

THE VITAL CITY
European Urban Research Association (EURA)
10th Anniversary Conference, University of Glasgow, Scotland

arch. Luisa INGARAMO

PhD in Appraisal

SiTI – Higher Institute on Territorial Systems of Innovation

Via Pier Carlo Boggio, 61

10138 Torino, Italia

e-mail: LUISA.INGARAMO@POLITO.IT

Social Housing in Italy: the Strategic Areas of Intervention

Co-Author: **Francesco Toso** (Cresme Ricerche)

Paper presented by: **Stefania Sabatino** (Politecnico di Torino)

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

Social Housing in Italy: strategic areas of intervention

1. Preliminary remarks

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 reached prices 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 which 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 calculated 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 greatly negative consequences of the price rise which has occurred in these last years.

Dwelling on the topic of rents, the increase in the housing market value has driven the anticipation of profitability for rental properties owners. 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 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.

A possible strategy to cope with this issue in a structured way is the rise in the supply of rental properties, 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 most 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 leverage able to attract funding and management capabilities of private subjects to repay responsibly, with limited or no profits, in view of the the realization of moderate rent social housing dwellings.

This research aims at illustrating a possible action line which starts from the assumption that the experience of real estate public management, which has not always achieved the hoped-for results, 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.

2. Characteristics of the national real estate

In 2005 the number of existent houses in the national territory was estimated to be 28,328,000, while the number of households was about 22,300,000.

The first significant datum to emerge is that about 6 million houses were declared uninhabited: unutilized or partially utilized for holidays or work, or placed on the property market but still under pending transaction.

The second remarkable piece of information refers to the inhabited stock: the distribution in accordance with the right to enjoyment –measured by the ISTAT (Italian National Institute of Statistics) during the last several censuses- showed for over 40 years the predominant tendency, constantly increasing, toward housing proprietorship (from 45,8% in 1961 to 71,4% in 2001). In other words, from 1961 to 2001 a 66% rise was recorded in the number of inhabited dwellings; a 159% increase of fully-owned houses; a 29% decrease of houses on lease. If on the one hand this chase for proprietorship, started in the 80's, seems to be “reassuring”, on the other hand it paves the way to several and new forms of discomfort. Besides the “residualization” of rental tenure (and the consequent marginalization of debates and political representations), the dynamic at the basis of the access to proprietorship, often forced, has generated imbalance. In this respect, some factors should be remembered: the older and older age when the young leave their family; the need for savings from the previous generations; the level of indebtedness of families in parallel to a process of occupational precariousness; the search for economic access levels and, consequently, the localization in areas outside the boundaries of the urban perimeter with additional commuting costs.

Dwellings according to censuses (thousands of dwellings)

| | INHABITED | | | | | | | |
|------|-----------------|--------|--------|--------------------|--------|--------------------|-------|--------------------|
| | TOTAL DWELLINGS | Total | Owned | | Rented | | Other | |
| | | | a.v. | % of relative tot. | a.v. | % of relative tot. | a.v. | % of relative tot. |
| 1961 | 14.214 | 13.032 | 5.972 | 45,8 | 6.076 | 46,6 | 984 | 7,6 |
| 1971 | 17.434 | 15.301 | 7.766 | 50,8 | 6.769 | 44,2 | 766 | 5,0 |
| 1981 | 21.937 | 17.542 | 10.333 | 58,9 | 6.225 | 35,5 | 984 | 5,6 |
| 1991 | 25.029 | 19.736 | 13.419 | 68,0 | 5.000 | 25,3 | 1.317 | 6,7 |
| 2001 | 27.292 | 21.653 | 15.454 | 71,4 | 4.328 | 20,0 | 1.872 | 8,6 |

Source: elaborations CRESME of ISTAT data

The third element to consider is the total value of the residential real estate. According to some elaborations made by the CRESME of data coming from the Banca d'Italia, nowadays in Italy the economic-monetary consistency of the real estate amounts to almost 4.000 billion €. In the last years this wealth, through an inter-exchange of the assets, has able to record flows of money of about 150 bln € (3,8% of the total property value). It is, obviously, only the acquisition cost, i.e. the sums that pass from the purchaser's to the seller's wallet. The appreciation of the role of real estate assets and the immovable property market has grown in the current business climate. One should forget the value -also psychological- that real property holdings can assume in a period of economic recession and the possibilities that it can offer during a phase of reduction of credit rates. Think also of the potentialities that the real estate gives to local public administrations in defining their balance (like recently after the introduction of drastic governmental measures to curb other forms of income).

The fourth important element is the current phase of building expansion: in average 268 thousand dwellings a year in the first half of the ten-year period. The 80's (especially the first part) represented a period of strong building expansion: almost 3,2 million dwellings were built compared to a 1,3 million rise in the number of households. The phenomenon of cohabitation of different families almost completely disappeared, while the number of dwellings either uninhabited or used for holidays/work

purposes considerably increased (about 1 million). The 90's, instead, saw a production containment, with a building activity very close to the families' growth. In that period, a little less than 2,4 million dwellings met an additional demand of families equal to 1,9 million. They added less than 400 thousand houses to the stock unhabited by residents and replaced about 100 thousand houses no longer in the residential stock (due to a different use, unifications, demolition). Quite different were the dynamics that took place from 2002 to last year (a turning point year). Therefore, if the above-mentioned increase of dwellings – compared to the families' one- seemed to be rather synchronic between 1991 and 2001 (in average the ratio was of 125 new dwellings every 100 new resident families), in the present economic climate a wide margin emerges between the variation rates: the ratio changed into 203 houses every 100 new resident families. The current building trend is a direct consequence of the behaviour of the residential property market (new and existing houses) which is characterised by an extremely high dynamism and persistence. According to our estimates, the transfer of properties passed from 665 thousand in 1997 to 999 thousand in 2003: a +50% rise in the market in six years. Not only: 7 million dwellings were the object of a transaction between 1998 and 2006. This resulting in a staggering increase of purchase prices which, accompanied by the low cost of indebtedness, caused:

- *the weaker and weaker possibilities to access the market in consolidated urban tissues* for the medium and medium-low income segment of the population;
- the adjustment of rents - the return on capital – to the current property value which implies, on the one hand, *the enlargement of the area of housing precariousness and the thrust to purchase or rent in economic areas outside the boundaries of urban perimeters*, and, on the other hand, as a natural consequence, the rise of the return on the capital invested in properties, both existing and newly-built;
- *speculative appetite*. In these years, in such context and in addition to the mass of liquidity created by the credit system, to the absence of forms encouraging financial investment and to the weakness of the economic and productive system, the privileged means for the reproduction of money (obviously for big wealth-owners) was the investment in properties. Big capitals (those from abroad included) were invested in residential buildings, in new property initiatives, but also, and above all, in urban areas distinguished for their position and susceptible of being monetarily valorised through building, town-planning, commercial upgrading interventions and replacing the settled social tissue.

3. Property market boom

The property market boom, started in 1997 and still in its expanding phase, is ascribable to some factors such as (synthetically):

- the increase in the number of families in the 90's higher than in the 80's;
- the rapid drop of prices to the levels of '88-'89, after a maximum peak in 1992, which enables to foresee a perspectival rise, "sustainable" for investors;
- the process leading to the introduction of a single currency and the obligation to respect minimum macro-economic parameters (reduction of inflation rate, first of all);
- the high yield of investments on the share markets and, consequently, the accumulation of wealth before the crisis of 2000;
- the shrinkage of international economics, the fall in interest rates, the depression of movable securities and, above all, the appetibility of property loans at an all-time-low;
- the application of fiscal provisions for the reinvestment of company profits ('Visco', 'Tremonti' and 'Tremonti bis' laws);
- concessions to favour the return of capitals to Italy ("fiscal shield");
- the final instalment repayment of the loans taken out in the previous expansion phase and the following real incomes increase;
- a better understanding of the economic safeguarding deriving from property rather than from financial wealth (as, for example, in the use –particularly in the USA- of the property guarantee to obtain increased credit availability);
- a more clear-cut perception of the closeness between "quality of residing" and "quality of living";

- a marked contraction on the 2001-2004 financial markets;
- the persistence of economic uncertainty;
- the spreading and consolidation of speculative initiatives.

These factors often act in synchrony with one another, thus strengthening the general dynamics. A reduced thrust of some of them will significantly have repercussions in the next medium and long term: in particular, the progressive contraction of the rhythm of growth of Italian families decreases the amount of population in the family leaving age.

As stated in the introduction, 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: they are by no means comparable. 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. Among the main causes of the property market boom there is, without any doubt, the lost cost of loans. This has led to an unprecedented indebtedness trend for families: the consistence of the sums to give back to banks is already over 160 billion €.

Truly healthy economies (boosted by rising consumption and production of goods and services) tend to absorb consumptions and investments in themselves and to allocate a relatively low income share to be invested in properties (immovables and “collectible investments”). At the same time, the cost of money does not have to be necessarily low, as a growing economy has, anyway, the capability of attracting capitals and repay them adequately. On the contrary, in a stagnating economy, in which the stock and real estate market does not offer prospects for profit-making (especially for small savers/investors) and credit is accessible for costs much lower than in the past, the property sector is the sole collector left to all economic actors for savings, capitals and investments.

4. Social housing and rents: how many families cannot make it

The last expansion phase of the real estate market has certainly produced a general rise in the volume of property wealth among Italian families. This does not mean that it automatically favoured the spread of welfare for all inhabitants; in fact, as it often happens, the dynamics of strong and persistent market acceleration – for the property market eight years of expansion with transfers of about 7 million houses – always weaken a more or less moderate amount of population.

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 has calculated 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. The forecast for this and the next year is even worse: in 2007, because of the rent rise, the contract extensions and the new leases, 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.

Therefore, the ratio between housing costs and salaries has in many cases exceeded the threshold of sustainability. For how many people? A rapid calculation: if the present level of rents in the rental dwelling stock equals 5,3 € per sq.m. per month, it follows that, for a 75 sq.m. flat the average rent is 400 € a month. Comparing the net income and the number of renting families, the average incidence of rent on net income is around 24%, with an average 47% peak for those who belong to the income bracket below 10 thousand €. Usually a 30% rental incidence is considered to be the maximum threshold whose crossing generates financial tension to families.

On the basis of information from ISTAT (on relative and absolute poverty) and Banca d'Italia (on income brackets in accordance with the right to enjoyment) a difficult economic situation can be estimated in 2005 for 1.355.000 families renting from private landlords. Not only: if we assume that according to the duration of leases in the private sector there are about 750 thousand extensions a year with values similar to the market's, between 2005 and 2007, with a yearly rise in line with the one in the last years (8% per year), the incidence on rents for families having to renew their contract is estimated to stabilize, in average, at 32,2%, with a 65,9% peak for household incomes below 10

thousand €. If these considerations are realistic –as predictable-, the average rent of the rental dwelling stock in 2007 would be 26%, with a 52% peak for household-income (net) brackets up to 10 thousand € and 31% for income brackets between 10 and 20 thousand € (with income rises calculated on the basis of the foreseen inflation rate). The most dramatic aspect is related to those who will enter the rental market in the next two-year period. They will find a market situation where the incidence of rents on the free market (7,4 € sq.m./month in average) equals 32% of their average net household income, i.e. a “fragile” threshold to maintain a decorous level of life. In detail, in 2007 about 1,760,000 families are expected to have inadequate incomes to cover the cost of rental housing.

Incidence of rents on incomes in the current market situation (2005)

| Household-income brackets (€) | N° families renting privately | Average rent per month | Average net household income | Incidence rent/income |
|-------------------------------|-------------------------------|------------------------|------------------------------|-----------------------|
| up to 10,000 | 668.500 | 270 | 569 | 47% |
| 10,000-20,000 | 1.233.500 | 360 | 1.257 | 29% |
| 20,000-30,000 | 680.500 | 440 | 2.089 | 21% |
| 30,000-40,000 | 391.800 | 550 | 2.952 | 19% |
| over 40,000 | 239.200 | 650 | 5.146 | 13% |
| Total | 3.213.500 | 400 | 1.663 | 24% |

Elaboration CRESME of Banca d'Italia and ISTAT data.

Though, the problem is even more complex: the weakening process of the category of tenants is twofold. The economic straits are still further accentuated and compounded by a vulnerability dynamic of rents: in fact, the relaunch of the property market has led again to the “residualization” of the rental sector, with the subsequent social and political marginality of discomfort. Also during this electoral time, although the “housing” issue has been broached as seldom before, no effective, strategic commitment has been entered into to “govern” the rents.

| Estimate of families in condition of economic difficulties (2005 and 2007) | | | | |
|---|---------------------------------|--|-----------|---------------|
| Net household income brackets (€) | N° households renting privately | Households with rent/income ratios > 30% | | |
| | | In 2005 | in 2007 | % of families |
| up to 10,000 | 668.500 | 668.500 | 668.500 | 100% |
| 10,000-20,000 | 1.233.500 | 616.750 | 907.300 | 74% |
| 20,000-30,000 | 680.500 | 68.050 | 148.200 | 22% |
| 30,000-40,000 | 391.800 | 2.000 | 34.260 | 9% |
| over 40,000 | 239.200 | - | - | 0% |
| Total | 3.213.500 | 1.355.300 | 1.758.260 | 55% |

Elaboration CRESME of Banca d'Italia and ISTAT data.

5. Strategic fields of intervention

The first goal is to control the rental market prices where the ratio between rents and incomes has become excessive. The strategy to organically face this issue is to increase the supply of renting housing, particularly of dwellings at a reasonable price.

To find a structural solution to the problem of housing discomfort it is time for the public subject to play less and less the role of sole financier, distributor of non-reimbursable contributions or manager of the

public residential housing estate, but –as in most European Countries in which the figure of Limited or non-profit Housing Companies is present- to promote property-related initiatives with partial investment of public capital, to use as financial leverage able to attract funding and managerial capacities of private subjects to repay in a fair way, with limited or no profits, for the realization of moderate rent social housing dwellings.

Since they have, completely or partially, public capital (support from Regions, Local Bodies, private institutions and investors) and are partly assisted by the State through non-reimbursable aids or interest subsidies, additional public securities, moderate value building areas, long term (50 years) loans-, such juridical subjects represent the operational arm of public policies, mainly at a regional level. Thanks to them, respecting the economic-financial balance (as for limited profits, in the UK the internal rate of return on the invested capital cannot be more than 4%), new housing is placed on the market for the weaker segment of the population at reasonable rents which contribute to peg market prices and rents. In many European Countries –Spain, Greece and Portugal excluded-, such subjects have replaced a long time ago the direct public intervention in the management of housing policies.

Thus, also in Italy a new social housing planning is required, a sizeable property project made of small local economic-financial feasibility projects, a programme that could be defined “Non Profit Housing”. Within the framework of this proposal, space is left to a finance adequate to the housing social features: ethical, non profit, which through a limited risk (property guarantees and public guarantees on rent-derived financial flows) is capable of collecting capitals with traditional and innovative tools (joint and several debenture loans, zero coupon bonds, transfer of bare ownership, etc.) to repay with non speculative returns. Public finance, together with this alternative one, can allow the development of this initiative. Moreover, also in Italy there are consolidated signals of a new collective sensibility which goes beyond the search for maximum profit at any cost.

In a similar context a fundamental role is played by the management subject, a social-property management body that operates from a social entrepreneurial perspective, able to ensure –from the operativeness viewpoint- the attraction of private capital investments which ask for “ethical” returns: the subjects of the third sector, of the non-profit sector, of social economy enterprises, which aim at a greater aggregation and structurization and add to their management competences relative to people-oriented services those inherent to housing services, in order to supply a new range of welfare services half-way, culturally and organizationally, between public and profit private actors.

One of the major problems tackled by Municipalities is the unavailability of building zones on which to start constructive programmes. The article 18 of the Law 203/1991 –targeted to the promotion of an extraordinary programme of residential housing for the state employees committed to fight organized crime- made the necessary areas available by means of: the change, through municipal resolution, of their urban use (if not suitable for building) in the residential zones foreseen by the ‘Prg’ (general town planning instrument); the definition (again through municipal resolution) of density limits and of further building ratios also as a variation to the ‘Prg’; the possibility for the Chairman of the regional Council of choosing the area, when no municipal resolution has been adopted; the authorization for the ‘Cassa Depositi e Prestiti’ (Loan and Deposit Fund) to grant ten year interest-free loans to acquire the areas.

The hypothesis of reproposing such regulation (at a regional level) should be evaluated to be able to cope with the social housing emergency. At the same time new legislative provisions should be imagined to allow the Municipalities which have this possibility to exercise their pre-emption right to sell the real estate of the National Insurance Bodies unopted by the tenants, with the aim of enlarging the housing supply for the weaker segment of the population.

In short, the actions to foster are:

- to increase the forms of promotion of moderate (fixed) rents;
- to re-route improper demands (from students, tourists, city users) to a specific supply;
- to favour the dimensional adjustment of houses to the demand;
- to improve the management of the ‘ERP’ (public residential housing) real estate.

First of all, the Law 431/1998 to reform the rental market should be reviewed. The formulation of the law, according to its promoters themselves, has an experimental character: to monitor its effects would allow to correct and strengthen some of its elements. Also to this purpose an Observatory on Housing Conditions was established; though, in these years, and at least in this ambit, it has not led to satisfactory outcomes. Among the main contents of the law, the institution of negotiated rent rates has not achieved the expected results: it has not spread between small and medium proprietors and it has mainly involved big proprietors, in particular national insurance bodies. From a series of surveys carried out by the Cresme, conducted on various areas of the Country, the incidence of this channel on the whole rents seems to be about 4-5%, i.e. much below the desired impact. The same information of the Ministry of Finance concerning tax concessions to landlords and tenants quantifies the missed tax revenue in an amount much lower than the covering foreseen by the law. From the viewpoint of a complex law reform, the outline of the reasons keeping proprietors away from this lease typology should be re-analysed, verifying the opportunity to introduce new incentive modalities for the development of a supply of "reasonable" rents housing.

Another factor to be considered is the so called 'improper' demand. Nowadays, especially in big cities and in the sites hosting important universities, 'particular' housing demands (from students, tourists, foreign workers or non resident) 'doctor' the profit expectations for property owners removing from the 'traditional' demand significant supply shares. Not only: 'traditional' housing typologies are inadequate to meet the requirements and needs of this demand. Therefore, it is advisable to promote and stimulate the rapid realization, or transformation and reuse, of property-related initiatives (for example, residences or campuses) for all the typologies of housing demand which would find a more suitable response in structures provided with support or spare time services, configurable in non residential typologies. This means to realize structures for students (to which also international investors are very interested), city users, old people and migrants. In other words, it is a question of fostering the creation of a market response centred on adequate spaces and services and able to reduce the current pressure on residential properties.

A further element of imbalance in the existing supply is given by the dimensional characteristics of the dwellings present on the market: the socio-demographic dynamics (small and one-person households) record a demand for small dwellings which does not find appropriate responses on the market. The rental and sale values for small area housing are exceedingly high (because of their scarcity). Still now in Italy a considerable discomfort due to overcrowding can be noticed with respect to a significant phenomenon of underutilization (or "opulent" use) of the housing stock. An important innovative element could derive from new regulations on breaking-up which, together with -also tax- concessions, would allow small dwellings made out of not adequately used and big housing units to enter the market.

The present strategic line moves from the assumption that, despite the recent reforms of the former IACP (Autonomous Institute of Public Housing), the experience of public housing management has not always achieved the expected results; thus, it requires normative and managerial solutions capable of combining the economic-financial housing management with the the rise in the quality of life in the quarters with a strong presence of public residential housing. The rents applied depending on the households income are the lowest in Europe: in average they account for 5% of the income, compared to 20-25% in the other Countries.

A virtuous circle is being created between poverty and arrearage (with a 30% average of the revenues), caused by the scarcity of resources to allocate to housing maintenance, which gives the tenants the 'authorization' (never seriously blocked) for defaulting behaviours. The 'unwillingness' to act against subjects not entitled any longer to a dwelling -which is estimated to be in average 30% of the occupiers- and the incapacity of looking for alternative solutions to offer them have 'follisilized' the management of the ERP real estate, making its original function useless.

The 3 objectives to reach are developed in 4 actions which, if coordinated with those of the strategic line for the increase of the moderate rent dwellings supply, can contribute to reduce the 'housing' problem for citizens in difficult situations.

In many cases the problems with which public housing management bodies are beset can be connected to the scarce availability of financial resources to allocate to the modernization of managerial capabilities able to contrast arrearage, as well as to illegal practices and the increase of the standards of building maintenance. The outlined action intends to increase the overall management revenues through a rise in the rents for tenants, in particular for those that have exceeded the limits imposed by law and, not being able to enter the free market, still remain in the public residential housing. All this, going beyond the current normative provisions of the various regions and adjusting rents to levels comprised between 10% and 15% of incidence on the tenants' incomes (level historically considered as social) or in line with the negotiated rental levels (law 431/98), and anyway inferior to the European average. Therefore, a major availability of resources would allow to perform precise actions (strengthening and linking databases with those of the Revenue Agency 'Agenzia delle Entrate' and the local economic and financial police 'Guardia di Finanza') assessing the incomes to calculate in order to fix rents. According to sources of the Guardia di Finanza, in 2004 the sample controls of the ISEE (equivalent economic condition indicator) declarations of recipients of social benefits in a few Italian Municipalities allowed to revoke benefits to almost 50% of recipients due to false or erroneous declarations.

The second "evil" impacting on the public housing management is arrearage which most times, as previously underlined, reaches peaks of 30% of the revenues of management bodies. In order to recoup arrears some actions can be proposed: actions which, overcoming the traditional legal measures and forms of medium-long term payment by instalments of past arrears, foresee the creation of new operational bodies within managerial structures founded on social operators. Such entities, through a tight monitoring and assistance to tenants, can identify tools and modalities to prevent arrearage and collect debts by helping the households that require to increase their financial resources to enter the social network for support and social-training-work integration in the Municipalities and Provinces.

The European experience suggests a clear innovative direction for upgrading and intervention policies in suburban areas; the above-mentioned tends to be applied both to new buildings, and further to requalification processes. The basic principles of these models can be summarized in the following five points:

- integration of construction/maintenance and services supply;
- a functional mix in the intervention programme/project to guarantee performance standards for the service and private profitability;
- public-private partnerships;
- private integrated supply structures;
- a detailed operational plan, shared and undersigned.

When a demand for housing and urban integration by the populations of suburban areas emerges, some possible alternatives can be identified to support an action of functional and formal upgrading for suburban areas in a service performance perspective. Using some models that have been establishing themselves abroad, interesting opportunities come out; they can be successfully applied also in our Country, thus contributing to the definition of solutions to share with entrepreneurs and public administrations. Furthermore, a few normative and procedural innovations at a regional level seem to move toward a relaunch of forms of public-private partnership.

Shifting the attention to the management of services and to a greater integration between residential and non residential and reflecting on the standards in view of a controlled densification according to models which take into account, with priority, service infrastructures, it seems to be possible to put into the field resources to overcome the condition of marginality and provide adequate responses to a demand for further and more qualified service to both properties and people.