

Housing Co-operatives in Italy

History

Italian Co-operatives date back to the mid 19th century. The first co-operative founded in 1854 was a consumer co-op. Not long after, in 1886, a national association was created: Legacoop, Lega delle Cooperative (the Italian Cooperative League, then called Federazione Nazionale delle Cooperative). A split occurred within Lega's membership in 1919 and another national association was created: Confcooperative, the Confederazione Cooperative Italiane (the Confederation of Italian Cooperative). As other European countries, co-operatives were founded on the principle of solidarity with the objective to respond to immediate needs, such as unemployment and high costs of living.

One of the first housing co-operatives was founded in 1884 by the workers of a tobacco factory in Bologna, capital of Emilia Romagna, a region well known for its remarkable co-operative successes. From the late 1800s to the 1920s, several thousand of housing co-operative units were developed. These developments were made possible by the support of several political leaders who saw the co-operative ideology in line with their political and ideological ideas.

Many co-operatives, housing and others, were destroyed during the World Wars and the Fascist regime brought the end of self-help democratically run housing co-operatives.

The end of the Second World War saw the rebirth of the Italian co-operative movement. The country had to rebuild its economy and democratic institutions. Legislative changes were brought to facilitate the development of co-operatives. Article 45 of the new Italian constitution drawn up in 1947 explicitly recognises co-operation. The article reads:

“The Republic acknowledges the social function of cooperation as a form of mutual aid devoid of all private speculative intent. The law promotes and encourages the expansion of cooperation by means of the most suitable means, and provides suitable checks designed to guarantee its character and purpose.”

In 1947, a general law on co-operative, the “Basevi” Law, was adopted to regulate the affairs of co-operatives. This law can also be seen as a key contributor to the successes of the co-operative movement, including housing co-operatives, as it recognised the implementation of the indivisible reserves concept. This concept allowed co-operatives to transfer the totality of their surpluses to a reserve. Completely exempted of corporate tax, these reserves have been the main source of capital and have contributed to the development of the movement.

In 1992, the adoption of the Law number 59 provided the co-operative movement with another major financial development mechanism, the setting up of a ‘Solidarity Fund’. COOPFOND (Fondo Promozione Cooperative) was created as a national fund. Every co-operative, including housing co-operative, is required to invest 3% of its annual profit in the fund. In 12 years of operation, COOPFOND has accumulated over 240 million Euros. Only Italian co-operatives have access to this financing.

ITALY

In general, co-operatives have been experiencing growth since the 1970s. After a difficult period between 1980 and 1985, housing co-operatives went through a strong period of expansion in the 1990s with a real housing development boom until mid 2007. Since then, housing has seen a slowing down of construction putting an end to the booming period.

Until the end of the 1990s, the Federal government had full responsibilities for housing, from policy approval to implementation and financing, leaving a very limited role for the regions. The 1998 housing reform was a turning point in Italian housing policy as it redefines the roles of the players. Housing became a regional jurisdiction. Since then, the development priorities and the allocation of finances towards housing are defined by the regional governments. The Federal government has a more limited role in policy development and building standards approval, statistics collection and information sharing.

Context

For years, the co-operative housing movement has benefitted from positive legislature measures including:

- The exemption of corporate taxes of their surpluses transferred to reserves;
- The possibility for creating consortiums to respond adequately to the needs of the housing co-operatives;
- The right to be shareholders in joint-stock companies and to control them;
- The mandatory allocation in a solidarity fund for future development.

But the social, financial and political context has changed and Italy is confronted with one of the most severe housing crisis in Europe. First, housing demand has changed because of the demographic transformation. Italy has the highest proportion of people over 65 years old in the European Union. As in other European countries, Italy is also confronted with the challenge of immigration.

With higher and continued housing costs increases due to high interest rate and maintenance costs, new group of people are having difficulties finding housing. While homeownership has always been the preferred form tenure in Italy, the form developed by housing co-operatives, more people cannot afford or continue to pay for a house. Also contributing to the housing crisis is the reduction of public housing. For some years, public housing units have been sold adding to the shortage of adequate affordable housing.

The decentralisation of housing provision to the regions has created large discrepancies across the country. Housing is now subject to regional policy and resources. Scarce financial resources are targeted to the neediest people. The reduction of the federal government involvement, both in term of implementation and financial allocation, and the liberalisation of the market has also contributed to the housing crisis Italy faces today.

Housing co-operatives are playing an active role to address this crisis. The co-operative housing sector has modified its development strategy to include the building of affordable rental property in the form of social housing co-operatives. The co-operative housing movement continues to participate in the urban renewal, including upgrading housing, through its organizational and financial resources and savoir-faire.

In 2007, representatives from the federal and local governments and housing groups, including housing co-operatives, worked together to develop a new housing strategy to address these challenging issues. The Italian government approved a housing plan in 2008. At the time of writing the profile (July 2008), the plan has not yet been finalised. With this plan, social housing will have access to real estate funds for the first time.

Certainly worth noting is the leadership demonstrated by the Italian housing co-operatives towards sustainable development. The principles of sustainable development have been adopted by all Italian co-operative housing organizations. FEDERABITAZIONE, one of the two main Italian housing co-operative organizations, is co-ordinating a five year European project on housing and sustainable development, called Project SHE. The other main organization, AN CAB is also contributing to the promotion of sustainable development through the European project, "Factor 4".

Co-operatives associations and union organizations have founded an organization called Abitare e Anziani to promote housing policies supporting the elderly. Housing for the elderly has been built in the Umbria and Marches regions through special projects after the 1997 earthquake. International design competitions for social housing devoted to the elderly have been organized. These competitions have been widely publicized and recognised for the quality of the winning projects.

The Co-operative Housing Movement

The Italian co-op housing sector is made up of four national organizations: AN CAB, FEDERABITAZIONE, AGCI and UNCI. It is a three tier level structure and individuals are only member of the housing co-operatives, not the sectoral organizations. These organisations are sectoral organizations of large national co-operative associations. The majority of Italian housing co-operatives belong to one of these organisations. These organisations collaborate with each other to satisfy the housing needs of a wide range of people. Housing co-operatives promote the development of good quality rental and ownership project applying the principles of urban and building sustainability.

ITALY

1. ANCAB – Associazione Nazionale Cooperative di Abitanti / National Association of Housing Co-operatives

Founded in 1961, ANCAB is a nationwide syndicate association representing housing co-operatives and their consortiums. ANCAB is a member of LEGACOOP, the Italian Cooperative League, and a national association representing co-operatives from different sectors. ANCAB represents and works to protect the interest of its partner cooperatives. Its mission is to:

- Respond to the housing needs of the socially and economically disadvantaged groups through both public and private partnerships
- Offer real estate products advantageous in price and quality;
- Manage the co-op housing stock with transparency;
- Contribute to the improvement of the urban environment by sustainable urban and architectural building practices.

ANCAB has promoted the setting up of a national service society, FINABITA s.p.a. whose main objective is to offer specialized services to cooperative members, such as:

- Financial assistance with building projects and in dealings with banks;
- Project activities in partnership with other European organizations on issues concerning energy saving and environmental quality in building social housing projects;
- Assistance and evaluation of real estate programs.

ANCAB's membership in 2007 included 2,800 housing co-operatives that constructed 301,000 property units and had 417,000 individual members. ANCAB housing co-operative membership is divided in 38,000 rental units and 268,000 owner units. The turnover is 1,056 million euros.

For more information, go to www.ancab.coop (Italian only)

2. FEDERABITAZIONE – Federabitazione Nazionale delle Cooperative Edilizie di Abitazione / National Federation of Housing Co-operatives

Founded in 1954, FEDERABITAZIONE is a nationwide federation representing housing co-operatives, their consortiums (service and development organizations) and individual housing members. FEDERABITAZIONE is one of the eight sectoral federations of the CONFCOOPERATIVE, the Confederation of Italian Cooperatives. FEDERABITAZIONE carries out, through its territorial structure all actions regarding the direction, representation and protection of the housing co-operatives. Services include:

- Auditing of housing co-operatives;
- Consulting and assistance to co-operatives in economic, financial, legal and organizational matters;
- Search of funding through diverse channels;
- Execution and publication of construction experimentation and research;
- Promotional activities addresses to special users.

ITALY

FEDERABITAZIONE has promoted the foundation of 2 consortiums:

- Conit-Casa, founded in 1980, carries out research and experimentation in areas such as energy saving, acoustic isolation, innovation and modernization. It has also developed maintenance booklet for members.
- Casa Qualità, founded in 1991, works on housing quality, training and certification. It has implemented a Quality Mark (label) which is given to co-operatives fulfilling certain requirements, carrying certain activities, complying with standards and procedures. This consortium is composed of the members of FEDERABITAZIONE.

FEDERABITAZIONE's membership in 2007 includes 2,751 co-operatives, 303,000 units, with 170,238 individual members. Housing co-operative membership of FEDERABITAZIONE is divided in 10,000 rental units and 293,000 owner units. The turnover is 1.040 million euros.

For more information, go to www.federabitazione.confcooperative.it (Italian only)

3. AGCI – Abitazione / Associazione Generale delle Cooperative Italiane / The General Association of Italian Cooperatives, housing sector showed a membership of 1,427 housing co-operatives in 2006. For more information, go to www.agci.it (Italian only)
4. UNCI – Unione Nazionale Cooperative Italiane / Union of Italian Cooperatives. Founded in 1970, the Union has a section called ANCEA – Associazione Nazionale Cooperative Edilizie di Abitazione. For more information, go the www.unci.org (Italian only)

Statistics

The 2001 Census indicates that 71% of the population own their house and only 20% live in a rental property. The ownership form of tenure has increased constantly since the Second World War where at that time 50% of population were tenants.

At the end of 2008, there were approximately 11,000 housing co-operatives in Italy.

Description

There are two types of housing co-operatives: conventional housing co-operative and social housing co-operative.

Key characteristics for both types are:

- Co-operatives are developed according to a system of approval managed by regional governments and agreements are concluded at the local level.
- Co-operatives are created by a building co-operative.
- Membership in housing co-ops is opened to everyone wishing to live in a co-op housing unit. Membership is not restricted to those who actually live in a co-op unit.

ITALY

- Each person interested in having a co-op housing unit buys a share of about \$200.00. This share gives the person the right to vote, to be put on a waiting list and to be informed when units becoming available.
- The people on the waiting list receive an application form when a project or a unit become available.
- Membership is approved and unit is allocated according to the date of application as long as the person is meeting the eligibility criteria.
- All housing co-ops must contribute 3% of their net surplus to a national development fund.
- Housing co-operatives must transfer 30% of their surplus, to a maximum of 70%, to an indivisible reserve. These amounts are tax-free. Upon dissolution of the co-operative, the reserve must be transferred to the co-operative development fund, and cannot be given to individual member.
- Management is done through the sector organizations and employees. Volunteer's management is very limited.

Conventional housing co-operative – owner-occupied:

- Units belong to the individual members.
- Units are sold to individual members at slightly below market to take into consideration the special government subsidies. Some equity restriction is imposed at resale for a period of at least 20 years.

Social housing co-op - rental:

- Projects are targeted at people with special needs such as the elderly, handicapped, income-based group
- Ownership remains in the hands of the co-operative to ensure long-term affordability
- Individual members rent their units
- Building design takes into consideration the needs of the target group (accessibility, security)
- Projects obtain below-market funds in the form of direct financing from regional governments (very limited)

Financing

Before 1998, financial assistance came from the federal government in the form of interest subsidies on loans in addition to make suitable land available for housing co-operative development. At the present time, financial assistance comes from the regional authorities in the form of capital contribution (for low-income groups) and reduced interest loans. The financial assistance currently represents 10% to 40% of the total project costs.

The co-operative housing financial tools include member shares, member loans, and tax (VAT) exemption, capital raised through indivisible reserves, and mutual funds.

ITALY

Mutual funds were set up in 1992. 3% of the co-operatives' surpluses are pooled into these funds to finance sector development programs or promote new co-operatives. However, these funds do not finance directly building programs. There are presently 4 national funds in addition to the Ministry of Economic Development Fund.

New ethical real estate funds are being developed by the main sector co-operative organizations.

Legal Framework

The legal instruments for the co-op housing sector are:

- Article 45 of the Constitution
- Decree Law of December 14, 1947, nr 1577 – “Basevi” Law which regulates cooperatives in the Republic of Italy
- Law of February 17, 1971, nr 127 - new provisions for cooperatives, an updating of the Basevi Law
- Law of November 8, 1991, nr 381 – regulation of the social co-operatives
- Law of January 31, 1992, nr 59 - new regulations for co-op firms (financial aspects – cooperative shareholder members with multiple votes and mandatory allocation of 3% of annual surplus in solidarity fund)
- Law of August 2, 2002, nr 20 – revision of the legislation on co-operatives
- Decree Law of January 17, 2003, nr 6, article 8 – regulations of joint stock corporations and cooperative firms
- Civil Code 2003, ITEM VI – articles 2511 – 2548
- The following specific sector laws: single text n. 1165 of 1938, Law n.167 of 1962, Law n. 865 of 1971, Law n.457 of 1978 and, Law n. 179 of 1992.