The Third Sector and Social Housing in Italy: case study of a profit and non-profit public private partnership

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Abstract

In recent years, the housing system in Italy face huge problems, mainly due to the need to provide social housing for new population groups who have previously not been seriously affected by the housing shortage. Apart from the current economic situation which implies the scarcity of resources for housing, the widening of the housing gap can also be attributable to social marginalisation and to the difficulties faced by low-income buyers in paying housing costs.

The first dimension of the problem arises from the new housing demand from different segments of the population with special needs (e.g. single parent families, young couples, low-waged working families, the students, the immigrants, the elderly), whose incomes are too little for market housing and too high to qualify for public social housing. The second dimension of the problem on the other hand, arises from the scarcity of public sector funds for meeting the housing requirements of this new "grey" population.

After a long period characterized by insufficient amount of public investments to increase housing supply, a new Housing Construction Programme has been activated in Italy. The first aim of the programme is to overcome the housing shortage by increasing private social rental housing and thus reducing the accomodation problems faced by disadvantaged groups who cannot afford market prices. The second aim is to promote social cohesion by increasing the supply of housing services that ensure the creation of an environment in which people can develop their full potential in a decent society through improved living conditions.

The problem of increasing social housing demand becomes more relevant during periods of economic crises. As a result of the general decline in public investment in housing, the role that private and non-profit organisations play in increasing social housing supply has come into prominance. In this concept, recent housing policy in Italy emphasizes the role of public-private partnerships (PPP's) in the provision of housing by using the "project finance model". The creation of an integrated system of national and local real estate closed-end funds (so-colled funds of funds) by the project finance model aims to encourage the participation of private and non-profit investors in Social Housing provision.

In this paper, a social housing initiative undertaken by an Italian Foundation is presented as a case study. The lessons learned from this pioneering project will be emphasized so that the "project finance model" can effectively be applied in future social housing programmes.By making use of a real estate closed-end fund, created locally and managed by an Investment Management Company , the initiative examined in this study, aims to increase the supply of

rental social dwellings and ownership at approved prices (private social housing). Another primary goal of the initiative is to support the development and consolidation of local communities through integration and improved living conditions provided for different segments of the society. Among the various parties contributing to the success of the initiative, it has been observed that the third sector plays a key role in the overall process, starting from initial phases of development to property management and to the provision of housing services. However, above all, the most remarkable contributions of the third sector can be noted in the constitution of real estate funds and in its role as a "social manager". As far as the "fund raising" phase of the initiative is concerned, it can be seen that, apart from institutional investors such as banks, insurance companies and pension funds, the closed real estate investment funds are also provided by foundations of banking origins, (belonging to the non-profit world), who obtain from their capital investments the funds necessary to carry out initiatives that are of collective benefit such as private social housing. The role of the third sector as a social manager on the other hand (following the housing cooperative model), is observed to be central in the promotion and building of a sustainable community that is capable of adequately responding to the needs of the households and in pursuing the goals of social cohesion.

In the final section, the potential contribution of the third sector to solving housing problems through financial investments and social housing management is discussed. Then, the active role that the third sector institutions can play in compensating the imperfections in housing markets and in securing economical, financial and social sustainability is highlighted.

1. An introduction to social housing policies in Italy

The unification of Italy in the second half of the 19th Century stimulated industrial development and rapid urbanisation. The migration of farmers from rural areas to big cities has increased the need for affordable rental accomodation. Until early 1900's, the Country did not have a national housing policy. Thus, the response to housing problems had to come from philantrophic companies [1]. The first social housing policy (Luzzati Law 1903 and T.U. public housing, 1908) - which aimed to deal with the growing housing shortage for the poor- was created in the first decade of 20th Century. The programme was not directly focused on meeting social needs, but rather on providing financial aid and credits and thus it encourages public and private entities (such as cooperatives, charities and mutual aid) that are financed by banks, insurance companies, etc. to take action.

The role of the State in the provision of social housing has been for the first time recognized during the so-called "Giolitti Period" (1901-1914), when the Institute for Social Housing (Istituti Autonomi Case Popolari - IACP) was founded. During the following 20 year period of fascism (1923-1943) however, emphasis was placed on meeting the housing needs of the middle class and civil servants at the expense of poorer social segments. Italy had to deal with a huge low cost housing problem in the postwar economical recovery period (1943-1960). Several factors contributed to this problem: the damage caused by frequent bombing, the inadequacy of the way the fascist regime addressed the housing shortage and the decreased construction activity due to economic policies that focus on the growth of other industries. After the 2nd world war, the seven-year plan INA-Casa (Fanfani Law, 1949) was launched. INA-Casa was the largest social housing programme ever undertaken in the Country. In this period, 350,000 units of accomodation were built using an innovative financing system: the funds were raised both by employers and employees. This system, which was initially planned to be implemented only for seven years, has then remained in force for fifty years [2]. The

following years saw the first housing strike in Italy. In 1968, people loudly protested the State about the way it was handling the housing problem. They emphasized that the State should intervene in housing provision and manage the housing demand effectively by controlling housing prices and rents. As a result, the ten year plan Gescal (Gestione Case Lavoratori) was put into action. Gescal Plan aimed to ensure that workers and their families are located in regions with green spaces and spiritual, recreational and social facilities.

However, after a period of prosperity and high economic growth, Italy had to deal with a new debt crisis in early 1980's. Governments had to cut public spending and reduce inflation, thus public investments declined [3]. The pace of change in housing policies, which had already started during 1970's by the transfer of power from the State to the regions, accelerated between 1980 and 1990. During this decade, responsibility for the provision of social housing was devolved to regional or local government units. Public funds for housing were reduced and policies that allow the privatization of the public housing were adopted.

Table 1. The Italian housing problem (1861-2010) and the role of the public and private sectors.

Phase	Period	Public sector	Private sector	Note
Philanthrophic companies	1861- 1900	-	+	Rapid urbanisation
Giolitti period	1900- 1923	-	+	L. Luzzati and TU public housing
20 years of fascism	1923 - 1943	+	-	Emphasis on middle class
Economic recovery	1946 - 1960	+	-	INA casa plan: home for everyone.
Increasing diversity	1960 - 1980	+	-	Gescal plan
Debt crises	1980– 2010	-	+	Housing policies: from State to Regions

The Italian housing problem is summarized in Table 1. It can be observed that the housing problem in Italy has been handled differently according to the different economic and political contexts within which they occurred. Various public and private institutions were involved in attempts to reduce the housing shortages faced by vulnerable social groups. At first, the public sector, which was almost absent in the social housing arena, was replaced with philantrophic organizations. Later, the role of the public sector became increasingly important and reached its peak during the post-war reconstruction period. The public sector then gradually reduced efforts to intervene in housing and thus inspired the private sector and the third sector to take action.

2. The state of the art and the 'Housing Plan'

According to a study by the Bank of Italy, the Italian property market (construction investments, rents and intermediatory services) accounts for 20% of GDP. Property on the other hand accounts for 60% of households' wealth. The credits raised by the sector (mortgage, construction credits and other property services) constitute an important part of total loans [4].
The housing policies adopted in the 20th Century have -without a doubt- played an important role in the development of the sector. In particular, efforts to alleviate the housing shortage in the post-war period have contributed significantly to this trend (figure 1). The demand side on the other hand has been stimulated through measures such as financial aids, credit facilitations and tax reliefs which aimed at supporting ownership by the transfer of housing units to sitting tenants.

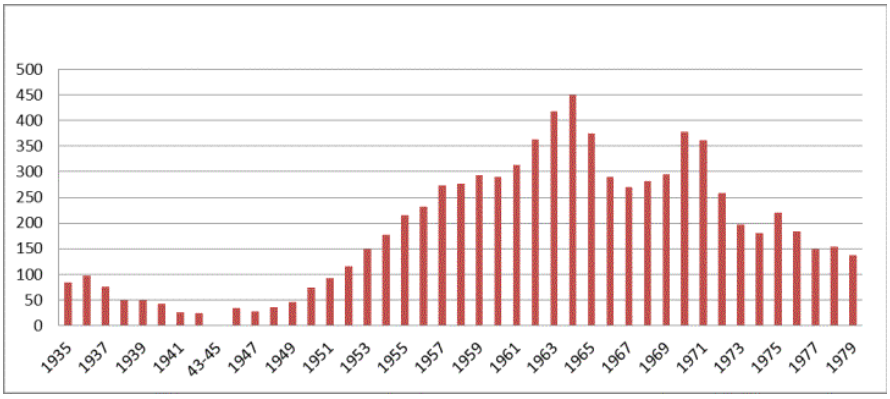
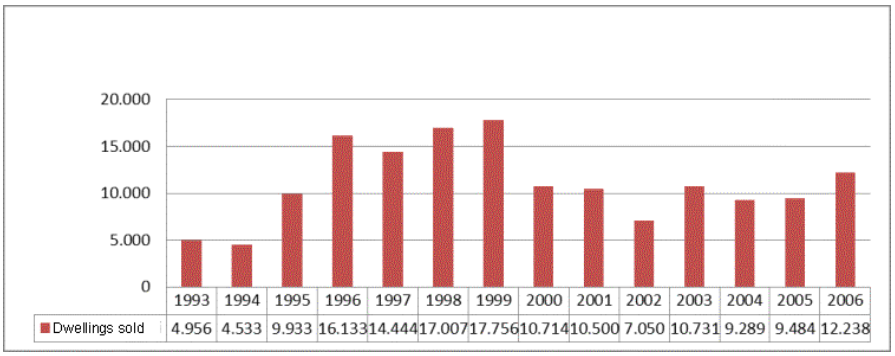


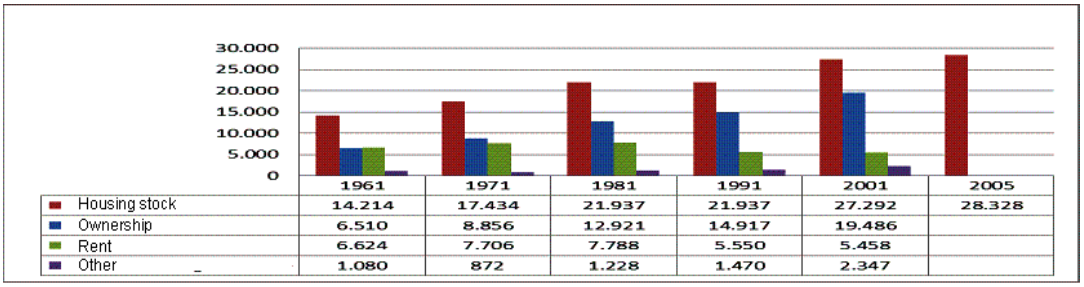
Figure 1. Changes in housing construction in the 1935-1979 period (%)
Source: data retrieved from [5]



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Dwellings sold	4.956	4.533	9.933	16.133	14.444	17.007	17.756	10.714	10.500	7.050	10.731	9.289	9.484	12.238

Figure 2. The number of public housing sold between 1993 and 2006
Source: data retrieved from [6]

After 1990's however, mainly due to economic crises, the public sector started to face difficulties in funding the costs of repairing and maintaining the housing stock. Besides, it was not anymore possible to provide funds for new housing. Consequently, the State decided to partly privatize the public housing stock and thus the private housing market developed. The years between 1993 and 2006 saw the privatization of more than 150000 dwellings [6](figure 2). Notwithstanding the economic situation, the acquisition of a house has always been -and is still- the best and safest way of spending household savings for the Italians. The 50% growth of the dwelling stock in the 1961-2005 period and the policies that allowed sharp increases in ownership (e.g. from 45,8% in 1961 to 71,4% in 2001) played an important role in this tendency (Figure 3).



	1961	1971	1981	1991	2001	2005
Housing stock	14.214	17.434	21.937	21.937	27.292	28.328
Ownership	6.510	8.856	12.921	14.917	19.486	
Rent	6.624	7.706	7.788	5.550	5.458	
Other	1.080	872	1.228	1.470	2.347	

Figure 3. Housing stock in Italy (1961-2005)
Source: data retrieved from [7]

However, the economic slowdown in Italy and the international crises triggered by the collapse of the sub-prime mortgage market in the last couple of years have negatively affected the Italian housing market. After a long period of continous growth that started in mid-1990's and reached its peak in 2006, the volume of housing transactions started to fall since 2007, with the exception of the slight improvement in 2010. Similarly, a declining trend after 2007 could also be observed in the volume of mortgages [8].

Although today 80% of the families in Italy own the dwelling they occupy, an ever growing proportion of the population is starting to face the housing problem. Various economical, social, demographical changes and the housing market crises have worsened the situation. The increasing demand from single people wanting to live in independent dwellings, single-parents, students, elderly and newly-arrived low income immigrants, reduced spending power of households, the consequent difficulty experienced in obtaining access to housing at affordable prices and the decreased public investments are among the factors that make the difficulties more acute.

Today, the first dimension of the housing problem arises from the new housing demand from different segments of the population with special needs (e.g. single parent families, young couples, low-waged working families, the students, the immigrants, the elderly), whose incomes are too little for market housing and too high to qualify for social housing. The second dimension of the problem on the other hand, arises from the scarcity of public sector funds for meeting the housing requirements of this new "grey" population.

In order to respond to the housing challenge, Italy has introduced a new national housing programme. The first aim of the programme is to overcome the housing shortage by increasing housing through public and private capital and thus reducing the accomodation problems faced by disadvantaged groups who cannot afford market prices. With the activation of the so-called "The Housing Plan - Piano Casa", the social housing concept was enlarged from "Edilizia Residenziale Pubblica" (public housing) to "Edilizia Residenziale Sociale" (social housing). The new regulatory system adopted in Italy is more flexible than the previous systems as it benefits from new types of public private partnerhips including for profit and non profit organisations.

3. The integrated real estate funds

The National Housing Plan has introduced new forms of public-private partnerhips through the creation of integrated real estate funds. The integrated real estate funds are established in order to meet the social housing needs of the Country and to assist households to purchase their 'first home'. The public-private partnerships established in this system develops on two levels, central and local. In the integrated system of funds, a national fund and a series of local funds are created with the aim of investing in private social housing [9].
This system involves the adoption of an innovative approach supported by legislation. Different interests of various groups could be met with the use of integrated system funds: on one hand it encourages the creation of a sustainable renting mechanism in terms of economic, social and environmental objectives, and on the other hand it enables low but satisfactory level of profits. A major advantage of the integrated real estate funds is the possibility of raising the required level of funds for social housing without having recourse to subsidies or grants from public bodies, typically used in the traditional public housing model.

The national fund of the system of integrated real estate funds is called "the investment fund for living (il Fondo Investimenti per l'Abitare -FIA)". It is a closed real estate fund which is open to qualified investors. Currently, it is the only national fund that operates as a fund of funds. The investment fund for living invests (with a target return of 3% over inflation) in other real estate funds established and managed by other saving management companies. In this way, it aims to increase the social dwelling supply with affordable rents and agreed sale prices.

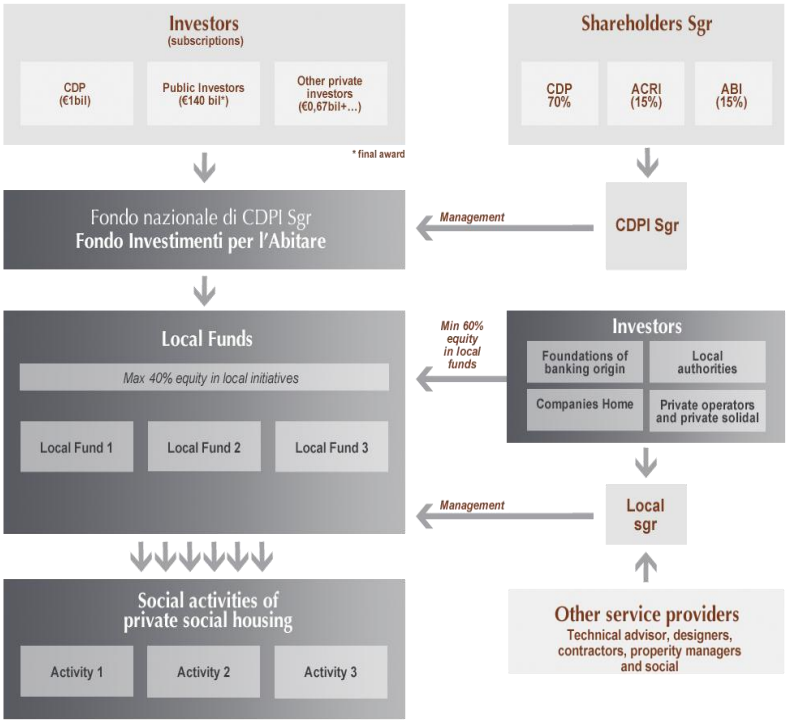


Figure 4. Organisation of the new social housing system
Source: [10]

The manager of the national fund FIA is the Cdpi Sgr Company (Figure 4). The company is responsible for creating, promoting and managing the FIA fund. Its shareholders are Cassa Depositi e Prestiti (70%) (a joint-stock company under public control), Associazione Bancaria Italiana-ABI (15%) (the Association of Italian Banks) and The Association of Foundations of Banking Origins (15%). The Cdpi Sgr aims to increase the supply of social housing at affordable rents and sale at subsidized prices throughout the whole Country. Furthermore, it supports and integrates social housing policies of the State and territorial authorities. The target amount is 2 billion Euros. Various institutional investors participate in the fund with a total of 1,810 billion Euros: 1 billion from the Cassa Depositi e Prestiti, 768 milion Euros from the insurance banking group and 140 milion Euros from the Ministry of Infrastructure and Transport.

As the development process is different for each initiative, the procedure adopted by FIA for the evaluation of potential investment in local funds varies according to the stage of development of programmes. In the first model, it can be observed that various types of promoters (developer, construction firm, cooperatives) of an initiative -that is in an advanced state of development- resort to a savings management company for the establishment of the closed real estate fund. In the second model, a local real estate fund is created by private

and/or public bodies that are willing to subscribe shares. Unlike the first model, this starts before the initiation phase of a project. The aim is to attract and encourage other investors to raise the fund necessary to realize the project. Both models require that the initiative be evaluated in two phases: the preliminary and the final stage. In the preliminary phase, the promoters of the initiative and the regulation of the local fund are examined. The outcome of this stage is a preliminary (but not binding) decision by the Cdpi Sgr, stating whether it is possible to invest in the local fund, the terms, and the maximum amount. In the second phase or the final decision phase, the sustainability of various real estate projects are evaluated in terms of their economical, financial, social, enviromental and energy performance levels. In this way the Cdpi Sgr determines the most effective way of investing the national fund in local funds.

4. The role of the Third Sector in the social housing system

In Italy, the concept of "welfare state" is faced by a number of challenges due to public finance crises. In such an environment, housing shortage in particular, appears to be one of the most significant problems that the State have difficulties in providing a solution. Due to the scarcity of public resources, the State increasingly retreats from some of the socially relevant activities. On the other hand, the growing demand for improved social services both in terms of quantity and quality worsens the situation. At this point, a significant contribution is expected to come from the Third Sector [12], which may act as a mediator between the State and the ever growing expectations of the society.

In the face of the problems associated with the insufficiency of public investments to increase the supply of housing for the new segments of the society, Italy has activated a new Housing Construction Programme. Designed to overcome the housing shortage, the new programme emphasize the role of project finance model [13] using new forms of Public Private Partnerships. With the adoption of the new system, The Third Sector is expected to play a significant role in housing provision [14].

In this concept, it is possible to note that the success of a social housing initiative activated with recourse to the so-called fund of funds system, besides other public and private parties, depends heavily on the presence of the non-profit sector. There are several reasons that may explain why the presence of non profit organisations may benefit the project. During the development and the realization phases of a project, foundations with banking origins may significantly contribute to the raising of necessary finance. Besides, non-profit sector may also take an important role in the operational phase by acting as the "social admistrator" (cooperatives, associations, religious organisations, voluntary organisations etc.[15]). In this way, non-profit organisations may actively get involved in the promotion and development of a sustainable community, besides the primary task of the effective management of the real estate under question.

4.1 The role of foundations with banking origins

The foundations with banking origins have an important role in the Italian Third Sector [16]. There are currently 88 foundations in this group. The majority (81 over a total of 88) have originated from Savings Banks, 6 from Public Law Credit Institutions and 1 from 'Monte di Credito'. They solely engage in activities aligned with their social interest and economic development goals; a role which was previously performed by financial institutions within the

"Monte di Pieta" group, Savings Banks and credit institutions with a strong connotation of solidarity.

During 1990's, by the introduction of the Amato-Carli (L.218/1990) Law, several banking reforms have been adopted in Italy which resulted in the separation of credit business and philanthropic activities. Consequently, the Law has led to the creation of two distinct entities: on the one hand, banks, whose purpose is solely business and on the other hand, foundations with philanthropic goals. Therefore, in the light of the banking reforms, it can be stated that foundations with banking origins are non profit organizations with full statutory and management autonomy. They have the purpose of being useful for the society, however they may get involved in business undertakings if it serves non-profit goals stated by the Law. The revenues from operations are seen as instruments in the pursuit of institutional mission and are subject to the surveillance of the legitimacy of the Ministry of Economy and Finance.

Twenty years after the reforms it can be seen that the foundations with banking origins today, have considerable amount of assets (around 50 billion euros in 2010) which has to be managed in most fruitful ways. This includes financing activities of non-profit organizations that operate in the 21 socially oriented sectors identified by law (D. lgs. 153/1999) which have little opportunity of entering traditional credit markets.

According to the sixteenth report on Foundations with banking origins published in 2010 [17], despite the financial crises that have negatively affected Italy, the Foundations in this group have been able to raise 1.366,6 million Euros (1.386,5 in 2009) and financed 27084 undertakings covered by the 21 eligible sectors identified by Law. The undertakings which related to socially-oriented issues and activities are shown in Figure 5. It can be seen that these activities mainly concentrate on the following ten sectors: Art, cultural activities and heritage (€.423,1Mln); Volunteer activities, philanthropy and charity (€.234,4); Scientific and technological research (€.171,1Mln); Education, learning and training (€.135,1 Mln); Local development and low income housing (€.110,9Mln); Public health preventive and rehabilitative medicine (€.107,9Mln); Growth and development of young people (€.55,8Mln); Assistance to the elderly (€.43,7Mln); Environmental protection and quality (€.32,7Mln); family and related values (€.26,1Mln).

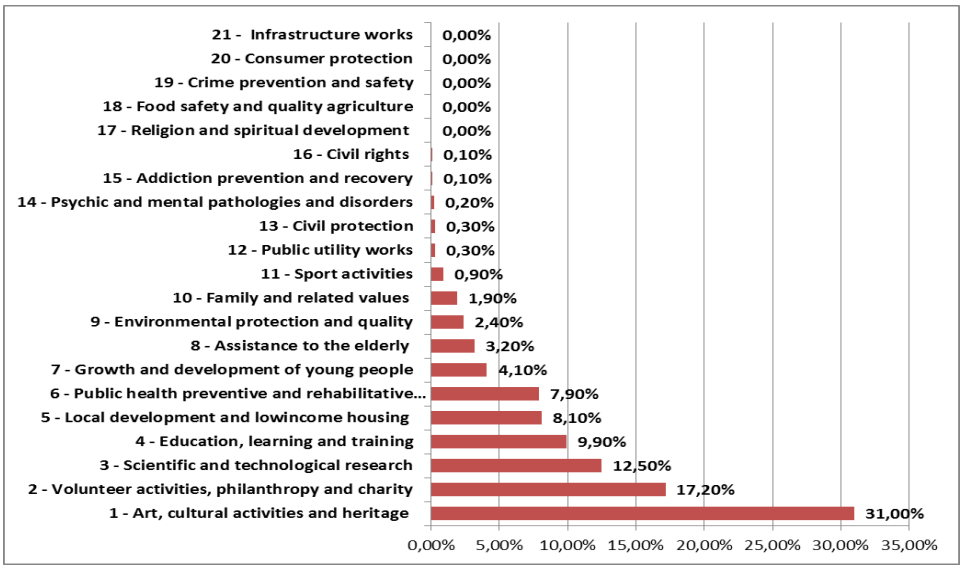


Figure 5. Percentage distribution of amounts raised by Foundations with banking origins, Source: [17]

"Local development and low income housing" sector has received 110,9 millions of Euros for a total of 1443 initiatives and ranks fifth among all sectors. This sector includes three lines of intervention: the promotion of local economic development, the realization of public works and social housing. In 2010, 6,7 millions of Euros are allocated to the realization of 69 social housing initiatives which makes up the 5,4 % and 4,6 % of the sector's total.

It can be seen that the amounts raised by these Foundations in 2010 are allocated to sectors that directly and/or indirectly have a positive impact on the growing housing problems in the Country. After all, for social housing initiatives to properly respond to the economic, financial, environmental and social requirements of sustainability, it should be kept in mind that, besides increasing the housing supply for disadvantaged groups, emphasize should also be given to activities that support the development of a cohesive and sustainable community. Looking from this point of view, one can see the importance of the 'social manager' role which is usually assumed by non profit organizations. Non profit organizations benefit from the funds raised by Banking Foundations in order to provide those services needed for the cohesion and social sustainability of communities.

Apart from the role played as 'philanthrophic institutions' that issue grants for social housing, the foundations with banking origins may also act as institutional investors. In this way, they may fulfill their institutional goals through investing their assets in traditional financial instruments such as mutual funds. Such way of using resources is covered by the term 'Mission Related Investment (MRI)' where the investment is perceived as the means for both obtaining income and for reaching the statutory objectives; thus directing the use of resources to those sectors and individuals whose operational and qualitative peculiarities are in line with the Foundations' ethics [17]. In this concept, the banking foundations which desire to follow an ethical approach perceive the traditional investment appraisal (risks-revenues) in a different way and thus the evaluation process goes beyond reaching the mere goal of profit maximization [18].

In recent years, -thanks to the contributions made by banking foundations-, several different financial instruments called 'ethical funds' have been created. These funds are different from ordinary investment funds because the resources are invested solely in non profit organizations, companies that have social objectives, and that use their resources in a transparent way [19].

The Italian legislation aims the adoption of the ethical idea called *Mission Related Investment* through the activation of Fund of Funds system introduced by the Housing Plan. The system allows investors to take an active role in the search for investment opportunities that are able to generate sufficient returns and fulfill their social objectives. The banking foundations in this way can participate in the promotion of closed real estate funds for social housing in both national (Fondo Investimenti per Abitare) and local levels. In this regard, it can be stated that the foundations with banking origins, together with other public and private parties, play a propulsive role in the activation of the new social housing system in Italy.

In Italy, the Cariplo Foundation has been the first to place the provision of grants for social housing projects as a priority in their programmes. Target projects were expected to satisfy the low-cost housing requirements and ensure the provision of services that encourage social cohesion. The pioneering role that Cariplo has played in this field has later served as a model for other Foundations with banking origins. The efforts of banking foundations in supporting social housing investments using grants is later followed by the promotion and development

of socially responsible investment funds. These funds were designed to support initiatives that follow ethical principles and that are able to provide a limited amount of income through rents.

The national fund called "Fondo Investimenti per l'Abitare (FIA)", aimed to increase the supply of social dwellings with controlled rents [20] and sales at agreed prices throughout the whole Italy. With the creation of "Fondo Investimenti per l'Abitare", 14 local real estate funds were activated for investments with a value of 478,5 millions of Euros. Final decisions have been taken for only 8 of these funds with an approximate value of 170 millions of Euros for 33 projects (Table 2).

Table 2. Local funds activated by FIA
Source:[10]

Name of fund	Savings management company	Target amount	Investment FIA	Banking foundation involved	Description of Social Housing Investment
Parma Social House	Polaris Investment Sgr	€ 137 mln	€ 25 mln	Cariparma Foundation	Real estate development project for the realisation of 850 social dwellings (for rent and sale) in 7 regions of Parma Municipality
Federale Immobiliare Lombardia (Abitare Sociale 1)	Polaris Investment Sgr	€ 220 mln	€ 68 mln (+ € 20 mln preliminary decision)	Fondazione Cariplo	The 'Federale Immobiliare Lombardia' fund is an extension of Abitare Sociale 1 fund, operating since 2006. The Fund is used to provide 740 dwellings in various parts of Lombardy region: Crema, Brescia, Milano, Cremona and Lecco. Polaris Sgr has identified other investment opportunities in the Region.
Real Quercia Social Housing	EstCapital Sgr	€ 75 mln	€ 14 ,3mln (+ € 15,7 mln preliminary decision)		The Fund, specialized in private social housing is in the promotion phase. The initiatives include the development of 258 dwellings in Pesaro and 178 dwellings in Verona. Est Capital Sgr has further identified some investment opportunities in central Italy and in Veneto.
Veneto Casa	Beni Stabili Gestioni Sgr	€ 75 mln	€ 3 mln (+ € 27 mln preliminary decision	Padova and Rovigo Savings bank foundations	The Fund, specialized in private social housing is in the promotion phase. The initiatives include a project in Marcon (VE) and the development of 42 social dwellings. Sgr has identified other social dwelling and temporary residence initiatives in Verona, Venice, Padova and other regions of Veneto.
Piemonte Case (previously Marte Fund)	Ream Sgr	€ 100 mln	€ 13,2 mln (+ € 26,8 mln preliminary decision)	Several Foundations of savings banks from Piemonte: Crt, Asti, etc.	The Fund, specialized in private social housing is in the promotion phase. The initiatives include projects in Settimo Torinese (117 dwellings) and in Torino Ream Sgr has identified some possible investment projects around Turin.
Abitare Sostenibile Piemonte	Polaris Investment Sgr	€ 100 mln	€ 40 mln preliminary decision	Associazione delle Fondazioni delle Casse di Risparmio Piemontesi	The Fund is specialized in the realization and promotion of ethical initiatives and of social housing located in piemonte region.
HS Italia Centrale	Investire Immobiliare Sgr	€ 100 mln	€ 14,4mln (+ € 25,6 mln preliminary decision)	Fondazione Carisap Fondazione Pescarabruzzo Fondazione Tercas Fondazione Varrone.	HS Italia Centrale Fund is a real estate fund for qualified investors specialized in private social housing and works in central Italy.
Housing Cooperativo Roma	Polaris Investment Sgr	€ 150 mln	€ 30 mln preliminary decision		The Fund is specialized in the realization and promotion of ethical initiatives and of social housing located in central Italy and in particular in Provincia di Roma. Il Fondo Housing Cooperativo Roma is promoted by local cooperatives belonging to Legacoop Abitanti. The development of 1000 social dwellings is planned.
Housing Toscano	Polaris	€ 110 mln	€ 24 mln		The Fund is specialized in the promotion of

	Investment Sgr		preliminary decision		private social housing initiatives in Toscana Region; in particular those planned around Florence and Prato. The Housing Toscano Fund is promoted by local cooperatives belonging to Legacoop Abitanti, to Federabitazione Confcooperative, and construction firms. The Fund's programme includes the development of areound 500 social dwellings and the provision of services.
Focus - E.S.T. Edilizia Sostenibile del Territorio	Focus Gestioni Sgr	€ 120 mln	€ 11,2 mln (+ € 12,8 mln delibera preliminare non vincolante)		The Fund is specialized in the promotion and realization of private social housing initiatives in Marche and Umbria Regions. The investments include 8 initiatives.
Emilia Romagna Social Housing	Polaris Investment Sgr	€ 100 mln	€ 20,5 mln preliminary decision	Fondazione del Monte di Bologna and Ravenna, F. C. R. Modena, F. C. R. Bologna, F. C. R. Forlì, Piacenza and Vigevano, F. C. R. Rimini F. C. R. Carpi	The Fund is specialized in the promotion and realization of private social construction initiatives located in the Emilia Romagna Region. The Fund's programme include the development of areound 950 social dwellings and related services.
Lombardia Casa	Beni Stabili Gestioni Sgr	€ 50 mln	€ 12 mln preliminary decision		The Fund is promoted by Compagnia dell'Abitare and the programme includes the development of around 270 social dwellings and related services in Milan.
Erasmo	Fabrica Immobiliare Sgr	€ 150 mln	€ 60 mln preliminary decision		The Fund is specialized in the promotion, realization and management of residences for university students throughout whole Italy.
Residenze Social Housing	Torre Sgr	€ 42 mln	€ 14 mln		The Fund is specialized in the promotion, realization and management of private social construction in central north. Investments include one initiative in Milan.

In the light of the foregoing discussion, it can be concluded that the Foundations with banking origins have played a crucial role in the development of 'social housing' concept in Italy by helping social and civil institutions in resolving social problems. Moreover, while coping with such social emergencies, they often were very successful in anticipating, experimenting and developing new solutions and promoting the dissemination of best practices. The foundations with banking origins came to the forefront so much that, in some cases, action plans were proposed to legislators for issues that create a sense of discomfort in the society. The typical example of this was the case with the housing problems faced by the new poor, where experienced foundations were promoting what eventually became the National Social Housing Plan. In this context, the common interests that Foundations with banking origins share with both the state and the market appear to be the stimulus for the adoption of innovative management models [21] in housing construction and for the interesting forms of collaboration between for profit and non profit organizations.

Finally, it can be observed that the Foundations with banking origins play a crucial role in the promotion, development, and the creation of funds for social housing. During fund raising they act as institutional investors that directly participate in the creation of funds through the subscription of shares. During the development and operational phases on the other hand, they act as philanthropic institutions by issuing grants to non profit organisations that directly or indirectly participate in the social administration of real estate interventions.

4.2 The role of 'social manager'

The National Housing Plan aims to create an integrated system of funds [22] for financing private social construction. In this system, both the investment funds for housing and the local funds are expected to meet ethical and economical requirements. The objective is to achieve increases in housing supply at controlled rents and prices, while on the other hand ensuring that the investment provides sufficient returns for investors.

For a social housing initiative to meet the requirements indicated above, it is necessary to follow a different approach from the traditional perspective where the efforts are concentrated only on planning and construction phases, without a consideration of administrative aspects that are directly related to problems associated with housing, social structure and services. Instead, there is a need for an integrated approach where the social housing initiative under question is not only seen as a mere real estate project but also as a component of a system that includes series of programmes for supporting and facilitating community life. In other words, resolving the housing shortage faced by individuals is not enough; efforts should also focus on supporting the development of a sustainable community.

One approach that may help in managing the complexity involved in social housing initiatives in an efficient and effective way is to tackle the issue in a holistic manner by taking control of both the realization and operational phases. Such an approach requires that the project is taken up comprehensively starting from the initial phases and besides technical issues, the economical, environmental and social considerations are also taken into account through the establishment of a strong collaboration between different parties involved. During this process, it is important to ensure that each party reflects their own competence, experience and interests into the development and operation of the initiative.

In this concept, it can be seen that the initial phases are of great importance in the success of a social housing initiative [23]. It is because the principal decisions determining the degree of sustainability in economic, financial, environmental and social dimensions are taken on the initial phases. The sustainability of a social housing initiative requires that the parties involved adopt a unified and holistic approach in which factors effecting the long term equilibrium are taken into account. The various dimensions of sustainability are strongly interrelated and thus the whole life cycle, starting from feasibility phases to the disposal of the built product, should be considered together. By creating a high quality built environment in this way, physical degradation risk which leads to social and economic degradation may be reduced.

Returning back to the real estate funds with ethical and economical objectives, it appears that for the success of a social housing operation - which is strongly dependent on the equilibrium of economical, environmental and social dimensions - the existence of a new party who takes in charge of property management and the promotion of social cohesion is crucial. This new participant called the 'social manager' [24], very often includes non-profit or limited profit organisations that are experienced in the management of social structures. The 'social manager', starting from the development phase, looks out for the interests of real estate fund on behalf of the Savings Management Company. The duties include all those operations associated with the effective and efficient management of the property; thus increasing its value, ensuring that the property does not suffer from damages and is not exposed to social degradation.

The tasks of the social manager can be grouped under two headings: (1) property management (building, facility management) including the patimonial administration (sales and rents) and maintenance management (dwellings, related properties and open spaces) and (2) social administration. Table 3 shows the main differences between ordinary and social administration.

Table 3. Main differences between ordinary and social administration

Source: data retrieved from [24]

Activities	Ordinary management	Social management
Rents administration	X	X
Maintenance	X	X
Repairs	X	X
Security	X	X
Promoting community development		X
Coordinating additional services		Supervision of committees
Desk / the listening point		X
Arrears prevention path		X

It is necessary that these aspects, which are reflected in the performance of services and property management, are carefully evaluated. The evaluation process leads to the adoption of an organizational model for social administration. The interpretations on strengths, weaknesses, opportunities and threats also play an important role because they have impacts on several factors such the level of tenant involvement and help to identify economic resources to invest in management.

In this concept, Cdpi Sgr Company which manages the National Fund FIA places emphasis on the operational phase of social housing initiatives. The Company asks for a detailed management plan from the proponents and in the light of this information, evaluates the capacity and competences of the proposed manager and examines the contracts that regulate relationships between the social manager and the local fund management company [25].

It is important to identify a proper organizational model for conducting the decisional process in an efficient and effective way. The model should encourage the occupants to participate in decision making processes taking into account the objectives identified in the planning stage. Also, the responsibilities of the coach corporation should be clarified. Depending on the circumstances, the residents' participation in administration may vary between a pre-identified minimum and a maximum level [26]. The aim is to establish an appropriate organisational and managerial structure where the different interests and opinions of residents are properly reflected in decisions regarding the community. The main types of involvement can be summarized as follows:

- Decision making process -communicate, involve, no influence: The community is not represented in decision making bodies although the Coach Corporation and the social manager provide information to the residents on the management policy through meetings and get their opinion on plans.

- Decision making process -communicate, involve, low degree of influence: In this case, apart from being informed and involved in the decision making process, the residents

may express their own opinions on proposals by the social manager. One representative of the community may take place in the decision making body, thus the residents have an opportunity of affecting the final outcome.

- Decision making process -communicate, involve, high degree of influence: In this case, the role of the residents is very important in decision making. They are informed, asked to provide opinions and actively participate in community management. One or more representatives may take place in decision making bodies and thus they have voting rights and are treated as other members.

In order to fulfil the objectives identified at the planning stage, representatives of residents and the coach corporation (residents' cooperatives, an association, a foundation, etc.) should collaborate in establishing the new community and the social manager. The social manager may include both the coach corporation and resident representatives, or alternatively the coach corporation is assigned to provide services to the community, but still has to account before the residents' representatives (figure 6).

The selected social management model is a synthesis of the various ways that the Coach Corporation and the social manager interact with the resident community. The resident community may participate in the management using different forms:

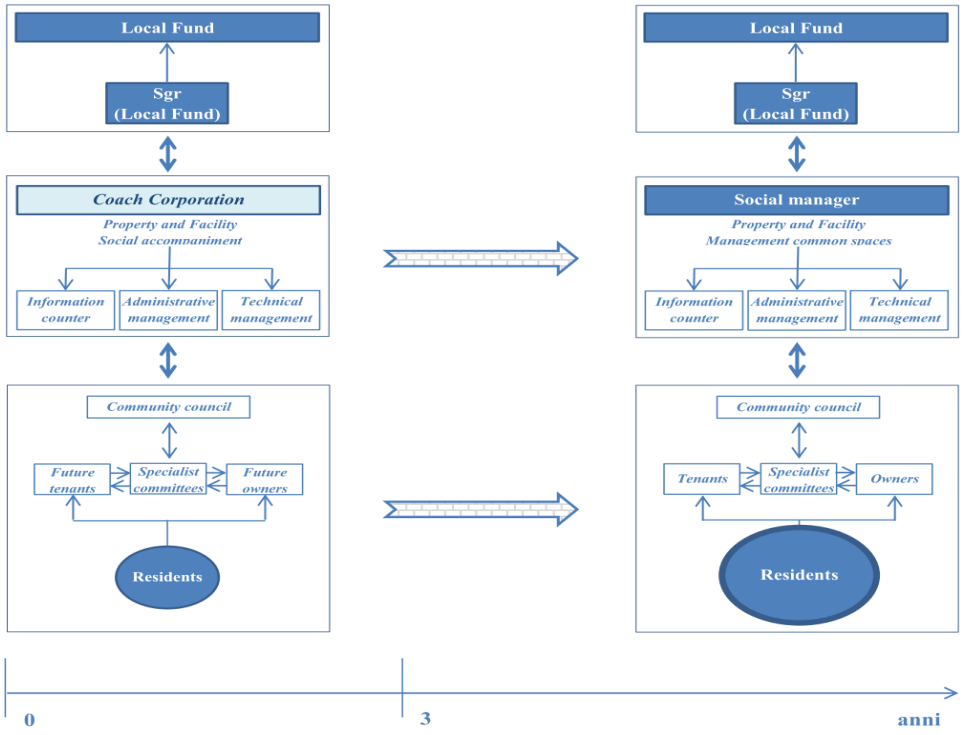
- *Assembly of assignees* which consists of all tenants;

- *Assembly of condominiums* which consists of all owners;

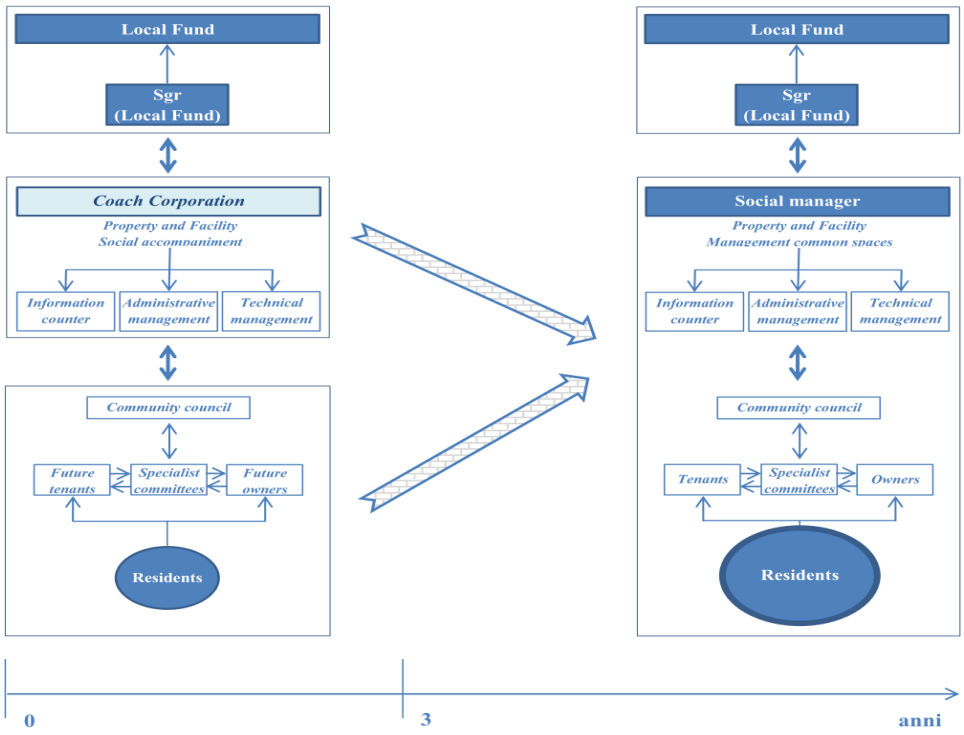
- *Board of directors* is the executive body that includes assembly of assignees and of condominiums. It represents the entire community in front of the real estate fund and third parties and ensures that the management fulfils expectations.

- *Specialized commissions* include assembly of assignees and of condominiums for controlling the services provided. Tasks focus on activities in common spaces, the incorporation of community members in management, organization of spaces and the provision of information to the social manager about activity flows.

Starting from the initial phases of a social housing initiative, the Coach Corporation programmes and undertakes all those activities associated with the selection of future tenants and the subsequent allocation of dwellings. During three years following the settlement of assignees (community start up), besides managing the property, the Coach Corporation also focuses on establishing relations with local organisations (public and private, for profit and non profit) in order to activate series of services that increase the level of feeling of belonging to the community. Once the community is consolidated, the social manager is formed according to one of the two ways explained above. The tasks of the social manager include property and facility management and the organization of social activities.



Model: A)



Model: B)

Figure 6. Social Management Models:

A) Coach Corporation is the Social Manager B) Coach Corporation and Residents together is the Social Manager

The operational plan should take into account two important factors to ensure that the national fund and local funds reach the ultimate goal of providing dwellings for the grey population. First, equilibrating the social mix by incorporating, besides disadvantaged groups, also those households whose mere disadvantage is their housing needs. Second, stimulating the sense of identity and belonging in an active way.

In this concept, after the involvement of various parties from public, private and non profit world and a careful analysis of important issues (demography, economy, degree of vulnarability, immigrants etc.), the Coach Corporation identifies the profile of the candidates (percentage of different population groups who will make up the community). The outcome of this collaborative work is a plan defining the community composition. The quantitative and qualitative criteria and principles identified in this plan are used for tenant selection and the allocation of dwellings. During this process, emphasis is once more given to establishing an equilibrium between housing needs and social-economical sustainability of the initiative.

Working together with designers, the Coach Corporation furthermore shares the projects of open spaces and internal services (green spaces, children playgrounds, spaces reserved for other activities, pedestrian ways) that increase the communication between residents, the feeling of security and enhance the quality of life.

It is possible to accrue benefits from providing a good social mix (housing the poor and the better off in the same neighborhood) and taking actions that stimulate the sense of identity and belonging. For example, the possibility of applying a system of differential rents (better off tenants pay higher rents and vice versa), the sale of dwellings at free market prices or the the ability to create integration and social cohesion that can avert the risk of formation of ghettos.

As the involvement, consultation and cooperation of residents constitute an added value for the social manager, it is worthwhile to further examine several aspects that facilitate their participation in community development. In this regard, starting from the initial stage of selection, it is important to ensure that the residents have a better understanding of the peculiar features associated with social housing management. This can be done by organizing courses and training sessions, thus developing their experience and practice. The more these pathways are helpful in increasing awareness on their rights, duties, decision-making mechanisms, ways of managing common spaces, the system of rent calculation and many other issues related to community life, the more the social manager will be prepared and ready to deliver all those services that satisfy their needs (both tangible and intangible). Thus the development of a sustainable community will be encouraged .

In order to support the development of social cohesion in a social housing initiative,it is very important to offer a range of supporting services that prevent the emergence of conflicts. If conflicts still occur, they should immediately be resolved by using a number of strategies (e.g. properly design the facility, for example if the noise is the main reason of conflict, provide good sound insulation of walls and floors), by developing a code of conduct, establishing partnerships with local authorities, associations and the third sector. There are two main reasons explaining why conflicts occur in social housing: problematic neighbor relations and insufficiency of services in meeting the expectations of poor households. Therefore, the primary objective of the Coach Corporation and the social manager should be to achieve highest possible level of resident satisfaction, and thus to fulfill social objectives. If the social

objectives are met, it will be easier to achieve economic and financial sustainability as they are related to the cash flow from rents and sales.

In this concept, a useful way is to identify a meeting place on the area where community members can refer (Figure 7). The operators here, specially trained for meeting the diverse needs of residents, shall ensure that practical issues are addressed and resolved, and relationships of trust with people are developed. Several instruments are used in meeting places for increasing the accessability to the services and for preventing and reducing conflicts. They are summarized below:

- *Information tools* aim to increase transparency, in order to ensure that all community participants are equally informed. Examples include the bulletin board information, posters and notices, newsletters, newspaper magazine, website, forms, etc.
- *Savings tool* aims to improve the capacity of residents in managing their savings, in other words it helps to improve the security and stability of individuals. In this context, those who cannot get a loan from commercial banks may benefit from the instrument called the 'risparmio casa'. This tool combines the savings phase, during which prospective tenants put aside a certain amount with periodic payments, with the phase called the assignment of the mortgage. It also enables residents to measure their ability to timely respond to the payment of a predetermined fee that in the future will correspond to the rent or the mortgage payment.
- *Regulatory instruments:* the roles, responsibilities, and the way that the residents participate in community life are regulated by rent contracts, the condominium regulation, the community regulation and manuals.

One of the aims of social housing operations is the creation of a relational network through meetings inside and outside the community. This network may increase the well being and the sense of belonging and its development in the social management context is undertaken in three stages:

- *Community involvement:* The aim is to involve future tenants through a series of planned activities and communicate the features of the design and selection procedures. As the better understanding of the technical and social aspects of a social housing project is crucial, in addition to events to raise awareness on the opportunities offered, there is also a need for activities that will in later stages facilitate community life. This includes dealing with problems of community life such as managing requests, complaints and compensation through the use of different methods (role play, brainstorming, focus groups, open space technology, etc..). Implementing a series of real and virtual events that enable prospective residents to get informed about issues such as the rules of community life and services etc. is also useful.
- *Community start up:* once the assignees are selected, but not yet settled, (e.g. about six months after the delivery of housing), the Coach Corporation organizes a series of meetings in order to understand the willingness and ability of future tenants to assume and carry out leadership roles in the management of services. Within these meetings, issues on community life (such as the relationship with children, pets, care for the elderly, the opening of the neighborhood and community to outsiders) are discussed. The start up phase also includes the design and management of common areas and integrated services (atelier for kids, nursery, care of green spaces, cooking courses, the

sharing of books and magazines, courses, entertainment, laundry room, do-it-yourself room and so forth).

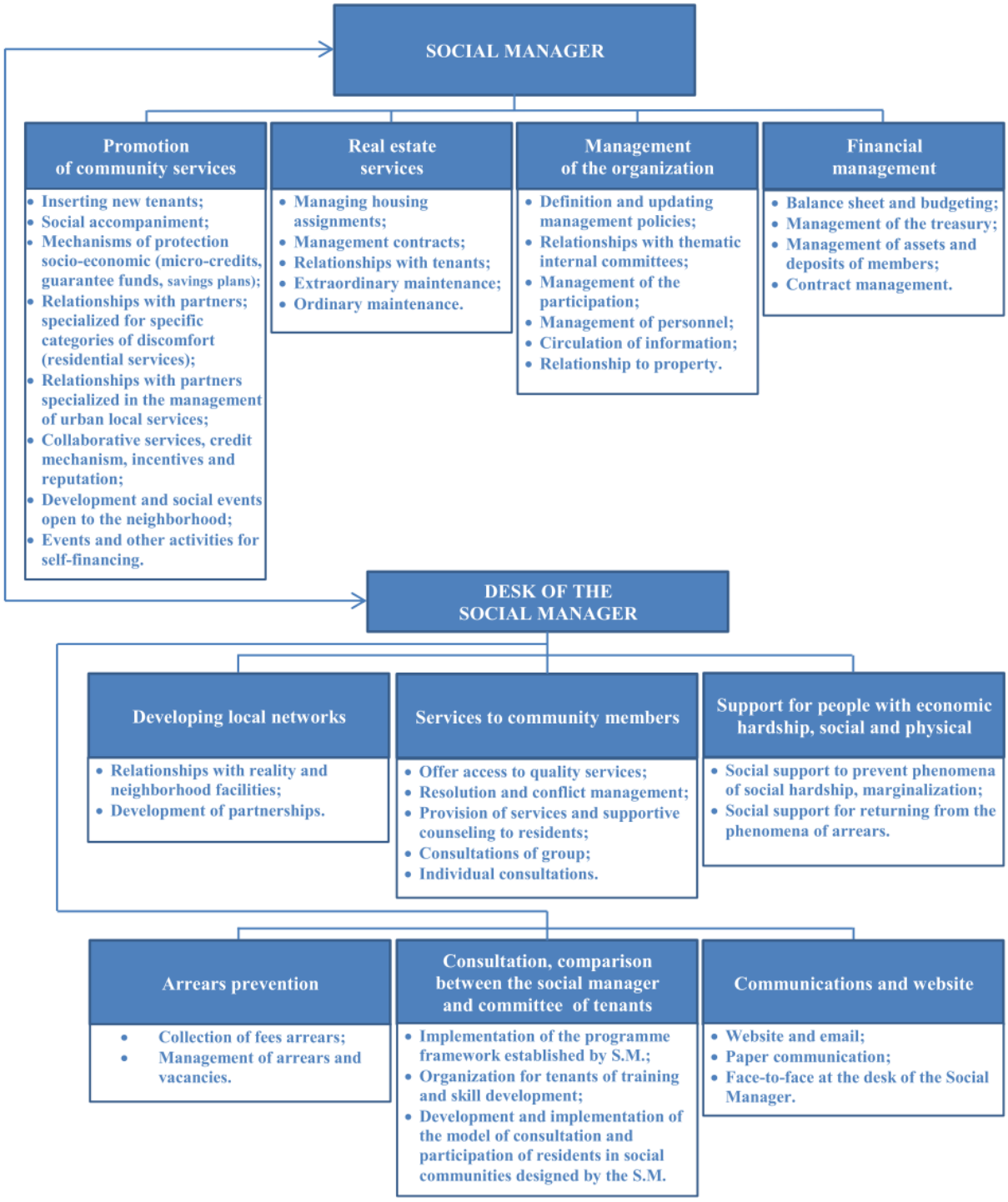


Figure 7. Services offered by the Social Manager and by the Desk of the Social Manager

Source: figure retrieved from[24]

- *Community development*: in this phase, many initiatives undertaken during the start-up phase (such as the adoption of Community regulation) are formalized. Also in this phase the Social manager, which represents the union of two different bodies; the Coach Corporation and the residents' representatives, is formed.

Once the stages associated with design, realization and allocation of dwellings are completed, the social manager then focuses attention on the proper management of the real estate under question. Property management has three main functions in the valuation of real estate investment funds: guarantee the continuity of building performance over time, provide services that meet the expectations of residents and, finally, ensure the generation of sufficient returns for repayments. Property management, which integrates interests of real estate fund (quality and profitability of the initiative) with the interests of the residents (low cost accommodation, high quality services and security), can be classified into the following two categories:

- *Administrative Management* consists of activities associated with the monitoring of real estate assets, and in particular, with the administration of economic flows (contracts management, collection of rents, litigation management, fiscal management , management of insurance coverage, land audits, budget management, etc.), personnel management and disposal management.

  At this point, the most crucial activities for the social manager areas follows:
  -*Collection of rents.* The collection of rents represents an important part of social administration as it is strongly linked to achieving economic sustainability. Therefore, it is important to put in place systems and procedures for collecting payments so that cash flows can be maximized and any delays can be dealt in a timely manner. In order to prevent the risk of default, it is very important to undertake several activities that increase residents' awareness about payments, explaining them the cost of the individual items that make up the rent, methods of payment, the benefits and importance of payments in maintaining a good quality of life. It is also important to establish simple payment procedures and inform residents about the various payment options (automatic bank transfer, cash payment, payment by check, etc.).
  -*Management of delinquency*: In order to avoid the economic consequences related to delayed or missed payments, the social manager should implement series of activities that raise awareness about the importance of meeting deadlines. In this context, it is important a) to establish direct and regular communication with residents through periodical meetings, b) to periodically verify the socio-economic situation of the tenants in order to ensure that they will be able to continue paying the fee over time , c) to provide the staff with systemized procedures for the management of problems in a fair, timely way. This includes organizing private meetings between the tenants and the social manager, where individual problems of payment are discussed and resolved, d) that the social manager strengthens relations with third sector organizations or social services of public bodies in order to cope with difficult conditions and economic difficulties, and thus ensure greater financial support for community members. Finally, together with the implementation of a preventive, informative, inclusive, participatory and supportive policy, the social manager should also be able to distinguish between different degrees of default and deal with problems using appropriate procedures that take socio economic conditions of individuals into account. In other words, the social manager, before taking legal action against the tenant, should try to form other repayment plans and resolve problems.

-*Vacancy management.* Vacancy management includes all policies and procedures implemented by the social manager with the aim of occupying or reoccupying vacant properties in a timely manner, of trying to keep a low vacancy rate and of securing the sustainability of the operation.

- *Technical – Maintenance management* consists of a series of activities, methodologies and tools from different disciplines (technical, legal and economical) that enable the optimal management of buildings in relation to the needs of users. In particular, it concerns those activities with a purpose of maintaining the building performance such as the management of technological installations, minor repairs, monitoring, regular cleaning, security, etc. The technical maintenance management is a critical issue for a real estate initiative. This is because if maintenance and repairs are carried out in a regular and timely manner, resident satisfaction and thus the sense of belonging increase and these are fundamental preconditions for economic, environmental and social sustainability of the intervention. Table 4 shows the expenditure items of maintenance and repair works.

Table 4. Maintenance and repair expenditures

Maintenance and repair expenditures	
by tenants	**by landlords**
- Cleaning services for dwellings - Functioning and ordinary maintenance of lifts - Water supply, electricity, heating and air conditioning - Other services - Ordinary maintenance: gully, broken windows, etc. - Concierge services (90%)	- Cleaning: buildings, paths, internal and external common spaces, parking places; - Extraordinary maintenance: lift failures, guasti agli ascensori, flooding, damages to stairwayselectricity or gas meter installations - General maintenance: hole repairs, gate repairs, periodical control of electrical and hydraulic installments - Gardening: plants and landscape architecture, grass cutting, etc. - Relations associated with the provision of public utilities: the provision of water and electricity, waste removal - Concierge services (10%)

5. The case of the Parma Social Housing Fund

The purpose of the FIA investment fund for housing is to facilitate local social housing initiatives coordinated by public housing policies, rather than managing social housing initiatives at the national level. The FIA investment funds aim to respond to the growing housing shortage by bringing various public, private bodies and the third sector together. In this concept, the residential construction programme called the "Parma Social House" was constituted by various actors from the public, private and the third sector and strengthened by their experiences obtained in their core businesses. Through the establishment of a Project company, they have established the closed real estate fund within the fund of funds system provided by the Housing Plan.

5.1.Description of the programme

The Parma Social House programme aims to respond to housing needs through initiatives that place urban renewal, sustainable development, quality and energy at the forefront. A study

undertaken by "Cresme", one of the leading companies in market research, revealed that disadvantaged social groups such as immigrants (10% of the total population), students, workers, single-parent families (8,4% of all families), young couples and the elderly (26% of all families) suffer from severe housing problems in Parma. About 1700 families have demanded social rented housing from the municipality of Parma and the housing agency. However, 1500 of these have still not found adequate housing that they can afford. The study by Cresme reveals that families are willing to spend about 545 euros per month (25% of their total incomes) for a middle size dwelling.

The housing problems are not limited to only vulnarable and disadvantaged groups. Another social segment with a potential to increase housing demand are represented by families that own the dwelling they occupy but wish to transfer to another dwelling in the next few years (5% of all families). Such families are not able to afford market prices or do not have access to good quality dwellings at reasonable prices. Furthermore, there is still another segment of the population which experience housing problems. This group is represented by tenants who wish to acquire ownership (10% of all tenants). It has been found that they are on average willing to pay 245.000 Euros for purchasing a flat with mortgage repayments that correspond to 27% of their incomes.

In order to respond to such housing needs, the promoters of the Parma Social House programme have prepared investment proposals that provide a mix of different types of housing that are located seven different areas identified and assigned by the municipality. Promoting social cohesion through an adequate level of social integration, the reduction of social exclusion and increasing the level of feeling of belonging to the community was a major goal of the programme. Therefore, the seven initiatives which involve the construction of 852 dwellings are designed to meet different requirements of different types of users in terms of the mix of housing types and access (Table 5). In addition to social cohesion, consideration was also given to greater flexibility, energy efficiency, environmental protection and to reducing maintenance costs through improved durability and efficiency of the built product.

Table 5.The Parma Social House programme
Source: data retreived from [11]

Intervention		**Housing for**			
		rent	**rent+redemption**	**sale**	**total**
1	Chiavari	92	48	140	**280**
2	Sant'Eurosia	30	70	189	**289**
3	La Spezia			20	**20**
4	Budellungo			9	**9**
5	Rossi &	98			**98**
6	Panocchia			12	**12**
7	Crocetta	41	50	53	**144**
		265	**182**	**405**	**852**

Social inclusion is supported by plans that involve shared spaces in the immediate housing environment and by strengthening the relation between buildings and appurtenant public spaces. Providing communication areas for residents is expected to increase the feeling of security and of belonging and thus contribute to the social growth of the districts in question. Furthermore, Parma Social House programme has established a company that acts as a "social manager" consisting groups from the third sector. The company is responsible for managing

social housing units as well as supporting community life and services since access to communication activities are perceived to be an integral part of social housing.

5.2 Economic and financial dimensions

Several critical variables are analyzed in order to evaluate the economic and financial robustness of the investment, such as its capability of producing sufficient returns for the repayment of debt service. The results of the analysis is used in determining the total cost of the investment (including urbanisation, construction, technical, financing costs), demand, rents and sale prices of dwellings and costs of maintaining and managing the property. Once the Whole Life Cost cost of the programme is determined, its financial sustainability has been evaluated through the construction of three different scenarios, the identification of potential lenders, an in depth examination into the characteristics of the Fund Management Company and finally the analysis of financial resources.

As stated above, three different scenarios are constructed in the business plan. The future cash flows from various agreements (e.g. sustainable rent, regulated rent, rent with an option of redemption, sale) have been identified by taking into account the income that will be generated from the dwellings in different time frames (Figure 8). The base scenario showed 4,4% rate of return, which was less then the cost of debt. As the resulting figure carried the risk of distorting the financial viability of the programme, other scenarios that may increase the the possibility of reaching the 7% target return have been constructed (Figure 9). In the first scenario, the possibility of reducing project costs (without comprimising quality and performance) is considered. An increase of about 0,5% has been obtained by the reduction of initial investment costs. In the second scenario, it has been assumed that the municipality of Parma grants tax exemption to the properties in question. This benefit is not expected to negatively affect the balance sheet appearance of the municipality since the programme involves new construction. As a result, it has been observed that tax exemption allowed a further 0,5% increase in returns.

Figure 8. Cash flow of the Parma Social House Programme
Source: [11]

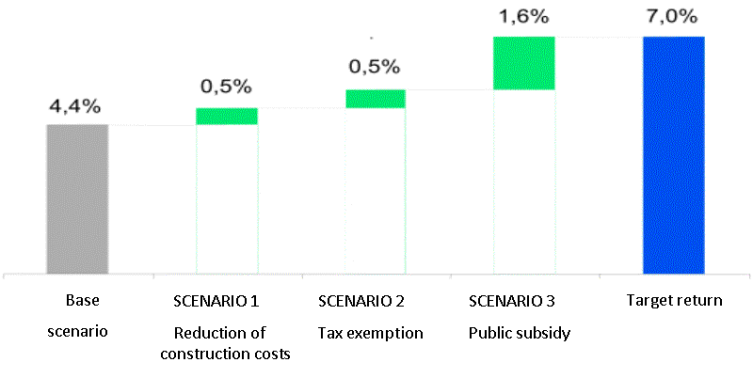


Figure 9. Different scenarios and returns
Source: [11]

Social housing initiatives promoted by municipalities are usually supported by local and/or regional subsidies. Thus, the third scenario assumes that the property fund is supported by a contribution from the municipality of Parma. In this case, it has been found that returns are 1,6% higher than that of the second scenario, thus returns in total reach the target value of 7%.

5.3 Financial resources and structuring of the Parma Social Housing Fund

Several actors have participated in the creation and the management of this fund: the Bank of Italy for the approval of the regulation, SGR (the Management Company) for process management and definition of the regulation, banks for debt financing, the depositary bank for the custody of securities/shares and others for the subscription of the shares.

Figure 10 exhibits the organizational structure of the local fund. The actors can be grouped into 1)banks providing debt, 2)insititutional investors that are interested providing finance for the initiative either due to their socio-economic structure or their expertise on financing social housing initiatives and, 3)institutional investors that are interested in returns. The first group of potential lenders are represented by banks that are capable of raising loans and pooling for optimizing financial conditions. The main actors of this type of investors are savings banks of Parma and Piacenza. Those within the second group are represented by institutional investors that are interested not only in the economic and financial context, but also in social cohesion and environmental issues. These include the national Fund of Funds, which is responsible of activating the system of integrated real estate funds dedicated to social housing construction. The other category in this group include those foundations with banking origins. The foundations with banking origins have the objective of promoting and developing local initiatives that have a social value. These foundations may evaluate the Programmes on the basis of both social quality and target returns. The municipality of Parma and the Emilio-Romana Region are also included in this group. The third group of lenders include various institutional investors such as pension funds, social security institutions, credit institutions, insurance companies and other long term debt providers. In addition to these, this group also includes the promoters of initiatives and members of the Project Company SGR, which includes four construction companies and four residents' cooperatives.

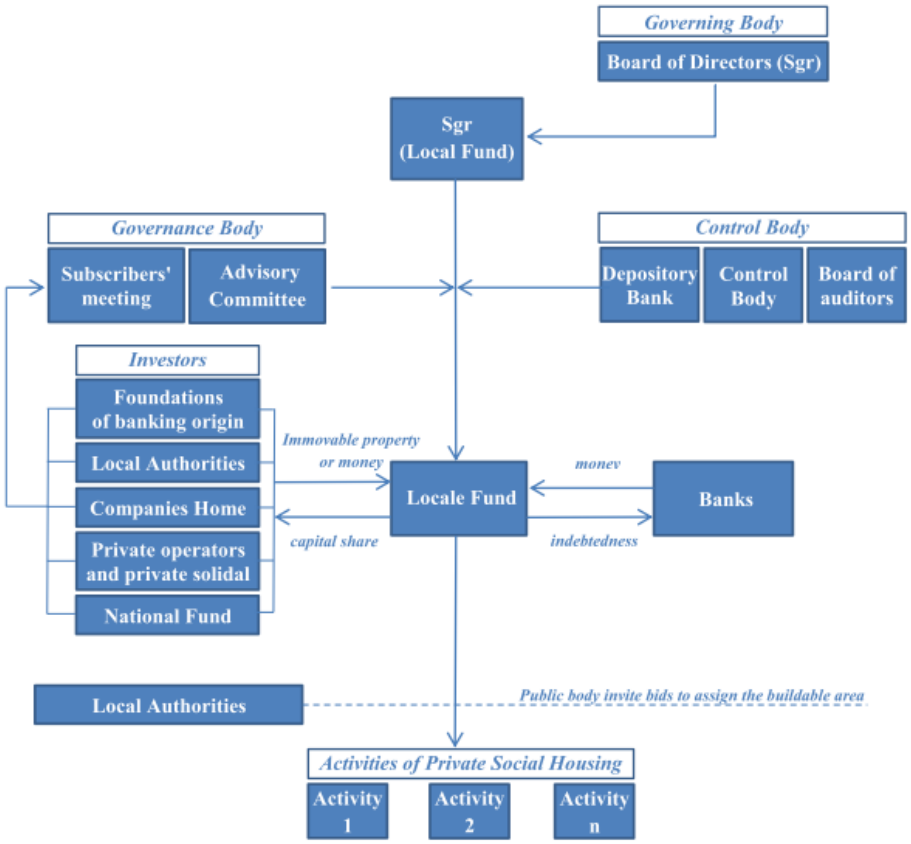


Figure 10. Organizational Structure of the local fund

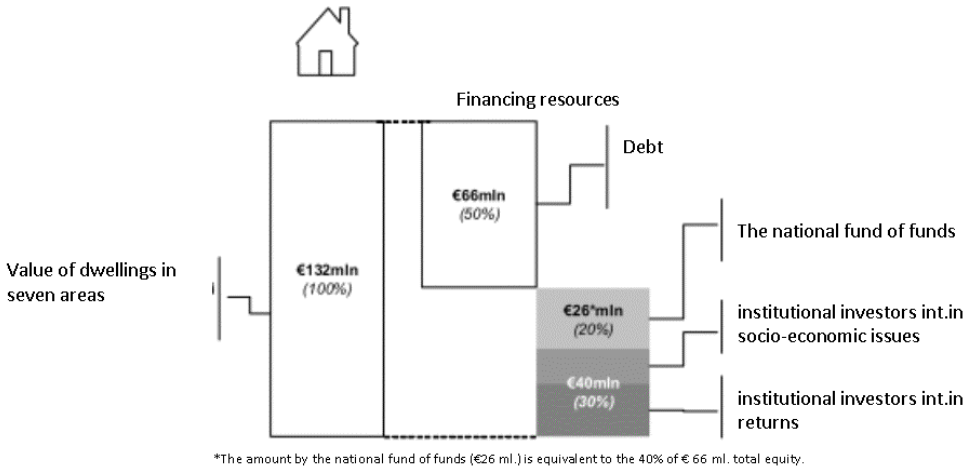


Figure 11. The structure of the fund
Source: [11]

The Parma Social House fund participates in the system of integrated real estate funds which is one of the six main lines of action of the Housing Plan. The Parma Social House Fund commits equity in accordance with the National Fund Management terms on economical, financial, environmental sustainability and social/territorial cohesion. The leverage is determined as 50% with debt provided in the form of loans from banks that belong to the first group of lenders. As the amount of equity provided by investors is limited, investors' returns

are improved. The 30% of the amount is provided by institutional investors (the second and third group of lenders) and the remaining 20% is provided by the National Fund from the second group. Figure 11 shows the financing structure of the programme.

Finally, in accordance with the different expectations and interests of the investors of the Parma Social House fund, the property is divided into varying share classes in terms of administrative and proprietary rights provided by the regulation. A-type shares are held by the promoters and other private investors. Expected returns of this class are higher than those of Share B as the risk of the distribution of earnings is higher than B-type shares. B- type Shares are held by institutional investors that engage in socially-oriented projects to obtain sufficient returns from their capital investments (The national fund and foundations of banking origins). B-type shares have a priority in repayment. C-type shares are held by the municipalities. As the main objective is to accrue social benefits from the realization of the project, the target returns are very low.

5.4. Social Management in Parma Social House - 'Societa Cooperativa'

Two special purpose vehicles have been created for the realization of Parma Social House programme. The first one, called 'Parma Social House Scarl' includes four construction firms and four residents'cooperatives and is responsible for the realization of the programme on behalf of the local funds. The second one, 'Parma Social House Servizi- Societa Cooperativa' includes the same four cooperatives as PSH Scarl and is responsible for ensuring homogeneity in the performance of social promotion services and for the management of the property.

In order to ensure that the services provided are satisfactory, the social manager has adopted a system consisting technical, legal and financial procedures and instruments, inspired by the quality systems already tested by residents' cooperatives. The objectives are to increase transparency in decision making, to achieve efficiency and effectiveness in management and to ensure product quality and cost savings for users.

Below the main procedures used for involving future users in management processes are briefly described.

Phase 1: Promotion and demand analysis.
For the successful operation of a social housing initiative, starting from the initial stages, it is important to undertake several actions for the identification of a balanced social mix that facilitates the adoption of a model that enables future residents to take an active role in community life. In this way, a strong intergenerational and social integration can be achieved.

In this regard, the first phase of creating a social manager for Parma Social House, a survey has been conducted with different parties: the Municipality, Housing Agency and residents' cooperatives for analyzing the accomodation demands; non-profit organizations and private companies for understanding the housing needs of mobile workers, immigrants, etc.; property service centers for identifying the accommodation demands of students, workers, singles and families, etc.

Phase 2: Acceptance of the programme.
This phase is associated with the identification of organizational assets of the social manager. In this concept the following parties have been identified: *the program manager*, who

coordinates all the activities related to the programme; *the technical team*, who works on the definition, approval and construction of building plans on behalf of the social manager; *the users team*, which undertakes series of activities for improving relationships with prospective residents; *the administrative team*, which develops and manages the procedures for financial and economic management of the program, collects rents and/or installments and plans the maintenance and operation of buildings.

The program manager takes all necessary steps to identify information tools and procedures (Internet, billboards, brochures, etc.) that aim to inform different categories of users about housing models (for rental, rent+redemption and sale).

Phase 3: Planning and booking.
Because the design, as outlined above, represents a crucial step in the realization of a social housing scheme, it is important to share different design types with users so that their needs can be met in the most appropriate way. To this end the social manager, with the help of the program manager and the technical team, informs community representatives about the project, expected performances, technology and the system of public spaces and service areas.

The program manager has also used a 'social desk', where associations, cooperatives and other third sector organizations take part. The aim is to increase cooperation, describe the processes associated with the transformation of the neighbourhood, to encourage the participation of different user groups in management, to provide useful services for the elderly, disabled, workers in distress, etc. [27] and to develop a sense of belonging to the community (care of common green areas, entertainment, etc..). Once the final project is approved, the team manager along with the users team have started the booking process. This is done with the help of information sessions designed to raise awareness and understanding on design features, construction, dimensions of dwellings, performance levels, the prices and payment methods, and contractual issues.

Phase 4: Implementation
In this phase, any requests for customization, in particular those regarding the facilities, interior fixtures, floors and walls are evaluated and reported to the company. Furthermore, the users team and the technical team visits the site and monitors construction.

Phase 5: Testing and final delivery of housing.
With the completion of work and related testing, the technical team, will take all documentation (test certificate, energy performance certificate, land records, etc..) needed for handover. Then, the social manager delivers dwellings to users and provides booklets of use and maintenance which explain the use of living spaces, increase awareness on resource savings and the issues related to maintaining the desired performance level of buildings.

In this phase, the social manager, together with user representatives adopts the Condominium and Community Regulations which sets rules for community life on building and neighborhood levels. Another information desk is created for ensuring that the regulatory instruments are understood. Here, residents, public and third sector organisations participate in discussions to find optimal solutions to problems.

Phase 6: Management and support.
With this phase the actual development of the new community begins. For the lifetime of the Parma Social House Fund (not more than 25 years), the social manager together with

management comitee will be engaged in promoting participation, organizing training courses, in order to develop the skills of residents and strengthening the sense of responsibility and autonomy. The satisfaction of the residents will be then tested by surveys undertaken by the management committee and residents' representatives on behalf of the social manager.

6. Conclusions

From the discussions above, it can be seen that reaching an equilibrium in economic, financial and social dimensions are of great importance for increasing the supply of social housing and for creating public private partnerships. However, this objective is very difficult to reach because the economical, financial, social and risk related asymmetries result in unprofitable investments.

One solution to overcome these problems is to include public sector and third sector organisations - which are capable of activating the direct (e.g. grants) and indirect (e.g.through real estate funds) compensatory measures - in the organizational structure. In the case of Parma Social House, also the investment costs were higher than expected revenues. Therefore several measures have been considered to cope with this problem: exemptions from construction contribution and other urbanizational costs by the municipality; fiscal incentives (reductions in local property taxes - ICI); fund subscriptions with very low expected returns by the Municipality, the Region, local foundations with banking origins and residents' cooperatives; community involvement and information policies developed by the social manager in order to prevent social marginalization and insurance policies adopted by the municipality and the province for the risks.

The real estate investment fund "Parma Social House" is the first and the largest social housing initiative of its kind in Italy. Supported by the national fund, the initiative represents an innovative model which could be taken as an example in other social housing undertakings. The local fund briefly explained in this paper could be considered as an innovative instrument for the realization of housing policies as it is capable of safeguarding the interests of both the public and the private sector and as it allows a flexible management structure.

The local fund introduced by the Housing Plan is in several ways different from other instruments. The Bank of Italy governs and supervises the fund, the management of the initiative is undertaken by the project Company and further issues associated with the control and assurance are provided by a Savings Bank, independent experts and auditors. Furthermore, the regulation of the local fund provide guidelines on the selection of alternative investments that take into account several factors associated with ethics and financial sustainability. The regulation provides that investment criteria not only maximise the value of the fund but also social benefits.

Finally, it can be stated that the Parma Social House Fund is a good example for the fund of funds system. The national fund plays an important role in the model as it helps to activate local funds. The local fund, on one hand favors the increase in the supply of social housing for those segments of the population that cannot afford market prices, and on the other, facilitates public and private parties to raise the finance necessary for investment. The latter in particular appears to be very important in an environment characterized by crises and the scarcity of public resources.

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