Is social housing always an obstacle to gentrification?

The link between social housing and gentrification is grounded by a general problematic often met in European countries: what can be the best position of the social housing in the city: a security for poor people located in the merge of the city? A large housing park extended to the middle class in the center of metropolitan areas? A wide spread housing park? Can social housing be a tool to jugulate urban economic and social process like gentrification? Do we have to change our definition of social housing in order to adapt it to the local specific problematic including the needs of different local social classes, as it is shown, here, by the case of Paris?

Our goal is not to give an answer to these questions but to offer a contribution to the debate with a theoretical and empirical point of view.

The academic debate is oriented by three questions:

1. If we follow the classical definition of gentrification, we can admit that it’s a process that starts with the devaluation of property values. This definition is suggested by Ruth Glass (1964) and underlined by Neil Smith (1996) (“The rent gap is the disparity between the potential ground rent level and the actual ground rent capitalized under the present land use. The rent gap is priced primarily by capital devalorization (...) gentrification occurs when the gap is sufficiently wide that developers can purchase structures cheaply, can pay the builder’s cost and profit for rehabilitation, can pay interest on mortgage and constructions loans and can sell the end product for a sale price that leaves a satisfactory return to the developers « (67-68)).
French debate about gentrification illustrates the difficulties to fit this notion on a field ground theory. Is it a relevant term? What kind of former social neighborhood it describes? On what kind of places? Who are the main actors of the gentrification? How to determine this kind of middle or upper middle classes in the French context? How to describe relationship between inhabitants in gentrified neighborhood? Is there only a « revanchist model »? Is gentrification reversible? Are public policies absent of these dynamics? Is there in the gentrification process a city project?

2. Social housing follows to different project. We can adopt the main definition: « Built using public funds, a fixed price without direct reference to the market but linked to the needs and political decisions in terms of quantity, quality, and contract ». But in France a very diversified typology of social housing exists in terms of products, population incomes (varying from 1 to 4) and local/national actors. There is a national debate on the relevance of social housing for middle income, but not in a thigh real estate market
like Paris. In fact, there are local policies of eviction of popular and immigrant groups especially in municipalities won by the right party, in order to consolidate its electoral position. There are also municipalities directed by left coalition, who have exclusively promoted social housing in the 1960-1980 but are seeking today to supply more diverse types of housing to the middle classes.

Since the law SRU (2000) there is a debate on the obligation of the municipalities to have more than 20% of social housing on their territories. This debate is present in the city of Paris, where the municipality has adopted a plan to equilibrate the spatial distribution of social housing. A first category of discourses underlines that municipality has to strengthen the proportion of social housing in order to preserve social diversity, middle classes and popular districts, preserve equality of housing choices, moderate the real estate market (specially for middle classes), offer best housing conditions in former districts. But a second range of discourses argues that social housing is a source of social local problem (noise, insecurity, violence, drugs), a concentration of poverty, unemployment, a source of devaluation of land values. Social housing is assimilated to typical architectural form that deteriorates quality of life, green belt, landscape, etc. But all this debate forgot that there are different kinds of social housing in terms of income-limit, production and spatial repartition.

So the representations of social housing impacts on its role in a gentrification process. In Paris, the wide spread theory, introduced by academics, is that social housing efficient to limit gentrification. But what kind of social housing? In what kind of districts? Is social housing a tool to under value (by using public funds) the increasing real market prices? Is social housing a tool to diversify the local social structure of population? At least, can we observe that some kind of social housing in a specific socio spatial structure consolidate a gentrification process?

3. These questions are very present in the Parisian context. Real estate market current evolution reinforces the problematic of gentrification. Former issues illustrated that this market is a radio-concentric, discontinuous and cyclic process linked to the transport lines, that the hedonic prices are linked with public investment, that it is pushed up by the offices global market and tourism, the modernization of the housing park and deindustrialization, the increasing demand of poor people and new middle class, polarity, a segmented markets for families without children.

Empirically, on a large city scale, we have compared the rate of social housing in each of the 80 districts of Paris in 1999 and the evolution of house prices in the following decade (2000-2010). We used a statistical basis on the private real estate market established by French officials, the “notaries”. Then, we note that neighborhoods that contain only 5 to 10% of social housing are those where the changing prices is very strong. No district, whose rate of social housing is greater than 35% (as the 20th arrondissement), corresponds to an increase exceeding 200%.

But on a very local scale, observing the Goutte d’Or neighborhood (18th arrondissement), an experimental situation can be observed. In 1983, a removing substandard housing, conducts to a program of blocks of social housing for large low-income households in the south sector. In 2000, the removing of substandard housing consists in a program to build small units of social housing for middle-income
households in the north sector. Has social housing an effect on the local micro private prices?

In the whole Goutte d’Or neighborhood, since 2000, property prices have almost trebled, and a third of the buyers are managers and professionals: employees and workers sell their apartments to managers and professionals.

The number of mutations is higher in the northern sector against the south. But the price per m² is a bit higher in the south, where there is traditional social housing, for two reasons: 1 / private supply is restricted by the implantation of social housing (80% of plots) 2 / the supply is more comfortable in the south: because the urban renewal had removed bad apartments. Half of the flat sold in the north are uncomfortable (no bathroom) but they are 30% more expensive than in the south. An emerging market appears in this north sector where the current social housing is dedicated to middle classes and where the public intervention is less important. At least, when selecting the lowest decile and the highest in terms of price (132 mutations each), when observing their physical proximity to a parcel where social housing is located (either immediately in front or near), we can note that high prices tend to be far from social housing.

We may conclude that a kind of social housing, notably middle class project, is accompanying gentrification process. These observations can be reproduced in a wealthier district of the Paris Region, in Courbevoie, where the municipality is facing to an increase of the real estate market and choose to build social housing for middle income. This kind of project achieves the gentrification process that has begun in the sixties when the La Defense business district had valorized the real estate market.

Consequently, social housing has an influence on the market depending on it is population, density and location. Middle income’s social housing, conduct in order to promote social mix and attractiveness of former popular district, can have economical consequences on the local real estate market.

In the international context of global cities like Paris, the evolution of the real estate market seems imposes building social housing for middle income households. But its location conducts to delete former popular neighborhood.

By building very identified neighborhoods in the north and the south of the Goutte d’Or, the city of Paris reinforces social divisions, which has consequences on the real estate market, including uncomfortable housing. If we consider that social housing should be spread to a wide range of income, if social housing can be a tool to solve substandard housing situations, a different pattern of undifferentiated social housing must be found.