



European Construction Sector Observatory

Policy fact sheet

Italy

Social Housing Renovation Programme

Thematic objective 1

January 2020

In a nutshell

Implementing body	Ministry of Infrastructure and Transport (MIT)
Key features & objectives	Funding programme for regional governments to finance the renovation of the social housing stock.
Implementation date	2014 – 2017 (extended to 2024)
Targeted beneficiaries	Low-income households and people living in a difficult social situation.
Targeted sub-sectors	Residential (social housing)
Budget (EUR)	EUR 468 million
Good practice	★ ★ ★ ☆ ☆
Transferability	★ ★ ★ ☆ ☆

About one fifth (21%) of Italian households live in rented housing. Of those, the majority (16%) live in privately rented housing. The public sector accounts for remaining 5% of the rental market, most of which is social housing (4%)¹. Compared to the EU average of 25%, Italy has one of the lowest percentages of social housing in Europe, in relation to its total rental housing stock².

More than 650,000 families were on the waiting list for a dwelling in 2015³. More recent estimates indicate that only one-third of those in need (about 750,000 families) actually reside in social housing. However, it is expected that this number will continue to rise in the coming years⁴.

Issues such as high unemployment and low-income levels for working individuals are also having profound effects on the Italian social housing market. Between 2006 and 2014, individual income levels fell by about 15%. At the same time, government spending was severely cut, particularly following the financial crisis in 2008⁵. Furthermore, based on the data provided by Ministry of the

Interior, approved arrear evictions doubled with the crisis, growing from 33,768 in 2005 to 69,250 in 2014⁶.

To address these problems, the Ministry of Infrastructure and Transport (MIT) launched the Social Housing Renovation Programme (Programma di recupero di immobili e alloggi di edilizia residenziale pubblica). It ran from 2014 to 2017 and was allocated EUR 468 million to support the renovation of social housing across the country.

The main purpose of the Social Housing Renovation Programme (SHRP) is to support the renovation of part of the national social housing stock. Priority was given to those dwellings that were considered to be most in need, for example, dwellings in poor conditions that are either uninhabitable or are rapidly losing value.

SHRP implementation has not been as effective as intended, achieving only half of its objectives by the planned end date (2017). Nonetheless, implementation has been extended through to 2024, at which time nearly all of the original objectives are expected to be achieved. Implementation delays appear to be linked, at least in part, to funding payment delays.

As part of the SHRP, the MIT has introduced a new monitoring system to record data on the progress of social housing renovations funded by the SHRP. This is the first Italian example of an open access database with data on social housing policy implementation.

Although the monitoring system is a positive development, it only captures fairly basic data on regional interventions. A more comprehensive (common) evaluation process at national and regional levels has been lacking, which makes it difficult to assess the effectiveness and impact of the measure. A more joined up approach would be beneficial, bringing central and regional agencies together as part of a common strategy and working towards a shared vision. This would help coordinate the work done at regional level and build a better understanding of the overall sector.

1.

General description

Most of the social housing in Italy (75%) is managed by public housing companies, usually referred to as Edilizia Residenziale Pubblica (ERP), or by their former name, Istituti Autonomi Case Popolari (IACP).

The Italian social housing sector consists of three main components: (a) the traditional public housing, which accounts for almost the whole sector; (b) the Integrated System of Funds (SIF) based on co-funding and aiming at developing an affordable sector to target mid-income households; and (c) the emerging non-profit sector⁷.

To address the social housing challenge in Italy, the MIT launched the Social Housing Renovation Programme at the start of 2014. The main objectives of the programme were to:

- Transform all social dwellings that are labelled as condemned properties (for security reasons) into habitable dwellings;
- Revitalise the social housing stock;
- Bring social housing into line with EU regulations, especially with regard to energy efficiency and earthquake regulations⁸.

In line with the provisions made in Art. 4 of Government regulation No 80/2014 Co, the government made EUR 468 million in funding available to support the operation of the SHRP⁹.

Two types of actions were eligible for support under the SHRP:

- Intervention type "A"** provided a maximum of EUR 15,000 per dwelling to support minor renovation work to vacant social housing to make it habitable;
- Intervention type "B"** provided a maximum of EUR 50,000 per dwelling to support major (extraordinary) renovation work to vacant social housing to make it habitable. The aim is to transform poor conditioned housing into

housing that complies with regulations. The eligible 'type B' actions include:

- Improve building energy efficiency by ensuring that the building upgrades in terms of energy performance rating (an increase of at least one energy performance class – e.g. D to C) or by lowering building energy consumption by at least 30% compared to the levels recorded in the previous two years;
- Remove all components that contain harmful and poisonous materials, such as asbestos, lead and others;
- Elimination of architectural barriers;
- Special maintenance of communal areas within and around social housing;
- Renewal and substitution of structural elements of buildings;
- Renovations, upgrades, seismic retrofitting¹⁰.

The SHRP was established with a total budget of EUR 468 million. EUR 68 million was allocated for type A interventions and EUR 400 million for type B interventions.

The financing was provided in the form of grant funding. Municipalities deemed to have a 'high population density'¹¹ were permitted to take part in the programme:

- Population larger than 10,000 people for regions with a total population larger than 2 million of people;
- Population larger than 5,000 people for regions with a total population no larger than 2 million.

The financial resources were divided fairly among the regions based on the following criteria:

- **Type A Intervention:** in accordance with the number of people evicted, based on the last report provided by Ministry of the Interior (60%) and number of social housing located in each region (40%);

- **Type B Intervention:** in accordance with the number of people living in rental housing (50%) and the number of social housing present in each region (50%) (MIT, 2014).

Each region was required to draw up a list of interventions (in order of priority) for both type of

interventions, which had to be delivered to the MIT within 120 days from the date of programme publication. Regions were required to monitor work in progress, as well as monitoring how grant funding was being used. The regions were expected to submit a report to MIT every three months outlining the main findings achieved or expected.

2.

Achieved or expected results

Each region identified the number of the social housing dwellings located in their territory, as well as their conditions and quality. According to their combined estimates, 5,767 dwellings were vacant due to minor damage and problems, whereas 42,000 were inhabited but in poor condition and in need of major (extraordinary) maintenance.

Based on these estimates, MIT granted multi-annual funding to the regions (drawn from the total available budget of EUR 468 million), with the aim of achieving two target objectives:

- **Objective 1:** Make all 5,767 empty dwellings habitable by the end of 2016 (Type A intervention);
- **Objective 2:** Start 'Type B' renovation work on 20,769 dwellings (out of the 42,000 identified) before the end of 2017.

A total of 5,560 interventions were proposed and launched by the regions, of which 3,246 concern Intervention Type A and 2,314 concern Intervention Type B. It is important to note that the number of interventions performed does not equal the number of dwellings renovated. For example, an intervention typically refers to the renovation of a block of social housing apartments. Therefore, one intervention includes the renovation of multiple dwellings.

Table 1 provides a general overview of the interventions carried out at regional level. The majority of interventions are concentrated in regions with a higher population density, such as Tuscany followed by Emilia-Romagna, Piedmont and Abruzzi. The lowest number occurred in regions with a smaller population density, such as Aosta Valley, Umbria and Molise. Social housing is likely to be more prevalent in regions that feature a greater population density. Therefore, there is greater need for interventions in those regions.

Table 1: Regional distribution of SHRP interventions

Region	Interventions	%
Abruzzi	524	9.42%
Aosta Valley	11	0.20%
Apulia	151	2.72%
Basilicata	114	2.05%
Calabria	77	1.38%
Campania	62	1.12%
Emilia-Romagna	891	16.03%
Friuli Venezia Giulia	353	6.35%
Lazio	386	6.94%
Liguria	179	3.22%
Lombardy	284	5.11%
Marche	170	3.06%
Molise	51	0.92%
Piedmont	645	11.60%
Sardinia	290	5.22%
Sicily	211	3.79%
Tuscany	904	16.26%
Umbria	46	0.83%
Veneto	211	3.79%
TOTAL	5,560	100%

Source: MIT¹²

Table 2 shows the number of renovations completed by 2016 (Type A) or initiated by 2017 (Type B) with the support of the SHRP.

Just under half the expected number of 'Type A' renovations were completed by the end of 2016, and just over half the expected number of 'Type B' renovations were initiated by 2017. The SHRP therefore fell short of its objectives for those deadlines.

Table 2: SHRP results by 2016 and 2017

Type of Intervention	Renovation targets	N° of dwellings renovated / initiated	% of objective achieved
Type A	5,767	2,798	49%
Type B	20,769	11,171	53%

Source: MIT¹³

Although the SHRP did not meet its objectives on time, more progress has been made since 2017, even though the programme has officially ended. Table 3 presents the results achieved by the end of 2018.

Table 3: SHRP results by 2018

Type of Intervention	Renovation targets	N° of dwellings renovated / initiated	% of objective achieved
Type A	5,767	4,155	72%
Type B	20,769	16,839	81%

Source: MIT¹⁴

The results achieved by the end of 2018 had incurred a total spending by the regions of EUR 278 million, compared to the total of EUR 319 million awarded to the regions by MIT for those particular interventions.

It is important to underline that, of the 5,560 interventions proposed by the regions at the start of the programme, only 3,531 received funding. The other 2,030 were accepted but were still waiting to receive funding. This financing issue may explain the

delays encountered during SHRP implementation. However, the reasons for the delay in payments is not clear.

Once the outstanding funding has been received, the regions are projected to achieve 90% of the overall Type A renovation target and to surpass the overall Type B renovation target, albeit not until 2024. Table 4 presents the expected results for 2024. By that date, it is expected that the regions will have spent EUR 452 million, which is 97% of the total programme budget (EUR 468 million).

Table 4: Projected SHRP results for 2024

Type of Intervention	Renovation targets	N° of dwellings renovated	% of objective achieved
Type A	5,767	5,163	90%
Type B	20,769	21,074	101.5%
Total	26,536	26,237	99%

Source: MIT¹⁵

3.

Perspectives and lessons learned

The monitoring system designed by MIT has been an important and innovative tool. It has enabled MIT to manage SHRP implementation and decision-making processes more effectively, and it has helped to make the process more transparent.

The system enables MIT to collect real-time data on the implementation status of SHRP-supported interventions across the entire national territory. The dataset can be downloaded directly from the official page of MIT¹⁶. It consists of a matrix of 19 variables which contain a variety of information, such as the type of intervention, the name of the region and the province where the intervention is located, the amount funded, the number of dwellings renovated, and the start and end dates of each intervention.

The monitoring system is the first Italian example of an open access database (made available by relevant public institutions) on the implementation of social housing policies.

Data is recorded in the system by qualified people appointed by MIT. Regional managers are responsible for the coordination and validation of data. In total, 251 people have been assigned data input duties, and 19 managers (one for each Italian region) are responsible for verifying the data input. Transparency is provided by allowing anyone to access the database online and monitor the progress of all interventions.

However, it is important to underline that the monitoring is mainly used for administrative purposes.

Social housing is both a local and national challenge that is best confronted using a more joined up approach involving stakeholders at all levels.

SHRP implementation involved both central and regional governments, with the regions taking on

the main responsibilities for delivering improvements to social housing in their areas. MIT (central government) provided the funding to support those improvements.

The missing element in the particular approach adopted for the SHRP was the lack of an overarching evaluation strategy. Beyond the capture of basic data in the monitoring system on the status of each intervention funded, there was no overall strategy for evaluating the impact of the measure on the national social housing sector. Each region was essentially given free rein to run (or not run) their own evaluation activities under their own terms. It makes it therefore difficult to understand the impact of the SHRP and what the future needs of the social housing sector are.

More broadly, the Italian social housing sector is affected by a range of problems. One example is the lack of regular funding for new builds and renovations. Another issue is the lack of a long-term national vision and plan for social housing, including an evaluation process that would help understand the changing nature and needs of social housing tenants and the social housing sector, at national and local levels.

Other issues relate to the privatisation plans that Italy has implemented in the past to find new ways to finance the expansion and the renovation of the social housing stock. Based on these plans, social housing is sold for a price below the market value, which then free up capital to fund the building of new social housing. This approach is not financially sustainable because it requires the sale of three to four individual properties to fund one new social housing.

4.

Conclusion and recommendations

The SHRP was not successfully implemented within the timeframe established at its launch in 2014, achieving only half of its objectives by the end of 2017. However, in spite of that setback, SHRP implementation has continued and is still ongoing. By the end of 2018, the SHRP had achieved approximately three-quarters of its overall objectives. Although considerably beyond its original schedule, the SHRP is now expected to deliver 99% of its overall objectives by 2024.

In terms of the specific objectives set for each type of intervention eligible under the SHRP, it does not appear likely that the SHRP will achieve all of its targets for Type A renovations, even when factoring in the projected results for 2024. A 90% completion rate is expected (5,163 dwellings renovated out of a target of 5,767). In contrast, the forecast for Type B completions is expected to surpass the original target by 2024, with a completion rate of 101.5% (21,074 dwellings renovated compared to the original target of 20,769).

Looking forward, three recommendations are suggested to help improve the impact of the programme:

- Central and local governments should consider adopting a more joined-up approach to tackle the challenges that exist in the Italian social housing market. Currently, the regions are responsible for addressing social housing needs as they see fit, making use of central government funding. The fact that the regions have a strong role to play in managing social housing in their areas is a positive factor; however, central government also has an important role to play as well, to coordinate regional activities and provide a national vision, direction and strategy;
- Emphasis should be placed on evaluating the effectiveness and impact of the social housing interventions funded by the programme.

Currently, regions are free to carry out (or not) evaluations. The only type of evaluation required at present is the input of basic status data into the MIT monitoring system. A common evaluation framework or set of guidelines completed by a common evaluation process for all regions would be a good start. This would help getting a better understanding of the impact of the SHRP measure, and especially on what works and what does not work, and what needs to be improved. It would support cross-government learning:

- The SHRP funding process should be improved to ensure that funding awarded to regions is disbursed promptly. This would help avoid the lengthy delays in the implementation of the programme, which have been experienced over the last five years.

Overall, the SHRP is rated as a '3-star good practice measure' on a scale of 1 (low) to 5 (high).

This score is based on the fact that the programme had only achieved approximately half of its planned objectives by its expected end date (2017). To reach those planned objectives, it had to significantly overrun its original timetable, postponing the original deadline to 2024. Funding process issues appear to have played a part in the delays experienced. An evaluation process has also been lacking to assess the effectiveness and impact of the measure. Without these issues, the measure would likely achieve a 4-star rating.

The SHRP is rated as a '3-star transferable measure' on a scale of 1 (low) to 5 (high).

This score is based on similar reasons to those given on 'good practice'. Without an effective evaluation process in place, this measure is unlikely to become appealing to other countries, as it is difficult to assess how effective it has been in terms of impact.

Endnotes

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- ¹³ Ibid
- ¹⁴ Ibid
- ¹⁵ Ibid
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