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# SOCIAL HOUSING IN ITALY: STRATEGIC AREAS OF INTERVENTION

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# MAIN RESEARCH TOPICS

## 1. The Italian Property Market Situation

- ✓ The national real estate during the present market boom
- ✓ Effects on purchasing values
- ✓ Effects on rent values
- ✓ Other factors acting in the present market boom

## 2. The Social and Economic Vulnerability Components

- ✓ Main topics
- ✓ A focus on tenants discomfort

## 3. Social Housing

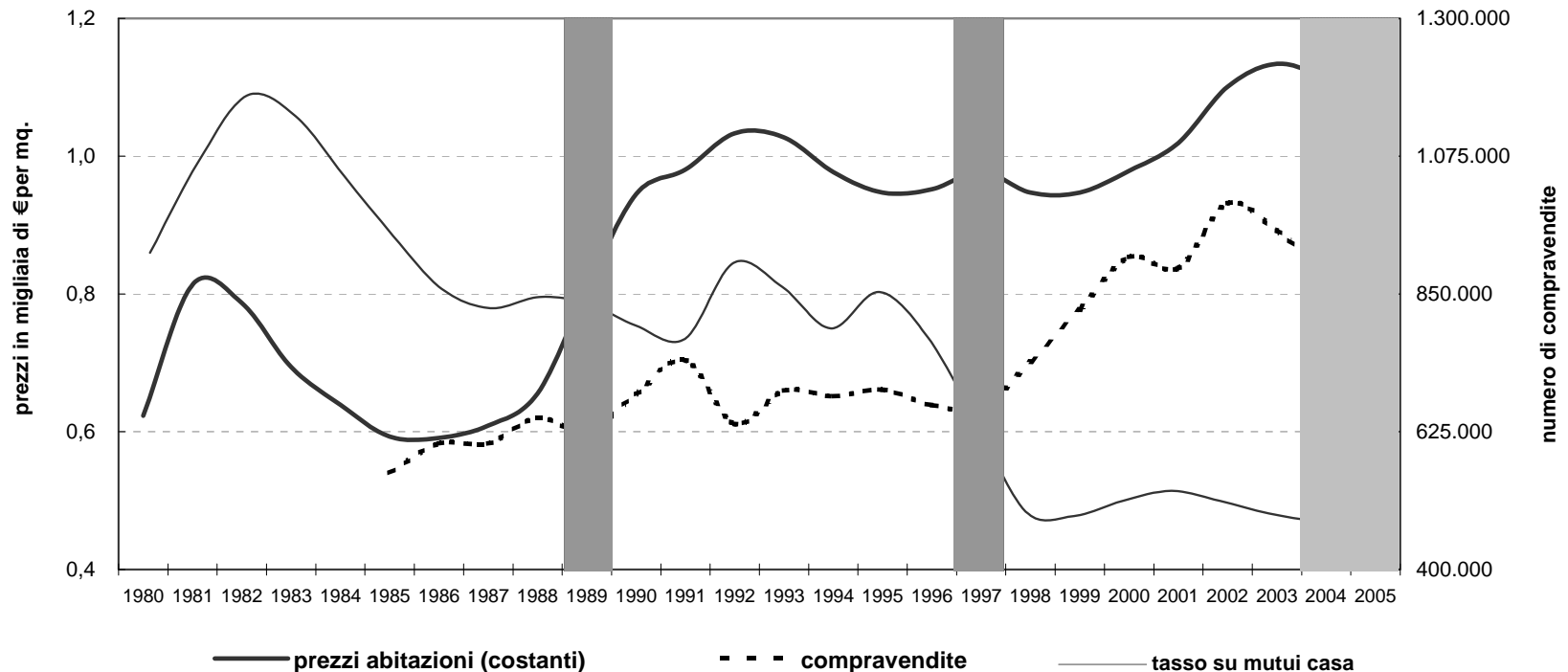
- ✓ A new public actor approach

## 4. The Public Action on the “Social Housing” Topic:

- ✓ Action lines, present difficulties and converging solutions
- ✓ The “Social Housing Management”: some final recommendations

# 1. THE ITALIAN PROPERTY MARKET SITUATION

- ✓ The Italian current property market cycle has already reached its maximum peak stage
- ✓ The cost of loans is decreasing



Residential properties cycle related to the loans average ratios, purchasing contracts and market prices in thousands of euros (constant values at '95).

Source: CRESME elaborations on various data.

...MOREVER

# 1. THE ITALIAN PROPERTY MARKET SITUATION

## THE NATIONAL REAL ESTATE DURING THE PRESENT MARKET BOOM

- ✓ more than 20% on the total dwelling stock is uninhabited
- ✓ during the last 40 years housing proprietorship has been the predominant trend
- ✓ at the moment, after the '90s production containment period, we are facing a new building expansion (203 houses every 100 new resident families)

Dwellings according to censuses (thousands of dwellings)

	TOTAL DWELLINGS	INHABITED						
		Total	<i>of which</i> 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

# 1. THE ITALIAN PROPERTY MARKET SITUATION

## The residential stock in Europe

Country	Available dwellings in each national stock (nr.)	Owned (%)	Rented (%)	Rented at a fixed price (%)	Financed by the public sector (in % PIL)
Austria	3.670.000	51,2	21,5	23,4	n.d.
Belgio	3.750.000	71,4	23,0	5,4	0,20
Danimarca	2.480.000	56,2	18,1	24,7	n.d.
Francia	28.700.000	54,7	22,0	18,0	1,90
Germania	29.680.000	41,0	49,0	10,0	0,30
<b>Italia</b>	<b>25.030.000</b>	<b>72,2</b>	<b>15,9</b>	<b>3,7</b>	<b>0,07</b>
Irlanda	1.250.000	74,5	11,4	14,1	0,10
Olanda	6.520.000	50,8	12,8	36,4	0,60
Portogallo	4.740.000	66,2	29,4	3,4	0,50
Regno Unito	20.400.000	67,0	10,0	21,0	n.d.
Spagna	19.180.000	82,0	16,7	1,6	0,73
Svezia	4.270.000	58,6	20,7	20,7	n.d.

Source: ANCI/CRESME data (2005)

# 1. THE ITALIAN PROPERTY MARKET SITUATION

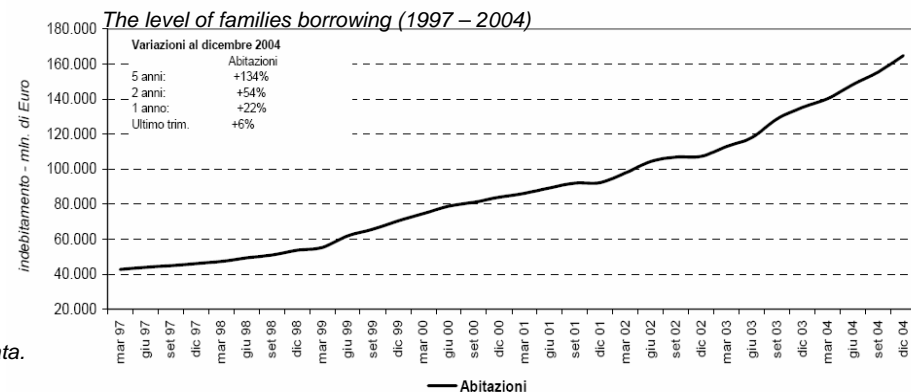
## EFFECTS ON THE PURCHASING VALUES

- ✓ highest purchasing values in the history of last 25 years
- ✓ since 2000 the purchasing values has been increasing more than salaries and wages
- ✓ in the last 6 years the purchasing prices national average has risen of 51% and up to 65% in the largest cities
- ✓ the bank credits are over 160 bn €

Valori medi di mercato delle abitazioni  
(euro/mq)

	1998	2004	crescita %
Grandi comuni	1.856	3.059	65%
Capoluoghi di provincia	1.516	2.411	59%
Italia	949	1.429	51%
Firenze	1.582	3.774	139%
Venezia	2.163	4.253	97%
Torino	1.173	2.079	77%
Milano	2.577	4.487	74%
Roma	2.279	3.803	67%
Bologna	1.825	2.924	60%
Napoli	1.975	3.141	59%
Genova	1.645	2.507	52%
Padova	1.324	1.874	42%
Verona	1.433	1.956	36%
Catania	1.098	1.464	33%
Trieste	1.445	1.916	33%
Bari	1.234	1.622	31%
Messina	1.118	1.308	17%
Palermo	1.190	1.381	16%

Fonte: elaborazioni CRESME su fonti varie



Source: CRESME elaborations on various data.

# 1. THE ITALIAN PROPERTY MARKET SITUATION

## EFFECTS ON RENT VALUES

(a direct fall out of the purchasing values increase)

- ✓ the purchasing prices increase has risen the rents profitability anticipation
- ✓ The rents values have increased more than the purchasing ones
- ✓ The ratio between rents and household incomes has become excessive

Canoni medi nei nuovi contratti locativi (euro/mq/anno)

	1998	2004	crescita %
Grandi comuni	93	172	85%
Capoluoghi di provincia	77	129	67%
Italia	50	75	49%
Roma	95	228	139%
Catania	85	175	105%
Torino	130	248	92%
Verona	113	216	91%
Venezia	76	140	86%
Genova	90	165	84%
Padova	110	199	81%
Firenze	67	121	79%
Napoli	70	125	78%
Bologna	74	128	73%
Bari	56	85	52%
Milano	75	103	36%
Palermo	52	71	36%
Trieste	77	98	27%
Messina	58	69	19%

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.

# 1. THE ITALIAN PROPERTY MARKET SITUATION

## OTHER FACTORS ACTING IN THE PRESENT MARKET BOOM (STARTED IN 1997)

- ✓ During the '90s the number of families has suddenly grown
- ✓ The 1992 real estate market depression had produced future expectations
- ✓ The Euro expectations
- ✓ Provisions to favour the return of capitals to Italy
- ✓ A more clear – cut perception of the closeness between “quality of residing” and “quality of living”
- ✓ The persistence of the economic uncertainty
- ✓ The spreading of speculative initiatives



## 2. THE SOCIAL AND ECONOMIC VULNERABILITY COMPONENTS

### MAIN EFFECTS

- ✓ Families affordability has dramatically shrunk
- ✓ Families borrowing level has appreciably increased
- ✓ Tenants (in particular) represent the most weak sector
- ✓ The national political debate on the rents topic has decreased after the rental tenure residualization increase
- ✓ Young people prefer to leave their family at an older age
- ✓ Young people use the previous generations savings
- ✓ Young people localize themselves outside the urban perimeter area for an economic access level

**AS A CONSEQUENCE AT THE MOMENT WE ARE FACING A GENERAL  
SOCIAL DISCOMFORT  
ON THE HOUSING ISSUE, AND IT IS  
GRADUALLY ENLARGING**

## 2. THE SOCIAL AND ECONOMIC VULNERABILITY COMPONENTS

### A FOCUS ON TENANTS DISCOMFORT

- ✓ Between 2005 and 2007 a 8% yearly increase in rates has overcharged the national average incidence of rent on the net income
- ✓ In 2007 almost 1,8 million families (more than 50% of those renting from private owners) are suffering from a state of economic strain
- ✓ In fact the ratio between housing costs and salaries has in many cases exceeded the threshold of sustainability (usually 30%)

# 3. SOCIAL HOUSING

## A NEW PUBLIC ACTOR APPROACH:

NO MORE SOLE – FINANCIER, BUT ACTING AS A PROMOTER!

### OPERATIONAL TOOLS

#### PUBLIC ACTORS

REGIONS

LOCAL BODIES

STATE

INTEREST SUBSIDIES

NON – REIMBURSABLE AIDS

ADDITIONAL PUBLIC SECURITIES

MODERATE VALUE AREAS

LONG TERMS LOANS

TRADITIONAL

PUBLIC  
CAPITAL

+

INNOVATIVE

PRIVATE  
CAPITAL

MANAGERIAL  
CAPACITIES

#### PRIVATE ACTORS

PRIVATE INSTITUTIONS

INVESTORS

SOCIAL PROPERTY  
MANAGEMENT BODY

NON  
PROFIT  
HOUSING

LIMITED RISK

NON SPECULATIVE RETURNS

LIMITED PROFITS

SMALL LOCAL PROJECTS OF  
“NON PROFIT HOUSING”

# 4. THE PUBLIC ACTION ON THE SOCIAL HOUSING TOPIC

## ACTION LINES, PRESENT DIFFICULTIES AND CONVERGING SOLUTIONS

### 5 PRESENT DIFFICULTIES

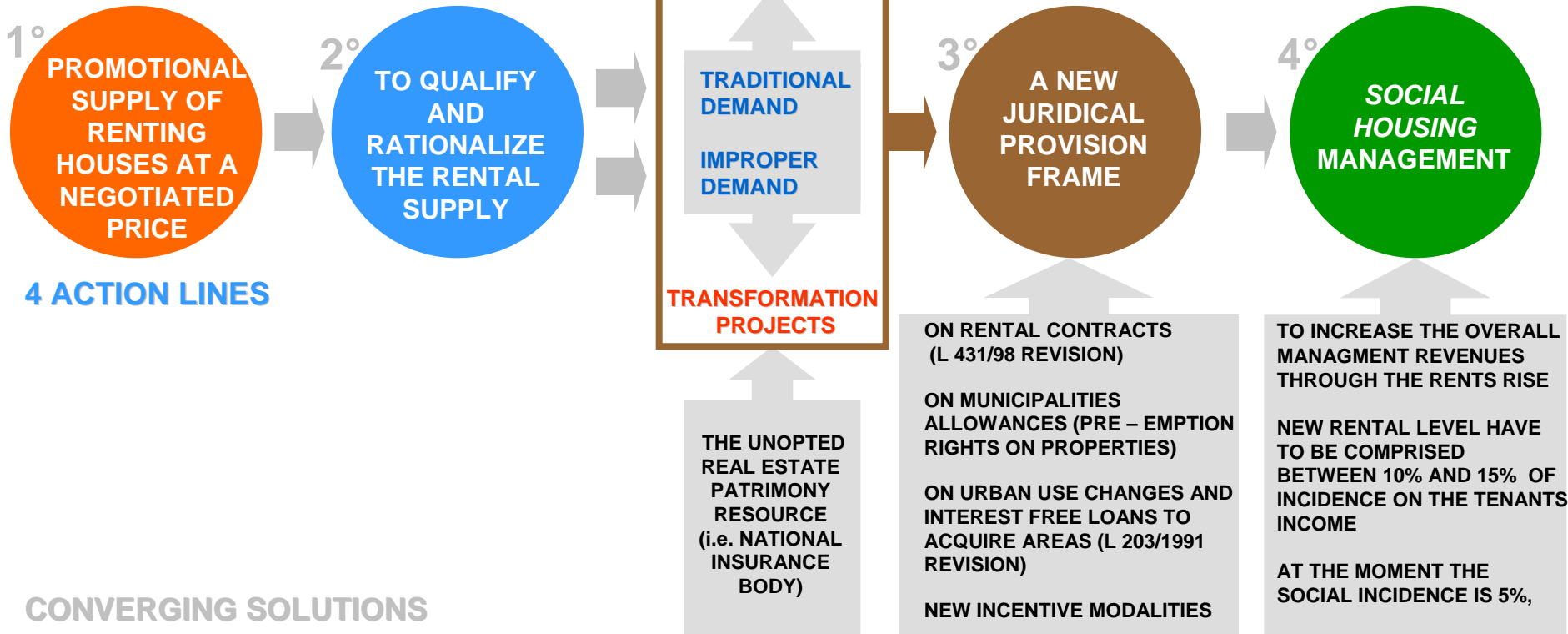
1. THE RATIO BETWEEN RENTS AND INCOMES HAS BECOME EXCESSIVE

2. RENTS FOR SMALL AREA HOUSING ARE EXCEEDINGLY HIGH (HEAVY DEMAND AND SCARCE SUPPLY)

3. UNAVAILABILITY OF BUILDING AREAS

4. THE PUBLIC RESIDENTIAL HOUSING NOT ALWAYS ACHIEVED THE HOPED-FOR RESULTS

5. SCARCE AVAILABILITY OF PUBLIC RESOURCES



# 4. THE PUBLIC ACTION ON THE SOCIAL HOUSING TOPIC

## THE “SOCIAL HOUSING MANAGEMENT”: SOME FINAL RECOMMENDATIONS

- ✓ Modernize managerial capabilities
- ✓ Increase the building maintenance standards
- ✓ Give attention to the services management
- ✓ Integrate residential and non residential services

### IN ORDER:

- ✓ to support an action of functional and formal upgrading for urban areas (not only for new buildings but also for requalifications processes in the suburban districts)
- ✓ to control the rental values
- ✓ to share solutions between private actors and public administrations
- ✓ to overcome the marginality conditions
- ✓ to provide responses for qualified services to both properties and people