MINISTÈRE
DE L'ÉCONOMIE,
DES FINANCES
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INDUSTRIELLE ET NUMÉRIQUE
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Trésor-Economics

No. 347 • July 2024

Direction générale du Trésor

Can Housing Needs Be Met by Using the Existing Stock?

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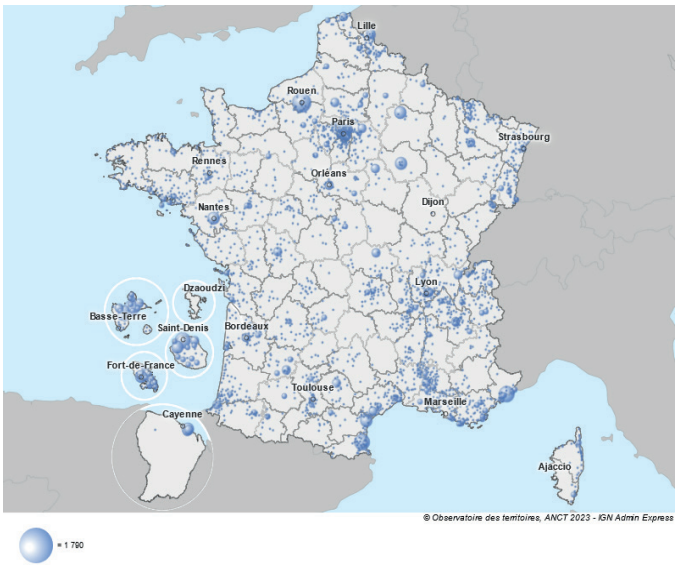
- France has an enormous housing stock, the second largest per inhabitant among Organisation for Economic Co-operation and Development (OECD) countries. This situation is explained by several decades of high construction levels. Despite this, according to the National Institute of Statistics and Economic Studies (Insee), one in ten individuals is confronted with persistent difficulties in finding accommodation.

- One solution to address this problem could be to make greater use of the existing stock; France currently has 3.1 million "vacant" dwellings. However, the vacancy period, features and location of these dwellings differ, and their actual potential use needs to be closely assessed depending on the characteristics of each region (see Chart).

- Geographical analysis shows that, every year, around 15% of new constructions occur in a municipality where an equal number of housing units have been vacant for more than two years (20% for more than one year). This represents a non-negligible stock to address both housing needs and to fight urban sprawl, depopulation of town centres and land take.

- Using this stock of vacant housing would require suitable public policies (investment, regulation, taxation) to encourage owners to put these dwellings back on the market, to foster renovation and refurbishment of the stock, and to revitalise districts with a large number of vacant housing units.

Breakdown of the overlap between housing constructions and the increase in the number of dwellings vacant for more than two years in 2019



Sources: Sitadel database, Lovac, Infographic: Regional Monitoring Centre, Calculations: DG Trésor (French Treasury).

How to read this Chart: For 2019 and in each municipality, the circles represent the overlap between the number of new constructions and the number of additional long-term vacant dwellings having appeared the same year (see Box 1 below). The size of the circles is in proportion to this number.

For example, in 2019, in Rouen, there was an overlap of 674 between new constructions (1,038) and additional dwellings that had been vacant for more than two years (674).

1. Housing needs must be analysed objectively and on a regional basis

1.1 Three different types of housing needs: primary residences, accommodation and new constructions

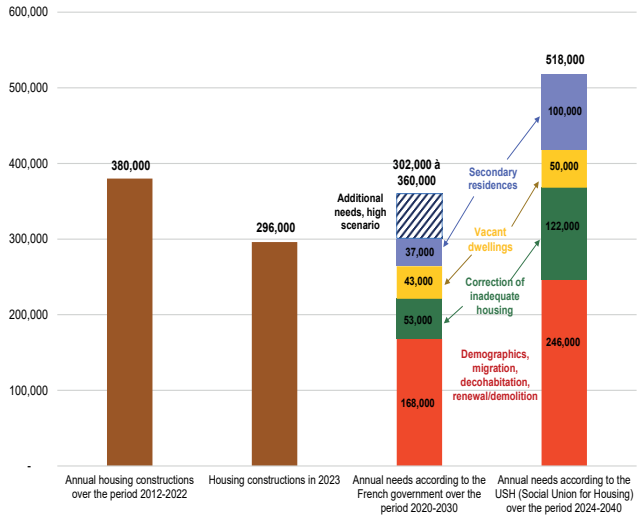
What is a housing need? The term is used for "physical" needs (in number of housing units) that must be met but it covers a number of concepts[1] that point to different economic realities:

- The "basis" for housing needs relates to the requirement of providing everyone with a home, bearing in mind the fact that access to housing is a universal right.[2] Every year the number of necessary new housing units must meet demographic needs, that is to say changes in the number of households. This number increases -due to population growth and the declining size of each household (fall in the number of children per household, "decohabitation" resulting from factors such as the rise in separations). Nevertheless, demographic-related needs are set to slow in coming decades: Insee[3] and the Data and Statistical Research Department (SDES)[4] estimate that there will be an annual increase in household numbers of 215,000 between 2018 and 2030, and 86,000 between 2030 and 2050, in a median scenario.

- An increase in new housing units can also be used to address inadequate housing, to house the homeless (1.1 million people) or to reduce over-occupancy of certain dwellings. According to the *Fondation Abbé Pierre*,[5] 4.2 million people are living in inadequate housing conditions in 2024.[6] This constitutes another element of housing needs, depending on the speed and scope of the targeted correction, and requires a special public policy response.

- A final element is demand for housing for other uses, such as secondary residences or short- or long-term vacant dwellings (see below). This component of demand has no "physical" limits in the sense that everyone can, at least in theory, own one or more secondary homes. Nevertheless, estimates must remain plausible and factor in realistic economic conditions (price, mortgage financing conditions), or the availability of property. These "needs" for secondary residences and vacant housing units induce major differences in estimates.

Chart 1: National housing and construction needs



Sources: SDES (Sitadel); Secretariat General for Ecological Planning (SGPE); Social Union for Housing; B. Coloos (2023); DG Trésor calculations. These estimates may be revised in light of new demographic forecasts from Insee/SDES.

How to read this Chart: The USH estimates new construction requirements at 518,000 housing units per year, of which 100,000 are to meet the demand for secondary residences and 50,000 as additional vacant dwellings for reasons related to the proper functioning of the market.

(1) Some of the methods set out in this paper have already been put forward by the Directorate for Housing, Urban Planning and Landscapes (DHUP). See, for instance, Ministry for the Ecological Transition and Regional Cohesion (MTECT), *Territorialisation de la production de logements: méthodologie et outil d'estimation*, October 2021 (in French only).
(2) According to the Act on the right to housing enforceable against the State (DALO), "the right to housing is guaranteed by the State and under the conditions provided for by legislation, to persons who are unable to find decent and independent housing using their own resources".
(3) V. Gamblin (2024), "2 to 6 million additional households in France between 2018 and 2050", *Insee Focus,* no. 317.
(4) B. Boutchenik and G. Rateau G. (2023), "Projection du nombre de ménages à horizon 2030 et 2050, Analyse des modes de cohabitation et de leurs évolutions", SDES, *Working document* (in French only).
(5) 29ème rapport sur l'état du mal-logement en France 2024, Fondation Abbé Pierre, 31 January 2024 (in French only).
(6) C. Arnold, M. Levesque and L. Pontié (2019), "One person out of ten experiences persistent housing difficulties", *Insee Première* no. 1734.

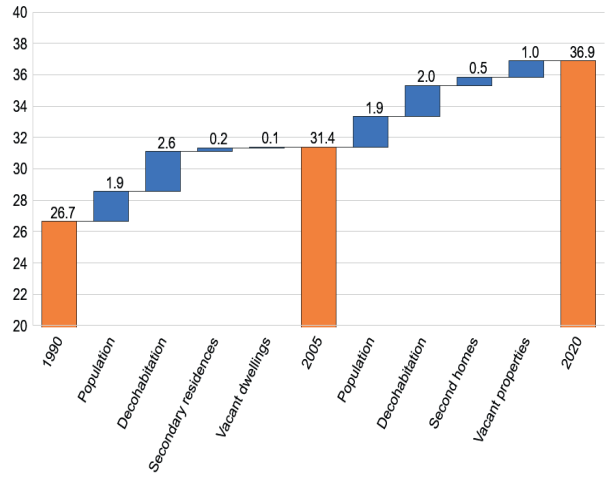
Ultimately, the term “housing needs” lumps together these components and should be put into context due to its vagueness. This means that requirement forecasts vary significantly (see Chart 1) which can lead to different assessments of the overall situation on the housing market. As stated by the National Council for Refoundation on Housing,[7] “adequate housing for all” therefore appears to be a better-targeted public policy goal than that of targeting aggregated demand, including secondary residences or dwellings that remain vacant. Lastly, a national “needs” indicator must be rolled out at regional level. A number of projects are ongoing to define a reliable methodology and estimate housing needs, in particularly by using the Otelo tool (see Box 2).

1.2 Despite the recent construction crisis, from a structural standpoint, there are more constructions than primary residence needs

Due mostly to exogenous factors (increase in key interest rates, costs of materials and energy), there has been a sharp drop in new constructions in France since late 2022 representing approximately a quarter of average yearly constructions over the previous decade.[8]

Structurally speaking, there has been a significant number of new constructions in France especially in recent decades. New secondary residences and additional vacant dwellings represented 1.5 million new constructions between 2005 and 2020 (28% of the total) compared with 0.3 million (6% of new constructions) over the previous 15 years (see Chart 2). This increase gives France the second largest housing stock per inhabitant among OECD countries[9] [10] (see Chart 3).

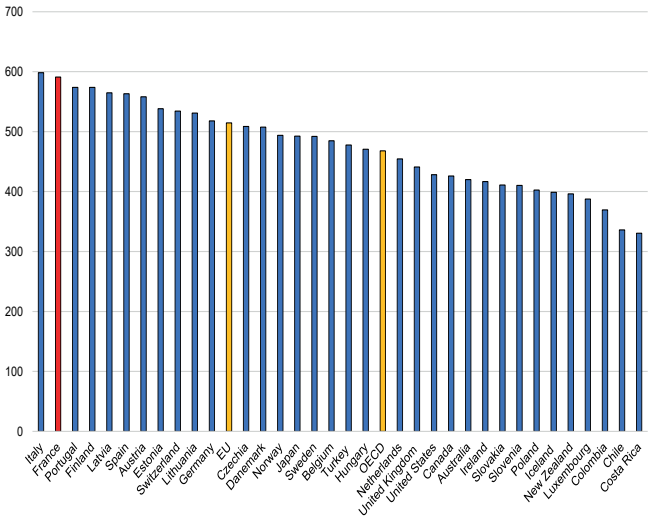
Chart 2: Change in the number of housing units between 1990 and 2020 (millions of units)



Sources: C. Hurard, L. Huault. (2024); Insee; SDES; DG Trésor calculations.

How to read this Chart: Between 2005 and 2020, the housing stock jumped from 31.4 to 36.9 million units. This 5.5 million rise was due to population growth (1.9 million units), “decohabitation” (2 million), secondary residences (0.5 million) and additional vacant dwellings (1 million).

Chart 3: Average number of housing units per 1,000 inhabitants in 2022 (or most-recent available years) in OECD countries



Source: OECD.

How to read this Chart: With 591 housing units per 1,000 inhabitants, France has the second largest housing stock among OECD countries, well above the averages of the European Union (514) and the OECD (468).

(7) C. Sabbah and M. Nogal (2023), “CNR Logement, 19 propositions pour réconcilier la France avec la production de logements nouveaux”, Proposal 8, National Council for Refoundation (in French only).

(8) 296,000 housing constructions in 2023 (first full year of the reduction) to be compared with an average of 380,000 per year between 2012 and 2022, i.e. down 22.1%.

(9) OECD, Affordable Housing Database, Features of the Housing Market, HM1.1 Housing stock and construction.

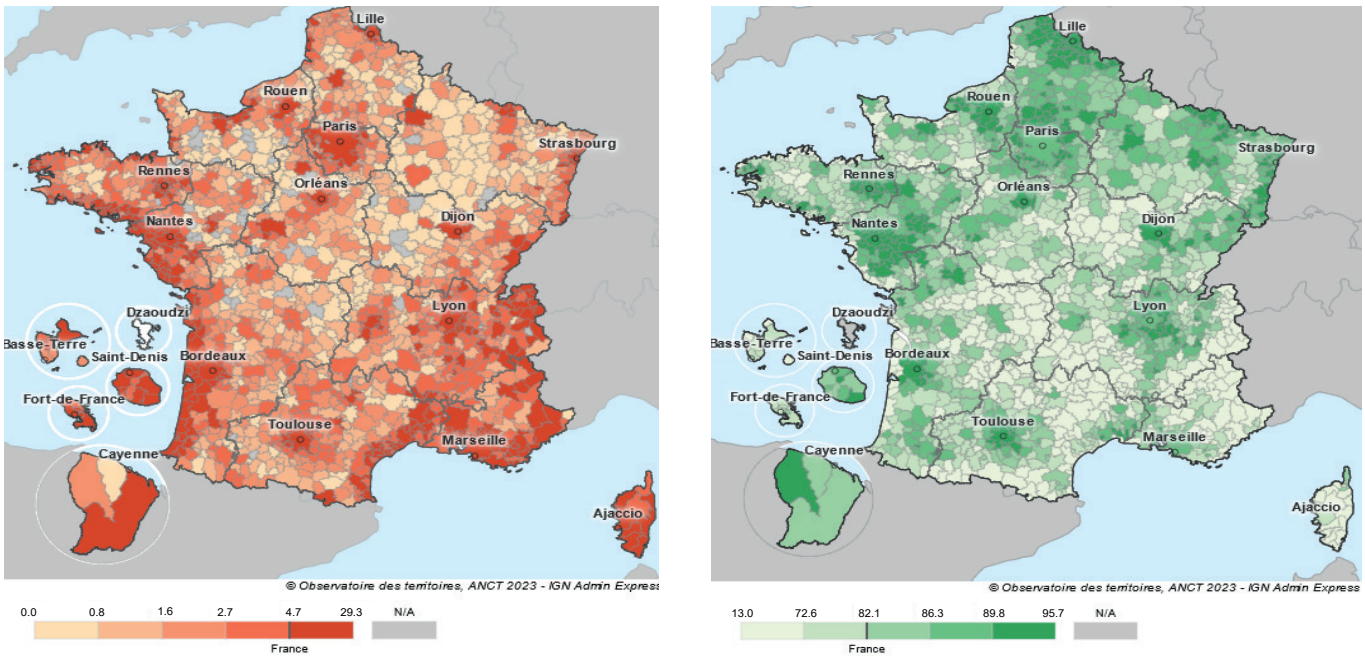
(10) A better metric would be to take account of the number of housing units per household. Unfortunately, after calculations have been made, differences in scope, date or method show inconsistencies (some countries have less than one housing unit per household on average). In addition, these figures do not make it possible to reliably reach the figure of 1.22 housing units per household in France which was flagged up by the census, on the basis of the following data:
OECD, OECD Housing Policy Toolkit – Synthesis Report, Chapter 1, Figure 1.3, June 2021 and OECD, Family Database, Structure of Families (SF) 1.1, Family size and household composition, December 2016.

1.3 Different regional characteristics

Besides differences in aggregate level, regional characteristics differ[11] (see Chart 4):

- The "low density" diagonal line[12] extending from south-west to north-east France shows both a low rate of primary residences and lower construction rates than the French average.
- Conversely, the majority of major urban areas have high construction rates and high property occupancy rates.
- Tourist areas have high construction rates but low primary residence rates. Outside coastal or mountain areas, a number of large cities such as Paris and Nice have low primary residence rates (81% and 72% respectively).

Chart 4: Comparison of the number of housing constructions per year for 1,000 inhabitants (left) and the primary residence rate (right) according to the catchment area



Sources: Insee, SDES (Sitadel), Infographics: Regional Monitoring Centre.

2. To what extent do vacant dwellings represent a potential stock?

2.1 Different categories of vacant dwellings

There are usually two types of vacant dwellings:

- Short-term (or "frictional") vacancies relate to dwellings that have been vacant for less than a year (temporary change of occupants). Although part of these short-term vacancies can be reduced by putting dwellings back on the market more rapidly, remaining short-term vacancies are an intrinsic feature of the functioning of the housing market and are, in some cases, even favourable to household mobility.
- Long-term (or "structural") vacancies relate to dwellings that have been vacant for more than a year, or even for more than two years. There are many reasons for this situation (see Boutchenik and Mathieu, 2023):[13] geographic location (close to disturbances), complex ownership arrangements (multiple life interests, owners living in care homes), features of the building or housing unit (old or poor-quality housing).

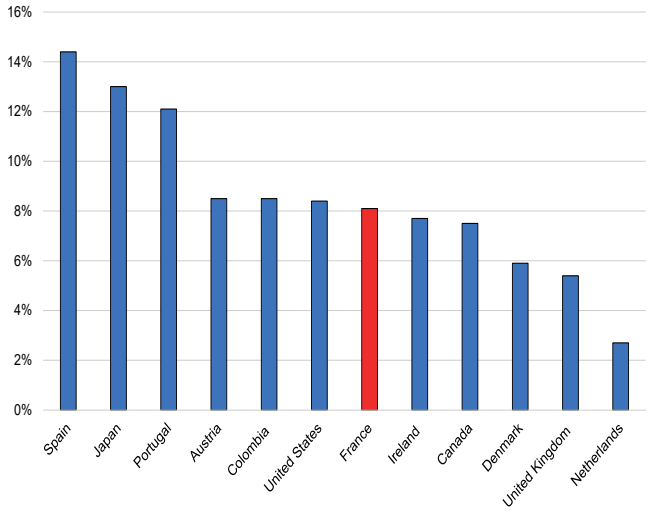
(11) For additional analysis, see T. Tardiveau (2020), "Private Housing Construction and Renovation in France", *Trésor-Economics*, No. 261.
(12) E. Grésillon, F. Alexandre and B. Sajaloli (2016), "La France des marges", *Armand Colin*, p. 19 (in French only).
(13) See Figure 2, B. Boutchenik and B. Mathieu (2023), "Les déterminants de la vacance de longue durée des logements détenus par les personnes physiques", SDES, Datalab (in French only).

While 8% of dwellings are vacant, for all timescales, this rate falls if one only takes into account dwellings that have been vacant for more than a year (4%) or for more than two years (3%).

2.2 The rise in the number of vacant dwellings constitutes a potential stock of around 20% of yearly construction

In absolute terms, the existence of vacant dwellings does not necessarily mean that the market is not functioning correctly as, with 8.2% of vacant dwellings in 2023, France was within the OECD average (see Chart 5).[14] In this respect, an aggregate rate cannot in itself reflect how the housing market functions: non-thriving regions may have high vacancy rates whereas very dynamic ones may have a shortage of available housing.

Chart 5: Vacancy rate (for all timescales) in a selection of OECD countries



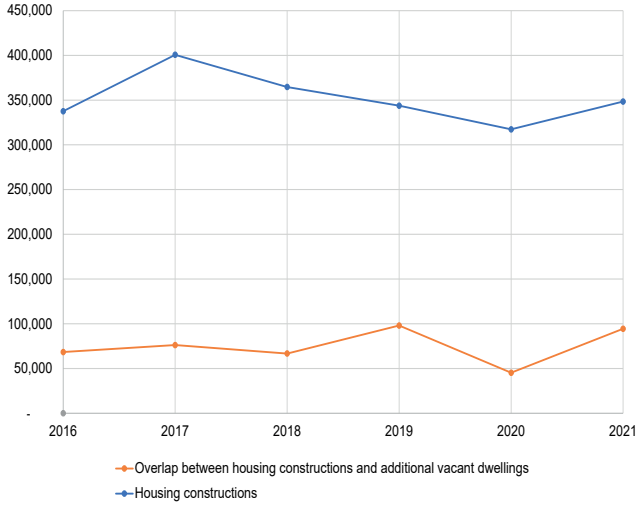
Source: OECD.

However, a municipal-level analysis reveals a specific phenomenon: within several municipalities there may be both new constructions (a sign that the municipality has a certain appeal) and a simultaneous emergence of additional long-term vacant dwellings (i.e. an increase in the number of dwellings vacant for more than a year). In this case, it would appear that, at least owing to their location, some vacant dwellings could be used to address housing demand in the municipality.

Indeed, there were, on average each year between 2016 and 2021, 352,000 housing constructions throughout France (using Sitadel data at municipal level),[15] and, at the same time, 143,000 additional dwellings that had been vacant for more than a year, and 93,000 housing units that ceased to be vacant (using Fideli data). The net aggregate flow of vacancies is therefore around 50,000 additional vacant dwellings each year at national level.

The "overlap" (see Box 1) between vacant dwellings and construction in a municipality can be defined as the "gross" flow of additional vacant dwellings that emerges at the same time as an at-least equivalent number of new constructions in this municipality. As a result, at national level, there is an overlap of 75,000 (out of 143,000 newly vacant dwellings). This determines the stock of newly vacant dwellings that could be used to meet demand. This figure of 75,000 should only be seen as an order of magnitude indicating a non-negligible stock – around 20% of new constructions – which has been stable overall in recent years (except for 2020 due to the COVID-19 pandemic, see Chart 6).

Chart 6: Change in construction of housing and overlap with additional dwellings that have been vacant for more than a year at municipal level



Sources: Fideli and Sitadel; DG Trésor calculations.

How to read this Chart: In 2019, according to Sitadel data at municipal level, there were 344,000 housing unit constructions. Concurrently, 98,000 vacant housing units "overlap" with this construction at the level of each municipality.

(14) Figure HM1.1.2, OECD, Affordable Housing Database, HM1.1 Housing stock and construction.
(15) Contrary to the national figures set out in Chart 1, these figures derive from the total of housing constructions provided by Sitadel at municipal level and allow for a comparison with Fideli and Lovac data also at municipal level.

This estimate of the number of housing units that could potentially be used is most likely an upper bound as it does not consider the size of the dwellings, their quality, factors relating to complex ownership arrangements, such as the elderly living in care homes and the transfer of property following inheritance,[16] or their precise location, like in different districts of cities (see below in §2.4.). Nevertheless, their large number means that they represent at the very least a non-negligible potential stock for public policies.

This stock of dwellings that could be used covers the majority of France (see the map on the cover page). Dwellings that have been vacant for more than a year are mainly located in areas with housing shortages:[17] between 53% and 63% depending on the year. In 2019, if we take additional dwellings that had been vacant for over two years, 51% of the overlap is located in areas without a housing shortage (20% in B2 and 31% in C).

Box 1: Method for calculating the overlap between constructions and vacancies

The Sitadel database[a] provides details of the number of housing constructions each year in all of France's municipalities. For its part, the Lovac database[b] supplies details of the number of properties that have been vacant for over two years in each municipality. In the absence of Lovac data and, inter alia, so as to determine the amount of overlap prior to 2019, the number of properties that have been vacant for more than a year per municipality has been recalculated using the Fideli database.[c] Calculations using this data taken from tax returns should be interpreted conservatively, owing to delays in updating that can skew results in certain municipalities for cases of demolition/reconstruction. We define the amount of overlap between dwellings that have been vacant for more than a year (two years respectively) and housing constructions as follows:

$$Overlap\_France = \sum_{i \in municipalities} Overlap\_i = \sum_{i \in municipalities} Min(Max(F_{VP\_i}, 0); HS - i)$$

Where

Overlap_France = amount of overlap at national level

Overlap_i = number of housing constructions in municipality *i*

F_{VP_i} = net flow at municipality i level of additional dwellings that have been vacant for more than a year (two years respectively). In absolute terms, taking the "gross" rather than "net" flow at municipal level would allow for better identification of the flow of housing units that could be used every year. However, available data does not enable such treatment to be carried out. Here, we do not account for net reductions in vacant dwellings for the municipalities when this flow is negative. In fact, introducing negative overlap would be pointless, because if vacant dwellings were to disappear in a municipality, this would have no effect on the amount of overlap in the other municipalities.

H_{S_i} = number of housing starts in municipality *i*

For each municipality, the amount of overlap is calculated as the minimum between additional dwellings that have been vacant for more than a year (two years respectively) and housing constructions in the same year. Municipalities in which the number of vacant dwellings increases, but which do not build (type A), do not contribute to the overlap. Similarly, a municipality in which construction is dynamic, but in which the number of vacant dwellings does not increase (type B), does not contribute to the overlap either. There are however intermediate cases where a proportion of the housing constructions overlaps with the emergence of vacant dwellings (types C and D).

a. Database of building permits and other town planning authorisations (Sitadel) (in French only).
b. Vacant private housing stock by length of vacancy, by municipality and by government-funded intermunicipal cooperation institution (EPCI) (Lovac) (in French only).
c. Housing and individual demographic files (Fidéli), Insee.

(16) B. Boutchenik and B. Mathieu, ibid.
(17) ABC zoning, which was introduced in 2003, is most often used to regionalise housing policy on the basis of property market tension. It allows, inter alia, for a distinction between areas with a housing shortage (Abis, A, B1) and those without (B2 and C). As the periods reviewed were prior to 2022, we have not factored in the so-called "flash" reclassifications in 2023 and 2024.

Table 1: Housing constructions, additional vacant dwellings and overlap
Four types of case in 2019

Municipality	Housing constructions in 2019	Additional dwellings that had been vacant for more than two years in 2019	Overlap between new constructions and additional vacant dwellings
Municipality A in decline	0	76	**0**
Municipality B dynamic	2,174	0	**0**
Municipality C mixed case	169	312	**169**
Municipality D mixed case	1,038	674	**674**

Sources: Fideli and Sitadel; DG Trésor calculations.

The total amount of overlap is contingent on assumptions that affect it both positively and negatively:

- Geographical distribution: the choice of municipal level to define overlap is a rather conservative assumption: households tend to choose their housing at residential area or employment catchment area level, which increases[d] the amount of overlap between construction and vacant dwellings. However, conversely, each district in a certain municipality does not hold the same appeal: a closer analysis should factor in the overlap between "appealing" districts within the same employment catchment area.
- Length of vacancy: the amount of overlap when taking into account dwellings that have been vacant for more than two years is lower (overlap of 48,000 in 2019, i.e.15% of new constructions).
- Stock or flow: defining overlap by factoring in the stock of vacant dwellings would significantly increase the amount of overlap at a given date (overlap of 226,000 in 2019, i.e. two-thirds of new constructions, see Part 3).
- Quality of housing units: the data used for this paper does not allow the quality of housing units to be flagged up, in particular that of vacant dwellings that require refurbishment.
- Size of dwellings, single-family home and collective housing units: the quantitative analysis of the overlap does not take into account differences in the size of housing units, nor the difference between private houses and co-ownerships. Including criteria relating to the size of the housing unit in the definition of overlap would lead to a smaller amount of overlap.

Nevertheless, no matter how the assumptions pan out, the amount of overlap is still non-negligible and the vast majority of vacant dwellings represent a housing stock that could be used. In addition, in certain areas, in particular those with acute housing shortages, new constructions may be limited by major land-related constraints (e.g. Paris). In this respect, the methodology employed does not enable the determination of the entire flow of vacant dwellings that it would be in our interest to use.

d. If we consider that municipalities C and D in the example above are in the same intermunicipality, there were 1,207 housing constructions and 986 additional vacant dwellings, i.e. an overlap of 986 at inter-municipal level, which is more than the total overlap for the two municipalities (843 = 169 + 674).

2.3 Poor-quality housing units are often vacant but vacant dwellings are not necessarily of lower quality

The features of vacant dwellings and new constructions are not necessarily the same. For instance, new constructions must comply with the latest standards, in particular energy performance requirements,[18] which are not always met by vacant properties. Conversely, a poor-quality housing unit is more likely to remain vacant for more than a year. As a result, the vacancy rate at more than a year is 22% for very mediocre housing units versus 2% for housing units classified as "luxury to comfortable".[19] Nevertheless, these figures do not mean that the majority of dwellings that have been vacant for more than a year are of mediocre

(18) So-called "RE 2020" environmental regulation (in French only).
(19) B. Boutchenik and B. Mathieu (2023), "Les déterminants de la vacance de longue durée des logements détenus par les personnes physiques", SDES, Datalab (in French only). These quality categories are based on the land registry classification, which was introduced in 1970, and which summarises various criteria, although it has not been systematically updated. Additional analyses using an updated classification would therefore be required.

quality: over three-quarters of these dwellings are at least of "ordinary" quality, especially since mediocre housing units only account for 4% of the total stock (see Table 2). Moreover, proximity to sources of disturbances such as noise and pollution increase the long-term vacancy rate of housing units.

Table 2: Breakdown of housing units and dwellings that had been vacant for more than a year in 2017 on the basis of their quality

	Luxury to comfortable	Fairly comfortable to ordinary	Mediocre	Overall*
Total number of housing units (millions)	4.6	29.5	1.6	35.7
Dwellings vacant for more than a year (millions)	0.1	1.1	0.3	1.5
Vacancy rate	2%	4%	22%	4%
Proportion of dwellings vacant for more than a year	5%	72%	22%	100%
Proportion of the total housing stock	13%	83%	4%	100%

Source: Vacancy rate and proportion of dwellings: SDES; Total number of housing units in 2017: Insee; DG Trésor calculations.

How to read this Table: 4% of fairly comfortable housing units are vacant. 72% of dwellings that have been vacant for more than a year are fairly comfortable to ordinary. Out of the total housing stock, 83% of units are fairly comfortable to ordinary.

* The average vacancy rate for the entire stock (4%) appears in this column. The other figures give the totals of the lines.

3. Under what conditions can vacant dwellings be used to address issues faced by the housing sector?

An examination of the flow of vacancies reveals that vacant dwellings constitute a significant housing stock (20% of new construction flows). It also provides a way of pinpointing regions facing special challenges, where there are both new constructions and vacant dwellings. For instance, dwellings that have been vacant for between one and two years are likely to be able to be occupied by the owner or a tenant as they have recently been in an occupiable condition. Public policies (see Box 2) could help fast-track these dwellings' return to the housing market.

In addition, as this flow of new vacancies builds up at a national level and, in particular in certain regions, it represents a stock of vacant dwellings that could be used, especially during crises, as a "countercyclical buffer" when new constructions decline. In 2019, there were 226,000 housing constructions whilst, at the same time, in municipalities where the housing units were built, at least as many dwellings had been vacant for more than two years (considering the stock). This means that the overlap between housing constructions and the stock of dwellings that had been vacant for more than two years accounted for two-thirds of housing constructions in 2019. As things currently stand, when construction falls, vacancies do not necessarily also decline (see Chart 6 above).

3.1 Use of vacant dwellings would help contain urban sprawl by recasting regional development

Use of long-term vacant dwellings involves taking into account relevant housing units but also, often, the districts in which they are located, especially in town centres.[20] The National Urban Renewal Agency (ANRU), which was set up in 2003, is overseeing the National Programme for Reclassifying Old Districts in Decline (PNRQAD).[21] The Programme, which was initiated in 2009, has total credits of €380 million to improve insalubrious housing in 30 districts in old town centres. Targeting vacant dwellings means identifying their owners and reasons for vacancy, and providing support, especially administrative, to help owners put their dwellings back on the market: such is the aim of the "*Zéro Logement Vacant*" app (see Box 2).

Boutchenik and Mathieu (2023)[22] show that the vacancy rate, namely the number of dwellings over the total number of dwellings in a given area, presents

(20) See for example, *Aménager le territoire pour répondre à la crise du logement*, SCET, Citadia, Ville en œuvre, October 2023 (in French only).

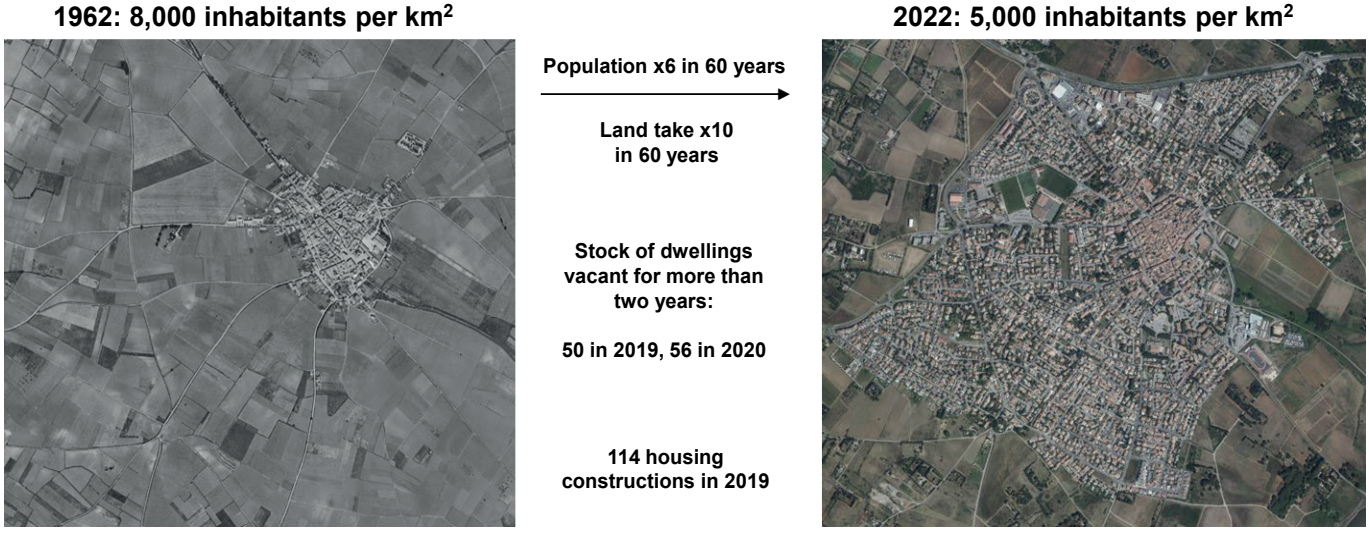
(21) Instituted by the Action for Housing and the Fight Against Exclusion Act of 2009, the PNRQAD has subsidy appropriations of €380 million (€150 million from the ANRU, €150 million from the ANAH and €80 million from central government). It will be phased out on 30 June 2025.

(22) B. Boutchenik and B. Mathieu (2023), op. cit.

a V-shaped curve depending on the distance to the town centre:[23] vacancy rates at more than a year are especially high in town centres and in areas the furthest away from the centre; vacancies are lower in the outskirts. Factoring in the total number of housing units,[24] 54% of vacant dwellings are less than a kilometre as the crow flies from shops and stores with only 4% being located more than 10 kilometres away. Similarly, almost three-quarters of vacant dwellings (72%) are located less than ten kilometres as the crow flies from a railway station.

Besides addressing housing needs, use of vacant dwellings, especially in town centres, would also help fight urban sprawl which generates negative externalities:[25] longer travel times, greater dependency on private vehicles (which emit greenhouse gas emissions), land take (64% of the use of natural areas between 2011 and 2023 was related to housing).[26] According to the Citepa).[27] artificialisation of land caused the emission of 6 $MtCO_2eq$ in 2023 through, inter alia, the depletion of carbon sinks, whilst the risk of natural disasters, such as floods, increases with land take. France set itself ambitious goals in the 2021 Climate and Resilience Act:[28] halving the pace of land take by 2031 and achieving no net land take by 2050. Use of vacant dwellings could be a key measure to help reach these targets.[29] Indeed, in many municipalities, there has been an increase in vacant dwellings in the town centre whereas houses are being built on the outskirts (see Chart 7). Lastly, in addition to initiatives that could be introduced for housing, the revitalisation of town centres (mobility, nature in urban settings, services, etc.) makes a significant contribution to development policy to effectively fight vacancy and depopulation. These policies aimed at enhancing appeal are regularly highlighted by the National Agency for Regional Cohesion (ANCT)[30] and regions with pilot land sobriety schemes.[31]

Chart 7: Example of urban sprawl in the municipality of Villeneuve-Lès-Maguelonne (Hérault *département*)



Source: Géoportail, Insee, Lovac.

NB: By way of comparison, Paris has a density of 25,000 inhabitants/km² (not counting the Bois de Boulogne and Bois de Vincennes), whereas that of Grenoble is 8,700 inhabitants/km².

(23) The SDES observes this V-shaped curve in three cases: if we take the distance to 1) a group of 10 shops and stores located at a maximum of 100 metres from each other, 2) a pedestrianised shopping street or 3) a main road.
(24) Far from the town centre, the number of dwellings, which is used as a denominator to calculate the vacancy rate, is low. As a result, the high vacancy rate does not mean that a great many of these dwellings are able to be used.
(25) P.P. Combes and L. Gobillon (2015), "The empirics of agglomeration economies", *Handbook of Regional and Urban Economics*, Vol. 5, pp. 247-348, Elsevier.
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See J. Courel and S. Gloaguen (2016), "L'évolution des modes de vie accroît le temps passé à se déplacer", IAU IdF, *Note rapide Mobilité* no. 714 (in French only).
(26) Land Take Portal - Cerema – Property files 2011-2023, data updated as at 1 January 2023 (in French only).
(27) Citepa (2023), Secten Report ed. 2024, *Emissions de gaz à effet de serre et de polluants atmosphériques en France 1990-2023* (in French only).
(28) Act no. 2021-1104 of 22 August 2021 on Fighting Climate Change and Strengthening Resilience to its Effects (in French only).
(29) SGPE, *La planification dans les bâtiments, Work meeting on energy retrofitting*, 12 June 2023 (in French only).
(30) National Agency for Regional Cohesion (in French only).
(31) Pilot land sobriety regions (in French only).

Box 2: Measures for using vacant dwellings

There are a number of public policy measures in France and abroad for reusing the unoccupied housing stock.

● Use of the stock and "proactive" approach

Various resources are currently being developed and being made available to local authorities. The National Plan to Combat Vacant Dwellings, which was unveiled in France in 2020, aims to help local authorities reuse this stock using the Lovac database and its *Zéro Logement Vacant* app[a] (identifying vacant dwellings, reaching out to their owners and helping them put these dwellings back on the market). Having been jointly established with the non-profit organisation, *Agir contre le logement vacant*, the Plan has enabled the furnishing of new data and resources concerning vacant dwellings, and the leveraging of local feedback and the network of stakeholders. The Otelo scheme[b] allows housing needs for a specific region to be analysed.

● Refurbishment and renovation

As some vacant dwellings are of poor quality, their use will require major refurbishment and renovation work. In this respect, there are several financial support schemes available to households (MaPrimeRénov', MaPrimeAdapt', MaPrimeLogementDécent and the bonus for reusing vacant dwellings in rural areas which is paid out by the National Housing Agency (ANAH), the eco zero-interest loan, certificates for energy efficiency) which have been bolstered in 2024. The recent "Deteriorated Housing" Act[c] will also help streamline work processes in co-ownerships and in insalubrious dwellings, even when they become vacant.[d]

● Taxation

The tax on vacant dwellings (TLV) is compulsorily applied in areas with a housing shortage (on the basis of specific zoning) and is paid over to the central government budget. According to Segú and Vignolles (2018),[e] over a four-year period from 1997 to 2001, rollout of the TLV in France reduced the vacancy rate from 6.3% to 5.5% in municipalities in which the tax was applied. Municipalities in areas without a housing shortage (where the TLV is not applied) may introduce a residence tax on vacant dwellings (THLV). Dwellings that are involuntarily vacant (for tax purposes, i.e. housing units destined to be renovated or demolished in the near future, and housing units put up for rent or sale at the market price but that fail to find a tenant or buyer)[f] are nevertheless exempt from the TLV and THLV. Again for tax purposes, the notions of vacant dwellings (unfurnished) and secondary residences (furnished) only differ in being furnished or not. As tax audits are extremely infrequent, the declaration of a property as a primary residence, secondary residence or vacant dwelling may constitute tax planning by certain owners of multiple dwellings.[g]

● Regulations

The 2018 Housing, Development and Digital Technology Reform (ELAN) Act[h] enables Prefects to requisition vacant dwellings to house people with an urgent need for housing. Regulations also allow municipalities to restrict the use of primary residences as furnished tourist accommodation (limit of 120 nights per year) and, for secondary residences, there is the requirement to change their use from an administrative standpoint, from "housing" to "commercial use". In Switzerland, municipalities with more than 20% of secondary residences must, at least in theory, refuse any authorisation to build new secondary residences or to convert primary residences into secondary residences.[i] Denmark, New Zealand and Hong Kong also impose restrictions on establishing secondary residences.

a. Zéro Logement Vacant (in French only).
b. Otelo, Regionalised housing needs estimate tool, User's Guide, September 2022 (in French only).
c. Act no. 2024-322 of 9 April 2024 for fast-tracking and streamlining the renovation of deteriorated housing and major development operations (in French only).
d. Article L.511-11 of the Construction and Housing Code as amended by Act no. 2024-322 of 9 April 2024 for fast-tracking and streamlining the renovation of deteriorated housing and major development operations (in French only).
e. M. Segú (2020), "The impact of taxing vacancy on housing markets: Evidence from France", *Journal of Public Economics,* 185, 104079.
f. Official Public Finances Bulletin, IF – AUT – Additional taxes and levies to property taxes – Annual tax on vacant residential premises (in French only).
g. A. Belgodere and G. Casamatta (2023), "Second Home Taxation: Effects of the 2015 French Reform", *SSRN* 4568947.
h. Article 34, Act no. 2018-1021 of 23 November 2018 on Housing, Development and Digital Technology Reform (in French only).
i. Federal Act on Second Homes of 20 March 2015.

3.2 Specific issues in tourist areas

A large number of municipalities have a tight housing market (high rent and property prices, problems in finding housing for households) even though the number of primary residences is low.[32] These areas, which are often touristic, are mostly located near the coast, in the mountains[33] or in major cities. There are many new constructions in these areas but these go hand in hand with an increase in the number of secondary residences. In 2019, it is estimated that there were 48,000 new constructions whilst at least the same number of secondary residences appeared in the same municipality, i.e. around 15% of new constructions. This overlap is essentially observed in areas with a housing shortage (61%). In addition, with the boom in rental platforms, professional furnished tourist accommodation can heighten tension on the market even if the impact varies according to local characteristics.[34]

(32) For additional analysis, see T. Tardiveau (2020), op. cit.

(33) IGF, CGEDD, IGA, *Lutte contre l'attrition des résidences principales dans les zones touristiques en Corse et sur le territoire continental,* June 2022 (in French only).

(34) The occasional rental of primary residences could limit the need to build secondary residences and hotels (and would contribute to higher rent and property prices whilst lowering the cost of hotel stays). See for example:M. Segú (2018), "Do short-term rent platforms affect rents? Evidence from Airbnb in Barcelona", University Library of Munich, *MPRA Paper*.
S. Sheppard and A. Udell (2016), "Do Airbnb properties affect house prices?" *Williams College Department of Economics Working Papers*, 3.
E. Gallic and V. Mallardé (2018), "Airbnb in Paris : quel impact sur l'industrie hôtelière ?", *Hal Open science* (in French only).

Publisher:
Ministère de l'Économie,
des Finances
et de la Souveraineté
industrielle et numérique
Direction générale du Trésor
139, rue de Bercy
75575 Paris CEDEX 12

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English translation:
Centre de traduction
des ministères économique
et financier

Layout:
Mimose Mellia
ISSN 1962-400X
eISSN 2417-9698

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