

Social Housing in Italy: the Strategic Areas of Intervention

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ABSTRACT

Nowadays, in the maximum peak stage for the current cycle of property market expansion, we have been facing a remarkable increase in housing purchase prices compared to salaries and wages. In the last 6 years, usually as a national average, they have risen of 51%, and up to 65% in big cities, with values of 139% in Florence, 97% in Rome, 77% in Turin. Briefly, the analysis of the property market highlights a few elements that seem to enlarge the area of social housing, above all in economy and income terms:

- the level of the prices reached has had no equal in the history of the last 25 years and the affordability capacity of many families has palpably shrunk;
- from 2000 to 2004 the intersection of the variables of average income and dwelling prices showed a noteworthy growth on housing affordability;
- the level of borrowing of the families has appreciably increased, resulting in a greater vulnerability for the subjects with a low or medium-low income, as well as for those people entering the process of job insecurity (flexibility).

The sector that has certainly been more damaged – becoming weaker and poorer – by the long growth in the property market is the tenants’:

the Cresme research centre has measured that over 1.3 million renting families at the end of 2005 were suffering from a state of economic strain caused, or worsened, by the rise in rents. In 2007, because of the rent rise, the contract extensions and the new contracts, almost 1.8 million households (over half of the families that pay a rent to private owners) are expected to suffer from the strongly negative consequences of the price rise that has occurred in these last years.

Staying on the topic of rents, the increase in the market value of dwellings has driven the anticipation of profitability from the owners of houses to rent. Or rather, this very stage seems to be characterized by a speculative nature, considering that the rate of rental yields (in particular in those cities where it is more consolidated) has risen

compared to some years ago: the new rents are reported to have increased of 49% in the national average and of even 85% in big cities, with peaks of 140% in Venice, 105% in Naples, over 90% in Milan and Rome. In short, rates of growth higher than the ones recorded by real estate prices.

The strategy to cope with this issue in a structured way is the rise in the offer of properties for rent, especially those having moderate prices. In order to find a solution to the problem of social housing, the time has come for the public subject to play less and less the role of sole financier, supplier of non-refundable contributes or manager of the public residential housing, but – as in the majority of European Countries in which the figure of Limited or Non-Profit Housing Companies is present – to act as promoter of property initiatives with partial contribution of public capital, to be used as financial lever able to attract funding and management capabilities of private subjects to remunerate responsibly, with limited or absent profits, in view of the realization of controlled rent social housing dwellings.

This research aims at illustrating a possible action line that starts from the assumption that the experience of real estate public management has not always achieved the hoped-for results, and that requires normative and managerial solutions capable of conjugating the houses economic-financial management to a higher quality of life within those quarters with a significant presence of public residential housing.

Key Words: property market, housing affordability, houses economic-financial management