



legacoop
ABITANTI



COOPERHOUSING FOUNDATION

The ethical housing fund established by Cooperhousing Foundation

London Symposium, 7 October 2010 - International Co-operative Alliance

Luciano Caffini

President, Legacoop Abitanti, National Association of Housing Co-operatives (Italy)

President, Co-operatives Section, Cecodhas Housing Europe

Contents

1 The National Housing Plan NHP

2 The network of real estate funds system in the NHP

3 Initiatives under way in Italy

4 Why the housing co-ops for the Fund System?

The National Housing Plan

Law 6 August 2008, n. 133

The NHP has six guide lines of interventions for different targets

This presentation is related to the first of the six objectives:

The network of national and local funds with the goals of increasing the social housing stock

Many points of contact between the *integrated system of funds* and the increasing number of experiences and social housing projects started by foundations of banking origin, public institutions and housing co-operative

The network of real estate funds system in the NHP

The National Fund

At the moment **€ 2,6 billion** divided in:

Cash Deposit and Loans (CDP)	€ 1 billion
Intesa SP, Unicredit, Generali	€ 1 billion
Social security institutions, Pension funds, others	€ 0,6 billion
	€ 2,6 billion

€ 2,6 billion Potentially promoting **€ 13 billion** of investments as:

National Fund	€ 2,6 billion
Institutional investments	€ 2,6 billion
Private investments	€ 1,3 billion
Financial leverage (max 50% GAV)	€ 6,5 billion
	€ 13 billion

The network of real estate funds system in the NHP

Other features of the National Fund:

- ✓ At least 25 years lasting
- ✓ Earning objectives in line with comparable market financial instruments
 - ✓ Adequate territorial diversification of investments
- ✓ To ensure representation to investors by the composition of the Fund organs
 - ✓ Criteria for participation in local investment, acquiring minority shares up to max 40% by the Cash Deposit and Loans

Objectives

Increasing:

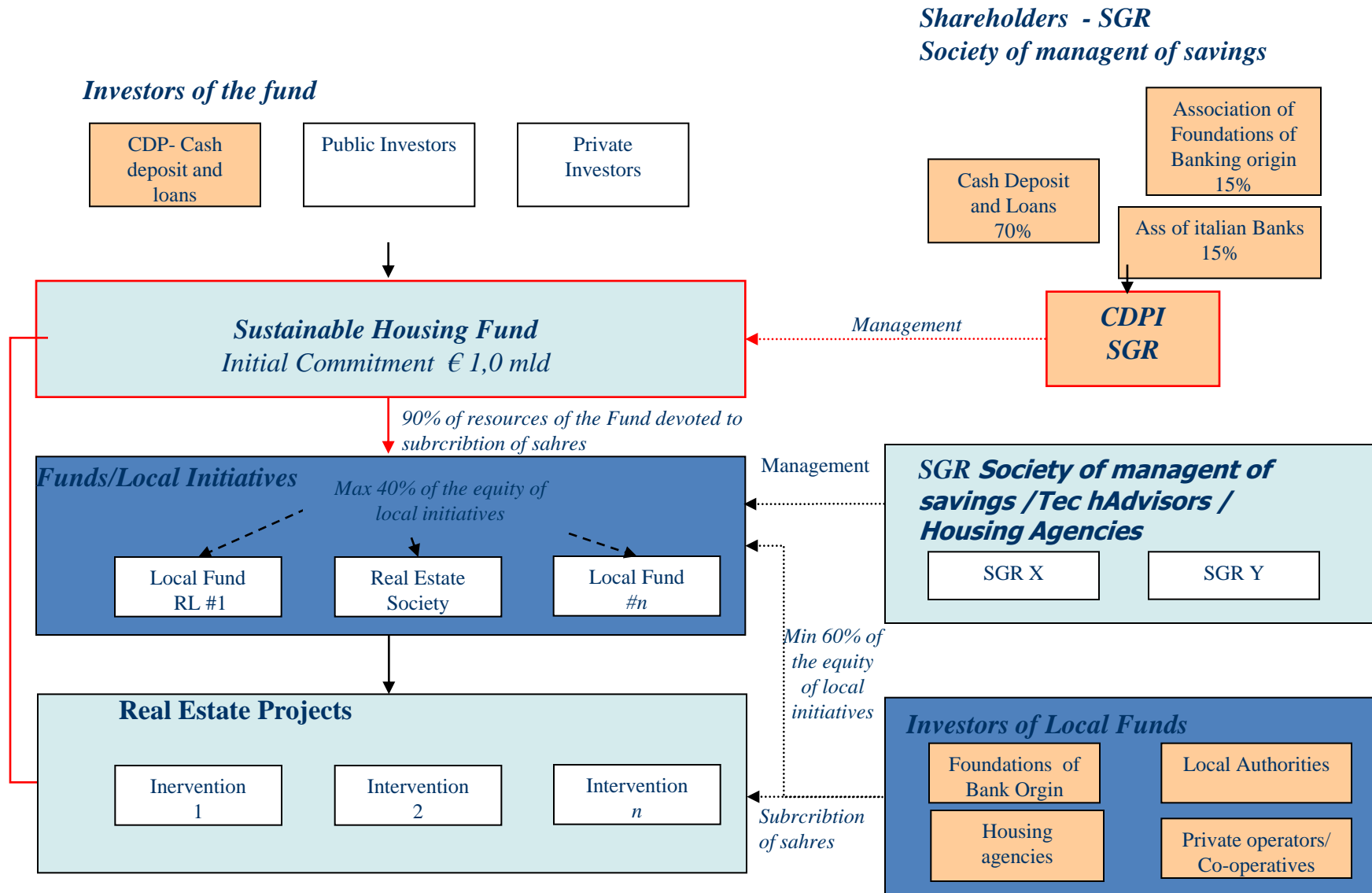
- ✓ the rental stock managed by the funds at an average price of 50%
 - ✓ of the market rental price
- ✓ the supply of ownership (also deferred to 4/8 years) at low price

Targets

People or families not having the requirements to obtain a public house and not able to face the market price

The network of real estate funds system in the NHP

How the System Works



Some information from Italy (Istat survey)

The economical (and social) crisis

- ✓ Recession between 2008 and 2009: **GDP -6%**
- ✓ Recovery of economic activity is weak
- ✓ Slow employment growth/September unemployment rate: **8,5%**
- ✓ Households in economic difficulties

Youth unemployment (25-34 years) rate

2nd quarter 2010: **27,9%**, record number from 1999

Unemployed young people between second quarter 2010 / second quarter 2009:

+ 195,000

Nowadays in Italy

2,136,000

people are looking for a job, the highest degree from 2001

Some information from Italy (Istat source)

The peak is in the Southern Italy:

40%.

Women, in most cases

Basically:

9 italians out of **100** don't work

30 young italians out of **100** are jobless

Other figures

2009: 300,000 young employed less than the year before

A dramatic data:

Increases the number of young people not occupied neither in a job nor in an academic path of studies:

142,000 people in 2009

Some information from Italy

Housing crisis

- ✓The ageing of population
- ✓Dramatic sales drop of primary house
- ✓Increasing of housing demand for a lot social classes

Housing demand

- ✓2009 buying and selling: between - 11,3% and - 14,9% (different surveys)
- ✓2009 prices: between - 7/9 % and - 9,8 % (different surveys)
- ✓From 2006 to 2009 the italian housing market has dropped of 35%

Immigration

- ✓Household boom from immigrants
- ✓Italian household and families are smaller than in the past
- ✓The population growth rely on foreigners

Housing co-ops industry

Legacoop Inhabitants	<i>Co-ops members recorded at the National Register</i>	<i>Members</i>	<i>Dwellings built by co-ops</i>	<i>Dwellings under way</i>	<i>Turnover Euro millions</i>	<i>Balance sheet margin aggregate</i>	<i>Net assets aggregate</i>
12/31/2007 amount	867	418,050	303,732	17,842	1,215,83	55,496,168	1,179,508,759
12/31/2008 amount	880	419,600	308,000	19,400	1,174,00	44,174,637	2,737,966,552
12/31/2009 amount	875	418,800	314,000	18,600	1,074,00	40,000,000	2,800,000,000

The Network of real estate funds system



Initiatives in the works in Italy

The network of real estate funds system in the NHP

Initiatives under way before the National Housing Plan (NHP)

Co-operative Housing Fund Rome

Promoted by Cariplo foundation before the Housing Plan. Seven Legacoop co-operatives in Rome. S.G.R. (Society of Management of savings): Polaris Italy. Contribution to the fund: 71 ml contribution to gross value (GAV)

Business ventures without co-ops:

Abitare Sociale 1

Promoted by Cariplo foundation before the Housing Plan. S.G.R. (Society of management of savings): Polaris Italy
Funding: 85 million

Fund Veneto House

Veneto Region, CARIPARO Foundation.
S.G.R. (Society of Management of savings): Beni Stabili. Funding: about 14 ml (50 ml goal)



The network of real estate funds system in the NHP

Initiatives under way/2: the ethical housing fund by Cooperhousing Foundation. Promoters:

Florence

Inhabitans co-ops, private companies and Consortium Etruria, a working co-operative.
S.G.R.: Polaris Italy Funding

Parma

Inhabitans co-ops, private companies, working co-ops. Public lands assigned to promoters.

Milan

Inhabitans co-operatives, private companies, working co-ops.

Pesaro

Inhabitans co-operatives, private companies, working co-ops.

Torino

Inhabitans co-operatives, lands underway of evaluation.

Matera in the works on private areas



FUNDS						
	BUSINESS DIMENSION					
Name Fund		Fixed rent	Agreed Sale	Market prices	Average rent €/mq/month	Total dwellings
Toscana Housing Fund (Firenze - Prato)		690	200	10	6	900
Merlata Housing Fund (Milano)		345	405		6	750
Parma Social House Fund (Parma)		447	405		5	852
Housing Coop. Roma Fund (Roma)		477			5	477
	FINANCE					
Name Fund	GAV (Gross Asset Value)	Share A Market and promoters	Share B SIF (Integrated System Funds)	Share B Other Institutions	Share C Public institutions and promoters	Debt
Toscana Housing Fund (Firenze - Prato)	113,50	20,00	22,00	12,00	2,75	56,75
Merlata Housing Fund (Milano)	92,00	12,00	18,00	16,00		46,00
Parma Social House Fund (Parma)	140,00	8,00	32,00	15,00	15,00	70,00
Housing Coop. Roma Fund (Roma)	71,00				35,00	36,00
		A	B		C	
Internal Rate of Return expected		6 ÷ 7%	3% + inflation		1 ÷ 2%	

Toscana Housing Fund (Florence - Prato)

Dwellings	Fixed average rent	Agreed sale	Market price sale	Avg. Rate €/mq/month
900	690	200	10	6
of which				

GAV Gross Asset Value	Shares A Market and promoters	Share B SIF	Share B Other institutionals	Share C Public institutions and promoters
113,50	20,00	22,00	12,00	2,75

Debt	56,75
------	-------

Merlata Housing Fund (Milan)

Dwellings	Fixed average rent	Agreed sale	Market price sale	Avg. Rate €/mq/month
750	345	405		6

of which

GAV Gross Asset Value	Shares A Market and promoters	Share B SIF	Share B Other institutionals	Share C Public institutions and promoters
92,00	12,00	18,00	16,00	

Debt	46,00
------	-------

Parma Social House Fund (Parma)

Dwellings	Fixed average rent	Agreed sale	Market price sale	Avg. Rate €/mq/month
852	447	405		5

of which

GAV Gross Asset Value	Shares A Market and promoters	Share B SIF	Share B Other institutionals	Share C Public institutions and promoters
140,00	8,00	32,00	15,00	15,00

Debt	70,00
------	-------

Housing Coop Roma Fund (Roma)

Dwellings	Fixed average rent	Agreed sale	Market price sale	Avg. Rate €/mq/month
477	477			5

of which

GAV Gross Asset Value	Shares A Market and promoters	Share B SIF	Share B Other institutionals	Share C Public institutions and promoters
71,00				35,00

Debt	36,00
------	-------

Internal Rate of Return Expected

A

$$6 \div 7\%$$

B

$$3\% + \text{inflation}$$

C

$$1 \div 2\%$$

The Legacoop approach Cooperhousing Foundation/2

Cooperhousing Foundation (involving different sectors)

An idea of “**normalization of the market**”, that means:

✓A production of houses for different segments of the market and not only for high profit level.

✓A mix of supply:



The Network of real estate funds system

Why the housing co-ops for the Fund System?

Optimization of the production

Extent of investments

Basel 2 (credit crunch)

Basel 3

New tools and methods of financial sustainability

Better fiscal policy the fund approach

Social transformations expected:

- ✓ new social mix
- ✓ new social contradictions
- ✓ new governance for social large base housing co-operatives

Network of real estate funds system

Ways of compensation: how to get the goal of an average rent correspondent to approximately 50% of the market rent

Urbanistic

Cost of the land, near zero, related to urbanistic legislation promoting a stock of lands in the availability of the councils, with possibility to assign them to co-ops or other providers

Volume premiums related to private urbanistic plan in the Private Public Partnership (PPP)

Discounts in urbanization costs

Financial

Equities with expectations of non-speculative (**ethical**) return (2-5 %)

Reduction in costs of debt and agreement with financial institutions

Network of real estate funds system

Ways of compensation: how to get the goal of an average rent correspondent to approximately 50% of the market rent

Fiscal

ICI (Local Property Tax)

Assimilate local Funds to undivided housing co-operatives and public housing that are free of cost

Public Contributions

Even as a subscription of shares

Bonus to people or families in order to reduce furtherly the rental price

Network of real estate funds system

Success factors of Local Funds

Local partnership in PPP

Capability in organizing

Social objectives, creation of the conditions for urban feasibility

Operators (co-operatives in particular)

Co-investors

To promote the Funds in agreement with local authorities and private foundations

To encourage agreement with the "society of management of savings" (SGR) in order to obtain the commitment for facility, property, community building

Network of real estate funds system

Success factors of Local Funds

Banking foundations

To participate in defining the effects on community

To subscribe the shares of the local fund

Ways of institutional partnership, Region and local authorities:

To indicate and share the objectives, state fees and sales prices

To develop synergies in order to ensure procedural simplifications for the feasibility of interventions

To identify compensatory measures and forms of security in order to increase the social efficiency of the Local Fund

Network of real estate funds system

Success factors of Local Funds

Expected profitability

Limited, but reliable, revaluation of real estate over time

Certainty of collection of fees and realization of the scheduled plans for sale

Central management

To promote a culture of participative and responsible neighbourhood (**community building**)

To ensure the durability and efficiency of rented property

Recover the management tradition of housing undivided co-ops

Default tending toward zero

Dwellings maintained in good quality and efficiency over time

A sense of belonging of the members-tenants

Duration and liquidation of the fund

The maximum duration of the fund is:

25 years

Liquidation of the fund:

- ✓ by assignment of dwellings to tenants
- ✓ to undivided property housing co-ops

Potential production of Social Housing

General Objective

Medium and long term lease
(15-20 years)

Fixed-term lease
(8-10 years)

Supply of housing
of low-price ownership

80/100,000
dwellings
realistically
in 10 years

Potential production of Social Housing

The Legacoop goal:



legacoop
ABITANTI

3,000
dwelling
per year



legacoop
ABITANTI



COOPERHOUSING FOUNDATION

The ethical housing fund established by Cooperhousing Foundation

Thank you for your attention!

London Symposium, 7 October 2010 - International Co-operative Alliance

Luciano Caffini

*President Legacoop Abitanti, National Association of Housing Co-operatives (Italy)
President, Co-operatives Section, Cecodhas Housing Europe*