

AESOP Congress 2024 – Approaching urban renewal through the lens of urban rent theory.

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Abstract

A major urban renewal policy has been implemented in France since the 2000s, bringing about extensive urban and social changes in vast social housing complexes built during the post-war period of massive construction. Drawing on an urban political economy framework, this paper analyses two French urban renewal projects as a commodification and a privatization of neighbourhoods that have been characterized for decades by a public or quasi-public land ownership and by non-market-oriented forms of management. I argue that under certain conditions, urban renewal may produce different types of urban rents, which are mostly appropriated by private stakeholders. This paper investigates the role of state and local governments in these processes to underline the existence of public strategies favouring the profitability of private housing development and the production of urban rents in these areas.

Keywords : Rents, Urban Renewal, Social Housing, Commodification, France

1 Introduction: Land Rents, Urban Renewal, and Public Action

Since the early 2000s, in France, many social housing neighbourhoods, mostly built between the 1950s and the 1970s, have been the target of a substantial urban renewal policy, led by a state agency. While the spatial and social effects of this urban renewal program have been studied by many authors (Gilbert 2014; Kipfer 2016; Lelévrier 2023), as well as its political consequences at a macro-level (Beal, Epstein, and Pinson 2018; Epstein 2013), the way it changes the urban production mode of these social housing neighbourhoods deserves further explorations, in the field of urban political economy. This presentation, based on ongoing PhD research, will offer an approach of urban renewal in France through the lens of urban rent theory. This paper argue that French urban renewal projects can be considered as a commodification and privatization process of social housing neighbourhoods and can lead to the formation of different urban rents, depending on the dynamics of each local property market. It also insists on the role of public action in the very concrete processes which realize the commodification of land and enable the formation of urban rents.

Since a seminal article by Neil Smith (1979), the *rent gap* question has been addressed by an abundant literature. The rent gap hypothesis can be considered not only as an explanation for social changes, such as gentrification, but also as an interpretation, through the prism of markets and urban rents, of certain types of spatial transformations and built environment changes, within the perspective of uneven development (Smith 1982). The starting point of the rent gap hypothesis can be found in the multidimensional devalorisation processes experienced by some private housing neighbourhoods, leading to a gap between the rent captured under the current use of land and the rent which could be extracted from higher and better uses of the land, if the area was redeveloped (López-Morales et al. 2019). Smith's first formulations of the rent gap theory were quite silent about the role of the State in such processes (Boulay 2022).

Nevertheless, numerous authors since then have emphasized the part played by the state, both by national and local governments, in the rent gap formation (Badcock 1989): public infrastructure investment, as well as the adaptation of construction guidelines and urban renewal legislation have a strong effect on the potential rents which can be created through a redevelopment project and appropriated by private developers (Lan and Lee 2021; López-Morales et al. 2019). Neil Smith himself (1996) has afterwards studied the role of a quasi-public organization, the Redevelopment Authority, in the urban renewal of Society Hill in Philadelphia.

Focusing on the processes of devalorisation and revalorisation of the capital invested in some urban areas as driving urban renewal, Rachel Weber (2002) highlights the participation of the state in the “creative destruction of the built environment”. She pays a particular attention to the way in which urban redevelopment operations are justified and organized by federal and local governments. The local and federal states are involved in the selective devaluation process that occurs in some neighbourhoods, which get stigmatized by local governments through a “discourse of blight” and depicted as obsolescent. Processes of devalorisation and revalorisation cannot be considered as “purely market-determined” (Weber 2002), as the state also contributes to the redevelopment of these urban areas, by authorising and even sometimes leading demolitions, and more broadly, by setting all the conditions for private capital to be safely and successfully invested and able to extract value from redevelopment sectors.

Approaching French urban renewal policy as neoliberal redevelopment and rent extraction strategies implies a comprehension of how land rents are produced within the urban space. This problem was tackled by the French Marxist urban sociology, and particularly by Christian Topalov, whose work provides a useful insight into the mechanisms of urban rents’ formation. Christian Topalov analyses urban changes as the product of a “spatial competition of land uses”, resulting in the elimination of “inferior”, from a capitalist point of view, land uses by “superior” ones, that is which generate more profit, partly appropriated by landowners (Topalov 1984). Urban development leads to the formation of rents, understood as the “fixation and transformation of localized surpluses generated by the development of capital for a given activity and a given place” (*ibid.*: 13). The state can intervene at various levels in this process. On the one hand, public land ownership can hinder the development of capitalist land uses. First, it forms “land easements of obsolete large public facilities” or “land reserves” and there is no guarantee that they will be exploited “to produce maximum land rent” (Topalov 1984:47–48). As a consequence, public land or infrastructure may embody some of the barriers which hamper the continuous geographical expansion of capital (Harvey 1982) and further accumulation within the built environment. Second, some of these properties are subject to “social” management by the state or local authorities, leading to “distract land from more profitable private uses and to allocate it to public operations of social housing or social facilities” (Topalov 1984:47–48). However, on the other hand, the state can support the development of the most profitable capitalist land uses and promote the formation of urban rents and their appropriation, as part of the urban development process, by capitalist actors, notably by developers. Selling public land can constitute a “direct aid to the accumulation of real estate capital” through sales “at cost price” rather than market price (*ibid.*). Furthermore, infrastructure and development costs are often borne by the local and national governments, especially in “urban restructuring operations” (*ibid.*: 101). Through these means, the state attempts to influence a crucial element in the formation of urban rents, namely the production of use values. Stemming from social processes and agglomeration effects, use values are vital

for the development of capital within the urban space, however private capital is never able to control these processes and to create use values on his own. Conversely, according to Christian Topalov, the state plays an important role in the production of use values in the urban space and can mobilize this political and economic resource for the benefit of urban rents. Yet, public authorities are only partly in control of the emergence of use values. Hence the pursuit of "greater security in creating localized conditions of private surplus profit" is not always successful (*ibid*: 31-32). The French urban renewal policy can provide concrete case studies to explore the conditions in which urban rents can be produced and to analyse the effective role of the state in these processes.

2 The Urban Renewal Policy in France since the early 2000s: Privatization and Commodification of Devalued Social Housing Neighbourhoods

Since the early 2000s, the French state has launched a vast urban renewal policy, targeting over 600 high-rise social housing estates inherited from a post-war period of massive construction. This legacy of the Fordist period experienced a difficult transition towards a flexible accumulation regime and new urban production modes (Bidou-Zachariassen 1995). Large social housing complexes known as "*grands ensembles*" have undergone profound transformations in their spatial organization and population dynamics in the post-Fordist era. Concentrations of poor and racialized inhabitants progressively emerged in these peripheral social housing estates, because of socio-economic and urban mutations, but also under the influence of public policies and management by social landlords. Starting from the 1980s, these social housing complexes began to be considered as a national public problem (Tissot 2007) and targeted with specific policies (Bonneville 2005), because of their urban decay and of their social and racial composition, in relation to the increasing political demand for mix-tenure urban development, in France (Blanc 2010) like in other European countries (Kleinhans 2004).

The National Urban Renewal Program (PNRU) is launched in 2003 in this political and social context. It is implemented by local authorities and social landlords at local scale. They benefit from special funding that they obtain by signing urban renewal contracts with a state Agency, the National Agency for Urban Renewal (ANRU), which was established on purpose in 2004. The ANRU defines a national doctrine of urban renewal, following the cardinal objective of creating tenure mix in large social housing estates (Epstein 2013). Operationally speaking, the aim of changing the population of these poor neighbourhoods is supposed to be achieved by significant demolition and rebuilding, exemplifying the domination of a "strong 'physicist' approach" in the current urban policies (Moulaert, Swyngedouw, and Rodriguez 2001). Targeting mostly social housing estates, demolition first aims to disperse, through relocation, concentrations of poor and racialized populations (Lelévrier 2010). This urban intervention should then enable wealthier households to come and live in these areas, by the means of property development, in place of demolished social housing buildings. I will focus on this dimension of the French urban renewal policy: the state-initiated *rénovation urbaine* is not only a form of social engineering (Desage, Morel Journel, and Sala Pala 2014) but can also be interpreted as a process of commodification and privatization of large social housing estates (Lelévrier 2023). Within an urban political economy framework, the objective of incorporating private housing, mostly dedicated to future homeowners, in these neighbourhoods can be understood to integrate new urban areas into property markets and to open them to real estate development and private capital (Dormois, Pinson, and Reignier 2005).

French *grands ensembles* were mainly built between 1953 and 1973, thanks to public and quasi-public capital (Préteceille 1973), resulting in the creation of a mass social housing supply, with an administrative rent-setting system, instead of a market-oriented management (Topalov 1987; Kemeny 1995). The ANRU breaks a form of path dependency which followed from a mostly public or quasi-public land ownership and from the inclusion of these neighbourhoods in financing circuits based on long-term semi-public loans (45 years). Therefore, for the most part, large social housing estates have not undergone significant changes since their construction, neither in land ownership nor in their housing supply structure. They thus embody the barrier that public ownership and "social management" of land can represent for the development of capitalist land uses (Topalov 1984): large social housing neighbourhoods were not land to buy, available for property development, nor urban areas which could be transformed depending on the only initiative of private capital. Urban renewal programs can be seen as a state action aiming at removing land barriers that blocked private capital's access to social housing complexes, which get integrated into land and real estate valorisation processes that play out in other parts of the city, and sometimes at their borders, at least in some urban contexts. Considered as "fossilized"¹ by this public monopoly on land, residential social housing neighbourhoods produced, for social landlords, a limited land rent, as they could not extract a high rental income from mature dwellings with low and regulated rents (Kemeny 1995). Furthermore, in some large social housing complexes, high vacancy rates and a difficult management of decayed buildings, for both technical and social reasons, also contributed to reduce the land rent perceived by social landlords. Therefore, within certain urban contexts, these devalued and deprived neighbourhoods were far from being an optimal land use from a capitalist perspective, in comparison with the potential land rent that could have been capitalized under another land use. Exhibiting all the characteristics of an "inferior" land use, large social housing estates can thus constitute a specific situation of rent gap. Although it would be an application of the rent gap hypothesis to public housing estates rather than to private homeownership neighbourhoods, the situation of the *grands ensembles* seems to fulfil most of the criteria that G. Boulay (2022) suggests controlling to test the rent gap hypothesis. Thus, through the ANRU and an urban renewal doctrine promoting housing diversification, the state enables and organizes the filling of rent gaps and the replacement of a low land rent based on degraded and mature social housing dwellings by "superior" residential or economic land uses.

In addition, urban renewal policies have to be understood in a broader context of neoliberalization of housing markets and especially of the social housing sector, which is increasingly dominated by the "residual model" depicted by M. Harloe (1995). Dynamics of privatization (Aalbers and Holm 2008; Bernt, Colini, and Förste 2017), commodification (Forrest and Murie 1995) and even financialization (Aalbers, Loon, and Fernandez 2017; Byrne and Norris 2022) of social housing supply have been evidenced in many European countries, partly in relation to urban renewal projects.

3 Issues and Research Method

This paper explores how housing diversification is implemented and how private housing is incorporated in two large social housing estates located in property markets with contrasting dynamics. On the one hand, the Chantierine district is situated in the city of Alfortville, in the inner suburbs of Paris. The municipality of Alfortville has been, since its creation in the 19th century, a working-class area, under a socialist local government since 1945. In recent times, it

¹ Interview with a member of the ANRU staff, in charge of the Alfortville project, June 2021.

has been experiencing an increasing pressure on land and real estate prices, like many working-class municipalities of the core of the Paris region. On the other hand, the Southeastern Districts of Saint-Etienne, in the South-East of France, are situated in a former mining and industrial town, which has gone through a strong demographic decline and a situation which can be considered as urban shrinkage. Saint-Etienne's property market is characterized by high vacancy rates and low housing sell and rental prices.

This paper aims at analysing the concrete conditions in which unfolds the state-initiated process of privatization and commodification of land in social housing estates targeted by the French urban renewal program. It raises the tangible question of the production of urban rents in former devalued and poor urban areas, within two different property market contexts. This paper suggests that the French urban renewal program is an active commodification and marketization policy, led by national and local governments, on public land which was formerly assigned to non-market-oriented forms of management. Even in a slack housing market context, public authorities endeavour to stimulate private property investment and to create urban rents through urban renewal projects.

The argument is based on provisional results from my PhD work and on material collected since my master's thesis. I will draw on semi-structured interviews (8 for Alfortville, 20 for Saint-Etienne) conducted between April 2021 and March 2024 with people involved in the design and implementation of urban renewal projects in the two areas under study. I principally met local government officers of different municipality departments, civil servants of the national state and of the urban renewal state agency, members of social landlords' staff and elective representatives. As I sought to understand how urban redevelopment projects had been designed and developed starting from the late 1990s, I interviewed both people in activity and retired persons. Since I study processes which date back to more than 20 years ago, it was necessary to contrast the output of the interviews with written documents, which I collected in part during the interviews and mostly through an archive research. I gathered a vast range of documents, among which planning documents, project design studies, internal administrative memos, and meeting reports.

4 Alfortville and the Strength of the Market: Housing Diversification of a Social Housing Complex and Production of Urban Rents in the Near Suburbs of Paris

Located around ten kilometres from Paris, Alfortville is connected to the mass transit system and easily reachable from the city centre. The Chantereine district is located at the southern end of the municipality (Figure 1), in a working-class residential area. Chantereine consists of a complex of seven tower blocks² containing 1,250 housing units built between 1970 and 1973. This social housing estate was constructed on municipally owned land, provided to the local social landlord through a long-term lease. This area has experienced a process of deterioration and devaluation leading it to be perceived as the "stigmatised district of Alfortville"³, characterized by very low rents and hosting a disadvantaged population. Since 2009, Chantereine has been undergoing urban renewal initiatives, as part of the National Programme of Urban Renewal (PNRU) and the New National Programme of Urban Renewal (NPNRU) since 2014. Following the national guidelines of urban renewal, the municipality of Alfortville and the other local stakeholders have opted for a massive urban change, as the project involves

² There were more exactly six tower blocks and one "barre", that is a long horizontal building.

³ Interview with an ex-local government officer of the municipality of Alfortville, June 2021.

extensive demolitions: at the end of the two urban renewal programmes, upon completion of the NPNRU, 72 percent of the neighbourhood's initial housing units will have been demolished. On the plots freed up by demolition, a new housing supply is constructed, providing different residential tenures. New social housing units (271 homes under the PNRU) built by the local social landlord contribute to renew and diversify the social housing supply in the neighbourhood. In compliance with the ANRU principles of housing diversification, private housing is also incorporated in the area: as part of the first program, 174 market-rate housing units sold mostly to homebuyers have been delivered in 2016 and 2017 by private developers that operate at national scale. In addition, 31 “affordable” housing units⁴ have been produced by the local social landlord and sold below market rates. This housing construction programme has been elaborated by the municipality, which is designated as the project leader within the ANRU doctrine, and by a quasi-public development corporation, named Grand Paris Aménagement, which has been chosen by the municipality to oversee urban renewal operations. Even though urban renewal projects aim at fostering private development in social housing complexes, the intervention of real estate companies often unfold under a strong public and quasi-public control (Dormois et al. 2005).

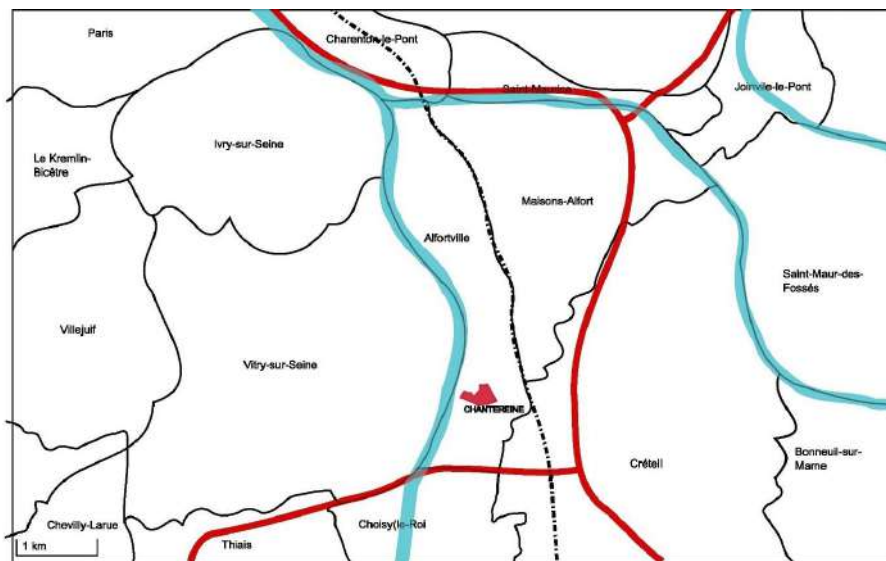


Figure 1. Location map of Chantereine in Alfortville (Pauline Gali, 2023)

Contrary to what has been observed in other urban renewal projects characterized with a lack of private initiative and a weak attractiveness (Bonneville 2005; Saint-Macary 2011), attracting private operators in Chantereine seems to have been less difficult than in many vast social housing estates. Due to the increasing tightness of the local real estate market, the municipality, assisted by the quasi-public development corporation, Grand Paris Aménagement, “had more to select developers than to seek after them⁵”. The attractiveness of Alfortville and Chantereine

⁴ I refer to housing units in programmes of “*accession sociale à la propriété*” developed by a social landlord.

⁵ Interview with an ex-local government officer of the municipality of Alfortville, June 2021.

for real estate development put the municipality in a relative position of strength: an ex-member of the municipal staff considers that the municipal authority, in its relationship to property developers, was like an “oil magnate”⁶. On the one hand, this favourable position enabled the municipality and Grand Paris Aménagement to control developers’ operations and to impose them many demands on the characteristics of the new constructions. On the other hand, the construction of private housing in Chantereine is far from being the result of a spontaneous influx of private capital into the neighbourhood: it is the fruit of a national policy, funded by the ANRU, and of strategies implemented by a local government to secure developers’ operations and “promote private capital investment by creating conditions for its profitability” (Faudry-Brenac and Moreau 1973). The existence of public investment and strategies aimed at attracting and securing private development, expected to come over a second phase of the project, has been highlighted in many urban renewal areas, and more broadly within redevelopment operations, in France (Arab and Miot 2021) and in other countries characterized by some forms of neoliberalization of urban development (Weber 2002; Bernt et al. 2017; Robinson and Attuyer 2021).

From the case of urban renewal in France, I propose to understand the public policies aiming at guaranteeing the profitability of private development operations as practices that organize the production of urban rents. Urban renewal integrates to property market neighbourhoods which were not part of valorisation processes and in which land had no exchange value. By the progressive construction of exchanges values through the different steps of commodification implied by the urban renewal process, several waves of urban rents can be produced. Public action is likely to influence indeed the possibility of urban rents’ formation, but also their level and their repartition among the urban renewal projects’ stakeholders. A concept of the French Marxist urban sociologist Jean Lojkin can be used to describe and analyse this process: Jean Lojkin created the idea of “*rentes en cascade*” (1971), that is “successive rents”, to describe the urbanisation of lands during the post-war massive construction period and the building of the *grands ensembles*. On the basis of the Chantereine project, it is possible to establish that urban renewal produces “successive rents” through different processes of valorisation of capital.

Firstly, demolition encouraged by the ANRU and executed by local stakeholders removes the obstacle to the geographical expansion of capital that constituted high-rise social housing residential areas. These public and quasi-public owned land generated, for the reasons described above, a degraded rental income, which was appropriated by a local social landlord (stage 1, Figure 2). Some of the land freed up by demolition is dedicated to the construction of a new market-rate housing supply for homeownership. At this step of the process, the plot of land gets both commodified and privatized, and thus integrated in market exchanges and circulations (stage 2). The municipality or the public development corporation, which acquires the land from social landlords at a price set by the ANRU (30 euros/sqm)⁷, sells the land to a private property developer. This sell of former publicly owned land is likely to generate a land rent appropriable by the municipality. The level of this rent depends on the strategies implemented by the local government, which is led to reflect both on the future value the land should have (Weber 2021) and on the room for manoeuvre it should keep to control the housing supply’s characteristics and the future population to whom the homes will be sold. The municipality may choose to give a high price to its land and to set a value close to market rates, so as to receive a higher rent. In

⁶ *Ibid.*

⁷ Or for free, in the case of Alfortville, as the land belonged to the municipality and was provided to the social landlord by an emphyteutic lease.

Alfortville, the municipality, assisted by Grand Paris Aménagement, set a quite high price for the plots sold to private developers for an urban renewal project: 560 euro per square meter of completed floor area, which is 30 percent higher than the price planned at the beginning of the project in 2011 (430 euro per square meter)⁸. However, the municipality chose not to set the land price at the highest market rates, in order to give itself more negotiating leverage with developers and to impose more easily its requirements on the private housing future features, price and inhabitants.

The third stage of the process of commodification of land freed up by demolition lies in the sale of housing units by the developer through which it realizes and appropriates a portion of the land rent created by the production of the housing units. The requirements defended by the municipality regarding the selling prices and characteristics of the housing units tend to lower the rent captured by developers, by limiting the profits from the sale of housing units and potentially increasing their production costs. The housing estates built in Chantierine were sold at prices on average 30 percent lower than those observed for new housing units in the rest of the municipality⁹, which goes well beyond the expected effect of a reduced VAT rate (5.5% instead of the normal 20%¹⁰) applied, at a national scale, to housing units built in urban renewal projects. Furthermore, the municipality of Alfortville imposed quality criteria for every housing unit and favoured the production of family apartments by asking operators to include more two and three-bedroom units in their programs. Implemented thanks to diverse planning documents, more informal instruments and direct negotiation with developers, this public control on developers aimed to guarantee an adaptation of the new private housing supply to the population the municipality is willing to attract in Chantierine through the urban renewal project.

Other dimensions of local and national public action rather favour and tend to increase the urban rent appropriated by developers. First, the subsidization of demolitions and development costs by the ANRU allows developers to acquire plots on which they can operate without incurring additional expenses. Second, the Alfortville municipality has granted several adaptations of the urban project to limit the risks borne by private capitals. In anticipations of the developers' preferences, the local government, and Grand Paris Aménagement reorganized the overall plan of the project, relocating the plots dedicated to private housing to the area that benefited first from urban interventions. The construction of new social housing and the creation of a vast public space were intended for forming a "new screen¹¹" to facilitate the arrival of private operators, which often only intervene in the later stages of urban renewal projects. At developers' request, the municipality also allowed a higher construction density: market-rate housing residences (as some social housing ones) reach significant heights (up to eight floors). This high density contributes to the profitability of private housing programmes, which have already benefited, as seen before, from land selling prices that were not totally set at market rates.

⁸ Traité de concession d'aménagement entre la Ville d'Alfortville et l'Agence Foncière et Technique de la Région Parisienne (which has become Grand Paris Aménagement), 2011.

⁹ 3700 € per square meter on average for the two market-rate property development programmes of Chantierine, instead of 5200 €/sq on average in 2016-2017 in Alfortville.

¹⁰ Created by a law in 2006, this tax benefit applies to most of housing units built in urban renewal districts, bought for homeownership and under certain income conditions.

¹¹ Interview with an ex-local government officer of the municipality of Alfortville, June 2021.

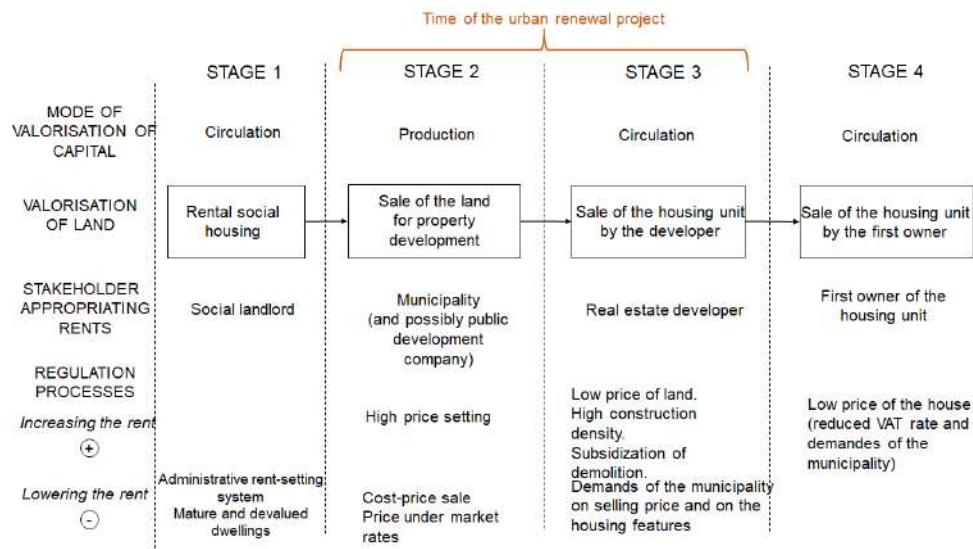


Figure 2. The “successive rents” model based on the urban renewal project of Alfortville (Pauline Gali, 2024).

Finally, the resale of the housing unit by the first buyer appears as the fourth moment in the formation of an urban rent. In the case of Alfortville, thanks to the local government strategies to produce “affordable” housing and to the state subsidization of urban renewal, the first purchaser of the apartment bought it at a low initial price, quite inferior at market rates. If the first buyer, in the second-hand housing market, adjusts the selling price of his home to market rates, the difference between the “affordable” initial price and the market value corresponds to a rent appropriated by the first owner of the apartment. As a consequence, public action in favour of the production of affordable housing in urban renewal projects results in the privatization of a rent by a few households. In Alfortville, it is noted that for housing units built by developers, resale prices are on average 33 percent higher than the purchase price.

Urban renewal therefore organizes the production of "successive rents" through the valorisation of an urban space which was not integrated to market-led urban development dynamics. Public action, by the state and by local governments, influences not only the conditions that enable the formation of rent but also the extent of the urban rent and how it is distributed. These rents are mostly appropriated by private actors, notably by the developers and the first buyer, although the municipality may also benefit from part of the land rent for its fiscal resources. This pattern (Figure 2), based on the Alfortville’s case, is likely to apply to metropolitan tight and highly valued markets. Nevertheless, in the words of Christian Topalov, the State enables and promotes urban rents but does not create them directly (Topalov 1984:199; Périlleux 2023:67). It raises the question of the effectiveness of public action in terms of rent production within large public housing estates undergoing urban renewal located in slack and less valued market contexts.

5 The Southeastern Districts (*Quartiers Sud-Est*) of Saint-Etienne, the Commodification without the Rent? Privatization of a Social Housing Complex within a Weak Property Market

The Southeastern Districts of Saint-Etienne embody the reality of an urban renewal project conducted in a context of a weak property market, in a city that has undergone urban shrinkage for many years (Cunningham-Sabot and Roth 2013). Local actors describe a city where "there is no market¹²" for new private housing and where "land rent is negative¹³". Attracting developers to Saint-Etienne is no easy task, even in some central neighbourhoods of the city, some of which are included in the PNRU and NPNRU. In the peripheral social housing estates, such as the Southeastern Districts, according to local public actors, the task is even more challenging due to the lack of residential attractiveness, both for inhabitants and developers. In terms of land uses, these areas remain specialized in accommodating modest households within vast social housing complexes, partly renewed as part of the urban renewal programmes. Although social mixing was a principle promoted by the ANRU, it has never been the central focus of the urban renewal project in the Southeastern Districts. Housing diversification was considered as a way to enable some of the neighbourhood's inhabitants to become property owners where they already lived. In that respect, the aim was also to build a new housing supply adapted to families with children who tend to leave the city centre for its suburban outskirts, an objective also promoted across Saint-Etienne as a whole (Morel Journel and Sala Pala 2011; Miot 2012). Finally, housing diversification was also intended to contribute to urban change in vast social housing complexes that have been largely demolished, in a logic of reducing the social housing stock subject to high vacancy rates and de-densifying the neighbourhood.

Composed of five sectors built successively between 1953 and 1970, the Southeast Districts initially included over 4,500 housing units, of which 689 were demolished between 1989 and 2000 and approximately 700 as part of the PNRU. In the initial urban project, established in the mid-2000s, 226 new housing units were to be built, including 65 market-rate housing units that have never been constructed¹⁴. Among this ambitious construction programme, only operation of housing diversification has been concretely planned: the local social landlord, with the support of the municipality, attempted between 2009 and 2012 to develop affordable housing for sale, by the means of an operation of 25 units as part of a mixed-tenure estate¹⁵. After two failed attempts to launch the operation, because of a lack of potential clients, the "Sisley" residence was eventually entirely developed as social housing by the local social landlord. Local actors first attribute this commercial failure to the narrowness of the local housing market, which makes very delicate to complete an operation of 25 apartments led with quasi-public capital and to find households interested to buy flats sold at 1940 euro per square meter¹⁶, in a neighbourhood considered though as not attractive (figure 3). The local social landlord has taken a risk and the responsibility for the initiative of a first housing diversification operation in the neighbourhood and has been confronted with the difficulties of Saint-Etienne's housing market, in which the production of urban rents is not so easy to engage. The municipality and the social landlord learnt lessons from this failed experience, which encouraged them to pay a particular attention to the selling price of the homes, to their architectural form, which cannot be as dense as the "Sisley" building was, and at the timing in which the operation is implemented: the "Sisley" programme has been planned at a relatively early stage of the urban

¹² Interview with a former civil servant of a state local administration, January 2024.

¹³ Interview with a current civil servant of a state local administration, January 2024.

¹⁴ GIP-GPV de Saint-Etienne, Planning documents for the reconversion of "la Grande Marandinière" site, January 2006, Municipal Archive of Saint-Etienne (6985 W 6).

¹⁵ Selling documents of the programme "Les Prés de Sisley", Métropole Habitat Saint-Etienne (social landlord), Municipal Archive of Saint-Etienne (6985 W 6).

¹⁶ Lettre of the head of the local social landlord to the mayor, December 2010, Municipal Archive of Saint-Etienne (6985 W 6).

project, even before the demolition of a large high-rise block nearby. Nevertheless, the municipality experienced another setback on a piece of land also located in the central part of the urban renewal project and of the neighbourhood: on this plot, it planned to develop a mixed-use project including shops and housing. After having failed to convince a developer to build a housing programme on this site, the municipality eventually accepted the construction of a small shopping area, without residential units on the upper floors.



Figure 3: Sales brochure for the “Sisley” Programme of the local social landlord, attached to a letter addressed by the Director of the social landlord to the Mayor of Saint-Etienne, December 2010 (Municipal Archive of Saint-Etienne (6985 W 6).

Despite the injunction for housing diversification promoted by the ANRU and all the efforts of local government to establish favourable conditions for private residential investment, there is no guarantee to realize the construction of market-rate housing and thus to set off the production of urban rents. If private initiative does not follow public investment strategies and does not take over from them, the formation of rents, although theoretically enabled by urban renewal,

remains a potentiality. In Saint-Étienne, this is even a very uncertain prospect: in a context of overall devaluation of the local housing market, characterized by significant vacancy rates and an overabundant supply of older housing units, it is not certain that there is a rent gap to fill between the peripheral social housing neighbourhoods and the rest of the urban space. At the scale of Saint-Étienne, property market does not lead to valuation differentials significant enough for a large social housing neighbourhood to offer private developers prospects for creating and appropriating any land rent.

Nonetheless, the municipality of Saint-Etienne attempts, by leveraging small publicly owned land plots on the outskirts of the neighbourhood, to inject a market dynamic into it by adopting a role of "market leader"¹⁷. Following a call for projects, the municipality sold a 5,300 m² parcel where a former school was located to a local architect, Julien Rivat, for 150,000 euros¹⁸. This sale allowed for the construction of 13 houses, benefiting from the Passivhaus environmental label. These homes, each around 100 square meters, have been sold within two months for around 1,950 euro per square meter excluding taxes, a price set in consultation with the municipality. Another disused school, also on the outskirts of the urban renewal perimeter, was sold in 2022 for 600,000 euros to a local developer to create a student residence with 201 studios sold separately¹⁹. A call for proposals had been organized to attract private real estate operators' attention after an initial failed attempt to implement a building programme with a property developer in 2012.

Despite the setbacks encountered on the most central parcels of the urban renewal project, the municipality manages, on the outskirts rather than in heart of the Southeastern Districts, to anchor the neighbourhood to housing markets and to property-led development by betting on specific real estate products. Despite the weakness of the housing market in Saint-Etienne, the municipality tries to arouse private initiatives by privatizing publicly owned land. Furthermore, in the Southeastern Districts, the choice of the municipality to develop economic activities on some pieces of land freed up by demolitions deploy commodification logics even where housing diversification was deemed impossible or not desirable. Thus, even when market context makes uncertain or difficult the prospect of "successive rents" within the field of property development, the aim of normalising, from all points of view, large social housing estates keeps driving publicly led processes of privatization and commodification of land in these neighbourhoods. Urban renewal projects are consequently part of the geographical extension of the capital and of market-oriented land uses, with the support of local and national governments.

6 Conclusion

This paper offered an analysis of French urban renewal projects drawing on an urban political economy framework. It focused on the formation of land rents in the field of property development in large social housing estates. Urban renewal appears as a policy paving the way to produce urban rents by promoting "higher" land uses in social housing complexes which were characterized by a public or quasi-public land ownership and by a non-market-oriented management. Public authorities, whether the central state through an Agency or local governments, play a major role in creating the conditions for the formation of such rents by seeking to ensure the profitability of real estate development operations and minimizing associated risks. However, the comparison drawn between the urban renewal projects of

¹⁷ Interview with a local government officer of the municipality of Saint-Etienne, February 2024.

¹⁸ City Council report, 1 February 2016, Municipal Archive of Saint-Etienne.

¹⁹ City Council report, 24 January 2022, Municipal Archive of Saint-Etienne.

Alfortville and Saint-Etienne underlines that public action on its own cannot directly trigger the formation of urban rents: as C. Topalov wrote, "the State does not create rent, it is construction that will enable the effective realization of the rents potentially inscribed in the urban plan" (Topalov 1984:199).

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