



Press release

Thursday, May 4th, 2023

Reviving Rental Housing Growth: The Ten Proposals by Vivere, a Housing Think Tank Initiated by Ikory.

As the CNR (National Council for Housing Revitalization) prepares to release its conclusions in a few days on reigniting the housing sector, the think tank group Vivere, initiated by Ikory and presided over by Bernard Michel, has taken the initiative to submit ten proposals to the Ministry of Urban Affairs and Housing. These proposals serve as a contribution to addressing the challenge of affordable housing scarcity in France. Their aim is to enhance the financial appeal of intermediate rental residential properties in high-demand areas and encourage institutional entities and individuals to reengage in investments within this asset class.

Indeed, the resurgence of interest rates has posed a threat to real estate financing models. The governmental authorities need to address the challenges of transitioning toward sovereign and decarbonized energy production methods in terms of infrastructure and urban policies.

The tightening of environmental constraints and the need for urban densification, coupled with emerging fundamental trends such as urbanization, demographic shifts, and evolving work patterns, further complicate the issue at hand. This calls for the exploration of novel solutions, with a medium- to long-term perspective on providing affordable housing.

- **Promoting Private Landlord Investment and Facilitating Energy Transition**

Introducing a Private Landlord Status for Individual Investors in Both New and Existing Properties, Offering Equivalent Benefits as Institutional Investors for Intermediate Rental Housing :

1. Provide private investors with an amortization system based on accounting principles.
2. Exclude from the IFI (Solidarity Wealth Tax) calculation properties owned for more than 10 years or at the end of the capped rent period under tax incentivized schemes (SCELLIER or PINEL), when these properties are leased at intermediate rent levels.
3. For new property acquisitions, eliminate tax reduction mechanisms and grant individual investors or SCPI (Real Estate Investment Trust) unit holders a 10% VAT rate if they commit to renting at intermediate housing conditions for a minimum of 15 years.
4. Encourage the re-entry or initial entry of low-energy performance properties (DPE: E, F, and G) into the rental market after renovation. Allow landlords to adjust rent prices :
 - Enable rent de-restriction (set at market value upon lease renewal) for properties that have undergone a DPE requalification to A, B, or C following improvement works. This aligns with the goals of decarbonization and existing property refurbishment.

These measures, outlined by the National Council for Housing Revitalization, aim to stimulate private investor involvement while aiding the transition towards sustainable energy practices.

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- Allowing these properties to temporarily exit from rent control measures (in applicable municipalities) under the same conditions or permitting the application of a supplementary rent component that ensures a fair distribution of energy savings between the tenant and the property owner-landlord.

Mobilizing Public and Private Institutional Investors

Facilitating Financing for Bulk Purchases and Conversion of Office Assets to Intermediate Housing, Alongside Transformation and Energy Renovation Support :

1. Extend the Institutional Intermediate Rental Housing (LLI) program to existing properties under the condition of energy renovation, or introduce a specific tax credit.
2. Streamline condominium regulations and operations to incentivize institutional investors to invest in these properties.
3. Revise the regulations on maintenance charges to ensure a fair distribution of building upkeep costs.
4. Allow for a rent increase (at least temporarily) following energy-efficient upgrades that lead to reduced tenant charges.
5. Promote the sale of units after a 10-year period to enhance residential investment profitability compared to other asset classes, provided the building is energy compliant.
6. Encourage the transformation of outdated office or commercial real estate into low-carbon intermediate housing, co-living spaces, or service residences for intermediate categories.

For this purpose, allow changes of use without administrative approval, provided the transformation addresses the dual objective of energy consumption reduction and prevention of soil artificialization. General encouragement for such transformations could involve procedures for conversion, adjusted capital gains tax, adapted environmental regulations, automatic constructibility bonuses, exemption from dimensional rules, commercial space transfer, simplified declaration instead of a building permit, equivalence to low-rate VAT via assimilation to low-rate VAT, adjusted accounting amortization rules, etc.

Initiated by Ikory, a specialized residential player, the Vivere housing think tank brings together professionals from the sector (institutional investors, senior civil servants, university professors, architects, entrepreneurs, etc.) concerned with residential challenges and new regulations. Presided over by Bernard Michel, it aims to explore solutions that guide governmental action to promote housing, addressing potential supply crises in the upcoming years.

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About Bernard Michel, President of Viparis :

After a career at the Ministry of Economy and Finance, Bernard Michel, a General Inspector of Finance, has held various responsibilities in the private sector. He has notably served as the CEO of Gan Assurances France, Deputy CEO of Crédit Agricole SA, President of Crédit Agricole Immobilier, CEO of Crédit Agricole Assurances and Predica, and subsequently President of Gecina. He was elected to the Chamber of Commerce of Paris Ile de France and has been the President of Viparis since 2017, as well as the President of the real estate company Palais des Congrès since 2022. He also dedicates his efforts to the activities of his company, BM Conseil.

About Ikory :

Established in 2015, Ikory is an independent player specializing in residential real estate for major property owners and institutional investors. Serving as a true innovation incubator, Ikory operates across various tiers of the market, including social and intermediate housing, luxury real estate, managed residences, and encompasses a range of roles from advisory to asset management, investment, project development, and transformation management. With over €423 million under asset management contracts, 200,000 square meters of monitored projects, €1.2 billion in block transactions executed since 2016, and 317 addresses marketed per apartment, Ikory demonstrates its prominent presence in the industry.

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