it is governed by the local authority. It will therefore depend on the OFS. I

Jean-Baptiste Soulard 1:32:33

was actually expecting a very practical response regarding the negotiations. So Nathalie is right. When you have a regional OFS, you have a roadmap that comes from above. So, effectively, we have—it's us who have the power, in any case, to tell developers that the price will be this one and no other, and we're in a constant debate and a constant expenditure of energy to make it clear that it has to be at this price and no other, and that it has to be sold to these households and no others. So that's the joy of our jobs: hearing "yesses" that fade a bit over time and catching things at the right moment so that things actually turn out as they were signed and contracted. So we have interesting interactions with notaries and lawyers to discuss with real estate developers who don't necessarily think the same way we do.

Juliette Grenier 1:33:29

There are three final questions left. One about the BRSA. So, have you considered transactions involving the BRSA, and have you encountered any difficulties?

Jean-Baptiste Soulard 1:33:45

I wanted to check with Nathalie, who's often tried things out before us. It turns out that in Lyon, they're going to be the first. So while we might be slightly off the mark in saying we have more developed areas than Rennes Métropole, in this case it's neither one nor the other—it's the Lyon OFS, which I believe will soon release a BRSAW, and the OFS

Juliette Grenier 1:34:06

for Greater Lyon, in fact, are the only two, and so if, by the way, you're interested, there will be a workshop on this at the Journées de Foncier Solidaire France on July 1st and 2nd. We

Jean-Baptiste Soulard 1:34:15

we've been thinking about it too

Céline Priem 1:34:18

Same here, we're thinking about it

Julien Gug 1:34:22

That would be really beneficial for the ground-floor shops in buildings that consist solely of joint tenancy leases. So, we could build an entire building using only BMS, including the shops. The

Jean-Baptiste Soulard 1:34:37

The biggest problem is access to the Gaia loan. As far as I'm concerned, the Gaia loan only finances BRS housing, which is a shame, but the Banque des Territoires, which likes to explore new areas, might be listening to us today and will hear our request. Discussion

Juliette Grenier 1:34:52

with them. Indeed, next we have the penultimate question, which, in the absence of a legal framework like that for the PSLA, is: Is a TFPB exemption being considered by your organizations, or is it financially unrealistic? Is it possible? If the local authority passes a resolution on this.

Julien Gug 1:35:14

The OFS does indeed view it very positively. However, local authorities are approaching it a bit more cautiously, since public funds are scarce these days. To my knowledge, at least in our region, there is currently no local authority that has voted in favor of a property tax reduction on built properties. Ditto

Jean-Baptiste Soulard 1:35:37

we

Céline Priem 1:35:38

we have a few areas that have approved reductions—such as those on the coast and in Monts-Attachés, which is in the Rouen metropolitan area—so it's also up to the local governments, but here's the thing: we have two, and a third where we haven't yet developed the BRS in the inner suburbs—so as not to leave anyone out—that have approved a 100% exemption, so

Nathalie Demeslay 1:36:02

For Rennes Métropole, in 2018 we required the municipalities within the area that qualified under the OFS criteria to pass a resolution granting a 100% exemption. I'd like to remind you that this is permanent, unlike the PSLA, so it's a long-term commitment for the city. So it's not as simple as that. But since the income thresholds were significantly expanded under the 2023 Finance Act, it seems to me that, in this case, the municipalities were told to abandon the exemption. This raised a lot of questions for them, because, as I mentioned, our mission is to produce all our housing under the BRS program. And that's where I wanted to wrap up. In other words, behind the question of a specific arrangement, etc., lies a philosophical question. The idea that land must indeed be protected. It is the land of tomorrow, and it belongs to the community—to everyone—and we must ensure we control it over the long term. That is why now, in every development project in Rennes Métropole, we do our utmost to provide either social rental housing—since it is sustainable housing—or, indeed, BRS, that is to say, through decoupling. If it weren't the BRS, we would have used another type of separation, but this is the philosophy—at least for us in the metropolitan area—that we must stop auctioning off this land over the long term, and protect it so that public policies regarding housing and housing policies can endure over time, and so that in the future it isn't private real estate companies that own the cities and effectively determine the balance of housing supply across the regions. So that's our premise. And as for the perpetual tax exemption for all housing units produced—well, no, that would have put local authorities and municipalities in too much of a bind, so we abandoned the TFPB exemption if

Juliette Grenier 1:38:35

Thank you very much for this discussion. Just for those listening, a short end-of-session survey will appear once we finish this video—this webinar—so please don't hesitate to fill it out. It will help us get some feedback on this discussion and improve our upcoming conferences next year. Thank you to everyone for sharing your experiences, and see you soon.

Céline Priem 1:39:04

Thank you very much. Goodbye.

Julien Gug 1:39:06

See you soon.