

Externalities of Social Housing in France

This article investigates the impact of new social housing developments on economic and social factors within localities in France. The primary focus is on the effect on real estate transaction prices, but the study also explores the impact on other factors such as the provision of public services and the socio-economic composition of the population. An in-depth examination will be carried out to grasp the intricacies across various regions of France and to better understand the contextual variations in the impact of social housing. The study utilizes comprehensive administrative databases containing real estate transactions in France from 2010 to 2022. This timeframe enables the study to capture long-term trends and variations in the housing market and associated socio-economic factors. To ensure robust and reliable empirical findings, the empirical analysis employs state-of-the-art difference-in-differences methods available in the literature.

The analysis will aim to determine if the effects can vary in heterogeneous economic contexts. Indeed, in a context of high land pressure, real estate inflation can be particularly strong. To some extent, the production of social housing fits into a perspective of regulating real estate prices: the aim is to build them, especially in sectors deficient according to the law, to meet demand without excluding the most modest. On the contrary, in areas where land pressure is lower and struggles to attract households, the production of social housing can lead to the renovation of neighborhoods and a modification of its population, causing a new dynamic on demand and prices. Thus, the study contributes to the broader discourse on urban development and housing policies, offering insights that can inform evidence-based decision-making. Understanding how social housing initiatives influence not only property prices but also public services and community demographics is crucial for policymakers and urban planners.

The comprehensive analysis of diverse outcomes across the entire French territory using the new DiD methods renders this study a valuable addition to the literature on housing and local development in the French context.