

Tic-tac or Fric-frac. Is the Quartier de l'Horloge ticking in the right direction?

December 31th, 2019



The Quartier de l'Horloge in Paris. A central district built in the beginning of 1980s combining shops, parking lots, social housing, condominiums and public buildings.

Abnormally high levies.

Since 2010, a collective of inhabitant alerts about [a probable misallocation](#) of nearly 450 000 euros each year of the co-property charges. Their analysis concludes that the list of equipment of one free union of condominiums has not been updated for the last 25 years on certain installations.

The individual calculation of the cost of this equipment would therefore be unrelated to the evolution of premises in recent years.

This leads to extreme differences in treatment:

- **LEROY MERLIN shop (group ADEO) pays 3,24 euros/sqm2 for a service that is invoiced 232,33 euros/sqm2 to some cellar owners.**
- **INDIGO parking pays less than 10% of the fire safety service cost when it is the only one who benefits from it all night i.e. 37,5% of the time.**
- **The CITY OF PARIS is not charged for the services it receives.**
- **The POMPIDOU CENTER offices, sold by AXA insurances to Primordial, pays the electricity without paying management fees.**
- **Some of the cameras are free of charge, some others not.**

A situation that seems to always benefit the strongest to the detriment of smallest.

The operating costs of the Free Union Association of the Quartier de l'Horloge (ASL QH) are distributed according to their usefulness to the co-owners i.e. the use of the services and equipment managed by the ASL QH for the co-owners of the condominium.

The invoicing is pretty straightforward. The total sum generated by each type of equipment is divided par the number of equipment held by each building. If the number is incorrect, or that the amount to be distributed are unjustified, then the total amount charges paid won't be correct.

Why the co-owners do not rebel?

In the management board that controls the ASL QH seat co-owners, chartered accountant or lawyers, which profession inspired confidence. In 2016, they choose to negotiate the charges with the ASL QH Director and main owners rather than apply the existing repartition rules. Thus, 120 000 euros reduction in charges was granted to certain property owners. A compelling argument which convinced the majority of inhabitants, at the expense of a sound management, which has made the beneficiaries of this fall, dependent on a favour.

Aggravating factor, the ASL QH Director LOISELET ET DAIGREMONT, is as well the triple syndic of co-owners of the stores and parking which absorbed this transfer of the 120 000 euros additional charges. Which places it on conflict of interest: the ASL QH, legal entity, representing the owner of 1408 units, disappear to the benefit of its management. According to the latter, it is the responsibility of the general assembly to decide upon the allocation of costs. In fact, its primary stakeholder, three corporate owners - AEW CILOGER (group BPCE – LA BANQUE POSTALE), AXA insurances and INDIGO parking- own indirectly, the clear majority with more than 60% of votes. Thus, the denial of accounts, in 2018 and 2019, by more than 10 residential buildings have been easily dismissed.

DIXIEME RESOLUTION

Décision à prendre concernant le mandat à donner au Syndic pour accepter le projet des nouveaux statuts de l'ASL sous réserve expresse qu'une baisse de 100.000 à 150.000 Euros des coûts induits par la grille alarme sur les habitations verticales soit effective

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100,000 to 150,000 euros offered to co-owners in exchange for the approval of new statutes and the non-application of the existing rules. (Co-owner assembly 7-8 rue B. de Clairvaux, 2016)

But what is the Quartier de l'Horloge actually?

Created during the urban renovations of the Halles area in the late 1970s, it regroups a number of 19 “volumes” situated in one plot. 12 residential buildings, organized in codominiums, 3 commercial condominiums and parking, 1 office building and 3 public buildings.

BNP PARIBAS bank led this operation with its real estate development branch COGEDIM. The first co-ownership trustee was the company GERER another subsidiary.

A Free Union Association (ASL) operates the common equipment management for the distribution of the electricity or heating in other. It organises a fire safety for the shops and can check as well the private technical equipment situated in the buildings, such as lifts or cameras.

What is the characteristics of the Quartier de l'Horloge?

In this neighbourhood of nearly 2 hectares, the co-owners are for single use only, 100% residential, 100% shops or 100% offices. While all of the residential buildings are fire-insulated 3 hours from shops and 4 hours from parking.

While all the building in superstructure are all independent from a fire safety point of view, the whole formed by 3 commercial co-ownerships, constitute a grouping of establishment receiving the single public (ERP).

Indeed, LEROY MERLIN shop, or the INDIGO parking, unfold in 3 distinct co-property without any spatial boundary.

Why so many troubles since its construction?

The charges are largely superior to the Parisian average. A plethoric staff with a dozen employees (technical, administrative staff and firemen more particular), cascading contracts, and one complex representative system, lead to a weak management. So, at great expense.

The need of the former [Commercial Center of Quartier de l'Horloge](#), with its own firemen and the presence of technical staff on site, are actually paid without any good reason by the residents locate above.

Yet the pooling of services, the combined organization for the 2000 inhabitants and the 800 working spaces and the 1000 parking spaces should allow great economies of scale.

The debt of retail condominiums exceeds 1,000,000 euros. This is more than half of the ASL budget.

What is the ASL QH financial health?

For the 2018 and 2019 years, the property administrator [LOISELET ET DAIGREMONT](#) , had planned a provisional budget of 2 000 000 euros. In fact, the expenses shown for the same 2018 year in the General Ledger have been 3 700 000 euros.

This overrun does not appear either in the updated budget or in the final cost allocation. Furthermore, the debit entries describe a total amount of 4 700 000 euros and the credit ones 3 400 000 euros. The ASL QH had this way a debt of 1 300 000 euros in February 2019.

This situation, for the least astonishing, would deserve that [BNP PARIBAS](#), la [SOCIETE GENERALE](#), [HSBC](#) and [CBRE](#) who manage some of the commercial properties inquire about the reasons of these imbalances.

Why the Mayor of the 3rd district of Paris or the POMPIDOU CENTER president should be concerned?

The ASL QH does not call charges from the City Hall for the three publics buildings which are the old school, the nursery school and the Medico Psychologic Center. Leaving them enjoying the free of charge services. The unpaid charges are consequently paid by all the remaining co-owners.

Furthermore, the [POMPIDOU CENTER](#) administration, lessee of the [PRIMONIAL](#) lessor, is charged for electricity distributed by the ASL QH, without it showing in the account without being subject to management fees. It is again all the remaining co-owners which must share the cost. Is that regular?

Following the many reporting by the co-owners, nor the City Hall, nor the POMPIDOU CENTER management have requested explanations from the ASL QH.

However, under the terms of the article 40 of Penal Procedure:

"All constituted public authorities or official whom, in the performance of their duties, acquires knowledge of a misdemeanour shall be obliged to notify the public prosecutor and to transmit to the magistrate court all information, minutes and documents relating thereto."

What would be a crime that a court of law would recognize?

“The nature of the alleged acts denounced (...) which are (either) the result of unfair and dishonest behaviour towards the “small co-owners”, or are liable to constitute a fraud of article 313-1 of the penal code, (...). As (...) the “institutional owners”, and [the public authorities] are presented as beneficiaries of this irregular operation, or even accomplices or receivers - in the penal sense of the term, - of a criminal offence. (...) a behaviour (...) likely to constitute complicity or concealment of the offence of fraud.”

Maître P. DECHELETTE-TOLOT, August 9th 2017, in Citation directe devant le Tribunal de grande instance de Paris.

THE FUTURE IS BRIGHT!

The collective of inhabitants ultimately offers simple, concrete and financially neutral solutions in order to solve the recurrent management problems of ASL QH.

- 1. Respect for existing rules and voting rights. Currently, four or five majority owners (banks and insurances) decide everything without taking in account the point of view of the residents.**
- 2. Respect for the concept of "utility" and invoicing beneficiaries of services and equipment only to those who really benefit from it.**
- 3. Invoicing of condominium charges, in particular fire safety, only as per the fire safety repartition ASL guidelines.**
- 4. Integration in the accounting of all expenses, including those of the codominiums managed directly by LOISELET DAIGREMONT.**
- 5. Separate the management of the ASL from the management of the condominiums members of this ASL.**

The full analysis of the 2018 accounts is available to owners and their tenants only on reasoned request (extract from the deed of ownership or lease).

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