

Regione Emilia-Romagna

Affordable Housing Position Statement

February 2010

Emilia-Romagna staff:

Claudio Tolomelli
+39 051 5273684
ctolomelli@regione.emilia-romagna.it

Silvia Grassi
+39 051 5273325
sgrassi@regione.emilia-romagna.it

Delia Cunto
+39 051 5273792
dcunto@regione.emilia-romagna.it

Daniele Ganapini
NuovaQuasco
d.ganapini@nuovaquasco.it

Summary

Foreword	3
1. Socio-economic considerations	3
1.1 Demographic change	3
1.2 Migration change	3
1.3 Household change	4
1.4 Disposable income levels	5
1.5 Expenditure patterns (% on housing)	5
2. Housing stock considerations	6
2.1 Housing types (size and form)	6
2.2 Increase on housing stock	7
2.3 Housing tenures (ownership, private rental, public rental)	8
2.4 Housing issues	10
3. Housing markets	11
4. The housing policies of Emilia-Romagna Region	13
4.1 The new programmes	15
4.2 The relationship between housing policies, social and environmental policies, city renewal, urban planning.	16

Foreword

The aim of this position statement is to give the widest range of information. For this reason in some cases we refer to the whole Emilia-Romagna territory (scenarios, market trends, policies), in other cases to the Bologna province, the real metropolitan area (market area, socio-economic considerations, housing stock considerations), in other ones to the Bologna city area (the housing stock considerations).

1. Socio-economic considerations

1.1 Demographic change

In Emilia-Romagna, from 2000 to 2009, population increased of 8% (from 4 million people to 4,3), in Bologna Province increased of 6% (from 917k to 976k).

Population divided by age classes - 1 January 2009

	Age classes			TOTAL
	0-14	15-64	Over 65	
Bologna province	122.338	622.841	230.991	976.170
Emilia-Romagna	564.045	2.798.713	975.208	4.337.966

Population change 1971 – 2001 Bologna Province, Emilia-Romagna Region, Italy

	Census Year				2009
	1971	1981	1991	2001	
Bologna province	918.844	930.284	906.856	915.225	976.170
Emilia-Romagna	3.846.755	3.957.513	3.909.512	3.983.346	4.337.966
Italy	54.137.000	56.557.000	56.772.923	56.995.744	60.045.068

1.2 Migration change

At the last survey (1st January 2009) in Emilia-Romagna there were 421.482 foreigner residents, more than 9% of the total population.

In Bologna province more than 8% of the population are foreigner, about 87k people. 42.100 in Bologna city area. (10 % of regional total).

The table below shows the strong increasing of foreigner population in the last 10 years. This trend had a relevant impact on the housing market.

Foreigner – 1999-2009

Area	1999	2000	2001	2003	2004	2005	2006	2007	2008	2009
BO	24.389	28.481	32.632	38.720	47.431	55.840	61.569	65.785	75.277	86.701
E-R	93.555	110.168	130.304	163.838	210.397	257.161	288.844	317.888	365.687	421.482

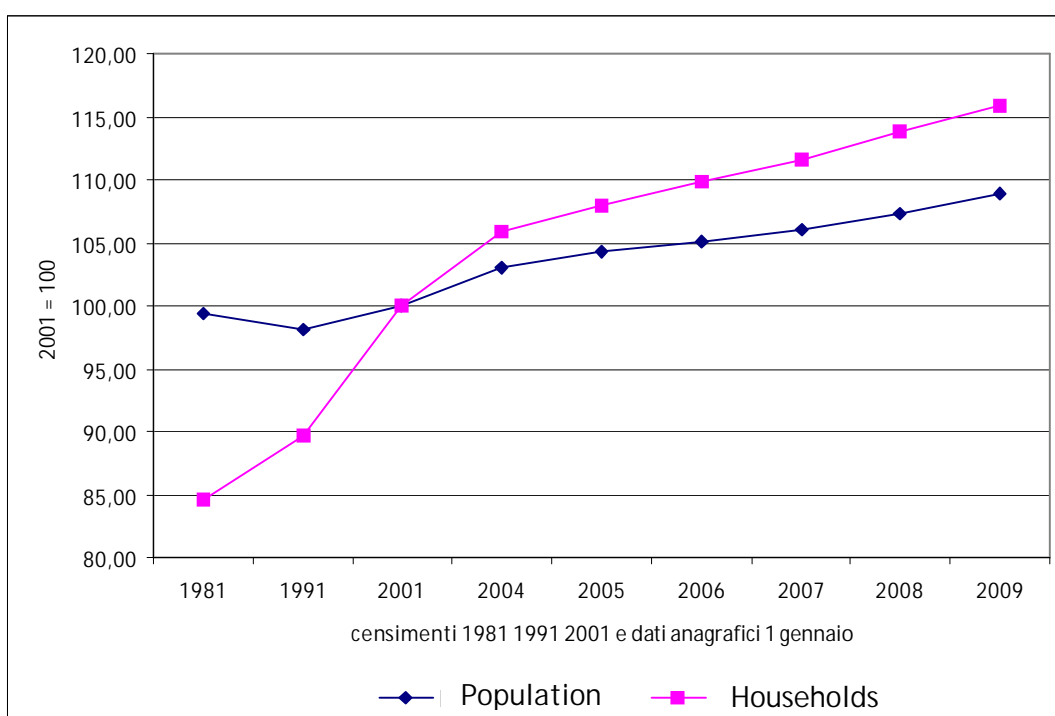
The largest number of people is concentrated in the intermediate age class (15-64) which is the one that has the main housing needs. This fact too increased the housing demand.

Foreigner divided by age classes - 1 January 2009

	Age classes			TOTAL
	0-14	15-64	Over 65	
Bologna province	16.369	68.892	1.442	86.703
Emilia-Romagna	84.743	328.822	7.944	421.509

1.3 Household change

Regarding the housing market, the number of households is particularly important. This number increased more than the population, with a reduction of the average member number (now 2,3).



Households change 1991 - 2001

Area	1981	1991	2001	2009
Emilia Romagna	1.399.000	1.482.000	1.652.425	1.915.435

Households and average number of household members, year 2008

Area	Households	Average number of household members
Bologna	461.490	2,1
Emilia Romagna	1.915.435	2,3

1.4 Disposable income levels

The household average wealth in 2007 was estimated in 470.769 € (1,23 the Italian average), of which 251.031 constituted by real estate (53,4%). In the period 2004-07 the family gross income increased of 14% (like the national data).

GDP per capita – year 2008

	GDP per capita
Bologna	36.360,7
Emilia-Romagna	32.255,7

1.5 Expenditure patterns (% on housing)

Average monthly expenditure of the households in Emilia-Romagna and Italy and % of cost component

	Food and beverage	Tobacco	Apparel	HOUSING	Fuels and energy	Furnishings	Health services	Transport	Communications	Education	Hobbies	Other	Average monthly expenditure
Emilia Romagna	15,0	0,7	5,0	29,1	5,5	6,3	4,1	15,1	1,9	1,0	4,4	12,0	2.854
Italy	19,1	0,9	6,0	26,9	5,2	5,5	3,8	14,3	2,0	1,0	4,3	10,9	2.485

As the table below shows the housing expenditure is progressively increased in the last years.

Average monthly expenditure from 2003 to 2008 - Emilia-Romagna and Italy

	Emilia-Romagna		Italy	
	% Housing	Average monthly expenditure	% Housing	Average monthly expenditure
2003	26,6	2.631	24,9	2.313
2004	27,2	2.762	25,5	2.381
2005	26,9	2.778	25,8	2.398
2006	27,2	2.880	26,0	2.461
2007	28,8	2.762	26,7	2.480
2008	29,1	2.854	26,9	2.485

2. Housing stock considerations

2.1 Housing types (size and form)

At the last survey on the 1st January 2009, in Emilia-Romagna residential housing stock was composed by 2.367.000 units. 850.000 units of the total stock (35,9%) are localized in the main urban centre (including Bologna). Bologna province has about 540.000 houses, the 22,8% of regional stock. About 220.000 houses are concentrated in Bologna city centre.

Housing stock in Emilia-Romagna – 01 January 2009

	Main urban centres		Other Municipalities		Total	
	Housing stock	% on total housing stock	Housing stock	% on total housing stock	Housing stock	% on regional value
Bologna Province	219.619	40,6	320.650	59,4	540.269	22,8
Emilia-Romagna	849.990	35,9	1.517.282	64,1	2.367.272	100

Regarding the size of the houses there are 5 classes:

One room apartment	till 45 m ²
Small	45 m ² < < 60 m ²
Medium-small	60 m ² < < 90 m ²
Medium	90 m ² < < 120 m ²
Big	over 120 m ²
Other	other

Housing stock at 01/01/2009 divided by size classes

	Housing stock							Percentage					
	One room apartment	Small	Medium-Small	Medium	Big	other	Total	One room apartment	Small	Medium-Small	Medium	Big	other
Bologna city area	16.212	49.331	62.844	72.444	18.629	159	219.619	7,4	22,5	28,6	33,0	8,5	0,1
Other municipality	16.409	62.954	74.751	115.178	51.321	37	320.650	5,1	19,6	23,3	35,9	16,0	0
Bologna Province total	132.196	458.269	465.115	879.350	429.679	2.663	2.367.272	5,6	19,4	19,6	37,1	18,2	0,1
Emilia-Romagna Total	50.239	171.855	183.652	322.694	121.386	164	849.990	5,9	20,2	21,6	38,0	14,3	0

In the tables below housing stock is divided by cadastral classification. In comparison with last years data, there is a strong increase of good quality housing, cheap housing and small villas, while council housing and poor housing are decreasing. These last typologies are often restructured so, for this reason, they change classification.

Housing stock at 01/01/2009 divided by cadastral category

N.	A1	A2	A3	A4	A5	A6	A7	A8	A9	A11	Totale
Bologna province	99	35.693	381.056	92.563	8.101	2.624	18.702	586	512	3	539.939
Emilia-Romagna	1.043	692.602	1.157.137	307.616	31.294	14.020	158.460	3.680	695	35	2.366.582
%	A1	A2	A3	A4	A5	A6	A7	A8	A9	A11	Totale
Bologna province	0	6,6	70,6	17,1	1,5	0,5	3,5	0,1	0,1	0	100
Emilia-Romagna	0	29,3	48,9	13,0	1,3	0,6	6,7	0,2	0	0	100

Legend:

- A1 Luxury housing
- A2 Good quality housing
- A3 Cheap Housing
- A4 Council housing
- A5 Poor housing
- A6 Rural housing
- A7 Small villas
- A8 Villas
- A9 Castle, buildings of historical and artistic relevance
- A11 Characteristic local housing

2.2 Increase on housing stock

Population and housing census is the only survey (made by Statistics National Institute) which gives exhaustive data on real housing stock of the Country, on housing use of buildings and on people residence. Unfortunately the last census has been made in 2001. At the last census, Emilia-Romagna housing stock was composed by 1.970.977 units (of which 303.271 inhabited by residents not of Emilia-Romagna).

The table below shows housing stock divided by typology.

Houses divided by typology – data for Emilia-Romagna and Bologna. Census 2001

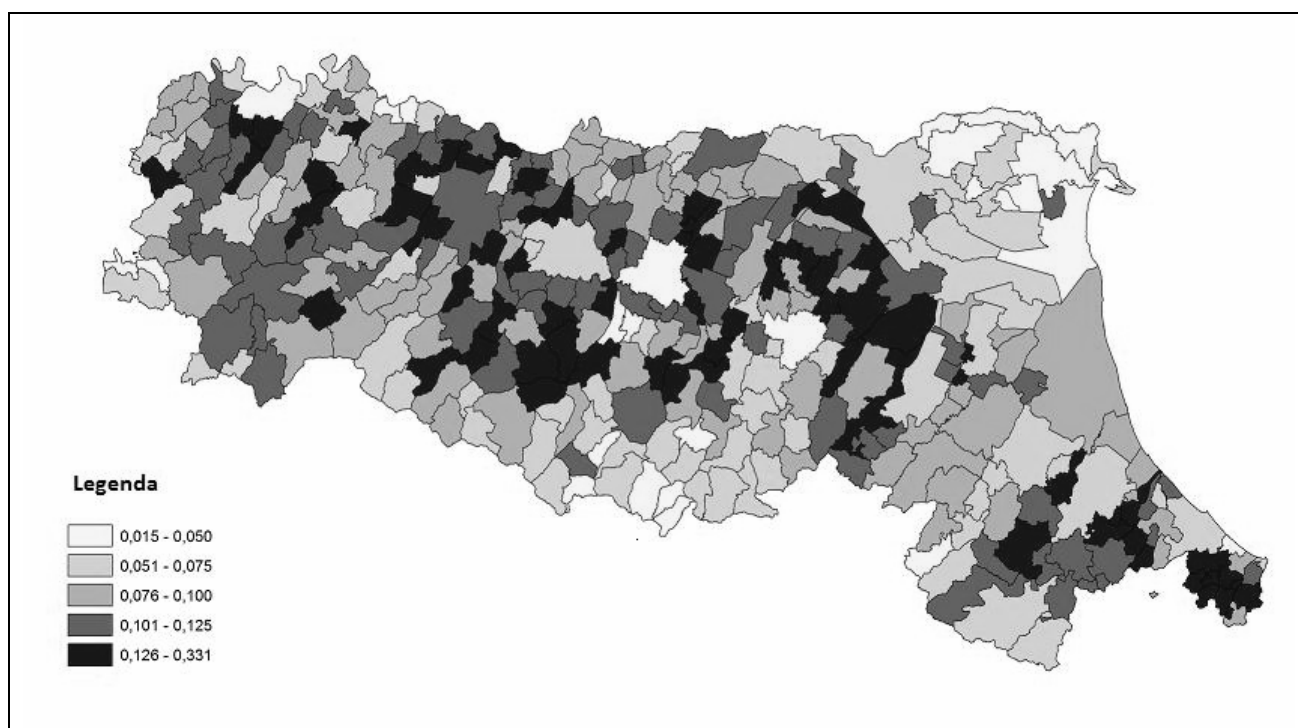
Area	Building typology							
	Residential use buildings					Non-residential buildings and housing estate	Other buildings	Total
	One family building	Two family building	Pluri-familiar		Total			
			Total	Till 10 apartment				
Bologna Province	44.321	49.996	360.775	212.099	455.092	353	254	455.699
Emilia-Romagna	356.118	358.787	1.254.330	564.685	1.969.235	870	872	1.970.977

Looking at the table it is clear that the residential stock in Emilia-Romagna has grown, between October 2001 and December 2008, from 1.970.977 dwellings to 2.367.272; in Bologna province residential buildings units increased from 445.699 to 540.269.

Housing stock change from 1991 census to 1st January 2009

	1991	2001	2009	var 91-09	var. 01-09
Bologna city area Households	171.208	177.680	197.808	15,5%	11,3%
Bologna city area Residents	399.044	371.217	374.944	-6,0%	1,0%
Bologna city area Houses	190.321	194862	219427	15,3%	12,6%
Bologna Province Households	401.672	401.785	461.490	14,9%	14,9%
Bologna Province Residents	897.346	915.225	976.170	8,8%	6,7%
Bologna Province Houses	417.802	455.699	540.269	29,3%	18,6%
Emilia-Romagna Households	1.481.720	1.652.425	1.915.435	29,3%	15,9%
Emilia-Romagna Residents	3.874.174	3.983.346	4.337.966	12,0%	8,9%
Emilia-Romagna Houses	1.782.607	1.970.977	2.367.272	32,8%	20,1%

% of housing stock increase between 2006 and 2008



2.3 Housing tenures (ownership, private rental, public rental)

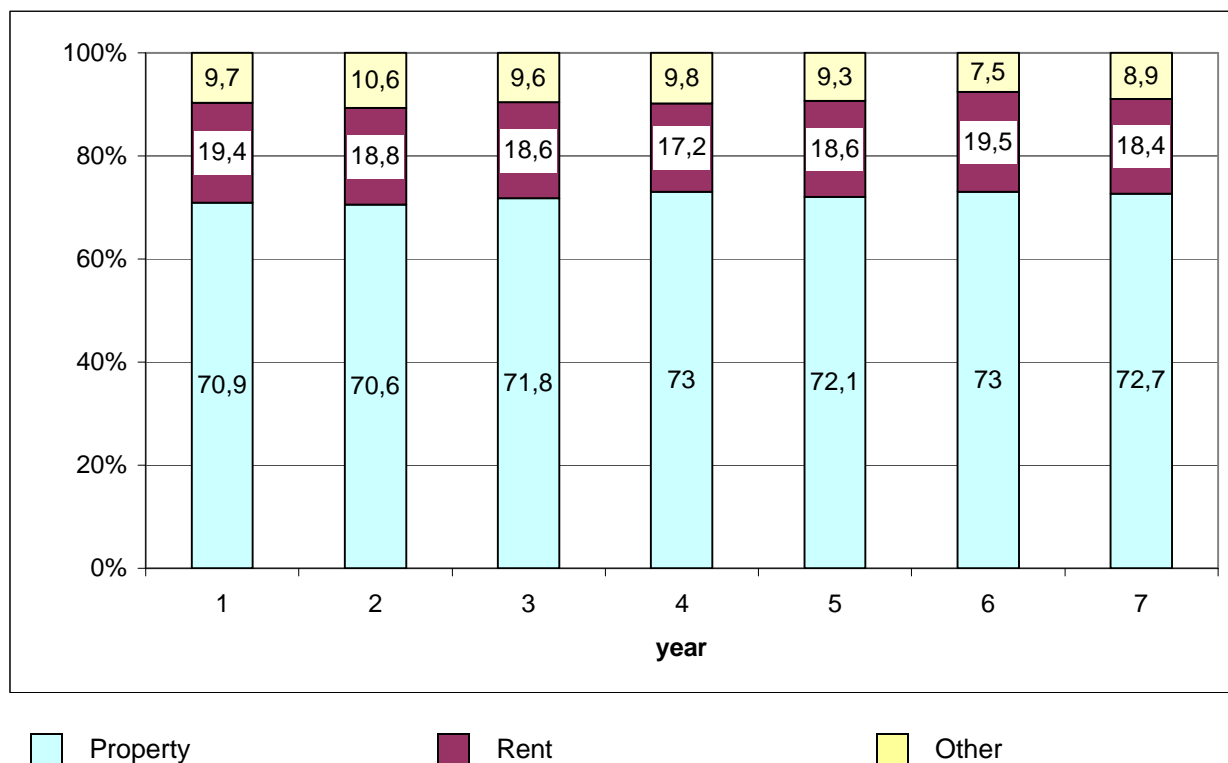
Regarding housing tenures, 2001 census data show that in Bologna city area, Bologna Province, Emilia-Romagna region and Italy property is the prevalent tenure.

Housing stock by tenures

		Property, tenancy, hire purchase	Rent	Other	Housing stock total
Bologna city area	1991	99.193	61.355	8.040	168.588
	2001	112.612	49.733	11.043	173.388
Bologna province	1991	227.236	106.606	21.533	355.375
	2001	275.371	90.993	29.313	395.677
Emilia-Romagna	1991	992.150	363.529	110.901	1.466.580
	2001	1.171.977	322.117	143.288	1.637.382

For rent agreement, unofficial data estimate rent for 337k households in Emilia-Romagna region in 2006-07.

Yearly average for the period 2001-2007 shows that 337k households are about 19% of the total, while 71,5% of households are owners.



Regarding the typology of ownership, in 2008 the public property in Emilia-Romagna region counts 55k dwellings, 51k of which are occupied. In Bologna province public property (18k dwellings, of which 16,7k occupied) remained stable but losing in % of incidence on the total due to the effect of the increase of houses number.

Moreover for the effect of sale, renew and new construction programs the public housing stock it is improved in qualitative terms but it is characterized by a target with extreme social difficulty and this people pay a low rent that is not able neither to cover the maintenance cost.

Housing stock by owners 2001 census

	Private owner	Enterprise	Building cooperative	Public property	Provident institution	IACP Public social housing agency	other	Total
Bologna	151.044	3.416	2.517	2076	1163	10.582	2.590	173.388
Bologna Province	358.473	6.351	4.065	4.983	1.367	15.316	5.122	395.677
Emilia-Romagna	1.525.672	22.826	8.877	14.064	2.975	44.873	18.095	1.637.382

2.4 Housing issues

High rent cost

Housing market in Bologna Province is characterised by high rent cost in comparison with other Provinces of Emilia-Romagna. This is the effect of a high number of students coming from other parts of Italy that ask for dwellings.

Students registered for the year 2008 are about 72.500, 41.000 of which coming from other Italian cities, that caused a rent house demand of 34.000 units.

Eviction measures

The eviction measures decided by authorities are larger than the national amount (in Bologna city area there are one every 726 households, in Italy one every 987). Moreover, the demands for additional contribution for rent are 54.269, 14.733 in Bologna Province and 7.326 in Bologna city area. In Bologna city there are also 8.000 requests for public rent housing: a number very high, that point out a great social difficulty and that has been increasing in the last two years.

Relationship among households, eviction measures issued and eviction carried out – Years 2007 and 2008

	2007				
	Households	eviction measures issued	Households/ Eviction measures	eviction carried out	Households/ eviction
Bologna Province	452.769	1.212	374	553	819
Bologna city area	194.708	160	1.217		
Other municipality	258.061	1.052	245		
Emilia-Romagna	1.879.750	5.076	370	2.449	768
Italy	24.282.485	43.739	555	22.398	1.084
	2008				
	Households	eviction measure issued	Households/ Eviction measures	Eviction carried out	Households/ eviction
Bologna Province	461.490	1.394	331	636	726
Bologna city area	197.808	128	1.545		
Other municipality	263.682	1.266	208		
Emilia-Romagna	1.915.435	5.638	340	2.687	713
Italy	24.641.200	52.033	474	24.959	987

In general terms, in Bologna and in Emilia-Romagna the demand of dwellings is increasing, particularly in the last years and thanks to the foreigners.

This situation contributed to cause a building market oriented to quantitative aspects instead of qualitative ones.

For this reason Public Administration (regional and local) launched policies aimed to improve the buildings quality and to prevent soil consumption.

3. Housing markets

In Emilia-Romagna the situation of housing tenures is pointed out in the following table.

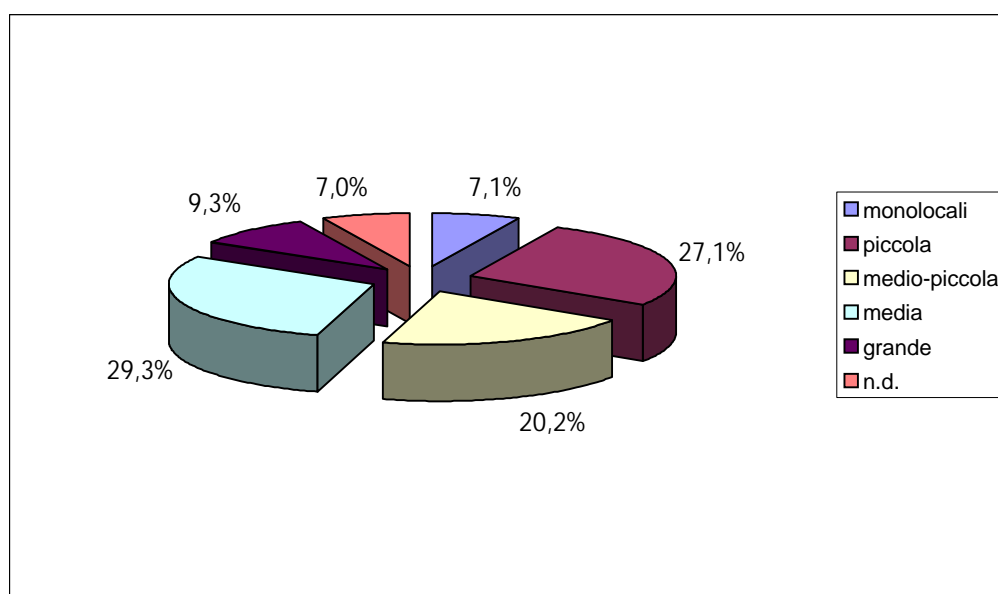
Year	Ownership	Rent	Other	Total	Ownership	Rent	Other	Total
	Thousands of euro				%			
1995	1.055	277	180	1.512	69,8	18,3	11,9	100,0
2000	1.141	312	156	1.609	70,9	19,4	9,7	100,0
2001	1.171	312	176	1.659	70,6	18,8	10,6	100,0
2002	1.207	312	161	1.680	71,8	18,6	9,6	100,0
2003	1.232	290	165	1.687	73,0	17,2	9,8	100,0
2005	1.255	323	162	1.740	72,1	18,6	9,3	100,0
2006	1.266	338	130	1.734	73,0	19,5	7,5	100,0
2007	1.331	337	163	1.831	72,7	18,4	8,9	100,0

As shown in the table, more than 70% of the households are owners of the house where they live. The rent regards less of 20% of the households. The insufficient supply of housing for rent and the elevated medium rents involves that this tenure represents in the most cases a transitory situation for young families or extra communitarian citizens.

Moreover, the rental demand regards specific groups of population, like students temporary resident or temporary guests workers.

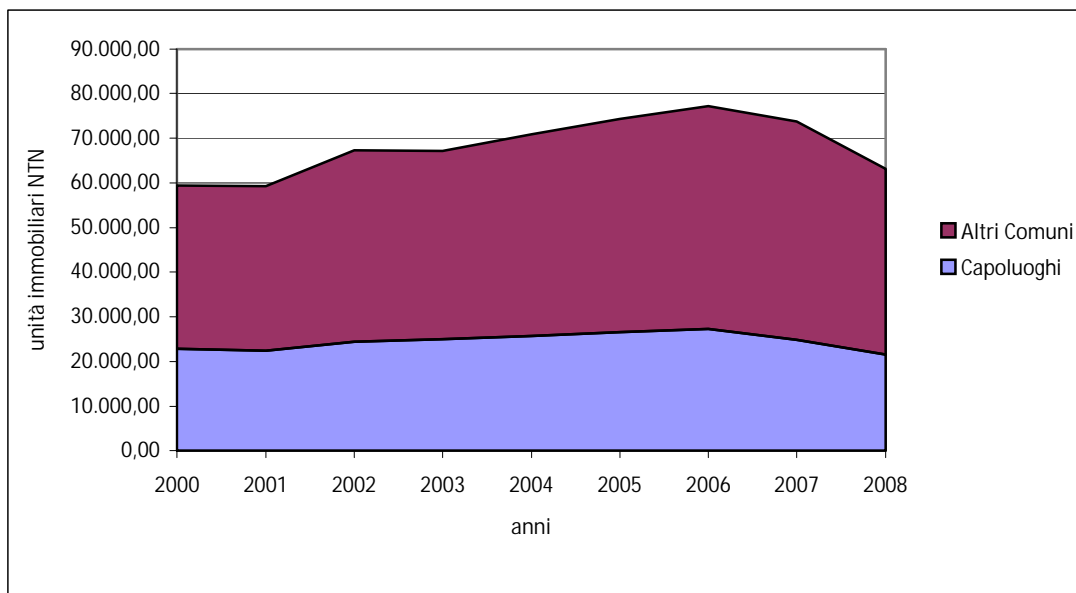
The population changes quickly in quantitative terms and is subject to important changes in composition; the population increases less than the number of households as consequence of the changes in the life style and of the life prolongation; so, as the households are the main expression of the house demand, it is necessary a larger supply of medium and small dimension dwellings which in fact, in the 2008, have regarded the three quarters of the sales.

Real estate trading by dimension in Emilia-Romagna – I° half-year 2009



The housing market trend in Emilia-Romagna in the last 10 years has known an extended expansive phase, reaching the top in 2006; in the course of the 2007 a high level of sales has been still recorded; in the 2008 there has been a decrease of 14% at regional level. In the 1° half-year 2009 the regional negative trend (less 20%) continues, more marked than at national level. The decrease regards mainly the largest size houses and flats.

Real estate trading in Emilia-Romagna 2000-2008



During the 2008 in ER the housing purchase regarded 63.175 transactions (9.2% of the national market).

According to the official appraisals, the real estate turnover in the Emilia-Romagna in 2008 has been of 10.671 million euro (9% of the national total) and has recorded a decrease of 13% approximately respect 2007.

Bologna province, with 3.233 million euro, concentrates 29% of this market. In 2007 there has been a decrease of 14% approximately.

The forecasts for the future are not positive but, compared to the international scenery, the situation is less critical than in other European countries; this for several reasons: the real estate quotations decreased but not collapsed; the market of mortgage loans, thanks to the governmental policies too, has substantially resisted up to now, avoiding serious difficulties.

Some characteristics of the Emilia-Romagna housing market can explain why the situation is not dramatic:

- there was been a smaller utilisation of the financial leverage;
- the Italian owners, respect to other European people, are strongly attached to saving (again increasing) and to housing ownership;
- in Italy the main reason for investing in real estate is due to family residential needs rather than speculative purposes; so it is less frequent that owners sell their properties for profit reasons in the short period.

In Emilia-Romagna, like in Italy, families are the main engine of housing market.

In most cases the households sold their houses in order to buy a larger or more suitable one. But in period of crisis this kind of demand tends to be postponed in the time, in consideration of the entity of the expenditure, thus reducing also the offer of dwellings less expensive.

The forecasts for 2010 point out a further contraction in the production of new housing, also for the consequences of the unsold estate. Moreover in the last years the building construction has been intensive.

Now the housing market is characterized by a stagnant situation due to:

- shortage of transactions caused by the fact that both sellers and purchasers are in stand-by, waiting for more favourable market condition.
- prices level decreased less than what initially previewed.

4. The housing policies of Emilia-Romagna region

In the course of the last 20 years the Emilia-Romagna Region has developed relevant and complex housing policies aimed to satisfy the needs of the poorest citizens through a plurality of instruments:

- contributions to the public system of housing for rent;
- grants and credit for the purchase of the first house;
- contribution to poor citizens for the payment of the lease to private owners.

Periodically, based on the finance availability in the regional budget or on financial transfer from the national government, the Region promotes programs of social and affordable housing in order to widen the offer of house at low rents, for the purchase of the first family house and in order to financing the maintenance and the recovery of the existing public building patrimony.

The target of the contributions are Municipalities, private developers, co-operatives, enterprises of construction, Foundations, NGO that carry out building recovery or constructions of house destined to lodgings use. The lodgings are assigned to low income household. For each program the Region indicates the typology of lodgings to be realised (permanent rent, rent to term, rent with deferred property, purchase), defines the financial and administrative procedures to follow for the realisation of the building and the subjective requirement that the people must possess.

The matter is ruled with the Regional Law 8 August 2001, n. 24 regarding the general discipline of housing policy. Currently three distinguished programs are in course of realisation.

Programme “3.000 houses for the rent and the first house property”

With this program the Region aims to realise 3,000 houses for permanent or “to term” rent (for the maximum period of 10 years), and in property, to low income people that have difficulty to find lodgings for housing at affordable prices.

For the financing of the participation it has been instituted a spin bottom.

The financing of the bottom allows to reduce the burden for interests on the credit granted for the purchase.

The maximum amount of the credit for housing is of 120.000 euros for house to the permanent lease, of 110.000 for those destined to the lease to term and of 100.000 for those destined to the property.

Programme “20.000 houses for rent”

This program is aimed to increase the offer of housing to rent “to term” (minimal 10 years) or permanently (without limitation of time) to a low and established rent for people who have difficulty to find a house at market prices.

The subjects admitted to contribution are the co-operatives, enterprises, Municipalities, Foundations, NGO, selected through a regional ban.

Programme for the maintenance and the recovery of the Municipal housing stock

The program assigns to the Municipalities contributions for maintenance, renewal, technological and normative adaptation of housing of communal property to the aim to increase and to improve the quality of the public housing stock.

The allocated total amount is of 110 million euros subdivided to provincial level based on parameters that take into account population, territorial distribution of the public housing patrimony and maintenance conditions.

The municipal houses interested in such program are more than 22.500, distributed in 263 municipalities and have been selected by a provincial board that operates in tight contact with the Municipalities owner of the patrimony and they take advantage of the operating support of ACER (Emilia-Romagna Housing Agency).

Fund to help the rent

The fund for rent is a tool that distributes a contribution destined to help the household in the payment of the lease. The fund has been constituted 1998 by a law of the Italian State (Law n. 431/98, art. 11). Every year the Region defines the requirements people has to possess in order to receive the contribution and the timing of the bands that the Municipalities must emanate. The Region shares the fund among the Municipalities, that distribute the contribution to the families.

Guarantee Fund

The Guarantee Fund give grants for the payment of the mortgage taken out by the buyers of house build or renewed with the a regional grant. The Region replaces the borrower in economic difficulties and not able to paying the instalments, anticipating the amounts due to the bank. At the end of the amortisation of the mortgage the subject that has benefited of the help gives back the sums, originally due, relative to the instalments that have not been able to pay to their normal expiration.

Public social housing

The difficulty to bear the costs of the rent has become an emergency for many families. The goal of the Emilia-Romagna housing policies is to reduce this emergency. One of the tools is to give a public house for rent. The Municipalities of Emilia-Romagna are owners of about 55.000 house. The management is direct or through a public agency named ACER. The Region establishes some general requirement that citizens have to possess in order to access and to stay in public housing and the criteria to be used by the Municipalities to fix the amount of the rents. The Municipalities detail the procedures and the criteria for the allocation of the lodgings and their management.

Revolving fund

The Emilia-Romagna Region has instituted a revolving fund in order to promote the concession of mortgages from banks for the realisation of house designed to the permanent rent and to property. The grant is given to Municipalities, buildings enterprises, co-operatives. The institution of the revolving fund constitutes an innovative way of financing housing policies. It allows to use more

than one time the financial resources: little by little that the beneficiaries pay the instalments of the mortgage, the amount given back flows to the revolving fund and can be used in order to finance new programs.

Region and banks sign a convention regulating the operating modalities of the fund.

Conventions

Every public housing action realised with public funds requires a specific convention between the Municipalities and the other actors, private, co-operative or public. The Region approves the outlines of convention with the criteria and the parameters to which the conventions has to be conformed.

The conventions in particular regard:

- in the case the building of a house is done with a public subsidy, the fixation of the cession prices of the flats on the base of the cost of the areas, of the construction cost, of the urbanisation charges;
- determination of the rent level;
- regulation of the rent to term;
- regulation of the permanent rent;

4.1 The new programmes

The Emilia-Romagna Region gives great importance to housing policies and is promoting new programs.

A house for the young couples

This program aims to give to the young couples the possibility to buy a house at an affordable price and in fast time, through an agreement with developers and a regional contribution of 10.000 € for each house (13,000 for those having high energetic performance).

No one empty public house

This program aims to reduce the times between the moment in which a public house is free and that in which it is given again to another household, after the maintenance and renewal. In Emilia-Romagna, today the empty public house are approximately 1900 and the times are, in some cases, too much long.

Ethical real estate fund

The Emilia-Romagna Region is working to the constitution of a real estate fund aimed to the purchase and the building of house for persons and families who cannot afford the market level of rent, but that can pay an amount sufficient to remunerate the investment of a public company constituted by Region, Municipalities, banking Foundations, etc.

Acquisition of building areas for the social housing

Today, one of the main problems is the high cost of the areas. A recent regional law established that in the new residential developments 20% of the areas must be made over free of charge to the Municipalities to the aim to developing programs of social building. In the cases of new industrial settlements and trade centres, a financial amount corresponding to 20% of the value of the area has to be given to the Municipality.

The national “House plan”

In 2009 the Italian government launched a “House plan” whose lines must still be defined. Negotiations between regions and national government are in progress in order to define the available resources and the respective competencies.

4.2 The relationship between housing policies, social and environmental policies, city renewal, urban planning.

A deep and strong renewal of the housing policies at regional level is ongoing, with the following objectives:

- to answer to the needs of different social groups, not necessarily poor, that have difficulty to face a private rent market characterised by high costs. It is the case, for example, of temporary guest workers, students coming from other regions, young couples.
- to involve private investors in partnerships with low remuneration, but with high social value, through the offer of compensations like building areas, smaller level of taxation, financial contributions, simplification of bureaucratic procedure, etc;
- to link the housing policies with the policies for town renewal, energy saving in the building, urban planning aimed to improve the quality of life;
- to include the housing social in the general reconsideration of the social and welfare policies, aiming to a holistic approach towards the weakest and poorest part of the population and the society.