

## Chapter 2

# Housing Policies in Italy: From Social Housing to Neo-Liberalism

**Abstract** This chapter summarises the housing issue in Italy, its peculiar characters are explained through the timeline from 1900 to today. Reconstructing the Italian frame shows several phases dependent from the national government's decisions, often controversial from one political coalition to another. The definition of social housing in Italy changed during the time, from a welfare perspective to the current neo-liberal one. The spatial tools and housing forms also changed according to the policies triggering them. The territorial dimension is also relevant in this definition of the context, especially considering the socio-economic divide between North and South of Italy. Today the Italian social housing definition became “blurry” in a mix of public and private practices, proposing either rental housing or home ownership, using complex financial tools.

**Keywords** Housing policies • Housing practices • Homeownership • Social housing • Italy • Welfare state restructuring • Neo-liberal turn • Urban regeneration

Nowadays “social housing” has different meanings in Italy. The traditional concept, born in the post-World War II scenario, is associated with the words ‘residential public building’ (*edilizia residenziale pubblica, ERP*), which have been used with various meanings in everyday practices, in recent years, to promote housing initiatives that draw attention to social attributes and try to cope with different housing needs.

An official definition of social housing in Italy was provided in 2008 by the national State (D.M. 22/04/2008), precisely, “mainly dwellings rented on a permanent basis; also to be considered as social housing are dwellings built or rehabilitated through public and private contribution or with the use of public funding, rented for at least eight years and also sold at affordable price, with the goal of achieving a social mix.” Hence, this definition includes different categories of dwellings, such as rental housing and home ownership, and it gives no specific details about beneficiaries or other criteria to allocate housing. The law also identifies the principle of social cohesion and states that the aim of social housing is reducing housing distress and offering housing opportunities to families and people who cannot access free market housing. Housing is considered one of the primary needs.

Social rental housing currently represents about 5.5 % of the national housing stock (Pittini et al. 2015). Traditionally, there are three main types of publicly supported housing in Italy, namely subsidised housing (*edilizia sovvenzionata*), assisted housing (*edilizia agevolata*) and agreed housing (*edilizia convenzionata*). The amount of public funding varies according to the type of publicly supported housing, as explained in Table 2.1.

Public authorities, like Municipalities and Regions, own and manage public housing stock from different points of view. Their activities have been traditionally targeted to low-income households. Municipalities own social rental dwellings and, in some cases, they also manage them directly (this is a limited phenomenon). In terms of size, although over a million dwellings were built in the post-war period, the public social rental sector never grew significantly larger. The former IACP (*Istituto Autonomo Case Popolari*), territorial housing agency, was created in 1903 with local territorial branches to manage the public stock. It is now transformed into autonomous public agencies with different legal status (nowadays they have various names according to the regional contexts). Housing cooperatives and other private providers have been involved in the provision of social housing since 1978. Lately, new operators are also entering the social housing scene; they are private actors, whose role will be discussed in the sections below.

Regions are responsible for defining requirements for accessing social housing, as well as rules for setting rents. Eligibility is based on a set of criteria that is similar throughout all Italian Regions in order to register in waiting lists. These criteria include income of the applicants, address (whether there is an occupational or residential link with the municipality), and nationality. If income is the parameter, the public rental sector will have to sustain increasing expenditures, while income from rents will be reduced. Priority access to social housing is given to people in poor living conditions, to families with several children and to people experiencing enforced cohabitation. Especially in the current crisis, the sector is experiencing a general phenomenon of residualisation.

The central government is responsible for macro-programming and co-financing projects through housing allowances, co-funding of urban renewal programmes and programmes to support social rental housing.<sup>1</sup> The State should give Regions financial resources to accomplish their local competences, which consists in financing the sector. Municipalities and Regions co-finance subsidies for the renters, and they allocate land to providers. More recently, the National Housing Plan (Law 133/2008, Decree of Ministries Council's President 16/07/2009, Decree 08/03/2010) has set the basis for new forms of public-private partnerships through the creation of an integrated system of real estate funds. It consists of a national fund and a network of local revolving funds dedicated primarily to financing social housing. These funds are mainly private and the administrator of the national system is *Cassa Depositi e Prestiti* (CDP, Fund of Depots and Credits), a public development bank, which received financial resources from various economic

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<sup>1</sup>The different areas of interest are established by *Legislative Decree 122/1998*.

**Table 2.1** Types of supported housing in Italy

	Definition	Financial mechanisms	Provider
Subsidised housing ( <i>Edilizia sovvenzionata</i> )	Rental housing owned by the public sector. It is addressed to those with lower income	Subsidies cover between 60 and 100 % of the cost, and the rent is proportional to the income of the tenant. Rents in the public sector are very low, corresponding on average to 1/4 of market rents	Municipalities and public housing agencies
Assisted housing ( <i>Edilizia agevolata</i> )	Housing provided both for rent and for sale and aimed at households on low to middle income	Subsidies for rental-assisted housing are between 20 and 60 % of the cost, and the rent is limited to the minimum price of the market or to 4.5 % of the construction cost. Assisted housing for sale is entitled to between 10 and 30 % subsidies, and the price of the dwelling may not be higher than that of subsidised housing	Mainly cooperatives
Agreed housing ( <i>Edilizia convenzionata</i> )	Private housing provided for rent or for sale, whose transfer costs or rents are regulated by a specific agreement drawn up between the Municipality and the housing provider	Providers benefit by a discount on local tax for building authorisation, and by a lease on the land for 99 years	Private and public providers: the most active ones are building firms and cooperatives

Source Table modified by the author, *primary source* Pittini and Laino (2011, p. 58)

groups and was appointed by the State as manager of this system. Few housing projects have been implemented to date but this approach is a genuine change, particularly for the public sector (Tables 2.2 and 2.3, Fig. 2.1).

## 2.1 Setting the Context: Early Laws and Norms (1900–1940)

In the most populated Italian cities, the issue of housing for lower classes was first addressed by private associations around 1870. This kind of private initiatives took place in cities like Florence, Milan and Turin during 1862–1868, where houses for

**Table 2.2** Growth of housing in Italy during the twentieth century

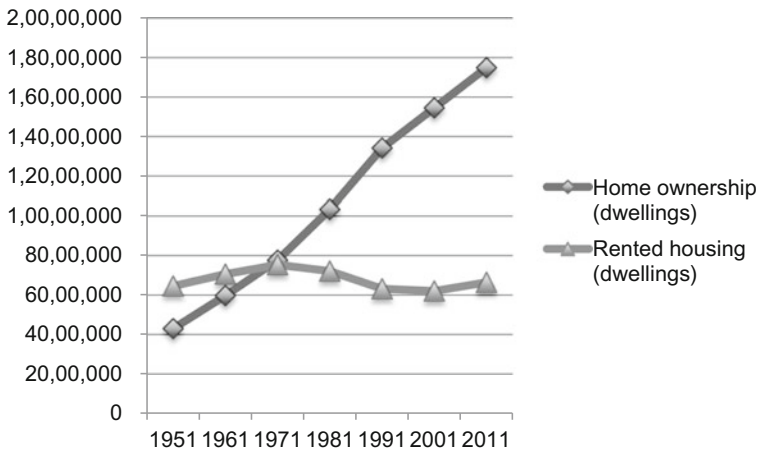
Years	Dwellings/houses	Rooms	Average number of rooms for each dwelling
1931	9,700,770	31,690,631	3.3
1951	11,410,685	37,342,217	3.3
1961	14,213,667	47,527,666	3.3
1971	17,433,972	63,833,741	3.7
1981	21,937,223	88,617,874	4.0
1991	25,028,522	104,152,467	4.2
2001	27,291,993	111,197,834	4.1

Source ISTAT, census of various years, [www.seriistoriche.istat.it](http://www.seriistoriche.istat.it)

**Table 2.3** Occupied dwellings and tenure

Years	Home ownership (dwellings)	Home ownership (% on total dwellings)	Rented houses (dwellings)	Rented houses (% on total dwellings)	Total amount of dwellings
1951	4,300,636	40.0	6,455,485	60.0	10,756,121
1961	5,971,868	45.8	7,059,750	54.2	13,031,618
1971	7,766,566	50.8	7,534,861	49.2	15,301,427
1981	10,333,197	58.9	7,208,555	41.1	17,541,752
1991	13,419,121	68.0	6,316,792	32.0	19,735,913
2001	15,453,656	71.4	6,199,632	28.6	21,653,288
2011	17,491,642	72.5	6,643,535	27.5	24,135,177

Source ISTAT, census of various years, [www.seriistoriche.istat.it](http://www.seriistoriche.istat.it)



**Fig. 2.1** Occupied dwellings and tenure (Source author, primary source of data; ISTAT, national census)

specific beneficiaries, the workers, were built. The goal was to meet few requirements by building economical dwellings.

The first Italian law on social housing was declared in the early twentieth century (Law 251/1903). Proposed by MP Luzzati, it was called the “Luzzati Law.” It creates intermediate entities, financial companies and cooperatives, which build dwellings to be rented or sold to people in housing need. The resources of banks and mutual aid societies can finance these entities. IACP (*Istituto Autonomo per le Case Popolari*, Independent Institution for Tenement Building) was established in 1908 in almost all Italian cities. For many decades these entities have been the main actors on the scene of social housing. The aim of the IACP was to provide housing to lower classes of the population. Luzzati’s idea was to give a house to families who could pay mortgages to financial companies and cooperatives; hence to the working class. The law was not intended for the most vulnerable part of the population. During the discussion of the law in Parliament, municipalities and other public authorities were included as potential founders of these entities. The aim of the law was modest, its intent was to promote investments in social housing by removing financial issues (e.g. by remitting taxes to the new entities for a few years by giving good rates for mortgage to financial actors). Hence, early in this century, housing was considered from the financial point of view in Italy, and dwellings were linked to the working class (Dente 1990; Urbani 1990).

In 1908 and 1919 two codes about social housing were enforced in the Italian Kingdom (R.D. 89/1908, R.D. 2319/1919 “Testo Unico delle leggi per le case popolari e l’industria edilizia”). Municipalities were assigned the duty of building infrastructures for new housing, with specific tax reductions for some categories of deprived workers. Until 1938, various decrees were promoted, which added new measures and created local IACPs (for instance, these entities were transformed from local to provincial, and municipalities too got some new duties). All individual laws were collected in one code (R.D. 1165/1938) that was designed to coordinate the complex norms on social housing. This code constituted the real foundation for the sector, and defined, for the first time, the rules for assigning and managing dwellings. Public authorities (municipalities, provinces and IACPs) were the subjects (not exclusive) that could receive “loans” to build social housing.

During the next year, other laws and rules were enforced, changing some of these principles (Indovina 2000; Minelli 2004).

## 2.2 Post World War II Reconstruction Phase (1945–1967)

After the World War II, the national goal was the country’s reconstruction, and the real estate sector was chosen as a trigger for economic development. The attributes of the sector determined this choice, as a matter of fact, real estate does not require any expensive infrastructures, nor experienced sponsors, nor skilled workers, nor imported materials. The social aim of this policy was to give a response to housing needs. After WWII, the housing need could be calculated as around 10 million

rooms, a figure made up not only by war damages, but also by population migration from the countryside to urban areas. The State took on the role of economic programmer of the housing sector and the planning process lasted several years. In this phase, subsidised housing was strengthened and specific categories of beneficiaries were identified (Minelli 2004), shifting housing policy's purpose from supporting workers (pre-war period) to economic recovery. This was achieved through Law 43 of 1949, which defined a national housing plan (called "Fanfani Plan," as the Minister of Labour who proposed it). The plan's goal was to increase employment by building social housing for workers (subsidised housing). Financial resources were provided by the national State and by a contribution from all workers (entrepreneurs and employees had a deduction on their income). This housing plan was the first one in Italy in terms of size, application throughout the country and the urgency of reconstruction. These were the three main priorities:

- respond to the needs of labour and housing: the plan financed by all citizens had to build dwellings where the housing need was more serious, and had to assign them using valid criteria;
- build suitable housing to meet various needs: the plan did not choose specific projects but architects, who received examples of inexpensive dwellings; the plan was also designed to help tenants manage the newly built housing and to create new communities with the help of social services;
- entrust the implementation of the plan to different entities and authorities, from central government to local offices; hence, everyone had the opportunity to provide input and experience.

The funds of the plan were managed by *Istituto Nazionale delle Assicurazioni* (INA, National Institute for Insurance); therefore, the housing programme was called INA-Casa.

Italian real estate developed between 1951 and 1961, creating +23.3 % of dwellings (+25.7 % of rooms). Population grew more slowly: +6.5 % of families, +6.2 % of inhabitants. So the Crowding Index changed, dropping to 1.27 inhabitants per room in 1951, and to 1.08 in 1961. The size of dwellings also increased from 3.1 to 3.34 rooms (Beretta Anguissola 1963). Even INA-Casa dwellings had 4 rooms, improving the Italian average of 3.5. The plan improved the conditions of lower classes of the population, since only 40 % of social housing tenants were previously living in a dwelling, while 37.8 % lived in cellars, caves and sheds, and 17.1 % lived with other families (Di Biagi 2001). Social housing clearly changed the housing conditions of vulnerable classes, and the new buildings had an impact on the private housing market, thus keeping prices low.<sup>2</sup> After World War II the real estate expansion was localised in urban areas, but the land revenue influenced the localisation of social housing neighbourhoods that were built in the peripheral districts of Italian cities.

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<sup>2</sup>The State also decided to give a contribution (Law 408/1949) to the mortgage interests of the population with different housing needs.

A strong movement from the Southern countryside to Northern industrial cities, linked to the national economy's driving forces, marked these years (Ascoli 1979; Fofi 1976; Ginsborg 1989; Villari 1966). The cities of the so called "industrial triangle" Milan, Genoa and Turin attracted millions of Southern citizens, implying the growth of North-South disparity and high numbers of employees for the developing industrial and real estate sector. 9 millions of Italian citizens moved between different regions during the timespan 1955–1971. This internal movement clearly implied consequences both for cities and housing demand due to the precarious and poor housing conditions of the migrants in Northern Italy and housing abandon in the Southern part.

The power of real estate sector enormously grew. Entrepreneurs, contractors, builders, landowners and real estate companies formed a group of interests that was able to influence national and local politics. In the '70s, several Italian researchers underscored the weight of the real estate sector in the national economy (Indovina 1972). This form of interests and powers was called "real estate block" (*blocco edilizio*), it could be considered as an alteration of national economic development (Indovina 2000). This "block" was considered a strong influence into Italian national politics, from post-WW II reconstruction to the industrial development, imposing its financial interests on the cities.<sup>3</sup> Real estate sector was, and still is, also linked to mafia interests.

The INA-Casa programme lasted for fourteen years.<sup>4</sup> From 1950 to 1962 it employed 40,000 workers each year, built 355,000 dwellings and costed 936 billions Italian Liras (Di Biagi 2001). After this programme, the political perspective of a future left wing government inspired a reflection on housing as closely linked to urban development. New aims were rising, housing plans, improvement of the quality of social housing and definition of free areas for new buildings. Two laws were created in this context.

Law 167/1962, which created a new spatial planning tool for new social housing areas in the cities, a specific local plan integrated into the master plan's framework, defining areas and criteria for new subsidised housing development; this plan was the first planning tool to create a relationship between public authorities, private actors and cooperatives to build new housing. This law introduced the duty to build services for the new social housing neighbourhoods. It defined specific rules about the expropriation of areas for social housing and their economic values, this mechanism constituted an important improvement in those years to support social housing growth.

Law 60/1963: the State promoted a housing programme, thus replacing INA-Casa, called *GESTione Casa Lavoratori* (GESCAL), management of workers' housing. The funding system was the same as for INA-Casa: contribution from the State, employers and employees. The State's contribution was larger than in the

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<sup>3</sup>For instance, the growth of home ownership rate was also considered as stabilising factor in the political and social scenario.

<sup>4</sup>The programme was extended in 1955 with Law 1148.

former plan, since it invested the financial resources gained by selling the previously built subsidised houses. GESCAL was a ten-year plan, whose purposes were not only to build new social housing, but also to construct infrastructures and services. According to the plans introduced by Law 167/1962 the location of new social housing was inserted in those plans with specific criteria according to Regions and Provinces.

A few years later, in 1967, a national law (no. 765, called “Legge ponte”) was promoted to deal with the urban challenges of industrialised cities. During the reconstruction phase and economic development, Italian cities suffered a process of non-regulation. Law 765/1967 was defined as an attempt to control these dynamics and the power of the real estate sector. The law had proposed to use specific permission to build in areas where there was no masterplan, let contractors and builders pay for the infrastructures and services for new houses, define spatial planning standards (minimum square metres for each citizen for schools, general services, parks, parking lots); set density limits and establish different neighbourhood types (historical centre, commercial areas, etc.). The block powers were so strong as to postpone the enforcement of the “*Legge ponte*” and some controlling norms were stopped.

### **2.3 Persistence of the Housing Need and Protesting Movements (1967–1978)**

In the end of 1960s and during the 1970s unresolved issues affected the Italian scenario, bursting in protesting movements, violent tensions and terroristic attacks. Housing need was not solved (social housing neighbourhoods were not sufficient for the housing demand), and in peripheral areas of cities the real estate sector created low quality housing, without services and parks. The internal migration phenomenon, the home ownership emphasis, the small share of rental housing at limited price, and the poor housing conditions of the most vulnerable citizens contributed adding fuel to the social and political protests (Saccomani 2013).

The issues about housing, expropriation and economic programs were at the centre of public debate. Social conflict was linked to the housing issue: despite the strong expansion of the housing rate, (the number of rooms increased by 33.8 % from 1961 to 1971), there were still problems about the housing quality, the peripheral location of vulnerable classes, and the migration process towards cities. In particular, lower classes were expelled from cities’ centres, which were left to the richest population. The most vulnerable people and the population who migrated from the countryside gathered in peripheral districts. Temporary housing, unauthorized building, cohabitation and black market are typical dynamics in this situation. In fact, social conflict tried to connect industrial protests to the housing issue, aiming to occupy the empty dwellings and to adapt rents to salaries. The improvement of working conditions, goal of the protests, was transformed in a



general request of improving living conditions, including housing and spatial planning issues.

Self-organised initiatives bloomed, neighbourhood committees were created in the social housing districts to fight for issues about services and infrastructures. These protesting movements were well organized and they proposed changes in the situation: occupation of free areas, spaces and rooms, auto-reductions of rents, promotion of cultural events and public debates. Relations with the press and with categories of professionals (such as architects, doctors, professors and magistrates) were put in place to improve the quality of life in peripheral areas of the cities. Housing has always been considered also by labour unions as a fundamental right to be provided to every citizen. A new national housing policy was demanded.

New needs were recognised in a perspective of better living in the cities: not only improvements in housing and working conditions were requested, but also services and infrastructures. A new organisation of urban spaces was claimed, focusing on social and functional aspects, the so called “right to the city” (Lefebvre 1970).

The housing reform was introduced in 1971 with Law 865, it organised the public intervention in housing with a clear structure. The housing competences were entrusted from the State to the Regions (public authorities created in 1970). These have the duty to manage the locations and public investments for social housing. The national government plans the financing and the mechanism of fund distribution among the regions, adapting the financial resources to the various regional housing needs. Regarding expropriation, the law introduced the expropriation for public benefit: municipalities could obtain areas or buildings if they were planning of creating public services in those zones. This form of expropriation could be used also for local plans of social housing (L.167/1962).<sup>5</sup> The economic value of this kind of expropriations was really low, since they were assimilated to rural land (agricultural use), therefore these costs were feasible for the municipalities. In this way, municipalities could begin to control the land revenue’s mechanisms. The law clearly states the separation between land property and real estate activity: the municipal master plan is stronger than the landowners’ rights. Also the entities who can build and manage social housing are controlled: IACP is the appointed one to partner with municipalities and regions.<sup>6</sup> This law was considered as a big achievement, for instance, the law allowed municipalities to partner with private actors.

In 1980 the Constitutional Court cancelled these measures about expropriation’s value, since they were considered against the citizens’ equality principle. Therefore,

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<sup>5</sup>Also this law was modified by the housing reform: the local plans for social housing could not identify areas for more than 60 % of municipal housing needs in ten years; and the landlords’ possibility to build social housing in their areas, if interested by these local plans, was cancelled. In this way, the municipalities had the duty of acquiring the areas and then they could assign them to public entities or private developers, who would build social housing following specific criteria.

<sup>6</sup>All the other entities were cancelled and *Comitato Edilizia Residenziale* (CER, Housing Committee) was created as central planning subject.

from that moment onwards municipalities have had hard times trying to find financial resources to expropriate the needed urban areas.

Devolution of central powers to Regions has also been difficult: during all the 70s this generated bureaucratic conflicts and it took a long time to transfer powers from the central State. This change generated a lot of uncertainty in programs' implementation and difficult relations between Regions and State.

The increase of birth rates and number of families (13 millions of families in 1961 to 16 millions in 1971) came to an end and during the 70s a declining trend started. The number of families kept growing but with less members than before (in Italy one single member can be considered a family) and it has continued so until today. The structure of Italian families has changed due to the low birth rate and to norms about divorce. Marriages have become less frequent and people tend to get married at an older age compared to the previous decades. New forms of living together spread, creating a complex scenario.

## **2.4 Efforts to Regulate the Housing Market and Neo-Liberal Phase (1978–1990)**

The interest in housing policies ended at the end of the 1970s in Italy, when two main national acts were promulgated: Law 392/1978 (Rent Act), which introduced a system of controlled rents; and Law 457/1978, which launched the Ten-Year Public Housing Plan. After the strong focus on social housing, the issue left the political and social agenda, and in research the topic became rarer.

The Rent Act was the result of rental market's issue: a form of regulation was needed, there were too many differences and no criteria for homeowners renting their dwellings. The two possible measures proposed in the public debate were: a form of public subsidies to the landlords (choice promoted by owners and real estate companies); a mechanism to calculate the rent as a percentage of the dwelling's value (called "fair rent" and favoured by tenants' unions). During the 70s, rent subsidies showed their ineffectiveness: there were less dwellings in the rental market, so rent prices increased and land revenue was imposing on the State. So law 392/1978 introduced a new form of regulation for the rental sector (not only for housing, but for all uses): the mechanism defined by the law was based on objective criteria related to the dwelling's features and rent prices were raised less than the market ones. The mechanism worked according to objective indicators for all dwellings and houses. The fair rent mechanism fostered the link between dwellings' value and their annual yield, not the revaluation of its economic value. Housing rents were more bound to the law's criteria, while not-housing landlords were free to decide the rent prices, and contracts could be shorter than four years. The outcomes contradicted the law's goal: many owners did not accept the law and dwellings became vacant or were sold or changed to other uses. The rental market changed (van Hees 1991): a lower supply made economic capitals move to other

sectors and owners resorted to illegal forms of renting in order to obtain higher income.

On the other hand, Law 457/1978 created the Ten-Years Public Housing Plan. The law defined the entities who managed the plan and their activities (financial management and resources, norms about mortgages, regulations about old buildings and neighbourhoods' renewal). The plan financed the social housing sector for ten years, in particular financial resources were assigned not only to subsidized housing, but also to assisted and agreed housing. The law also permitted to public authorities to define areas for future housing developments, and financed their acquisition. Regions had to plan their actions through plans and projects. The focus on renewal became stronger in those years: public-private partnerships could be created to act on urban form and on buildings. The existing degraded neighbourhoods were the objects of this policy, which focused only on the built environment, without any attention toward social and economic dimensions. The regeneration issue was in the public debate also during the 80s, when Regions and local authorities started experimenting the integrated approach, merging initiatives on new developments and on existing buildings.

The decade of the 70s can be considered as a phase of regulation and attempts of equality: the central State tried to regulate the housing market, correcting alterations and pursuing redistribution. During the 80s, instead, these efforts were neglected and some of the laws and norms enforced in the previous years were cancelled. Both expropriation and fair rent regulations experienced some degree of repeal. The laws were not completely cancelled, only some of their features were, thus depriving them of corrective meaning. In this decade home ownership was promoted through specific norms and financial resources fostered assisted and agreed housing. At the same time, selling processes, scarce new housing developments and no inside-mobility reduced the availability of subsidized housing. The rental market started shrinking and also the middle class was affected by housing problems. Low classes of the population, demanding social housing, were in social distress. These vulnerable situations often merged with social exclusion dynamics. Urban quality became an acknowledged need, requested by all the population. The main issues were pollution, urban noise and need of public spaces. Families' needs started to differentiate thanks to changes in lifestyle (Boeri et al. 1993).

From the 70s to 1990 the planning effort was disarranged: various laws introduced divisions into duties, plans and competences. Emergency legislation was often used to solve spatial matters. IACP's estate entered a process of residualisation and assisted housing prevailed as form of social housing (Urbani 1990). After these laws, public investment in housing fell sharply and the ratio between investments in social housing and subsidised home ownership increasingly shifted in favour of the latter, with a constant diminution of the rental market in favour of the owner-occupied one.

However, during the 1980s, housing demand started to decline due to the fall in population and the slowdown of internal migration. Low income families demand dropped, while medium and high income households demand rose (in quality and quantity) in order to move in better environmental conditions. This form of housing

consumption caused a process of counter-urbanisation in the outskirts of the large conurbations, especially in the old industrial cities in the North of Italy (Governa and Saccomani 2009).

## 2.5 Socio-Economic Changes and Integrated Urban Programmes (1990–2000)

Families and social structure have changed in the last decades, so the housing demand have become highly fragmented. The number of family members has decreased and been transformed, the population has grown older and the number of families has increased (formed by only one or two people) compared to the past.<sup>7</sup> The family structure has also changed with the new forms of couples, since divorces, unions, separations have created single-parent families or families with different parents. Spatial variability has diminished. Moreover, internal mobility has undergone a reduction, and the process of migration towards the biggest cities is not so strong anymore. Home ownership is strong and has kept increasing (Indovina 2005). Families, as in other Southern European countries (Allen et al. 2004), play a main role in solving housing issues. Family networks substitute the State providing help to find accommodation and/or economic resources. If the national housing policy can be considered weak and never able to cope with the demand, solidarity has played an important role in compensating for the welfare state's weaknesses. Despite these attempts, the whole problem was not solved and the housing market has proved to be the foundation for many social and economic problems, especially considering the imbalance between housing demand and supply (Governa and Saccomani 2009).

Housing deprivation no longer concerns only traditional low-income families but new, numerous and heterogeneous population segments, which were not previously affected by this problem (Tosi 2007). Moreover, the changes in post-Fordist societies and the impact of the globalisation process, mainly related to labour market flexibility and to the widely feared risk of unemployment (Clapham 2006) has given rise to new forms of social fragility and poverty, which has strong consequences for housing needs.

Real estate agencies have developed and are now ruling the sales market. The cooperative sector has been strengthened, while real estate developers keep polarising (Boeri et al. 1993). A real estate boom could be observed from 1997 to 2005, housing prices increased by 51 %, in big cities property sales rose by 65 % and rent prices grew by 85 % (Anci-Cresme 2005). Public-private partnerships and negotiation practices have become more common, and so has the use of different financial resources.

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<sup>7</sup>Birth rate has decreased since the 1960s, while the life span has improved (longevity can be calculated as around 80 years nowadays).

In terms of subsidised housing, supply conditions have remained the same in the past twenty years. The number and features of dwellings are inadequate and rigid, quite unsuitable for the various housing needs. This supply meets the needs of a limited part of the population in need of housing. The most vulnerable people are, therefore, gathered in specific neighbourhoods and parts of the cities. New developments of subsidised housing have been cut, few buildings are being built and they are not actually improving the existing stock numbers..<sup>8</sup> CRESME, a national research centre, assessed that almost 34,000 new dwellings of subsidised housing were built in Italy in 1984, while in 2004 they were only 1900 (AeT–Ambiente e Territorio e CRESME 2007). The fall of this sector is clear.

Despite the strong process of internal migration in the past decades, in recent years the migration from abroad has increased. The longer life span has made the Italian population one of the longest-living ones in the world<sup>9</sup> and migrants have changed the demographic data, with a higher birth rate and younger population. The migration phenomenon from abroad has been growing since the 1980s. According to the national census data, the migrant population was around 350,000 inhabitants in 1991 in Italy, and in 2001 migrants reached 1.3 million, with a strong difference among regions<sup>10</sup> (ISTAT 2001). The majority of migrants live in North and Central Italy, while their presence is low (8 % of the total amount in 2001) and linked to the agricultural sector in the South. The working conditions of foreigners vary according to each inhabited region. For instance, in the Northern and Central part of Italy, in 2001 the majority was employed in the industrial sector. Other economic sectors with high percentages of foreign working population were commercial activities, home care and agricultural activities.<sup>11</sup> The average age of migrants in 2001 was 30.9, while the same data for Italians was higher (41.6) (ibid.). Since the 1990s, family reunions have become more frequent than in the previous ten years, and the migrant population living in Italy has changed. Their housing need has changed from single workers to large families. Forms of discrimination were taking place also in this sector (higher prices to rent a dwelling, distrust and property speculation, renting or selling below-standard dwellings).

In the 1990s, public investment in housing fell further and the limited public resources that had been allocated to this sector went to the so-called “integrated urban programmes”, which in Italy fuelled urban renewal and regeneration policy

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<sup>8</sup>After Law 865/1971, which supported the rural values of the areas, in 1992 expropriations rose to half the real estate market’s values, and nowadays are calculated at market values. Obviously, expropriation could not hold the prices down by limiting land revenue. New social housing developments are, therefore, hard to promote, considering the high prices of the areas. For this reason, the new master plans of cities promote a mechanism of adjustments, including the choice of moving building rights from one area to another. It is called mechanism of *perequazione urbanistica* (“urban equalisation”).

<sup>9</sup>In 1993 the death rate exceeded the birth rate for the first time in the State’s history.

<sup>10</sup>According to national census data of 2011, migrants grew to 4 millions in 2011.

<sup>11</sup>Their working conditions are similar to those of Italian internal migrants in the 1950s and the 1960s, and those economic sectors have lower shares of unemployment.

(Governa and Saccomani 2004). In the 1980s, a reflection emerged on new forms of public action, not only as quantitative response to housing needs, but also considering social challenges. Three main triggers altered the housing situation, namely transformations in the labour market, changes in social and family relationships, and cuts in welfare and social services. After more than 50 years from the construction of the first buildings of social housing, it was clear that this real estate sector needed renewal and restructuring. The social housing neighbourhood became the symbol of decay and marginalisation. In social housing neighbourhoods, the grouping of various forms of social distress constitutes a multi-faceted issue. As a result of the European Union's initiatives (i.e. Urban), these neighbourhoods have become part of renewal and regeneration policies. The aim of the regeneration process was to tackle all dimensions of deprivation and distress. Economic and social revitalisation entered the framework along with physical interventions. The key aspect of the integrated approach is multi-dimensional actions designed to achieve social inclusion, focusing on principles like integration, involvement of different actors, and capacity to make agreements among various entities.

The European Union fosters competition among States to get funding, so the Italian public authorities needed to be faster and more efficient than in the past. Cooperation among municipalities, provinces, regions and ministries is compulsory to deal with the complex urban issue (i.e. principle of subsidiarity). Two main types of integrated urban programmes were created:

- urban renewal and regeneration programmes: initiatives dealing with an urban area or a neighbourhood focused on restructuring real estate and public services, and considering social support and green technologies;
- programmes studied to achieve local development. The focus is to improve economic sectors, fostering employment and industrial development. These programmes are specific for Southern Italy.

Urban renewal and regeneration programmes were introduced by Law 179/1992. The law promoted real estate renewal and urban regeneration.<sup>12</sup> The financial resources for traditional housing policies were all relocated to integrated urban programmes, ranging from subsidised housing to urban renewal and regeneration. Tosi (2007) defined this change as “elusive exchange” (*scambio elusivo*). It could have been considered a positive transformation as a result of the remarkable success of those programmes but, actually, the housing issue and its needs were forgotten and abandoned. In Italy, the social housing policy was forgotten and became residual, but the workers' financial contribution was paid until 1998.<sup>13</sup> In the 1990s, the integrated urban programmes were financed by this contribution, which was originally meant to support public housing.

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<sup>12</sup>New financial resources were given to the regions in order to support the three types of social housing. Three two-year periods were identified to plan the policies (until 1998).

<sup>13</sup>This contribution was created to support national housing plans, like INA-Casa and GESCAL, which ended in 1973. Then funding was used by the State for different housing policies (see Sect. 2.2).

Traditional housing policies were also transformed into subsidies for families. Italian governments chose to allocate resources for housing through direct or indirect money transfers to support family access to homes. This trend has been evident in all European countries in recent years. A specific fund to sustain rents in the free market was created, called “Fondo Sociale per l’Affitto”, social fund for the rental market (in 1998 Law 431 abolished the Rent Act). Forms of subsidies fostering home ownership were also promoted, supporting the supply and not the housing demand. Assisted and agreed housing also decreased from 56,000 new dwellings in 1984 to 11,000 in 2004 (Anci-Cresme 2005). The financial cut and scarce attention to housing policies caused a 95 % drop in subsidised housing and the gradual reduction of assisted and agreed housing.

In 1998 the transfer of competences from the State to the Regions was completed (Legislative Decree 112/1998), according to the subsidiarity principle. A sort of duplicity of competences was established. The State kept residual competences (such as the definition of criteria, the National Observatory on housing condition, national financial resources, etc.), while the Regions could decide on:

- regulation of subsidised housing allocation;
- regulation of subsidised housing rents;
- criteria of rent subsidies’ supply;
- planning of national and regional financial resources for housing;
- definition of statutes and control mechanisms of public entities related to social housing;
- regional norms about housing.

The outcome is a national scenario composed by different regional situations. Each region has its own housing policy, with various levels of updates, and the housing entities (IACPs) were transformed by each region, modifying duties and changing name (it often changed to “territorial agency for housing”). They generally achieved more independence and executive capacities. At the same time, the transfer of competences did not erase the power of municipalities in this sector, which still have the duty and capacity to work on housing issues. Nevertheless, there has been no continuity in financing housing, but only fragmentary interventions.

## **2.6 Recent Years and the Financial Crisis (2000–Today)**

The new millennium began with such a difficult situation in the housing scenario. The rental sector constitutes a limited share of the market, with high prices compared to the level of salaries and pensions. The continuing rise in land revenue is causing an increase in prices for home ownership and rents (the rise of land and real estate value started in 1997, and kept a steady pace until 2007). The disproportion between the demanded financial capacity and the percentage of owners creates

rigidity in the market. These factors, along with precarious forms of labour, cause housing exclusion to the population who would access the housing market for the first time. The small percentage of social rent (5.5 % according to Housing Europe data 2015) shows its residual role and its ineffectiveness in answering social needs. The lack of financial resources poses the main challenge of finding a way to finance housing policies in order to improve the sector.

The main features of the Italian housing issue can be summarised as specified below:

- increasing prices of dwellings (to buy and to rent) and housing trade until the financial crisis 2007–2008, when the real estate market entered a phase of crisis;
- the real estate market was growing until the financial crisis, which caused a rise in interest rates on mortgages and the debt load of the families started to worsen;
- complex housing demand due to changes in the social structure;
- territorial imbalance between Northern and Southern Italy: demographic data are showing a scenario in which the central and northern parts of the country attract migrants from abroad and young people from the south<sup>14</sup>;
- unsuitability of the rental supply (small market share and high incidence on family income<sup>15</sup>), and subsidised and agreed housing (conditions and numbers);
- no national policy promoting social housing through public and not-for-profit partnerships for vulnerable population categories;
- need to change the approach: the housing need has been transformed into housing right and “right to the city”.

The social structure has changed, and housing deprivation is becoming an issue for an extensive part of the population. Housing distress can be recognised in two main population categories. The first one includes the most vulnerable classes, those with a strong housing deprivation who cannot afford to live in a safe and decent place. They need emergency housing and rapid responses. On the other hand, there are people who are not in a deprived condition, as they have a salary or a pension, but are at risk of housing hardship, and the house can be considered a limitation. An eviction, family separation or unemployment could cause housing hardship and, meanwhile, this precarious condition could be a constraint for future plans (independent life, moving, creating a family, etc.). These forms of minor hardship are not easy to calculate and the quantitative aspect of the phenomenon is hard to assess. The population affected by this issue is considered a “grey” area of

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<sup>14</sup>From 2001 to 2013, 1.6 million Italian citizens moved from Southern Italy to the Northern and Central areas. 70 % of them were young people (Censis and Nomisma 2015). According to estimated data, between 2014 and 2030 Central and Northern parts of the country will grow by 7 % in terms of population, while the South will record –3 % (ibid.).

<sup>15</sup>In 2006, the incidence of rents on incomes was stronger for some population categories. For people under 35 and over 65, it was around 19–20 %. The geographical dimension also affects this rate. In 2006, rents had a 20 % impact on the income of the Italian population living in the central part of the country, while said impact was only 16.6 % in Southern Italy (ISTAT 2007).



the housing need. They are able to pay an economic rent, but cannot afford to secure their housing condition. This category includes precarious workers, single parents, young people and elderly people.

New actors have become visible in the housing sector in this time frame. The tertiary sector and ethical investors are often involved in providing housing services and taking care of vulnerable sectors of the population. It is part of a general trend of planning negotiation, which targets actors and aims at providing social services (Bricocoli and Coppola 2011). Bank foundations are often replacing public actors in sustaining welfare policies. They finance social policies when there is no (or scarce) public resource. The ethical goals of these actors influence sectors, such as healthcare, social services, housing, environment, etc. In the last years, especially in Northern Italy, bank foundations have played a considerable role in integrating local housing initiatives, and have often been financing pilot projects and housing experiments. The presence and activism of these actors is another sign of difference that marks the gap between Northern and Southern Italy.

Focusing on the institutional framework, national Italian governments enforced various contrasting policies. Every government has promoted different mechanisms to address housing need, focusing on specific categories of people and implementing specific tools. This turnover has created a variable picture of Italian housing policies.

Law 21 in 2001 promoted new norms to deal with housing needs and to increase the number of rented dwellings. The State introduced a specific regulation on subsidies for renters, programmes for the recovery of old buildings meant to be rented, and programmes to create new infrastructures in neighbourhoods in distress. The Law re-organised the financial resources left from the previous years.

In 2003 and 2004, the Italian government (led by the Prime Minister, Mr. Berlusconi) defined some measures to address specific targets, for instance supporting young couples and families to achieve home ownership. Later on, in 2007 (with Prime Minister, Mr. Prodi), the new government coalition reversed this policy and promoted new policies to extend the supply of rental housing, especially social rental housing.<sup>16</sup> Law 9 in 2007 introduced the need for a new definition of public housing. The European Commission defined services of general interest in 2006; therefore, each member was requested to present a specific definition and, in the case of Italy, the national legislative framework needed it too. A new definition could deal with a broader concept of social housing, which was appropriate in the situation of different housing need, absence of public financial resources and development of rental housing. The goal of Law 9/2007 is the development of a new housing policy for vulnerable population categories. A negotiating table was created involving ministries, regions, municipalities, *FederCasa* (IACP's

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<sup>16</sup>Housing was also considered in national financial norms (Law 244/2007) for improving the rental sector, and a new type of housing was defined to be rented at an affordable price for at least 25 years in urban areas that present a high degree of housing distress. This form of housing can be considered a service of general interest. It anticipated the definition requested by Law 9/2007.

organization), real estate associations and cooperatives. The goal was the design of a national housing plan to develop the new aims and orientations of regions, such as improvement of housing supply, fiscal proposals, measures for better cooperation to deal with housing deprivation, and calculation of financial resources. This negotiation was supposed to be used as a continuous meeting to discuss the national housing conditions. The law also introduced some norms on the suspension of eviction, the allocation of evicted population, tax reductions for owners renting dwellings at fixed prices and new three-year regional plans for subsidised housing.

In 2007, the government promoted another Law (222/2007), which focused on the distribution of financial resources for public housing. €550 million were assigned to subsidised housing to recover empty dwellings, buy and rent new ones, and build new housing. A national observatory of the housing condition was created, and so was the study of new forms of financial tools for real estate asset (the goal was to promote buying or recovery of public properties).<sup>17</sup>

Then, in 2008 the Ministry for Infrastructures' Decree 3904 established a new definition of social housing. Public housing changed its name, which from "residential public building" (*Edilizia Residenziale Pubblica*, ERP) became "social residential building" (*Edilizia Residenziale Sociale*, ERS). The new term includes several meanings, namely traditional subsidised housing, and also supported rental housing, including local experiments and partnerships with private actors. The possibility to build services in the same housing complex was also integrated in the definition. The "new" social housing could be placed not only in specific areas, expropriated by municipalities (Law 167/1962), but also in public or private areas where mechanisms of adjustments with the private sector are taking place. It could be built together with different activities, according to the principle of *mixité*. The goal of ERS is to create rental dwellings with different rent prices designed to meet various housing needs. The involvement of private actors is supported through the supply of land or building rights, and the opportunity to sell part of the dwellings as private housing.

In May 2008 the political coalition ruling the country changed again and Mr. Berlusconi became Prime Minister once more, reversing the housing measures and promoting home ownership. These variations are linked to political views, but the whole approach represents the traditional Italian attempt to support the real estate and building sector (Governa and Saccomani 2009) as driver and trigger of the national economy.

The new government promulgated a new national housing plan (Law Decree 112/2008 and Law 133/2008) to meet the requirements of the housing demand throughout the country. Integrated housing and urban regeneration programmes were supported, focusing on liveability, sustainability and safety criteria, and paying attention to transport issues and public-private partnerships. The intent was to improve the housing supply (new or renovated buildings), and to support

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<sup>17</sup>A second phase of integrated urban programmes was also promoted (*Contratti di Quartiere II*).

population categories in distress. Hence, the national plan is not focusing specifically on subsidised housing, but it establishes five main types of interventions:

- establishment of real estate funding opportunities in order to promote new housing and involvement of public and private actors;
- improvement of housing stock, also through the sale of subsidised dwellings to their inhabitants;
- promotion of public-private partnerships in the building process of housing and in its services;
- administrative and tax benefits for housing cooperatives committed to new developments;
- set up of integrated programmes promoting housing and ERS.

The beneficiaries of these actions are low-income families, young couples with low income, elderly people with economic or social difficulties, students living away from their family, vulnerable population categories moving to independent living conditions, legal low-income migrants who have been living in Italy for at least ten years or in a specific region for at least five years. Given these priorities, it is clear that this policy's priority is not to provide an answer to the housing need but to support the real estate and building sector. The economic and financial crisis, along with the GDP decline, restored the traditional political approach towards the building sector, which was seen as an economic driver.

Subsequently, the Housing Plan was also integrated with another initiative proposed by Mr. Berlusconi, namely the simplification of real estate bureaucracy for the private sector, which enabled to expand/enlarge private houses and dwellings.<sup>18</sup> The measure was enforced throughout Italy without any attention for place-specific planning norms in the different local contexts.

€200 million were assigned to regions for subsidised housing, and 150 million were, instead, given to the integrated system of real estate funds (which in Europe is also called Real Estate Investment Trust, REIT) to create new ERS,<sup>19</sup> and then 377.9 million were allocated to other actions of the plan.

CDP (Fund of Depots and Credits) manages the financial resources provided for the implementation of the integration system of real estate funds (*sistema integrato di fondi*, SIF) that was established to build housing and ERS. In these funds, gains cannot be drawn until the end of funds lifespan, which usually occurs in the long-term. CDP has created a national real estate fund called "Fondo investimenti per l'abitare" (FIA), and, besides public resources, various private financial groups are investing in this fund (banks, insurance companies, private welfare services) (del Demanio Agenzia 2011). FIA originates local real estate funds, while there is a

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<sup>18</sup>Housing Plan implementation was delayed due to the disagreement between the government and the regions. The issues at stake were the lack of financial resources promised by the previous government for subsidised housing, and Berlusconi government's attempt to reduce their competences regarding housing. After the Plan was enforced, all the Regions established their regional norms implementing the measures about private housing extension during 2009–2010.

<sup>19</sup>The expectation was that this system would attract an investment of 3 billion euros.

parallel system for the management of funds and building projects. ERS built with real estate funds was called “social housing,” and became a slogan to promote a form of housing that differed from the past. The private financial groups invested in these tools since they can be considered “safe” investments. Housing and services built with this method guarantee a profit, even if in the long-term. All real estate fund dwellings are either sold or rented not to low-income families but to a category of people who can afford to pay a rent or buy a house at an agreed price. This system constitutes a big challenge for the public sector, since private actors and the financial sector are part of the housing policy. Though they pursue private gain, new developments can be managed through a public-private partnership, trying to build good quality housing and services for the entire neighbourhood. The goal of this building operation is to increase the medium-long term housing supply through sustainable fiscal initiatives, and with a social approach (promoting relations between inhabitants, social cohesion and strengthening the vulnerable population). Nevertheless, the outcome of this system will be private housing partly funded by public resources.

The implementation of the real estate funds system is experiencing a complex situation. The FIA collected €2 billion and 28 million (1 billion from CDP, 140 million from the Ministry of Infrastructure and Transport, and 888 million from banks and other private insurance companies). These resources have been invested in the integrated system; each local real estate fund got a financial commitment from FIA to support housing developments. According to the rules, FIA could invest its resources in local real estate funds until late 2015. In November 2015 €1.71 billion were allocated to replenish 29 local real estate funds, which are managed by 9 companies that relate to 227 housing developments.<sup>20</sup> Despite these numbers, only 83 housing projects were completed by late 2015 (3482 dwellings and 78 % of the total amount are meant to be rent), and only €473 million were spent (46 % of the total amount). The majority of these projects are localised in the Northern and Central part of Italy (66 and 20 %, respectively), once again highlighting the different paces of the country. FIA’s ambitious goal is to complete the development of 20,000 dwellings and 8000 lodgings for students and other users of temporary housing (Table 2.4).

Before presenting the housing policies enforced from 2010, it is important to summarise the main impact of the global financial crisis in Italy. It has worsened the national scenario. As summarised by Housing Europe (Pittini et al. 2015), the crisis has caused a collapse in the housing market and had a huge impact on the income of a large percentage of the population, while banks have reduced the opportunities of mortgages. The number of housing sale transactions has decreased (−30 %) and rents and sale prices have dropped (−15 %), (ibid.). The real estate sector, private companies and cooperatives have been severely hit by the crisis (Baldini and Poggio 2014). The effects of the crisis can also be noticed in the number of evictions, which decreased between 2005 and 2006 (−13.2 %) and recorded a

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<sup>20</sup>CDP presented the updated situation in November 2015 at the conference “UrbanPromo Social Housing Milano”. The data presented here are the ones declared during that meeting.

**Table 2.4** Situation of home ownership and tenure in 2014 in Italy

	Rented housing (% on the total amount of dwelling)	Home ownership (% on the total amount of dwellings)
Italy	18.5	81.5
North-West	21	79
North-East	17.2	82.8
South	20.4	79.6
Islands	12	88
Metropolitan areas	28	72
Central parts of metropolitan areas	21.5	78.5
Suburbs of the metropolitan areas	9.1	90.9
Big municipalities	12.7	87.3
Small municipalities	16.9	83.1
Municipalities with less than 2000 inhabitants	21.2	78.8

Source ISTAT, census of various years, [www.istat.it](http://www.istat.it)

strong rise (+62 %) from 2006 to 2014. There were around 77,300 evictions in 2014 (Ufficio Centrale di Statistica del Ministero dell'Interno 2014). In 2005 there was an average of one case of eviction every 515 families, while in 2014 it was one every 334 families (ibid.).<sup>21</sup>

In Italy, families and the retirement bonus constitute the main social safety valves. Family resources are coping with the problems of younger generations, while the public subsidies are helpful for elderly workers. The young population, compared to the older one, is lacking in various sectors (housing, labour, salaries, lifestyle), and this condition is much more widespread than in the past years. Italy is one of the EU countries with the highest percentage of young people living at home with their parents, almost 66 % of the population between 18 and 34 years (Pittini et al. 2015).

According to Federcasa data (2015), almost 2 million people live in subsidised houses (the majority of them in Northern Italy, 44 %), but 650,000 families, which fulfil the criteria to access them, are waiting for a dwelling. Families with less than €10,000 income/year are 34 % of the total amount of families living in subsidised housing, and this data are growing due to the general process of impoverishment of the population (ibid.).

According to a study on the Italian real estate market (Censis and Nomisma 2015), many Italian families are moving to the rental market due to difficulties

<sup>21</sup>The majority of evictions has been in the most populated urban areas: Turin, Milan, Venice, Verona, Genoa, Bologna, Florence, Rome, Naples, Bari, Catania, and Palermo. There is no geographical distinction in the phenomenon of evictions between North and South Italy. In 2014 the numbers of evictions were higher respectively in the provinces of Bari, Turin, Rome, Genoa, Florence, Naples, Palermo, Verona, and Bologna (Ufficio Centrale di Statistica del Ministero dell'Interno 2014).

accessing home ownership, and rent prices have dropped to less than the sales (−12.6 and −16.3 %, respectively) from 2009 to 2014. If the rent prices rose by 27 % from 1994 to 2007, considering the timeframe of 1994–2014, the picture presents a −6 % variation. In 2015, 60 % of families are looking for housing in the rental market (ibid.). Another sign of national housing distress is the incidence of housing costs on the income of families. 2.3 million families suffer the impact of rental housing costs that are 30 % higher than their income,<sup>22</sup> 4.4 million families in the rental market have an income of less than €23,000 per year (ibid.).

Meanwhile, the national territorial imbalance has also affected the housing need, since both internal and external migrations are increasing the population of Northern and Central Italy. These demographic movements will need a response in terms of housing and quality of life in the next years.

Despite the strong demand for affordable housing, especially in the biggest cities and their surroundings, there are huge regional and local differences resulting from the different pace of economic development, the path-dependent dynamics of past decades and the various regional legislations and housing policies.

Since the crisis started to show its effects, national governments have focused on following the previous policies, namely on simplifying and supporting households that experience difficulties paying their mortgage and rent arrears.

- Law 106 in 2011 (Prime Minister, Mr. Monti) promoted the simplification of real estate bureaucracy for the building sector and national norms with the goal of requalifying deprived urban areas (supported by incentives and simplification procedures).<sup>23</sup>
- During the next year, in 2012 (Prime Minister, Mr. Letta), the government proposed a tool called “National plan for the cities” (*Piano nazionale per le città*), according to which Italian cities could apply by presenting specific neighbourhoods to be renewed and improved through various actions (Law Decree 83/2012). The agreement (*Contratto di valorizzazione urbana*) between each city and other interested actors has to be signed to ensure the implementation of the urban development project. €318 million were allocated on this plan to partly fund interventions in the cities.
- Law 124 in 2013 (Prime Minister, Mr. Letta) supported people experiencing housing distress with €200 million through a national subsidy to sustain people in the rental market (*Fondo nazionale per il sostegno all’accesso alle abitazioni in locazione*), measures favouring first-time buyers, and fostered housing renewal and energy improvements in buildings and dwellings. The government also supported new mortgages through public subsidies, using CDP as public guarantor.

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<sup>22</sup>30 % is considered as the threshold of economic sustainability.

<sup>23</sup>For other information regarding the first years after the crisis and the national government’s response, see the paper by Baldini and Poggio (2014).

Then, the last housing policy approved by the current government (Prime Minister, Mr. Renzi), is a new Housing Plan (Law Decree 47/2014, Law 80/2014) with a budget of 1 billion 740 million euro. This Plan has three main goals, precisely to support rental housing (at a limited price), improve the supply of subsidised housing, and develop ERS. The Plan allocated €468 million to renew subsidised dwellings owned by the former IACP and municipalities (12.000 estimated dwellings). The Plan established the right to buy ERS; hence, tenants can buy the dwelling where they live after 7 years of tenancy. The revenue from these sales can be used for new constructions or renewal of social housing. Several incentives have been promoted to encourage landlords to provide moderate rents (through tax reduction schemes), and to support tenants through subsidies, guarantee funds, and funds for arrear issues.

Considering the national scenario, the housing situation is complex and not easily solved. Different laws and plans have started targeting the institutional and legislative framework in order to reform the sector and promote rental housing, but public-private partnerships (especially triggered by the system of real estate funds), cannot be considered as the solution for the pressing and urgent housing need. Subsidised housing, in its traditional form (INA-Casa and Gescal programmes), could still be considered as an important public response for housing distress in this time of crisis. A structured response designed strategically for the long-term housing system would be the most important achievement for the country, surpassing the fragmented and short-term initiatives of the past decades.

Despite this rationale based on the idea of solving the housing demand, neo-liberal turn and welfare cuts are pushing to enhance the importance of private actors and self-made solutions. This tendency, which is common to all Europe, implies a certain degree of spatial imbalance, since not all territories can afford wise self-initiatives, ethical private investors and local authorities that promote empowerment of their communities. Instead, the public actor—the State—should be restored as the appointed subject in charge of mediating and supporting distressed populations and territories.

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