

POLITECNICO DI TORINO
SECOND SCHOOL OF ARCHITECTURE
Master of Science in Architecture
Honors theses

Ethic Real Estate Finds: new financial strategies supporting social housing

by Luisa Magnani and Chiara Zaccaria

Tutor: Luca Consiglio

Social housing (SH) is object of great attention and discussion both in the construction and architectural field. Our research investigates it from the point of view of economic feasibility.

This research aims at evaluating the role of the ethic real estate finds in supporting SH real estate operations. The analysis has been developed using four study cases promoted by an hypothetic ethic real estate found and was carried out with the cash flow analysis.

The use of innovative financial supports, for the Italian social real estate sector is one of the elements that connotes the new Italian housing policy. These financial supports correspond to those used by real estate finds. From mid 90s until now, the housing problem has become more complex in Italy and new solutions were investigated.

Briefly, the main elements broadening the area of SH are:

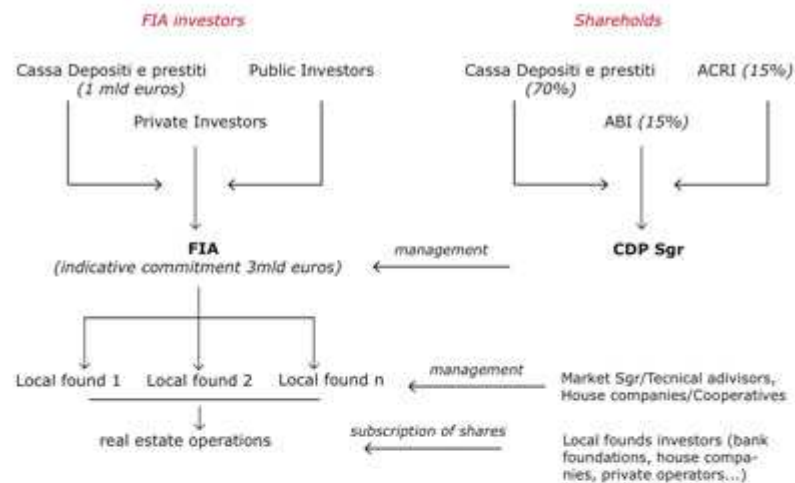
- The noteworthy growth of dwelling prices both for sale and for rent and the lowering income of many families.
- The break down of GESCAL (the National agency for state owned housing properties) resources.
- The reduction of family size.
- New occupational categories (business men, commuters,...) with high mobility in both residence and occupation.
- The origin of a new range of users (the so called "gray band"): people economically too powerful to be supported by the public economic aid but, at the same time, economically too weak to face the real estate market.

In order to find a possible solution to the problem of social housing, new strategies has been devised and a new model developed. The main characters of the new SH operations are deeply different to the traditional ones, and are:

- SH is an housing service, therefore it can be considered as an add urban standard and benefit of State support.
- It provides answer to different sorts of housing needs.
- It is aimed at offering properties for rent with a wide range of fees.
- It is developed by public and private partnerships.
- It is supported by marked resources.

In the recent legislation the real estate fund has gained particular relevance thanks to its characteristic of transparency and flexibility. A national fund (the FIA) was set up, managed by Cassa Depositi e Prestiti Sgr, which is a national financial lever able to supporting local housing programs with economic and social sustainability. The whole of the funded initiatives is grouped in an Integrated System of Real Estate Funds (the SIFI).

SIFI working scheme (elaboration of the authors on CDP document)



In order to benefit of the financing, up to 40% of the equity, the business plan of the operation must provide a minimum IRR of the 4%, as the risk free operations. For the first time council housing was faced as a true investment and not as a non refundable contribute.

The cash flow analysis results are:

- Property units: 20% discount (the discount is always referred to market values both for the rents and the disposals).
- Garages: 10% discount.
- Final disposal (real estate found closing after 25 years): IRR 4,1%.
- Gradual disposal (real estate found closing after 18 years): IRR 5,0%.

In conclusion, it is possible to say that the ethic real estate found is a strong support for social housing. This research shows that setting limited profits (corresponding to the limit for qualifying as “ethic trust”), dwellers take can be offered accommodations at rents lower than the ones proposed by the free market.

For further information, e-mail:

Luisa Magnani: luisamagnani@hotmail.it

Chiara Zaccaria: chiarazaccaria10@gmail.com