

## INTEREST GROUPS SEEN FROM THE LOCAL PERSPECTIVE

Property developers in the housing sector in France

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# INTEREST GROUPS SEEN FROM THE LOCAL PERSPECTIVE

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PROPERTY DEVELOPERS  
IN THE HOUSING SECTOR IN FRANCE

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**Julie Pollard**

*Translated from French by Fleur d'Harcourt*

Today, research on interest groups focuses broadly on the dynamics created by the multiplication of levels of government. The impact of European integration on the structuring, resources and strategies of interest groups, as well as their capacity to promote their cause in Brussels or within international institutions, have drawn the attention of researchers.<sup>1</sup> This interest contrasts with the small number of studies conducted in Europe<sup>2</sup> on interest groups at sub-national levels. In France in particular, they occupy a residual – not to say non-existent – space in research, as well as in textbooks and general works on this topic.<sup>3</sup> Methodological difficulties, exacerbated by the study of sub-national areas, go some way to explaining this observation.

And yet the analysis of sub-national levels cannot be excluded *a priori* from research about interest groups. There are several reasons for paying attention to the interactions between interest groups and regional and/or local government.

Firstly, current dynamics of decentralization and regionalization in many European countries raise questions about the potential redeployment of groups' mobilizations in relation to the growth of sub-national levels of government. Are interest groups developing new tactics or

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1. See for instance: Edgar Grande, "The state and interest groups in a framework of multilevel decision-making: the case of the European Union", *Journal of European Public Policy*, 3(3), 1996, 318-38; Peter Bouwen, "Corporate lobbying in the European Union: the logic of access", *Journal of European Public Policy*, 9(3), 2002, 365-90; Hélène Michel, "Le droit comme registre d'européisation d'un groupe d'intérêt. La défense des propriétaires et la Charte des droits fondamentaux de l'Union européenne", *Politique européenne*, 7, 2002, 19-42; Sabine Saurugger, "L'expertise: un mode de participation des groupes d'intérêt au processus décisionnel communautaire", *Revue française de science politique*, 52(4), 2002, 375-401; Emiliano Grossman, "Bringing politics back in: rethinking the role of economic interest groups in European integration", *Journal of European Public Policy*, 11(4), 2004, 637-54.

2. In the USA, research connecting interest groups with federalism have focused on the articulation of groups strategies at the state level and at the federal level (cf. Christine Mahoney, Frank Baumgartner, "Converging perspectives on interest-group research in Europe and America", *West European Politics*, 31(6), 2008, 1251-71). The concept of "venue shopping" reflects this interest in the mobilisations of groups aiming to take their issues to levels other than the federal one (Frank Baumgartner, Bryan Jones, *Agendas and Instability in American Politics* (Chicago: Chicago University Press, 1993)).

3. Michel Offerlé, *Sociologie des groupes d'intérêt* (Paris: Montchrestien, 1998); Guillaume Courty, *Les groupes d'intérêt* (Paris: La Découverte, 2006); Emiliano Grossman, Sabine Saurugger, *Les groupes d'intérêt: action collective et stratégies de représentation* (Paris: Armand Colin, 2006).

are they adapting their internal organization in response to these changes in the division of power? Do these dynamics make positioning themselves more difficult for these actors or do they represent new opportunities for intervention? Some studies underline the fact that the multiplication of levels of government primarily favours economic interest groups that have sufficient resources to develop strategies at several levels.<sup>1</sup> In addition, it seems that, in the French case, decentralization did not automatically lead these groups to focus on the governmental level within whose jurisdiction their activities theoretically fell.<sup>2</sup> The intervention of local authorities beyond their domain of responsibility, mixed funding, and the creation of new levels of government, such as inter-municipal entities, “*intercommunalités*”, make the game a complex one. One may therefore hypothesise that these dynamics affect the group’s strategies and their participation in public policy, without it being possible to predict what shape these changes might take.

Secondly, the importance of studying interest groups at a local level is also supported by a long tradition of urban research, initiated in the US but also developed in Europe, around the connections between political and economic actors in urban development.<sup>3</sup> Largely constructed around notions of “urban regimes” or “growth coalitions”, the approaches that were developed from the 1970-1980s onwards emphasised the importance of stable relationships – often informal – between local political elites and economic actors in urban development.<sup>4</sup> But these approaches generally take little note of the impact of these interactions beyond the local area where they develop. The intervention of economic interest groups at the local level is analysed in itself, and not as one of the possible scales for groups which are positioning themselves within multilevel governance. Some work, especially that of Neil Brenner, nonetheless invites us to consider these local developments within a wider context.<sup>5</sup> Brenner considers that, in the context of changing territorial scales of regulation (“rescaling”), the cities – especially the large metropolises – have become a crucial level of economic competitiveness for European states. Local changes thus reflect more important evolutions in political regulation.

Lastly, the importance of sub-national areas in the strategies of some interest groups is one of the conclusions of my doctoral research about property developers and housing policy in France.<sup>6</sup> While doing my fieldwork, I made the following two-fold observation: on the one hand, suggestions concerning the influence of this interest group on the elaboration of housing policies at the national level were not confirmed; on the other hand, the actors I

1. Beate Kohler-Koch, “Organized interests in European integration: the evolution of a new type of governance?”, in Helen Wallace, Alasdair Young (eds), *Participation and Policy Making in the European Union* (Oxford: Oxford University Press, 1997), 42-68.

2. Hugues Portelli, “Les lobbies au niveau local”, *Pouvoirs*, 79, 1996, 88-97.

3. Following the publication of Edward C. Banfield, *Political Influence* (Glencoe: Free Press, 1961); and Robert Dahl, *Who Governs? Democracy and Power in an American City* (New Haven: Yale University Press, 1961).

4. See for instance: John R. Logan, Harvey L. Molotch, *Urban Fortunes. The Political Economy of Place* (Berkeley: University of California Press, 1987); Clarence Stone, *Regime Politics. Governing Atlanta, 1946-1988* (Lawrence: University Press of Kansas, 1989); Gerry Stoker, Karen Mossberger, “Urban regime theory in comparative perspective”, *Environment and Planning C: Government and Policy*, 12(2), 1994, 195-212; Jamie Peck, Adam Tickell, “Business goes local: dissecting the ‘business agenda’ in Manchester”, *International Journal of Urban and Regional Research*, 19, 1995, 55-78; Keith Bassett, “Partnerships, business elites and urban politics: new forms of governance in an English city?”, *Urban Studies*, 33(3), 1996, 539-55.

5. Neil Brenner, *New State Spaces. Urban Governance and the Rescaling of Statehood* (Oxford: Oxford University Press, 2004).

6. Julie Pollard, “Acteurs économiques et régulation politique: Les promoteurs immobiliers au centre des politiques du logement dans les régions de Paris et Madrid”, Ph.D. diss., Paris, Sciences Po Paris, 2009.

met proved much more forthcoming about their efforts to integrate themselves into local political scenes.

*How does taking into account sub-national levels of governance change our analysis of an interest group (property developers) in the regulation of a policy sector (housing)?*

French housing policy constitutes an intriguing case study for observing interest groups at sub-national levels, as well as the articulation between their local and national strategies. For around twenty years now, the state has been supporting the decentralization of housing policy. Today, it involves several levels of government: *communes* [cities or towns], *inter-communalités*, *départements*, regions, and the central state.<sup>1</sup> The ability of local authorities to act has increased but only within a framework controlled by the state. In this article, I focus solely on that part of housing policy which concerns construction. The policies governing housing construction are crucial for public actors: they shape the ways in which the land is used and how cities develop from a social and a geographic point of view. For state actors, regulating housing construction is a means of meeting a fundamental requirement, and a right for citizens<sup>2</sup> as well as being a way of controlling a key sector of domestic economic activity.<sup>3</sup> For local elected officials, controlling housing construction enables them to control how the population evolves within their constituency. Favouring specific kinds of social housing, or preferring home ownership programs, is to engineer the social features of the households that settle in the area.

Property developers initiate housing construction projects; they coordinate the various steps of real estate programmes until they are delivered to their buyers. In France, three categories of actors may play this role: private individuals, who might be directly responsible for building their own home; social housing agencies, also called *habitations à loyers modérés* (HLM) agencies, who create housing in which they usually retain ownership and which they rent below market price and on the basis of income-related means-testing; and private property developers. This article is focused on this last category.<sup>4</sup> The activities of these economic actors seem to be clearly correlated with real estate cycles, but not exclusively. They are also very sensitive to public policies encouraging the production of new housing units. The following study concerns a period of real estate expansion between 1997 and 2007. The strengthening of the property developers' role in housing production at that time cannot only be the result of a cycle effect due to macro-economic factors. It was accelerated by two important evolutions in housing policies, which began about fifteen years ago: the boom in tax incentives to encourage rental investment – the *Périssol* and *Robien* laws etc. – and the

1. The impact of the European Union has also been studied (cf. H. Michel, *Le développement du logement social dans l'Union européenne: quand l'intérêt général rencontre l'intérêt communautaire* (La Défense: Dexia Editions, 2007)). However, I found through empirical research that this level of analysis was – for the moment – not very useful in accounting for how property developers mobilised.

2. Before 5 March 2007 legislation creating the “*droit au logement opposable*” [the enforceable right to housing] the right to housing had gradually become a legislative right: “the recognition of the fundamental right to somewhere to live, in 1982, was followed by the recognition of a right to housing (law of 6 July 1989), then by the right to decent housing (law of 31 May 1990 for the application of the right to housing)”, Emmanuel-Pie Guiselin, “La reconnaissance juridique du droit au logement”, in Jean-Claude Driant (ed.), *Politiques de l'habitat et crises du logement* (Paris: La Documentation française, 2008), 73-6 (75).

3. In 2004, accommodation costs accounted for 21% of households' budgets (against 14% at the beginning of the 1980s). The building and public work sector employed 4% of the working population in 2003. Across all building lots projects, about 50% concerned individual houses and residential buildings.

4. For the period studied, the share of the market in new construction controlled by private property developers in France was around one third of the housing under construction.

reinforcement of measures encouraging home ownership, especially for new housing. This leads us to question their role in the orientation of housing policies. Empirically, this research focuses on the mobilisation of property developers at national and local government levels. The local government level appeared indeed to be the dominant sub-national level.<sup>1</sup> Two cities in the Île-de-France were the object of in-depth analysis: Issy-les-Moulineaux and Saint-Denis. These two cities, which are very different from a political point of view, have in common a particularly dynamic pace of construction compared to the situation in Île-de-France since the beginning of the 2000s. However, the analysis of the local level goes beyond these case studies, and empirical data concerning other cities have also been used. Culled in large part from press and administrative reports, they describe a number of different local situations and support the hypotheses made about the two in-depth cases studies.

The aim of this article is to show that analysing the strategies developed at sub-national levels, as well as the interactions with local public actors, is crucial to account for the influence of certain interest groups. This influence can be found in the regulation of policy sectors.<sup>2</sup> Regulation is defined as a “relatively stable production and reproduction of relationships between social groups”.<sup>3</sup> The state plays a role, but not necessarily a central one. It implies interactions, conflicts and adjustments which can happen at different points, from the elaboration of public policies to their implementation. In this respect, political regulation and market regulation are not mutually exclusive but, on the contrary, interlinked. The participation of property developers in the regulation of the housing sector is glimpsed through this professional group’s collective mobilisations and also through the mobilisations of the ten most important property developers (see the first part of the boxed text). The biggest property developers indeed also take action independently, and their individual lobbying is either complementary to collective action, or an alternative to it.<sup>4</sup> “Regulation” is also a conceptual tool which enables us to break down the influence of interest groups into distinct dimensions. Following in the footsteps of P. Lange and M. Regini, I will discuss three such dimensions: the coordination of activities or relationships, the allocation of resources, and the structuring of conflicts.<sup>5</sup>

1. This level was not defined *a priori* but is the result of an empirical approach which led me to set aside the European level and to consider as extremely marginal (even non-existent) any interactions between property developers and levels of government between the *commune* and the national government.

2. The “housing sector” refers here to the set of interdependent actors who interact in relation to political, economic and social issues within housing construction and whose positions mutually influence one another: cf. Gerhard Lehmbuch, “Organisation de la société, stratégies administratives et réseaux d'action publique. Éléments d'une théorie du développement des systèmes d'intérêt”, in Patrick Le Galès, Mark Thatcher (eds), *Les réseaux de politique publique: débat autour des policy networks* (Paris: L'Harmattan, 1995), 69-90; François Baraize, “La notion de secteur est-elle encore centrale? La négociation du sens dans l'enseignement supérieur”, *Pôle Sud*, 4(1), 1996, 107-22.

3. Peter Lange, Marino Regini, *State, Market, and Social Regulation. New Perspectives on Italy* (Cambridge: Cambridge University Press, 1989), 4.

4. The difficulty and the conditions under which collective action by employers' and professional associations is possible are the subject of debate. According to C. Offe et H. Wieselthaler, employers have a structural advantage since their interests are more closely aligned than those of trades unions and they may be satisfied via market mechanisms, without collective mobilisation becoming necessary (Claus Offe, Helmut Wieselthaler, “Two logics of collective action: theoretical notes on social class and organizational form”, *Political Power and Social Theory*, 1, 1980, 67-115). This viewpoint was questioned by P. Schmitter and W. Streeck who point to the varied and scattered nature of employers' and professional associations (Philippe C. Schmitter, Wolfgang Streeck, “The organization of business interests: studying the associative action of business in advanced industrial societies”, MPIfG Discussion Paper, 1, 1999, available at: [http://www.mpifg.de/pu/mpifg\\_dp/dp99-1.pdf](http://www.mpifg.de/pu/mpifg_dp/dp99-1.pdf), last accessed 9 July 2012).

5. Peter Lange, Marino Regini, *State, Market, and Social Regulation*.

Firstly, I will underline the limits that property developers' mobilisations meet at the national level. I will then show that including local levels of analysis and companies' strategies is necessary for two reasons: because interest groups can develop strategies when measures decided at the national level are implemented locally; and because the local level can itself be a space for political regulation.

### The limits of property developers' influence on housing sector policy-making

To analyse the influence of an interest group in a policy sector, the first possibility is to evaluate its strategies as a collective actor at the national level. This option seems all the more valuable for our empirical example as a significant number of the policy instruments which concern private property developers are developed by the state. This is true for fiscal tools (incentives for rental investment, home-ownership programs, etc.) which play an increasing role in housing policies.<sup>1</sup> It is also easy to identify one collective actor which represents property developers' interests since the *Fédération des promoteurs-constructeurs de France* (FPC, Federation of property developers) enjoys a near monopoly (see box below). However, an analysis of their means of action as well as the positions taken by the FPC lead me to emphasise the limits and weaknesses of these mobilisations at the national level.

Clarification is required concerning the approach I have taken to analysing the influence of property developers. Attributing a decision to an actor is problematic, in terms of identifying both the actor and the point at which the decision is made.<sup>2</sup> It is rare that the interests fought for by a group and the measures adopted match without ambiguity. Establishing correlations is difficult for both methodological and analytical reasons. In order to overcome this problem, I suggest combining three kinds of complementary indicators. They enable the evaluation of the position of property developers (meaning here how close or distant they are) with regard to the processes through which housing policies have been developed over a period of approximately ten years. These indicators allow us to measure the capacity of property developers to instigate exchange relationships with public authorities and to achieve stable status as a recognized and legitimate partner. I pay specific attention to how responsive the public authority is to the actions of interest groups.<sup>3</sup> More specifically, I study them in relation and comparison to other professional associations in the sector. I focus on two of these: the *Fédération française du bâtiment* (French Federation of the Construction Industry, FFB), which represents construction companies, and the *Union sociale pour l'habitat* (Social Union for Housing, USH), which represents social housing agencies.

At an initial level, comparing the characteristics of the FPC with these associations leads to the conclusion that the FPC has at its disposal far fewer permanent members of staff than these two associations: in 2007, there were twelve of them at the FPC against several dozen at each of the two other organizations. This relative understaffing – though it can be explained partly by a lower number of members and a smaller professional group – has repercussions on the financial means available. The FPC's financial resources seem very clearly inferior to

1. Julie Pollard, "L'action publique par les niches fiscales. L'exemple du secteur du logement", in Philippe Bezes, Alexandre Siné (eds), *Gouverner (par) les finances publiques* (Paris: Presses de Sciences Po, 2011), 267-99.

2. Lucien Sfez, *Critique de la décision* (Paris: Presses de Sciences Po, 1992); M. Offerlé, *Sociologie des groupes d'intérêt*.

3. Cornelia Woll, "On the power of business lobbyists. Cases from the United States and the European Union", Paper presented at the 3<sup>rd</sup> ECPR Conference, September 2005.

those of the other two associations. To these internal limitations are added external ones on which I will elaborate further below.

### Property developers in France: collective representation and individual actors

At national level, property developers' interests are covered by the *Fédération des promoteurs constructeurs de France* (Federation of French Property Developers, FPC).

The *Fédération des promoteurs constructeurs de France* was created in 1971 with the merger of two property developers' unions which had been established in the late 1950s. Companies are not directly affiliated to the national structure, but they are members of local structures which themselves belong to the national structure. Members are thus divided into eighteen regional union offices. For instance, the *Chambre syndicale d'Île-de-France* (regional union office for Île-de-France), brings together property developers from thirteen *départements*. The national structure works through commissions, either permanent or created for a specific purpose.

Membership is not mandatory, either formally (as is the case, for instance, for architects) or informally (as it is for real estate agents, who have to join the *Fédération nationale de l'immobilier* (national real estate federation).

In 2010, the FPC represented about 500 members for a total number of around 800 property developers (against 820 property developers and 480 members in 2004). All big property developers are members of these professional groups.

### Professional representation of property developers

Sub-national level	18 regional union offices
National level	Federation des promoteurs constructeurs de France, FPC, Fédération of French Property Developers
Supranational level	Union européenne des promoteurs-constructeurs, UEPC, European Union of property developers and builders

### Ranking of the most prominent French property developers in 2008

Rank	Company	2007 Gross revenue (thousands of €)
1	Nexity	2,395,000
2	Bouygues Immobiliers	2,075,000
3	Kaufman et Broad SA	1,382,600
4	Cogedim	1,087,000
5	Icade Promotion	975,000
6	Akerys	815,000
7	Promogim Groupe SA	750,000
8	Bouwfonds Marnigan	735,000
9	Akerys Promotion	673,000
10	McInerney Holdings	633,000

Source: *Le Moniteur*

### Modes of public intervention by the Federation of Property Developers

A first indicator concerns the strategies of collective action utilised by the FPC. The FPC's various mobilisations correspond to three main lobbying activities: expertise, organization of events and participation in consultative processes. These depend on the financial, social and societal<sup>1</sup> resources that the organizations have at their disposal in order to operate in policy-making; and they are analysed in terms of how they are used to interact with public actors. This analysis reveals lobbying activities which are largely dominated by those developed by other professional actors in the sector.

Producing expertise is an important part of the association's strategy, especially in the Île-de-France. But the expertise produced is intended above all for the property developers themselves. The developers' regional association in the Île-de-France, is, for instance, the sole shareholder of a company which issues and controls a database registering new housing programmes in the Île-de-France. This database comprises a certain number of elements that are not available in public statistics, in particular the identity of property developers and the price ranges for programmes. Thanks to these data, property developers can support their offers and public positions; but above all, they have accurate information on local markets and they are able to compare their market share with that of the competition. Property developers also produce specific expertise on certain fiscal tools, and specifically on tax incentives for rental property investments. These data concern in particular figures about the number of housing units sold to investors and the cost of these fiscal tools. However, I have shown elsewhere that mastering this type of expertise does not guarantee any influence on these tools or on their evolutions.<sup>2</sup> An indication of this is the fact that one of the property developers' major claims concerns the stabilization of these fiscal tools, while one of the tools' distinctive features is precisely their high level of variability and their sensitivity to political change. In addition, this expertise is aimed at public actors, but even more at property developers and their clients – we will return to this point in the second section. On the whole, the expertise produced by the developers' professional federation appears to be highly specialized and tightly connected to the activities of property developers. The use of this expertise in policy-making appears to be of secondary importance compared to the internal use of this expertise.

Organizing events is a second lobbying strategy. It covers a wide range of activities: conferences, training seminars, symposiums, ceremonies for prizes awarded by the association, etc. In her PhD thesis about property-owners' mobilisations, H  l  ne Michel shows that these activities, especially the conferences, are acts of "publicisation of the group", through which it "demonstrates that it is part of a sector and aims to be part of every discussion about policies".<sup>3</sup> These events help structure the group as a collective actor and manifest its existence to its members as well as to external actors. Through them, they are able to maintain and to promote the social resources of the group by making these visible. And yet, the information gathered from the professional press and the questions asked during my interviews about this topic show some bitterness, which reflects how difficult it is both to have leading politicians come to these events, and to create one's own space among all the events

1. E. Grossman, S. Saurugger, *Les groupes d'int  r  t*.

2. Julie Pollard, "Soutenir le march  : les nouveaux instruments de la politique du logement", *Sociologie du travail*, 52(3), 2010, 323-39.

3. H  l  ne Michel, "Propri  t  , propri  taires: politiques publiques et groupes d'int  r  t dans le secteur immobilier en France", Ph.D. diss., Paris, EHESS, 2000, 277.

organized by other professional federations within the sector. While evaluations of the attendance at the property developers conference puts it at between 200 and 500 attendees, the participants at the conferences organized by the social housing agencies are numbered in the thousands – for 2007, the figure of 10,000 attendees has been put forward. This excerpt from an interview with a previous head of the FPC provides a good illustration of this discrepancy.

“There are two important conferences in France: that of the *notaires* [conveyancing and estate lawyers] and the HLM conference [social housing developers]. Cities fight to organize the HLM conference; it drags in thousands of people and every single business comes. They organize amazing parties. [...] Over 3,000 participants register and their conference is magnificent! As for the *notaires*, they have had dinners with over 1,500 people, notably one in the Town Hall and another one in *les Halles* [in Lyon] – nobody had ever done such a thing! At the very best, we have 400 registrations and 200 people actually come... On the whole, unlike other conferences, it's never been a crucial event in the housing sector.”

Lastly, a third lobbying activity is negotiating and consulting.<sup>1</sup> The developers' professional association is one of the main coordinating institutions in the sector. For instance, it is a member of the *Conseil national de l'habitat* (national council for housing), an advisory institution for the Minister of Housing; and of the *Association des rencontres construction aménagement du territoire*, a group studying construction for the *Assemblée nationale*. It is a member of organizations which bring together professionals in the sector: the *Conseil national des professions de l'immobilier* (national council for real estate professions), and the *Conseil national de la construction* (national council for construction), in particular. At regional level, the regional office for the Île-de-France is a stakeholder in the work of the *Observatoire régional de l'immobilier d'entreprise* (regional observatory for commercial real estate), and the *Observatoire régional du foncier* (regional observatory for land use). It is also part of the *Cellule économique du bâtiment et des travaux publics d'Île-de-France* (economic office for construction and public work in Île-de-France). The fact that these organizations exist and that the developers' regional office is one of them confirms the necessity of not limiting our analysis to the national scale. But even though so many institutions exist, none of the people I spoke to, either public or private figures, accords them any real importance. They appear to be formal structures rather than actual places of power or where proposals are developed. The formal existence of these structures proves to be of only marginal importance in contributing to the development of housing policies.

### Proposals and positions on housing policies: a lack of visibility

The second indicator I chose concerns the positions adopted by the group in relation to housing policies, and how visible these positions are. The capacity to stake out a position and to communicate it marks out the status of an actor within a policy sector. But the positions of the developers' professional association are often fragmentary. Proposals are made on the economic aspects of housing policies. For the most part, these propositions revolve around two important themes: encouraging home ownership and supporting real

1. E. Grossman and S. Saurugger make a distinction between negotiation and consultation because of the degree of institutionalisation of the interaction: while negotiating is an “official” interaction, consulting instead suggests informal contacts between interest groups and political or administrative actors (E. Grossman, S. Saurugger, *Les groupes d'intérêt*, 17).

estate investment. But important aspects of housing policies are left aside by property developers. For instance, with respect to social housing, they cannot be heard. Regular perusal of the daily national press enables us to highlight the sporadic nature of the developers' association's media presence, and also how rarely they are offered press platforms. Articles mentioning this association's points of view almost exclusively concern fiscal tools to promote real estate investment, and are almost never general articles about housing policies.<sup>1</sup> A systematic reading of the press packets prepared by Sciences Po's library about real estate themes<sup>2</sup> reinforces this impression of weak coverage of the developers' association's positions in the media. The only file that really deals with property development is with respect to real estate scandals: "real estate development, real estate scandals, multi-ownership in France", "*Promotion immobilière, scandales immobiliers, multipropriété en France*" (since 1961). The file provides a very specific angle on the profession. At the level of discussion of a general framework for housing policies, the proposals of French property developers seem to be few and far between most of the time, and are hardly reported by the media, except by the professional press. This relative absence from the press appears to be endured rather than being the result of a deliberate strategy to remain invisible, which would require the group to choose "subtle" channels of influence rather than making its claims, proposals and positions public.

### Limited interpersonal connections

Lastly, as our final indicator, one might assume that these relative weaknesses, internal and external, could be compensated for by other less visible lobbying activities – stable relationships with parliamentarians or the staff of ministerial cabinets, in particular. Do property developers favour less institutionalized and more informal lobbying activities? This is more difficult to evaluate, but here again the comparison with other groups in the sector is helpful. Interpersonal connections between the members of the *Union sociale pour l'habitat* (Social union for housing, USH), which represents social housing agencies, and politicians at the national level, seem to have nothing in common with the potential connections between national political actors and property developers. Several studies confirm and analyse this close relationship.<sup>3</sup> Many ministers or secretaries of state in charge of housing, as well as cabinet staff, come from the *Union sociale pour l'habitat* or take up responsibilities within it at the end of their political functions. For instance, Marie-Noëlle Lienemann, secretary of state for housing in Lionel Jospin's government from 2001, is currently vice-president of the executive committee of the *Union sociale pour l'habitat*. The secretary general of this association, Pierre Quercy, used to be the deputy director of Jean-Louis Borloo's cabinet when he was Minister for Employment, Social Cohesion and Housing. Between 1998 and 2008, the social housing agencies association was chaired by Michel Delebarre, previously a secretary of state, and the mayor of Dunkirk since 1989. Two candidates, both elected political

1. Though we need to recognise here certain changes which have taken place in recent times, with their proposals demonstrating a desire to increase the FPC's influence.

2. Four files were of particular interest: "Logement en France: Conjoncture immobilière" (since 1945); "Logement social, HLM en France" (since 1950); "Politique du logement en France" (since 1946); "Prix et financement de la construction et du logement en France: Aides au logement: Prêts immobiliers" (since 1946).

3. Yan Maury, *Les HLM: l'État providence vu d'en bas* (Paris: L'Harmattan, 2001); Philippe Zittoun, *La politique du logement: 1981-1995. Transformations d'une politique publique controversée* (Paris: L'Harmattan, 2001); Noémie Houard, "Logement social, droit au logement, et mixité: de la mise sur agenda aux pratiques locales", Ph.D. diss., Paris, Sciences Po Paris, 2008.

representatives, stood to take over after Michel Delebarre: Marie-Noëlle Lienemann and Thierry Repentin. In the French context, where the interests of property developers and social housing agencies are frequently in conflict, the latter benefit from much more important political connections. We should not forget however, that this close relationship does not prevent sometimes intense conflict, as was the case between Benoist Apparu, Secretary of State for Housing, and the social housing agencies.<sup>1</sup>

At the national level, our analysis therefore leads us to nuance the capacity of property developers – as a collective actor – to influence the elaboration of housing policies in France. In many respects, the current situation recalls that portrayed by J.-F. Dhuys in the 1970s.<sup>2</sup> He described the progressive establishment of the developers' professional association within the French institutional scene, focusing especially on the relationships established with the ministers for Infrastructure and for Finances. However, he refines his description by acknowledging that these meetings have no practical consequences, and by pointing out how the Federation was excluded from a number of important discussions. "It was nevertheless sidelined in important property discussions – especially by Olivier Guichard when the local tax for urbanisation was under discussion – and it hardly participated in the development of housing policies."<sup>3</sup>

This ambivalent situation still exists. The developers' professional association appears as a potential partner, but it has not become an essential institutional partner. Only sporadically are property developers included in policy-making. They seem more likely to make isolated proposals than to suggest a wider renewal of these policies.<sup>4</sup>

Analysing collective mobilisations by property developers does not therefore explain how their interests have converged with the direction of housing policies. Property developers obtain collective benefits, despite the flaws in their fragmented collective action. The developers' professional association does not need to be a powerful actor to see the interests of its members favoured. There are several possible explanations to this puzzle. The one I suggest here is to be found in the integration of sub-national levels of mobilisation. Analysing local mobilisation by property developers effectively allows us to include mobilisations happening at other "times" – meaning at the time of policy implementation – and in other "places" – that is to say, mobilisations intended for local governments. This shift in perspective leads me to focus more on companies' individual mobilisations, developed locally, rather than on collective mobilisations. Such individual mobilisations nevertheless have effects on the sector's regulation. Other explanations, which complement the one I offer in this article, could also be explored. Among them are the existence of interpersonal links between the heads of the biggest property development firms and ministers, or the highest levels of the administration; or the fact that supporting property developers also benefits other economic actors, etc. Political considerations may also throw light on this convergence. Effectively, supporting a policy with tax incentives – and state resources which benefit property developers primarily consists of tax incentives – enables the government to act quickly

1. As shown by the strong reactions to Benoist Apparu's speech during the 71<sup>st</sup> Congress of USH in September 2010.

2. Jean-François Dhuys, *Les promoteurs* (Paris: Seuil, 1975).

3. J.-F. Dhuys, *Les promoteurs*, 60-1.

4. It should be emphasised that this characterization of interactions is valid for the specific period 1997 to 2007. More recent indications seem to show a change in these interactions; notably, the FPC has developed the scope of its expertise and extended its public communication on housing policies during the last few months.

on offering housing in order to meet quantitative targets and gain breathing space in the context of budgetary constraints. I have examined this theory in more detail in an article which attempts to characterize tax expenditure policies (as opposed to budgetary expenditure policies).<sup>1</sup>

## Property developers as key actors in the implementation of housing policies

The implementation of policies reveals other stakes; new actors can appear; the balance of power between the actors can change. There is little in the literature on interest groups concerning their role in the implementation of policy.<sup>2</sup> Suzanne Robbins nevertheless points out that during policy implementation interest groups can gain new benefits or maximize the effects of some laws to their advantage, by developing strategies either of cooperation or of conflict.<sup>3</sup> Implementation matters in the “neo-corporatist” model of representation of interests,<sup>4</sup> but this role is the continuation of the groups’ participation in decision-making. However, I would like to show that actors can be weak in the decision-making process and yet decisive in the implementation of the policy.

To demonstrate the importance of policy implementation, I will study the influence of property developers on what has become an essential dimension of housing policies decided by the French state over the last fifteen years: tax incentives for rental investment. The most efficient strategy for property developers to maximize the benefit they can draw from public resources is to promote these public tools. This strategy creates cooperation with state actors but conflicts with local authorities.

### The role of property developers in the rise of tax incentive tools for rental investment

Tax incentives for rental investment were introduced at the beginning of the 1980s. They were made more attractive by the authorities in 1996 and their popularity dates from this point. Tax incentives represent a substantial indirect benefit for property developers. Since 1996, between 32% and 65% of the housing units built every year by property developers have been sold to private individuals who benefit from this kind of incentive. The tool works as follows: buying a new-build unit entitles the taxpayer to a tax reduction which corresponds to a percentage of the acquisition price of the housing unit, providing he agrees to rent it for a certain number of years. Depending on the situation, variable conditions are added, either limits to the amount of rent that can be charged and/or means-testing of tenants’ income.<sup>5</sup>

1. J. Pollard, “L’action publique par les niches fiscales. L’exemple du secteur du logement”.

2. Beth L. Leech, “Lobbying and influence”, in Sandy L. Maisel and Jeffrey M. Berry (eds), *The Oxford Handbook of American Political Parties and Interest Groups* (Oxford: Oxford University Press, 2010), 534-51; Suzanne Robbins, “Play nice or pick a fight? Cooperation as an interest group strategy at implementation”, *Policy Studies Journal*, 38(3), 2010, 515-35.

3. S. Robbins, “Play nice or pick a fight?”.

4. Characteristic of this model is the importance of consultation and negotiation between the state and interest groups. Social interests and divisions are predominant, and individuals are usually members of a limited number of associations or unions (C. Offe, H. Wiesensthal, “Two logics of collective action...”; P. C. Schmitter, G. Lehmbruch, *Trends Toward Corporatist Intermediation*). These unions, who often enjoying a monopoly within the sector, negotiate with the state and participate in the elaboration of rules for sharing national revenue. This model, developed in the 1970s-1980s, applies to both national level and the sector.

5. For instance, the “Périssol” scheme, introduced in 1996, requires the buyer to rent the property for at least nine years. In return, the buyer gets tax reduction equivalent to 10% of the purchase price for the four years

I have shown elsewhere that property developers play a minor role in the elaboration of these incentive tools.<sup>1</sup> The latter are largely controlled by politicians, as demonstrated by the effects of changes in political power (or a change of minister in charge of housing) on the general direction of incentive schemes. On the other hand, these fiscal incentives provide private actors with considerable power during their implementation. Effectively, state fiscal support constitutes an opportunity that a private investor may or may not choose to make use of, while there is no way for the state to control how many actors will do so. Whether the take-up of the scheme is significant or not is difficult to predict since it depends both on the attractiveness of the incentive, but also on the way in which it is promoted and “sold” to potential investors by property developers. This influence results more from convergent individual strategies by companies than from collectively organized lobbying. Nevertheless, the effects produced are obvious at the sector level. The strategies of these market actors to maximize their profit are therefore focused on spreading a public incentive rather than on elaborating public policies.

In practical terms, property developers favour the development of these products in different ways. Firstly, they contribute to advertising fiscal benefits in the housing sector. The websites of the most prominent French property developers systematically feature information and advertising promoting the profitability and the advantages of rental investments. Property developers present themselves as essential contacts to provide private individuals with advice on their investment. Beyond this, some also actively canvass through mailing, emailing and phoning. In addition, property developers adapt their offer in two ways: they develop it in previously unexploited areas where market prices make the fiscal benefit optimal; and they offer products designed to maximize fiscal benefit. This is what the report by members of parliament François Scellier and Jean-Yves le Bouillonnet highlights in particular.<sup>2</sup> They emphasise how the offer has been developed in middle-size cities and rural districts such as Corrèze, Landes, Gers or even Indre, where property developers were only marginally present before the introduction of these schemes. A number of property developers are now focusing exclusively on the production of housing units designed to be sold to investors; others have directed part of their activity towards these kinds of buyers. In some cases, whole housing construction projects are built to be sold as financial investments. Another example of this promotional activity is the training offered to salespeople in the biggest property development companies to sell flats by specifically targeting potential investors.<sup>3</sup>

This relates to Christopher Howard and Jacob S. Hacker’s work on the welfare state and on public expenditure on housing in the USA.<sup>4</sup> Hacker pinpoints the central role played by tax

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following the purchase and 2% of the price during the next twenty years, which means an 80% deduction over 24 years.

1. J. Pollard, “Soutenir le marché...”.

2. François Scellier, Jean-Yves le Bouillonnet, “Rapport d’information sur l’évaluation des dispositifs fiscaux d’encouragement à l’investissement locatif”, July 2008.

3. They are the main source of information for potential buyers. All accounts of these incentive schemes emphasize the same perverse effect: the partial information given to household investors, who often underestimate the risks involved in real estate investment: periods when the property is vacant, maintenance costs, local features of the rental market, etc.

4. Christopher Howard, *The Hidden Welfare State. Tax Expenditures and Social Policy in the United States* (Princeton: Princeton University Press, 1997); Jacob S. Hacker, *The Divided Welfare State. The Battle over Public and Private Social Benefits in the United States* (Cambridge: Cambridge University Press, 2002), and “Privatizing risk without privatizing the welfare state: the hidden politics of social policy retrenchment in the United States”, *The American Political Science Review*, 98(2), 2004, 243-60.

policies in structuring social protection in North America, though it is often hard to see. Howard demonstrates the discrepancy between the structure of tax expenditures and the structure of budgetary expenditures in the American housing sector. While the latter are aimed at rental housing for the poorest, tax expenditures – which are much higher – are focused on home ownership for middle and upper class people, and benefit market actors. Though these policies are the result of public action, they are entirely delegated to private actors. Taking them into account means that we have to reconsider the scope of the American social system. Similar conclusions can be drawn in the case of France. The increase in these tax policies shows how state intervention has shifted to support the market more and more and grant market actors a decisive role.<sup>1</sup> The importance of how policies are implemented is heightened by the very nature of the instrument. Market actors play a central role in regulating the sector by acting at the point of implementation, and directing their mobilisation towards private individuals, who are potential clients.

### The effects on sector regulation of property developers' mobilisations during policy implementation

To prove the influence of these local strategies on the regulation of housing policies, we need to emphasise the effects of the implementation's privatisation of these fiscal tools. These effects are most clearly visible in the difficulties local elected representatives encounter in dealing with these incentive tools, and in the problematic nature of their impact on some areas.

The effective delegation of the implementation of these tax incentives to private actors has made it difficult for local politicians to control such incentives. The whistle was blown on their rapid rise by the media, starting with the “Robien” scheme (introduced in 2003) in particular. The scheme was poorly conceived, in particular the gap between the maximum rents allowed for by the scheme and the diversity of local markets. In some cases, investors who had essentially been sold a tax benefit rather than a housing unit found themselves unable to find tenants for the property they had bought – often in an unfamiliar area – and therefore lost the tax benefit they expected. Many local elected representatives today are reluctant to support the introduction of housing programmes intended primarily for sale to investors in their city. Stormy discussions surrounding the draft law “of mobilisation for housing and against exclusion” in December 2008 are evidence of this reluctance. At this time senators fought for the idea that mayors should be able to limit the proportion of housing units sold under these fiscal incentives for rental investment in their constituencies. What was at stake was giving the elected representatives the means to resist the development of these schemes. The cities where this problem is the most acute are those which seem attractive to property developers and where local political regulation is weak. In such contexts, these schemes have a particularly strong impact in terms of the quantity of housing units produced.

In Saint-Denis, in the Seine-Saint-Denis *département*, political regulation of the production of housing units is strong, and rental investment is at the core of many discussions. The city is particularly averse to the development of programs aimed at investors. Elected representatives cannot openly prevent investors from buying housing units, since that would amount to discriminatory measures. But they can impose conditions on property developers, which generally result in reducing the proportion of investors among buyers. One of the main objectives of a charter regulating cooperation with property developers, introduced in

1. J. Pollard, “L'action publique par les niches fiscales. L'exemple du secteur du logement”.

Saint-Denis, is precisely to limit the proportion of investors among buyers of new housing units. Thus a sales offer has to be planned which exclusively targets inhabitants or employees of the city. Moreover establishing a local sales office is compulsory, as is advertising in local newspapers. Political control is thus exercised over the implementation of these schemes. In the case of Saint-Denis, the potential for exercising control is mainly achieved through restricting such schemes.

We have seen how national schemes can be implemented by property developers, in some cases dodging mayors' control. The case of incentives for rental investment thus shows practically how and why groups may be especially interested in positioning themselves *during* the implementation of policy. I have considered the local level as a level where measures decided at other levels of government are implemented. The strategies developed at the time of the implementation maximize the profit that property developers can earn from public expenditure in this policy sector. It is a specific aspect of regulation, that of resource allocation, which is at stake here. In the last section, I will alter my view of sub-national territories, for they are also a place of regulation in themselves, and not only places where national measures and tools are transposed.

### The local level: a strategic level of regulation and mobilisation

**I**n some sectors, the local level is an autonomous level of political regulation, and a particular scale of mobilisation for some interest groups. At this level, the main features of housing policy decided at national level may work with or against mayors' objectives.

Interdependence between economic actors and political actors in cities is at the core of work within two major trends that have developed since the 1970s in Anglo-Saxon urban sociology.<sup>1</sup> This work, largely based on American cities, can in broad terms, be categorised under the headings "growth coalition", on the one hand, and "urban regime", on the other. They share common ground in two areas. Firstly, they both point to the stability of interactions between local political and economic actors. John Logan and Harvey Molotch thus use the term "urban growth coalition" to designate the stable partnerships which aim to promote economic development in cities.<sup>2</sup> Secondly, they demonstrate and evaluate how dependent political actors are on the economic actors within their constituencies – especially on real estate actors. They underline the financial dependence of American cities on the private sector, a position which is further nuanced in urban regime approaches. The limits of these approaches when applied to European cities have been noted,<sup>3</sup> and two points emerge particularly clearly in this context: the role of the state is under-estimated, and the dependence of political actors is over-estimated.

Using this work as a starting-point, my aim is to analyse how property developers act at local level and to consider the effects produced by these mobilisations on the regulation of

1. See for instance: John R. Logan, Harvey L. Molotch, *Urban Fortunes. The Political Economy of Place* (Berkeley: University of California Press, 1987); Clarence Stone, *Regime Politics. Governing Atlanta, 1946-1988* (Lawrence: University Press of Kansas, 1989); Gerry Stoker, Harold Wolman, David Judge, *Theories of Urban Politics* (London: Sage, 1995).

2. J. R. Logan, H. L. Molotch, *Urban Fortunes*.

3. Alan Harding, "The rise of urban growth coalitions, UK-style?", *Environment and Planning C: Government and Policy*, 9(3), 1991, 295-317; Patrick Le Galès, "Du gouvernement des villes à la gouvernance urbaine", *Revue française de science politique*, 45(1), 1995, 57-95.

the sector, beyond local areas. Setting local mobilisations within a multi-level frame is a way to answer the criticisms levelled at these approaches by reintegrating the national level of analysis and articulating national level with local level.

### Mayors and local political actors: primary targets of property developers' lobbying

The analysis relies primarily on Issy-les-Moulineaux and Saint-Denis. Just as in the studies of American cities, it is clear for these cases that the stability of the relationships with local elected representatives is a central element of the strategies developed by property developers. Issy-les-Moulineaux and Saint-Denis are among the attractive cities in the Île-de-France from property developers' point of view, because of their location close to Paris; the willingness of their elected representatives to promote housing construction; and their political stability – which means that the cities' objectives are also quite stable. This situation allows the politicians significant room for manoeuvre. However we should take note of the limited time period for which the analysis takes place. The balance of power between elected representatives and property developers changes with time, and it is re-negotiated. In Saint-Denis, until the end of the 1990s, the attitude of the local administration was mostly one of dependence, as it attempted to attract property developers onto its territory. Moreover local councils have formal powers, which explains why property developers care about them: taxation, specific urban tools such as the “*zones d'aménagement concertées*” (“ZAC”), which are areas of planned development, the ownership of public land, and, above all, the power to award building permits.

Taken together, these elements, both formal and informal, which relate simultaneously to the legal framework for the construction of housing, to how attractive a particular area appears, and to how predictable its political objectives are, are more important for understanding how interactions are structured than are political variables. Indeed these two cities present sharp contrasts in terms of social structure as well as of political positioning. André Santini, a right-of-centre leader, has been the mayor of Issy-les-Moulineaux for over 30 years. Saint-Denis, an emblematic city for the old “*banlieue rouge*”<sup>1</sup> (communist suburbs), has been ruled by communist mayors for decades. But these strong political roots have shown themselves to be of secondary importance in characterizing the interactions between property developers and mayors. What they “exchange”, the resources they each mobilise, and the constraints that mutually apply, seem to be similar in both cases. This does not imply that political variables are meaningless. They are important not for a direct understanding of the established balance of power, but to understand some of the demands made of property developers, such as integrating social housing in private developments, or introducing price controls in particular. How can we account for the importance of stable interactions?

Stable interactions enable local governments to anticipate the behaviour of property developers on their territory. If they know the property developer, they may already have established common working practices and the progress of a construction project should be less unpredictable. Existing links make things easier, and may be based on cooperation. However, this does not usually mean that an exclusive relationship exists between a mayor (or a city council) and a single property developer. Cities are careful not to depend too much on a single economic actor – or on a very limited number of economic actors – and they try to spread risk. In practical terms, in Issy-les-Moulineaux between 1988 and 2009 around 150

1. Marie-Hélène Bacqué, Sylvie Fol, *Le devenir des banlieues rouges* (Paris: L'Harmattan, 1997).

housing construction projects by private property developers have been delivered, amounting to over 7,000 housing units. Six property development companies have built over 500 housing units each during this period of time. In Saint-Denis between 1991 and 2010 there were just over 80 projects led by private property developers representing about 4,500 housing units.<sup>1</sup> Six property developers have exceeded the threshold of 200 housing units built in the city. In particular, the leading property developer constructed a total of over 900 housing units. In both cases, the developers that dominate the construction projects are large national property development companies.

For property developers, the benefit of stable interactions stems largely from the procedures for granting building permits. These are determined by formal rules, but also rely on informal rules. As Michael Ball indicated in relation to the British system, building permits are granted on the basis of various criteria, some of which can be specific to a particular place and may be unofficial.<sup>2</sup> Each city council intervenes to a greater or lesser degree, and has its own procedures, steps and conditions which much be respected if a construction project is to succeed. Mastering, or at least knowing these procedural elements, allows the property developer to save some time, increases the chances of the project succeeding, and puts the developer in a favourable position if new opportunities for construction arise in the area. By playing by the rules of the game, property developers established in an area can find themselves more or less protected against competition. Patrick Le Galès shows for instance, taking Rennes as a case study, how cooperation works through a set of rules by which property developers must abide. “The city council protects property developers from the effects of competition: on the one hand, it guarantees a minimum number of projects for each of them; on the other hand, it protects them from external competition. While the field is open to competition, formal and informal rules make it very costly for an external operator to break into the market.”<sup>3</sup>

In the cases I have studied, the requirements – informal but still very demanding – from city councils are of different kinds: objectives in terms of price control and resistance to speculation (restriction on the purchase price for land, or on the sale price for houses), especially in Saint-Denis; the integration of a proportion of social housing and/or large family housing into the programme; respect for standards of sustainable development; choices of architectural style for the buildings, etc. A property developer who does not respond to political demands runs the risk of having future requests for building permits systematically rejected. This extract from a speech by Bertrand Delanoë, mayor of Paris, clearly shows how the legal procedures surrounding construction permit applications can be used as a political instrument.

“With the same conviction, let me say again what I have been clearly stating for two years: I will not sign any construction permits for private projects that do not include 20% to 25% of social housing. [...] I am not asking you, property developers, to lose money by becoming suppliers of social housing, I do understand what your expectations are. You want construction permits which I am unwilling to grant unless the project contributes to making housing conditions for every Parisian better.”<sup>4</sup>

1. Figures from the Centre d'analyses et de prévisions immobilières (Centre for real estate analyses and forecasts) (see the methodological annex).

2. Michael Ball, *Markets and Institutions in Real Estate and Construction* (Oxford: Blackwell, 2006).

3. Patrick Le Galès, *Le retour des villes européennes. Sociétés urbaines, mondialisation, gouvernement et gouvernance* (Paris: Presses de Sciences Po, 2003), 312.

4. Bertrand Delanoë, extract from the closing speech for the *Assises du logement et de l'habitat* (Conference on housing and accommodation).

Such demands are particularly rigorous for property developers in areas such as the Île-de-France where very few cities are truly proactive in terms of construction projects.

Through lobbying, property developers aim to position themselves as familiar and reliable actors, as trustworthy partners capable of successfully managing a project to completion and of being receptive to the demands of local elected representatives. This idea is expressed by one of the property developers I interviewed:

“To succeed in this profession, which is very close to local authorities, means understanding their wishes, their issues, and trying to fit in with them, because this is politics... You really need to have understood what they want.”<sup>1</sup>

Another property developer explains to what extent positioning oneself in relation to the demands of local elected representatives enables one to become “well-placed”, including in relation to political allies in neighbouring cities. He mentions how a project in a city in the suburbs of Paris was sold exclusively to the local market (the developers targeted inhabitants or employees of the city) – meaning that it was likely to benefit directly the electors of the current mayor.

“As a result of which, the city can't praise us enough. For them, this is fantastic, they've never seen this happen before... That's great! The mayor is calling all his friends in the sector to speak well of us. So, this is very good. But it's very difficult to deal with because we're right on the edge of what's legal... It is very tricky.”<sup>2</sup>

To secure new markets and be, at least partly, protected from competition, it is therefore a common strategy for property developers to maintain privileged relations with local elected representatives. Stable relationships of this kind are achieved through the observance of informal rules.

### Interventions directed towards the local level

The actions which property developers engage in in order to consolidate their position and their connections with political actors are mostly informal; for instance, forging interpersonal contacts, an active presence on the ground, etc. In their positions regarding lobbying, they claim to be very focused on local political life. What is striking in interviews with the top management of property development companies, all active on the national market, is the emphasis on local roots. The interviewees constantly refer to local constraints, provide endless examples about specific cities and the relationship they enjoy with certain mayors. They say how necessary it is to attend the meetings organized by city councils, to take every opportunity to be visible in the local area, to be seen at local openings and previews, etc. The following extract is representative of the position taken:

“For me, the really important thing is to stick to the vision the elected representative has for his city... Property developers are economic operators first and foremost. Their aim is to make money. But we have to do it the smart way because we have two clients: the buyers and the elected representatives. As for us, our goal is to make the elected representatives value us so that we get another contract within the city and other projects... it only takes one project that turns out badly to be blacklisted for good...”<sup>3</sup>

1. Interview from 20 March 2007.

2. Interview from 9 October 2006.

3. Interview from 20 March 2007.

More formal lobbying activities are also developed, such as offering certain services, for instance technical or financial services, to local elected representatives. Expertise is a crucial activity, especially for big property development companies. They are increasingly involved in urban development, claiming they want to work with local actors, elected representatives and civil servants to “build the city”. Seeking land and opportunities, property developers propose development projects to elected representatives and emphasise their expertise in urban and economic matters. Their studies concern alternative development scenarios, or propose stages of development over different timeframes. Usually, property developers sign an agreement, but are not directly remunerated for the projects they submit. The property developer is then the best-placed applicant to purchase subsequent building rights, even though the city has no prior formal commitment to sell them to him. Doing this enables property developers to create or reinforce mutual links with elected representatives. Over the last few years most of these property groups have created specialized structures for this, working upstream from the company’s other activities. “*Nexity villes et projets*” (Nexity cities and projects), one of the pioneers in this area, plays a cross-company role within the leading French property developer, Nexity. It acts in a pre-project phase by creating partnerships with certain local councils, then potentially takes responsibility for coordinating the different specialized functions within Nexity. Other examples within large French companies include the creation of a division with responsibility for large-scale urban projects at Bouygues Immobilier, and a division responsible for land development at BNP Paribas.

### **The effects of local interactions and mobilisations at the level of the housing sector: the example of social housing projects**

The results of this lobbying and the balance of power which is established between property developers and local authorities are different in every city. The cities in which land is attractive, where houses are likely to be easy to sell and which choose to promote housing construction, can take advantage of the competition between property developers in order to ensure their demands are met. They do not depend on any specific developer, and those who do not play by their rules will be excluded from their city. In this respect, solving conflicts in these areas is achieved through the threat of a forced exit from the market. Other cities, those which have less favourable conditions, are more subject to property developers’ strategies. But in every case, the mutual dependence of the parties is strong.

Through a specific example - that of social housing construction by property developers – my objective now is to underline the consequences that these local interactions have beyond the territories where they take place. These consequences may extend to the disruption of formal national regulation of the housing sector.

In France, the housing construction sector is characterized by a clear distinction between two categories of actors. On the one hand, social housing agencies (HLM) are responsible for the construction of social housing, and on the other hand property developers build houses for the open market.<sup>1</sup> The activities of these two kinds of operators are clearly distinguished, HLM agencies being solely in charge of building social housing, and exclusively entitled to do so. This segmentation between HLM agencies and property developers is rooted in the separation of housing policies after World War Two. This legislative framework is reinforced by a strong antagonism between the professional federations representing these

1. At this point, I am not taking into account the role of private individuals.

actors (the *Fédération des promoteurs constructeurs de France*, FPC, and the *Union sociale pour l'habitat*, USH). Maintaining this distinction, as well as the exclusive right for HLM agencies to build social housing, is one of the rallying cries of the professional association representing social housing agencies. On the national level, this association systematically opposes any intervention by property developers in social housing. The developers' association is just as suspicious of the attempts by some HLM agencies to develop construction activities in the open market. The developers' association has been campaigning for the opening up of the social housing market for years – in vain. Opening up this market would enable private property developers to benefit from a “back-up activity”, less profitable but safer, in periods of economic downturn, since the demand for social housing is significant and bears little relation to the economic situation.

Local practices call into question this double structure that exists at the national level. Indeed, since the beginning of the 2000s, property developers have increasingly been building social housing. The logic of local coordination therefore comes into contradiction with the formal national framework of the sector. This local development stems in particular from the fact that HLM agencies are encountering increasing regulatory constraints and financial difficulties when building social housing, while local elected representatives have more and more incentives to create social housing on their land. This development does not concern the management of housing which is already built – for which HLM agencies are still responsible – but only housing construction. For property developers, even if they are sold at a lower price, conceding part of a construction program to a HLM agency has several attractions. It enables them to sell a number of housing units, which often represent a significant part of a project (up to 50% of the available housing) in one fell swoop. Usually, these units are sold before or at the point when construction starts, with no sales cost. This solution has been widely used elsewhere to “get rid of” housing built by private property developers and which could not be sold at the point from 2008 when the property market experienced a downturn.

The dynamics of institutionalising these practices began at local level. Charters coordinating regional associations of property developers, associations of social housing agencies, and some local authorities have been signed more and more frequently. Among these local initiatives, we might highlight the charter signed by the city of Grenoble (Isère *département*), the association of social housing agencies of the Isère *département* and the regional Federation of property developers. Another agreement of the same kind was signed for the Nantes region in 2006. This agreement brings together representatives of HLM agencies, the regional office of property developers and the Nantes Atlantique real estate club, thus linking a significant number of real estate professionals. While property developers play no role in social housing at a national level, as I emphasise in the first section of this article, they are omnipresent in this area at a local level. Property developers play an essential role in the redefinition of what building social housing means at a local level, whilst they are “excluded” from this debate at the national level.

To conclude this final section of my article: it is clear that local government can represent a strategic level of mobilisation for interest groups and economic actors. Directing their action towards local elected representatives is particularly important for property developers. Moreover I have shown that the relationships that are forged at this sub-national level have effects on the regulation of the sector, insofar as they overcome antagonisms and oppositions that are set in stone at the national level. Thus I have touched on another dimension of the

regulation of the sector that deals with the mode – or modes – of coordinating the sector's actors. Coordination between the actors within the housing sector happens locally. On the whole, the analysis of the local level leads us to reconceptualise the influence and the contribution of property developers in relation to policies. I have shown that this holds for different dimensions of the regulation of the sector.<sup>1</sup> The local level leads us to reconsider how actors within the housing supply sector work together. It also allows us to adopt a renewed perspective on the allocation of public resources through the implementation of fiscal incentives to rental investment. Similarly, the ways in which conflicts are solved are explained by local issues: when there has been a conflict in one of the cities I have studied, local government can force property developers into an exit strategy.

Property developers appear as marginal actors in the national development of housing policies: they are nevertheless key actors in changes within the sector because of their role in the implementation of certain policy schemes, and because of their actions at local level. Implicitly, this work reveals the limitations of studies which try to grasp the influence of interest groups by focusing exclusively on national government, or which only take supranational dynamics into account. This line of thinking leads me to emphasise three main conclusions.

Firstly, the value of studying collective and individual mobilisations simultaneously is now clear. Companies develop interactions and strategies in relation to public actors, which may impact the whole sector. Here, the strategies of market actors are focused on the implementation of housing policies. In the housing sector, taking into account both collective and individual mobilisations enables us to study the influence of property developers on policies.

Next, the most powerful interest groups for a specific policy may change depending on the policy levels, and the stage of the policymaking process under scrutiny. In order to study the influence of particular interest groups on policies, it is useful to look at how interactions between public and private actors, forged at different levels of government, either converge or potentially conflict. This idea fits with Baumgartner and Jones's analysis in terms of venue,<sup>2</sup> and it builds on studies concerning the Europeanisation strategies developed by interest groups. It is linked here to the question of the policy stage at which interest groups step in during the elaboration of policies. Looking at the local level to analyse the strategies of interest groups reveals not only how groups intervene in the implementation of schemes that are managed by central government, but also how they intervene in the decision-making processes of local governments.

Lastly, my analysis is part of wider thinking on the role of private economic actors in policies. For policies that are highly institutionalised and structured by public intervention, such as housing policies in France, shifting the focus towards these actors makes changes appear that are sometimes hard to discern, but decisive for the structure of policies. Through their role in the implementation of policy, these actors contribute to changes in the regulation of the housing policy sector. This approach enables us to analyse how, in practical terms, the dynamics of the market and the dynamics of policy mesh at different levels of government and at different stages, and how policies are affected by the role granted to private actors.<sup>3</sup>

1. P. Lange, M. Regini, *State, Market, and Social Regulation*.

2. Franck Baumgartner, Bryan Jones, "Agenda dynamics and policy subsystems", *The Journal of Politics*, 53(4), 1991, 1044-74.

3. I would like to thank André Mach, Yannis Papadopoulos and all the participants in the seminar on analyzing governance and public policies in Europe (IEPI, Lausanne University), who commented on a first draft for this text. I also thank Claire Dupuy for her valuable comments.

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## Methodological annex

This article is based on data collected during my doctoral research, mostly between 2005 and 2008. Within a comparative perspective, this research opposed the case of France, on which the present analysis is based, to the case of Spain. In the case of France, my fieldwork draws on several sources: a corpus of written documents, quantitative data on housing construction, and about 50 semi-directive interviews.

### Documentary sources

Although research on housing in France is extensive, I encountered an initial empirical difficulty as a result of the paucity of studies focusing on property developers. For this reason, before I could look at their interactions with local and national public actors, I had first to identify who they were, what their activity consisted in, and how I could characterize this professional group. My main sources were company reports, various communication documents issued directly by companies or their professional associations, and their websites. These sources enabled me to construct an overview of this professional group and the main developments within it from the beginning of the 1990s, using data such as the evolution of companies' revenues and the number of housing units constructed, their preferred sites, changes in their funding and governance, and their actual and prospective development strategies, etc.<sup>1</sup>

This corpus of documents, which came directly from the professional group, was supplemented by other documentary data, press (the trade press, especially *Le Moniteur*, and press reviews) and administrative reports in particular. Beyond the factual and informative objective already described, this primary documentation was used to build my argument. Those documents, issued by the companies or by the professional association of property developers, reveal a specific representation of the sector, of housing policies and of their actors. Next, the press documents enabled me to characterize how visible the professional group was and which media channels it used. In particular, I noted that the positions of property

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1. This research led to my publishing company profiles in the journal *Flux* (69 and 70, 2007).

developers were not really broadcast in the mainstream press. Lastly, I approached the study of the reports issued on different aspects of housing policies, by administrative and political actors or external experts, from several angles.<sup>1</sup> I worked on their specific content, on the description of the housing sector that was given, and on the problems identified in implementing the policies. How these reports were produced – the actors interviewed by their authors and the origins of their sources – were also analysed.

The quantitative data used aimed to respond to several issues. First of all, at the national level, I sought to observe shifts in housing construction by property developers, and situate these in relation to other authorities, especially HLM agencies. Then, for the case studies at local level, I tried to find out which property developers were constructing in the cities under scrutiny, and to evaluate how deeply they had been embedded in these local communities over the last twenty years, in order to demonstrate the potential existence of a special position occupied by certain property developers in these cities (in terms of the quantity of housing units produced and of projects launched). I combined three sources to answer these questions. At the national level, the Ministry with responsibility for housing has published annual statistics about construction for every year since 1980, which provides framework data. At the regional level of Île-de-France, more detailed data is available *via* the Sítadel database, belonging to the *direction régionale de l'Équipement d'Île-de-France* (DREIF, now *direction régionale et interdépartementale de l'équipement et de l'aménagement Île-de-France* (DRIEA) since 2010). Projects are recorded according to the stage of the construction permit (approved housing units, units where building has commenced, and units completed are the main categories) and allow us to obtain precise information about the nature of the project manager, the type of construction – individual or collective – and the *commune* in which each project was implemented. These sources enable us to trace accurately the evolution of the construction. The main problem relates to the anonymity of the project manager, which makes it impossible to identify the most important property developers at local level. To find this information, I had to use the data produced by property developers themselves. In addition to these public sources, I also used data on home ownership programmes in Île-de-France. They are produced by the *Centre d'analyses et de prévisions immobilières* (Center for analysis and real estate forecasts, CAPEM), a business whose sole shareholder is the regional office of property developers in Île-de-France. Access to these data and permission to use them for Saint-Denis and Issy-les-Moulineaux was exceptionally granted after a certain amount of negotiation. These data were crucial insofar as they enabled me to identify stable coalitions of actors in the two French cities.

### Oral sources

Lastly, interviews represent key material in this research. I met about fifteen heads of big real estate companies. Within these companies, I chose to target actors who combined the different levels at which I was working, often the marketing director (or development director). They were part of the management team at head-office level, but were also familiar with local issues and the company's strategy for embedding itself within the community. Property developers were specifically interviewed about their conception of the different issues within housing policies, their networks and partners, both public and private, and

1. Claire Dupuy, Julie Pollard, "Les rapports dans l'administration de la preuve: Quelques réflexions méthodologiques", Communication, Thematic section 14, 10th Congress of the *Association française de science politique*, French association for political science, Grenoble, 2009.

their relationship with their professional group. When it was possible, these themes were illustrated by the narration of the stages of a specific construction project, preferably in one of the cities studied.

### Interviews undertaken: categories of actor

<b>Property developers</b> Members of the leadership team of the ten biggest property-development companies	15
<b>FPC</b> Representatives of the Fédération des promoteurs immobiliers	6
<b>Public actors at the national level</b> Parliamentarians, cabinet staff and civil servants in central administration	15
<b>Public actors at the local level</b> Local elected representatives and regional civil servants in charge of housing	9
<b>Other professionals in the housing sector</b> Managers of HLM agencies and representatives of other professional federations	8
Total number of interviews	53

To understand the position of property developers within the housing sector and housing policies, in terms of interest, of strategies and of social representations, I also interviewed other private and public actors in the sector (see table) with whom property developers cooperate, negotiate or are in competition on a daily basis. Combined with the other sources I describe, these interviews enabled me to understand the practices and the representations of the actors I was studying. They contributed to illustrating the link between housing policy and property developers, by explaining certain behaviours and enabling me to reconstruct the beginnings of certain incentive schemes (especially fiscal incentives to encourage rental investment).