

Invest in a true housing policy

Create widespread employment and bring down rents

Does it make sense to do away with 40,000 construction jobs when the housing shortage in France shows a lack of 800,000 homes, and rent is so high that 1.8 million families have a hard time paying them ?

No, it makes no sense! Thousands of construction jobs are cut¹ - yet 800,000 homes are lacking! Contributions by local authorities to the housing sector are at their lowest level in 30 years, mainly due a decline in State participation.

As Patrick Doutreligne, Executive Director of the Abbé Pierre Foundation explains: "Given our country's demography, we need to build 500,000 new homes a year², including 150,000 in low income housing, for at least 5 years to overcome the crisis. Today, we build barely 400,000 a year down from 550,000 a year in the 1970s. Obviously we must avoid repeating certain mistakes made in the 70s, but clearly this is a matter of political will. "

How can the necessary funding to implement a true housing policy be found? How can we provide a home to all those in need? How can we reduce rents for the largest number of people?

In the Netherlands, much of the Pension Reserve Fund (PRF) has been invested in low income housing (instead of in financial markets). Why not do the same in France? In France, most of this fund³ is currently invested in equities, and much of its value has been lost since the beginning of the subprime crisis!

In the Netherlands, social sector partners created a reserve Fund long ago and have been using it ever since to create housing –very low income housing, low income housing and middle-income housing. As a result, more than 50% of the

housing sector belongs to unions or to union-affiliated cooperatives. These dwellings tend, on the average, to be slightly larger than in France. True social diversity characterizes each building and every block, and rents are lower since they are not set by market forces but by the unions and cooperatives themselves. By doing the same in France, using the 37 billion euros from the PRG for this purpose instead of leaving it in financial markets, we could triple the housing budget and create extensive employment.

250 to 300,000 new jobs

Crossing the figures from the Abbé Pierre Foundation with those from construction company owners, it is reasonable to think that between 250,000 and 300,000 jobs could be created in three years if the will to build and renovate as needed is really there.

Investing in housing is profitable because rents come in each month. All the German and Dutch calculations show that, over a 25 year period, investing in housing construction is just as cost- effective -and much safer and fairer - than investing in financial markets⁴ which can collapse overnight ... Moreover, by rebalancing the market, a true housing policy lowers rents for millions of tenants, and distributes purchasing power to millions of households.

4 The actual annual performance of the French PRG is only 1,6% per year. (See the PRG Balance Sheet released on March 4, 2011 before the crisis of that summer.)

1 These are the forecasts made by building sector leaders for 2012.

2 In his latest book, Jean-Louis Borloo claims we can build 600.000 housing units per year.

3 Estimated at 37 billion euros today, the interest on PRG market investments is earmarked to finance part of retirement pensions as of 2020.

280 euros saved each month

Eurostat figures show that the average rent paid in Germany is 8.4 euros per square meter, compared with 12.4 euros in France (if we leave out Paris and Nice!).

Lowering rents in France to the same level as in Germany would save 280 euros a month for a 70 sq.m flat (British, apartment for the US). A savings of 280 euros per month!

	<i>Average rent</i>
<i>Germany</i>	<i>8,4 euros / sq.m</i>
<i>France</i>	<i>12,4 euros / sq.m</i>

"Build more to pay less," that's a more credible slogan than ex-French President Nicolas Sarkozy's well-known 2007 campaign slogan: "Work more to earn more."

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