

FRANCE SQUAT



OFFICE LIVING: Around 16 families moved into this office building in winter after waiting for years for affordable housing. Homeless charity Abbe Pierre estimates 3.6 million people in France lack decent housing. **REUTERS/PHILIPPE WOJAZER**

In France, housing costs more than before World War Two and recession is forcing families to squat empty office blocks. Why?

# Homeless in Paris

BY MARK JOHN

PARIS, JUNE 11, 2013

**T**he occupiers staked their claim to the building with pizza.

When the first of 16 families entered a vacant four-storey office block in Paris one night last December, they placed repeated food orders so the neighbours could see from the comings-and-goings of delivery men that the address was occupied. Under French law, witness accounts of residency make eviction harder.

But it was their next act that really had the building's owner shaking his head in disbelief.

"What amazed me was when they invited in the housing minister a few days later," said Spanish property developer Ignacio Lasa Georgas, who has temporarily lost control of his 7-million-euro (\$9 million) office block between the Gare du Nord and Gare de l'Est railway stations.

"And over she came to give them her support."

The squat at Number 2 rue de Valenciennes is both a political battleground and a symbol of France's dysfunctional housing market. Activists helped the families move in to draw attention to how Europe's second biggest economy, which prides itself on its welfare system, is struggling to provide basic shelter for many of its 65 million citizens. The problem is not unique to France, but the reasons for it are both aggravated by, and feed into, the country's wider economic woes.

House prices started to rise in 2000. Spurred by a growing population and fragmenting households as well as cheap credit, the average house price in France has defied recession, increasing more from the turn of the century than in countries such as Britain and the United States. Government data show the cost of a home in France has outrun rises in household incomes by 70 percent; houses are now at their costliest compared to disposable incomes since the 1930s.

The housing shortage is further fueled by long-standing policies to protect tenants that discourage many owners from putting properties up for rent. Housing experts say

# \$1,000

per square foot is the average price for Paris homes

Chambre des Notaires de Paris

as many as 7 percent of all apartments in Paris are vacant.

The red tape that clogs up bids for planning permission, as well as a steadily growing list of regulations on everything from safety to parking spaces, has also discouraged new building. Strict rules on building figure prominently in the total 400,000 regulations in France's law books. In Le Mans, a city famed for its motor races, plans for a new school have hit trouble because authorities are insisting it be earthquake-proofed - despite a government report stating there has never been any evidence of seismic activity in the region.

The shortage is plain on the streets of the capital. An early morning walk reveals huddles of cardboard and blankets in doorways, the makeshift abodes of some of the 33,000 people estimated by housing charity Abbe Pierre Foundation to be living rough in France - a figure that rises to 274,000 including those in shelters, short-term bedsits and improvised homes on campsites or the like.

That is nearly half the 633,782 people officially recorded as homeless on a single night last year in the United States, a country whose population is almost five times that of France. Exact comparisons are difficult because the countries use different methods, but both measures include people who are living rough or in temporary shelters.

Add to the homeless those living in acute overcrowding or moving from sofa to sofa, and Abbe Pierre, the charity, estimates a total of 3.6 million people in the country lack decent housing. The group puts the shortfall

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**HOME TRUTHS:** From top, Landlord Ignacio Lasa Georgas, whose building was taken over by the squatters; Housing Minister Cecile Duflot visited the building as a gesture of compassion; squatter Fariza Taleb has been on a waiting list for housing since 2009; Laura Fedida was priced out of the market. **REUTERS/GONZALO FUENTES/JACKY NAEGELEN/PHILIPPE WOJAZER**



## Paris home prices sky-high despite recession

Few experts can rival Jacques Friggit for insight into property prices.

Using eight centuries of housing data, the French government economist has charted how the Parisian market crashed with the Black Death in the 14th century, bounced back during the Renaissance and collapsed again with the World Wars.

Now Friggit says Paris home prices relative to household income are at their highest since the 1930s, when the stock market crash prompted investors to seek safety in real estate. Buying a home now eats more of a Paris resident's income than any time for 80 years.

Prices have more than doubled over the past decade, and remain high even though the country has slipped back into recession and jobless claims are the highest on record.

Fewer properties are being sold than a year ago, but Paris prices have barely dipped and continue to average around \$1,000 per square foot. This compares to around \$790 per square foot in central London, according to 2012 figures provided by British lender Halifax.

As central banks pumped cheap money into the global economy to revive growth, property consultants say many investors saw Parisian real estate as a better bet than both government bonds and stocks.

Record-low interest rates have also encouraged French buyers to take on debt. They now have twice as much mortgage debt as in 2000, though at 65 percent of disposable income the burden still lags the United States, where it is over 80 percent, and Britain, where it is 120 percent.

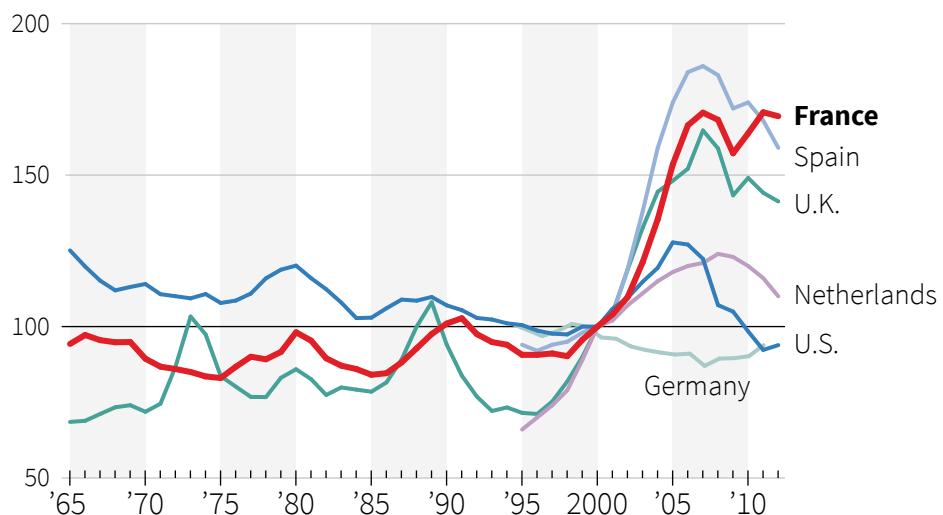
Along with other factors, this leeway explains why French home prices rebounded after the 2009 crisis, says Friggit, who expects prices to eventually fall back into line with trends in household income.

## La crise du logement

By some measures, house prices in France are now more expensive than in other Western nations

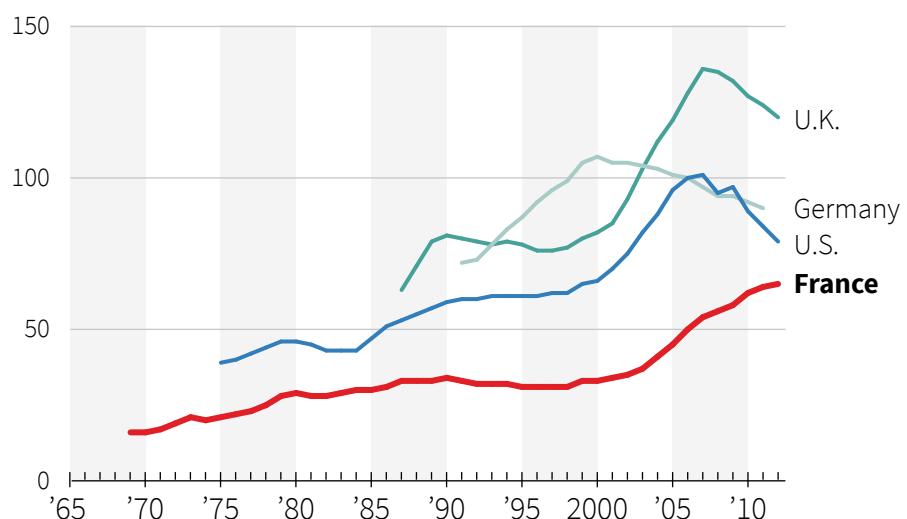
### French homeowners pay more than most

Home price relative to disposable income per household (2000 = 100)



### French household debts are still rising

Real household debt as a percentage of household disposable income



Sources: CGEDD after INSEE; notaries' databases; Notaires-INSEE SA indices; Freddie Mac; FHFA; R.Shiller; US Bureau of Economic Analysis; Census Bureau; U.K. DCLG; U.K. National Statistics; Destatis; Gewos; Central Bureau voor de Statistiek; Instituto Nacional de Estadística; R. Verges; CGEDD after national institutes of statistics and central banks

of affordable housing at more than 800,000.

As the problem grows, it is magnified. The families who occupied the offices at rue de Valenciennes are registered as priority cases for social housing, but their requests have gone unanswered for years.

The housing minister who visited them in January said squatting in office blocks is no solution to the crisis. Such occupations, said Cecile Duflot, are "never very legal."

Under French law, squatting is a civil offence and evictions not simple. In France, no one can be evicted in winter. Data on squatting is hard to find, but the latest estimates suggest it has risen sharply in Paris - helped by increasingly organised activists - to around 20,000 squatters from about 3,000 in 2002, said Hans Pruijt of Erasmus University in Rotterdam, who has studied the practice across Europe.

The aim of Duflot's visit "was to show I understand," the Green party MP told Reuters in her office across the River Seine from the squat. "My compassion is for the woman who before that was trying to raise her children in nine square meters of space."

President Francois Hollande, whose popularity ratings are at record lows for a

French leader completing his first year in office, has made more affordable housing a priority. In March, he launched an emergency plan to encourage 500,000 new homes a year by 2017, of which 150,000 are to be social housing. The plan includes tax breaks on materials and streamlined procedures.

"We know it will be difficult to reach this target but that is the rate of build we must achieve," said Duflot. The crisis is a top campaigning issue for the main candidates in next year's election for mayor of Paris. But realigning the market will take years: Hollande's targeted building programme is about 100,000 more homes than have actually been constructed each year for much of the last decade.

Lasa Georgas, owner of the rue de Valenciennes building, has launched legal

**“**I know anything can happen and we all can be kicked out, but at least I have found some stability here.

**Samia Lacombe**

squatter



CUISINE DE SQUAT: Samia Lacombe's Italian restaurant folded in 2007. With a sick husband she has been struggling to house and support the family. **REUTERS/JACKY NAEGELEN**

action to regain control of his building. Its last tenant - jewellery shop "Histoire d'Or" - moved to a more upmarket site before its lease ran out in March 2012. Lasa Georgas says he had new takers lined up including a private college, and an investor who wanted to buy the building to convert into a hotel. They even made a formal offer, but both projects are now on ice while he sorts out the squatters. Given the local government has intervened to support the families, that may take some time.

One of the building's new occupants is Samia Lacombe, now trying to make a home in two adjoining offices with a sick husband and three children.

Until a few years ago, Lacombe's Italian restaurant business and her husband's job as an engineer funded the 3,800-euro monthly rent on their 160-square-metre (1,722 sq ft) apartment near Jardin Villemin, a garden in central Paris.

But from 2007, just before the global slowdown pulled France into recession, the family's fortunes took a turn for the worse, she says. Not only did the restaurant fold, Lacombe's husband lost his job and was taken ill with what was later diagnosed as a tumour of the spinal cord. The couple split.

Lacombe - who detailed her story for Reuters - could not keep up with the rent and she and her children were put on the waiting list for housing. They're still on the list.

The family was shunted from one hotel room to another. Lacombe's resume, with a string of temporary addresses, has made it hard to get permanent work. Her sick husband, who also struggled to find housing, has rejoined the family in the squat.

"I know anything can happen and we all can be kicked out, but at least I have found some stability here," she said, her voice lowered as her husband slept in the office next door.

Some of her neighbours, many of them immigrants or the children of immigrants, have similar stories: Fariza Taleb, 33, of Algerian origin and also a mother of three, said she had been on a waiting list for

# The anti-squat

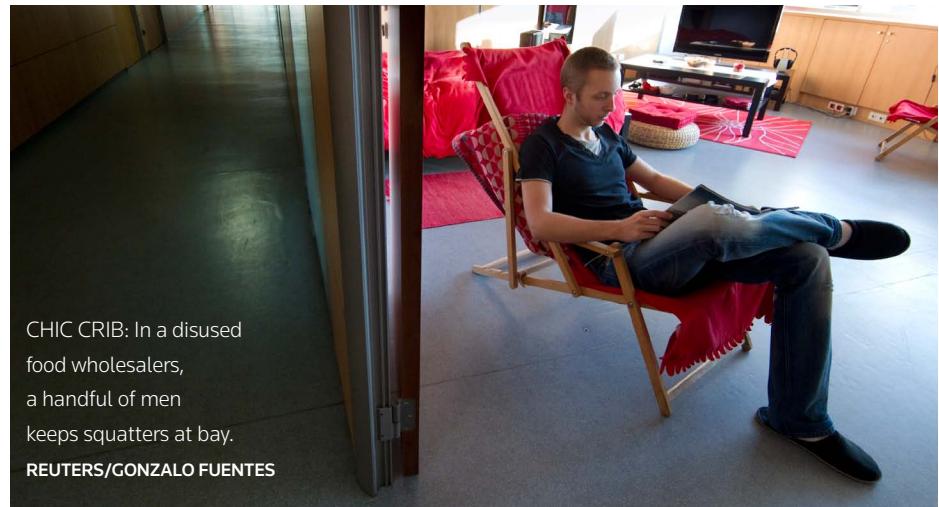
The four men occupying the disused food wholesale facility in northern Paris are not just tenants - they're guards.

Engineer Simon Lavalette and three others - a journalist, an ex-fireman and a construction worker - live in the building, which sits in a row of empty premises waiting for business tenants on the banks of the Seine.

The men face no obligation to defend the building; just being there is enough. In return, they get cheap rent: 200 euros (\$260) a month, including power and hot water, and no bureaucratic hassle. Such "anti-squats" have grown fast in the Netherlands since squatting was banned there in 2010, says Hans Pruijt of Erasmus University in Rotterdam, who has studied squatting across Europe.

The amount of new office space taken by companies in Paris in the first quarter fell by 24 percent from 2012, according to property consultant CBRE. Property investors have a more pessimistic view on rentals in France than anywhere in Europe including Greece, according to a survey in April by the London-based Royal Institution of Chartered Surveyors (RICS).

Across the road from river scenes made famous by 19th-century impressionist



painters, Lavalette takes visitors through a car park occupied by five giant containers - put there to prevent anyone forcing the gates and setting up camp.

"Sometimes we play football here," says the 25-year-old, with a wave towards his second-hand BMW.

The first floor where the men live is freshly painted. Lavalette's sparse room - double bed, sofa suite, and drinks tray by the window - looks out on the river and skyscrapers of La Defense beyond. The engineer, who moved from Bordeaux in south-west France in January to work with an aerospace company, estimates his rent is just under eight percent of his take-home salary; he would pay 30-40

percent to rent an apartment.

There's no smoking inside and only three guests each allowed at a time. "It's a bit of a shame having so much room and not being able to make full use of it, but those are the rules," Lavalette says with a shrug.

Other drawbacks: the premises have no sound-proofing or insulation. Olivier Berbudeau of Camelot Europe, the group which runs the scheme, says such arrangements don't suit families. But they can make sense for professionals between 20 and 45.

*Reporting by Mark John; Additional reporting by Tom Bill in London*

public housing since 2009. Her family - her husband works for a chemicals company - lived in her parents' cramped apartment for years. She said it became unbearable.

Others moved in because they were priced out of the market. In the basement, Laura Fedida, 25, shares a suite of offices

with three others. After leaving school in Burgundy she moved to Paris to work behind a bar for 650 euros a month and study her passion: puppetry.

"I couldn't afford even a small studio. I was living here and there where I could with friends until I found this."

In other European cities such as London, foreign buyers have boosted prices but kept properties empty. In France, such problems also arise in small pockets. But economists say the main problem here is that supply has failed to meet demand.

Since 2000 France's population has grown by around five million, the consequence of immigration and one of the highest fertility rates in Europe. A rise in divorces and the fact young people live alone for longer have also boosted the number of households seeking lodgings. Turbulent financial markets since the dot-com crash have encouraged investors to put money in bricks and mortar, and falling interest rates on home loans, now at an all-time low just under three percent, have fueled the demand.

**REUTERS TV**



See the video:

<http://r.reuters.com/wyh78t>

Businesses say high housing prices are hurting growth because they dissuade employees from relocating for work. As many as 40 percent blame housing problems for difficulties recruiting staff, or say it has increased wage demands or reduced productivity, according to a survey by France's Credoc research institute in April 2012.

Some firms are paying out to help accommodate their staff. In 2011, hypermarket chain E. Leclerc built its staff a 2-million-euro apartment block in Saint-Nazaire, an Atlantic coastal town. The company says its 22 rent-subsidised apartments are largely occupied by young singles, couples and a few one-parent families.

Cosmetics giant L'Oréal pays the insurance premium that landlords take out to protect themselves against risks including unpaid rent. Oil group Total offers new staff loans to help with the up-front costs of finding accommodation.

A study by applied economics think tank Cepremap estimated that by 2011 the property boom had added 20 billion euros to companies' property bill over a decade, about a third of the total cost. The inflated value of property has forced companies to increase dividend payments, the study said. The higher value of such assets has lifted firms' market values, making dividend yields look smaller; to keep attracting big investors, firms boosted payouts.

At rue de Valenciennes, owner Lasa Georgas is paying to keep power and water running, for what he called "humanitarian reasons". The building was heated through the winter and some apartments even have air-conditioning.

But the block was not made for families, and it shows. A waist-high counter cuts the main room of the Lacombe's residence in two. They get from one side of the room to the other by using a corridor outside.

The building has plenty of toilets and hand basins, but just one main kitchen and three showers. On the ground floor, children attend an improvised homework club supervised by a member of Droit au Logement (DAL, or Right to Housing), one of the movements that initiated the occupation.

## "SYMBOLIC" OFFER

Despite his legal claim, Lasa Georgas is unsure when he will have access to the place, if ever. Hollande's Socialist allies at Paris City Hall announced in April they would make an offer on the building, with a view to buying it to convert into social housing.

In France, local authorities have a pre-emption right to bid for buildings for the wider public good. This does not mean they

can force a sale, but it obliges owners to either enter negotiations or challenge them in court, which can take years.

Jean-Yves Mano, the Paris deputy mayor in charge of housing, said City Hall made a "symbolic" gesture to buy the building. He declined to say how much it had offered, but called the price a "significant markdown" on the market value which a government agency had put at 7 million euros.

He says City Hall uses its pre-emption right on up to 30 buildings a year and has no qualms about bidding low. "After all, we are responsible for looking after the money of the people of Paris," he told Reuters at his office.

Lasa Georgas said the city's offer was 4.3 million euros, which he rejected. He is angry. "I invested in France back in 2005 because at that point Spanish property prices were already sky-high and I thought French law would give me protection. But the authorities seem to have a clear aim of taking away my building." A hearing on the case in early May was postponed on procedural grounds.

Inside the office block, the families are growing tired.

"We just can't see a way out of this," said Lacombe. "We really don't want to make things difficult for the owner. We just want somewhere proper to live."

*Additional reporting by Emmanuel Jarry in Paris and Natalie Huet; Edited by Sara Ledwith and Simon Robinson*

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DOWN: A homeless man lies in front of the Louvre Hotel. **REUTERS/JACKY NAEGELEN**