

# Social Housing Bond Report 2021

Our commitment  
to sustainable living



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# CDP Social Housing Bond

- On February 2020, CDP issued its first “Social Housing Bond” under the “CDP Green, Social and Sustainability Bond Framework”
- The proceeds of the issue were allocated to support social housing interventions with initiatives dedicated to the most vulnerable population groups
- The funds raised were entirely allocated to 235 Social Housing projects, with a positive impacted estimated in 4.226 social houses and 1.788 students’ beds, ALF and temporary residences
- From these social houses could benefit circa 9.625 people while 1.036 students could have access to dedicated residences
- The investments needed to realize the buildings have guaranteed a positive impact in terms of jobs created or maintained equal to 17.065 annual work units
- The CDP Social Housing Bond’s contribution to sustainability and its alignment to the *Social Bond Principles* have been confirmed by ISS ESG, as a Second Party Opinion Provider

The purpose of this document is to provide to investors full transparency regarding the allocation of funds within one year after the issuance, as specified in the “CDP Green, Social and Sustainability Bond Framework<sup>1</sup>” (the “Framework”).

ISS ESG Corporate Solutions (“ICS”) has confirmed that as of 24 February 2021, the Social Housing Bond Report is aligned with the ICMA’s Social Bond Principles and ICMA’s Harmonised Framework for Impact Reporting.



**235**  
projects



**4,226**  
social houses



**1,788**  
students’ beds, ALF  
and temporary  
residences



**11,412**  
overall  
beneficiaries



**17,065**  
annual work units

<sup>1</sup> Available on the CDP website page at: <https://www.cdp.it/sitointernet/en/investitori.page>



Former Sadoch Complex - Trieste

# 1. Introduction



## A sustainable response to the new housing needs

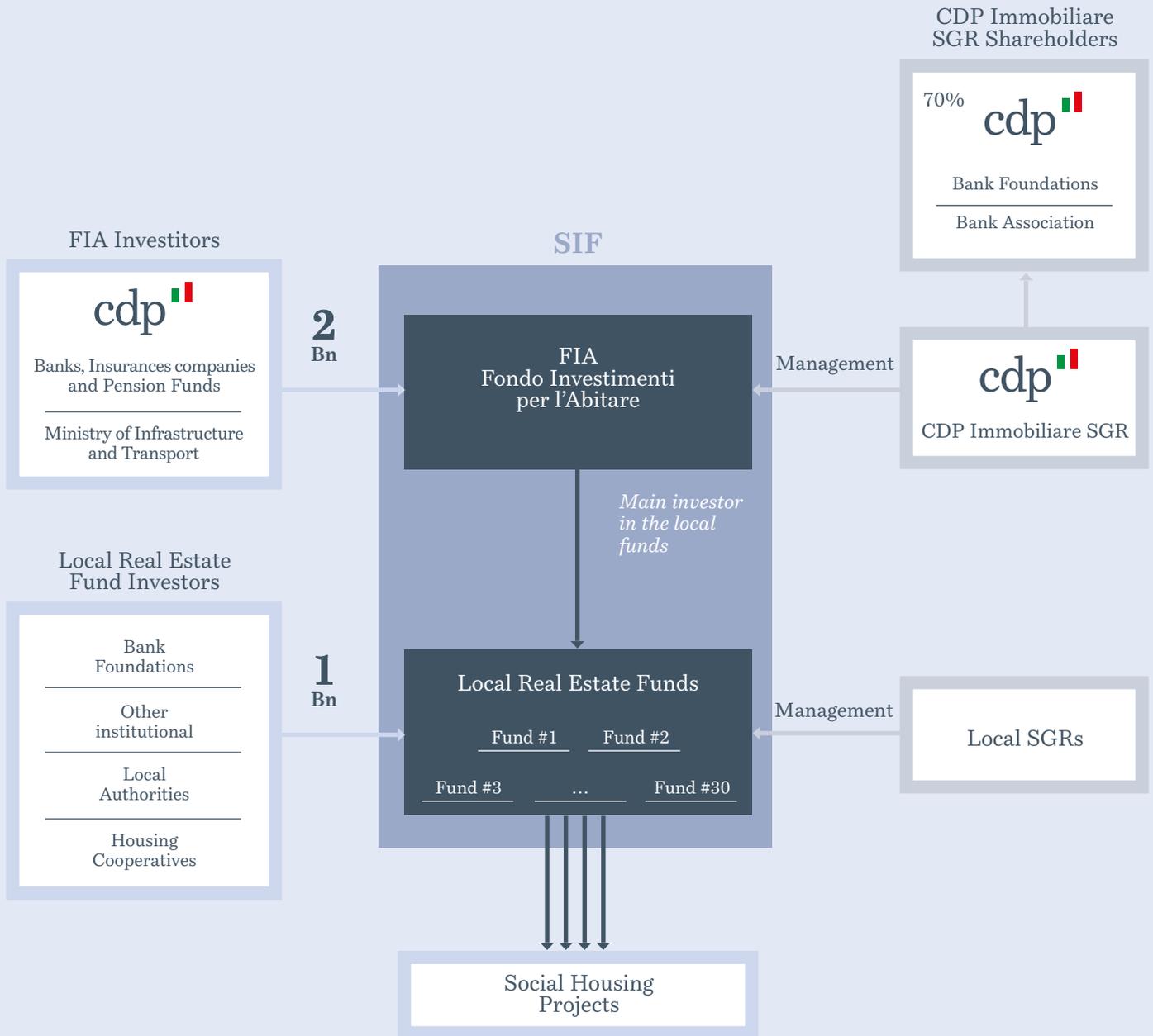
Following its inaugural Social transaction on 2017, the Sustainability Bond on 2018 and the second Social Bond on March 2019, on February 2020, Cassa Depositi e Prestiti S.p.A. (“CDP”) issued its first **Social Housing Bond** in order to support social housing interventions with initiatives dedicated to the most vulnerable population groups which do not have the requirements to access public housing lists and that fail to satisfy their housing needs due to economic reasons or lack of adequate offer on the housing market. With its social housing interventions, CDP contributes to provide a **sustainable response** to the **new housing needs** of a substantial proportion of the population which is penalized by the dynamics of the traditional real estate market.

In Italy, the main regulatory references, that introduced the fundamental contents of the **National Housing Plan** which significantly innovated the approach to the financing of social housing, were:

- The Inter-ministerial Decree of the Ministry of Infrastructure with the Ministry of Social Solidarity, Family Policies and the Minister for Youth Policies and Sports Activities of 22<sup>nd</sup> April 2008 (the “D.M. 22<sup>nd</sup> April 2008”) which defined the “**Social Housing**”;
- Art. 11, II paragraph of the law-decree 25<sup>th</sup> June 2008, n. 112, converted into law on 6<sup>th</sup> August 2008, n. 133 (so called “Housing Plan”) which identified the **disadvantaged social groups** to which is destined the social housing offer.

As part of the six area of intervention identified by the Plan (art. 1, paragraph 1 of the DPCM 16/7/2009) it was foreseen the possibility of using the real estate closed funds as a tool to finance the construction of social housing, as defined by the D.M. 22<sup>nd</sup> April 2008. Those funds can be established through the participation of public and private entities and can be divided into an “**Integrated Funds System**” consisting of a “**national fund**” and a series of “**local funds**”.

In this context, since more the ten years, CDP committed to support and integrate the policies of the Government and local authorities in favour of Social Private Housing. CDP participates with 1 billion euro in the **Fondo Investimenti per l’Abitare** (“FIA”) - Investment Fund for Housing, a fund of funds managed by **CDP Immobiliare Società di Gestione del Risparmio S.p.A.** (“CDPI Sgr”) with a total capital of approximately 2 billion euros of which CDP holds the 70%. In addition to these resources, as part of the Sistema Integrato di Fondi Immobiliari (“SIF”) - Integrated System of Real Estate Funds, are added over 1 billion euro raised by about 200 investors including: banking foundations, local authorities, institutional investors, cooperatives and private real estate operators.





The FIA was established by CDP Immobiliare Sgr in 2009 with the mission to carry out **investments in the private social housing sector** in order to increase the supply of social housing for rent-controlled and pre-agreed sale prices through the management of resources and methodologies with a private market's approach, for instance by using direct investments instead of grants. The objective is to realize, through investments in local real estate funds, **houses with accessible costs** destined to persons and/or households with higher incomes than those receiving access to public housing but that are not able to meet their housing needs on the market. The most affected groups are: students, young couples, the elderly, single-income and/or single-parent families and legal immigrants, who are at high risk of poverty as a result of the worsening of their financial situation.

In support of these interventions and population groups, with the issuance of the Social Housing Bond, CDP wanted to allocate entirely the bond proceeds to the financing of projects falling within the “**Social Housing**” category, one of the four “Eligible Categories” defined within the CDP's Framework.

This category contributes to the achievement of two Sustainable Development Goals set by the United Nations (“UN SDGs”), namely the number 1. “**No Poverty**” which aims to “**end poverty in all its forms, everywhere**” and number 11. “Sustainable Cities and Communities” which aims to “**make cities inclusive, safe and sustainable**”.

#### CDP Social Housing Bond – Main Characteristics

<b>Issuer</b>	Cassa Depositi e Prestiti S.p.A.	The issue was well received by the market with over than 270 institutional investors involved in the transaction, of which 66% were foreigners. The Final Book reached orders for c.a. € 5 billion, corresponding to 6,5x the amount offered
<b>Nominal Amount</b>	€ 750 mln	
<b>Issued Date</b>	11 <sup>th</sup> February 2020	
<b>Maturity Date</b>	11 <sup>th</sup> February 2030 (10Y)	
<b>Coupon</b>	1,00%, Annual Fixed Rate	
<b>Second Party Opinion</b>	Vigeo Eiris	

## Eligibility Criteria

In accordance with the criteria established within the Framework and in compliance with the Social Bond Principles (“**SBPs**”) issued by the International Capital Market Association (“**ICMA**”), the proceeds from CDP’s Social Housing Bond were used for the realization of **social housing interventions**, with initiatives dedicated to the weakest segments of the population.

## External Review

ISS ESG has released an External Review on the CDP Social Housing Bond Report in which it confirms the positive contribution to the sustainable development and its alignment with the SBPs.

In particular, as of 24 February 2021, ISS ESG’s Opinion is as follows:

**1. Alignment with framework commitment, in line with the SBPs:** ISS ESG finds that the Social Housing Bond Report 2021 respects the commitments set forward in the Framework by CDP and remains aligned to the Social Bond Principles. All key requirements defined by the SBPs have been disclosed in the framework and have then been respected in the Social Housing Bond Report 2021;

**2. Alignment with best market practices, defined in the HFIR:** ISS ESG finds that the Social Housing Bond Report 2021 is in line with ICMA’s Harmonised Framework for Impact Reporting. All compulsory and key optional requirements have been fulfilled;

**3. Soundness of KPIs reported:** ISS ESG finds that the KPIs used in the Social Housing Bond Report 2021 of CDP align with good market practices and with the SBPs. The allocation reporting appropriately displays the allocation of the total proceeds of the bond. The indicators chosen for the impact reporting are material and in line with suggested market guideline metrics, and information regarding sourcing and methodology are properly displayed.

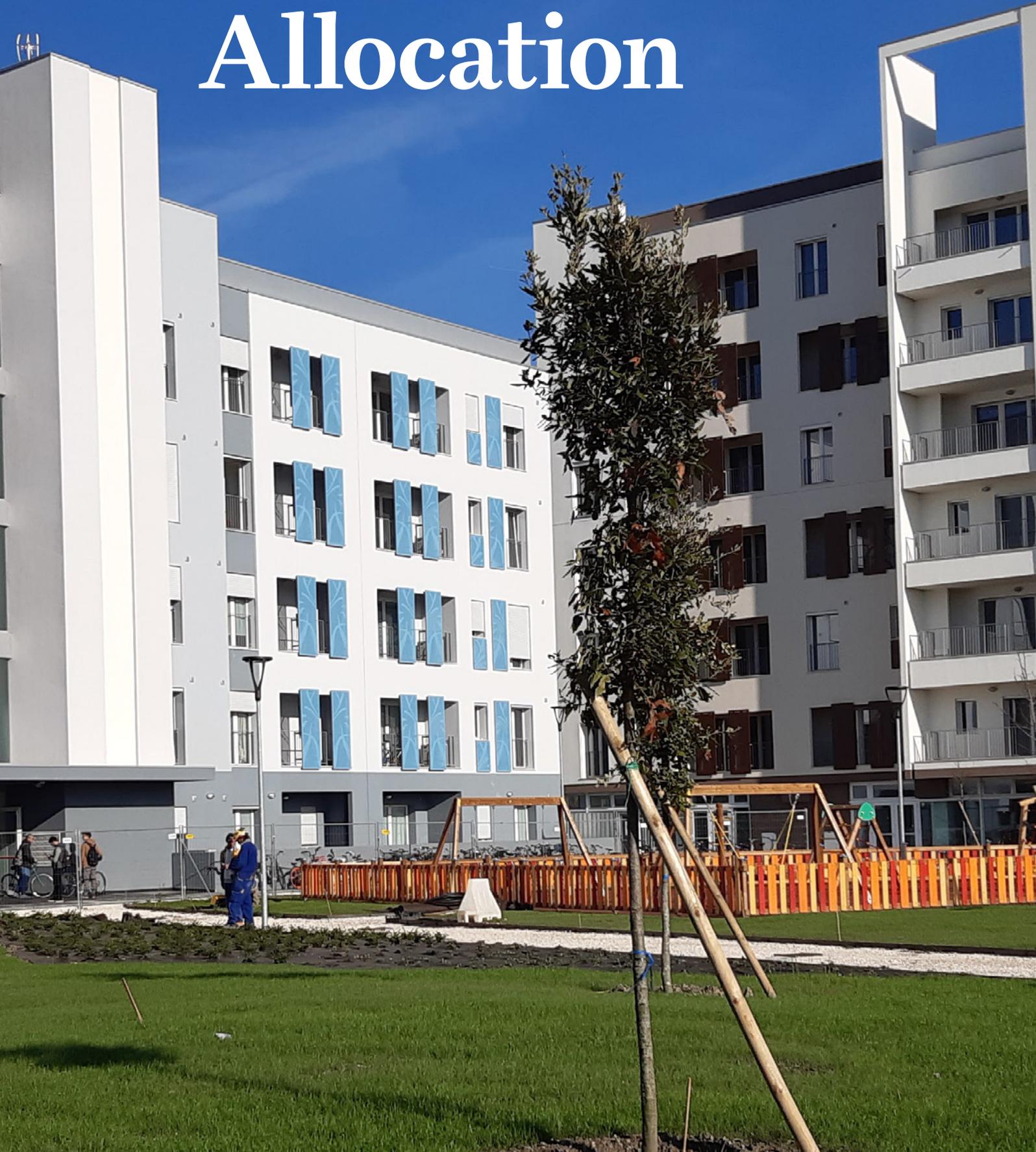
The Opinion issued by ISS ESG on the Report is available on the CDP website at the following link: [https://www.cdp.it/sitointernet/en/social\\_housing\\_bond.page](https://www.cdp.it/sitointernet/en/social_housing_bond.page).





Corti di Medoro - Ferrara

# 2. Funds Allocation



235 projects  
in the first year,  
of which 165  
already  
completed

Average amount  
per initiative:  
€ 3.2 Mn

During the first year of life of the Social Housing Bond, CDP achieved the **full allocation** of proceeds, which have been overall allocated to **235 projects**<sup>2</sup> developed mainly in the Centre-Northern Italy with the aim to increase the supply of social housing in order to safeguard social cohesion and reduce housing deprivation. Among these, **165** interventions were **completed**, **50** are in work in progress and the remaining **20** to be started, with an average amount financed by CDP of approximately **3.2 million euros on each initiative**.

The 78% of the interventions took place in existing areas and airspaces with a **minimal impact in terms of additional land used**. Among these, **43%** consists in **works of requalification of Social Housing** and completion of areas inside redeveloped neighbourhoods. Instead, an additional **35%** consists in interventions that require the **change of destination of use and purchase of structures already existing** which were used for social purposes. Only **5%** of Social Housing projects are **greenfields**<sup>3</sup>.

The proceeds allocation was conducted with the support of the reference business unit and it was related to the disbursements made through the FIA in favour of **29 local funds** belonging to SIF.

Under the so called “Housing Plan, the beneficiaries of the FIA’s initiatives are:

- low-income households, even mono-parental or mono-income;
- young couples with low-income;
- elderly in disadvantaged social or economic conditions;
- off-site students;
- people subject to enforcement procedures;
- other persons in possession of the requirements as of art.1 of the Law n. 9/2007;
- low-income legal immigrants, which are resident for at least 10 years in the national territory or for at least five years in the same region.

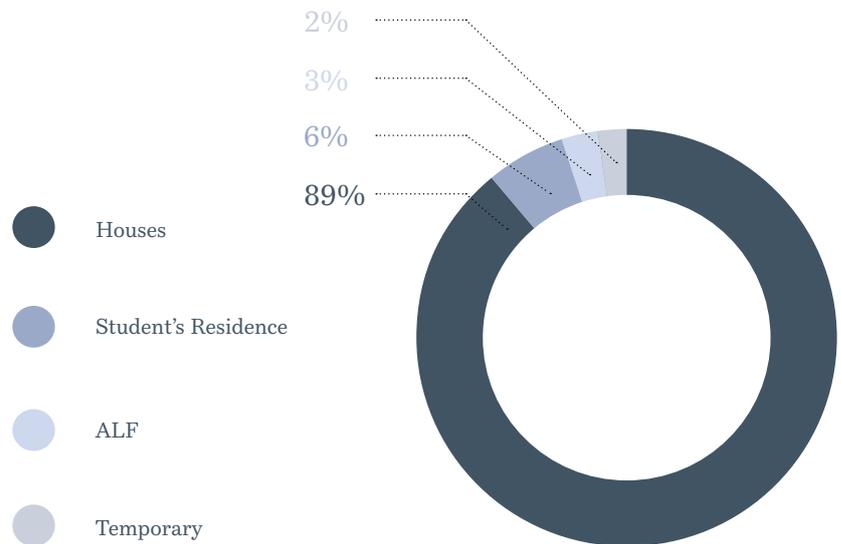
<sup>2</sup> The total number of initiatives financed is equal to 231, of which 4 are expected to be used for Social Housing and beds in students’ residences. For the purpose of this report, these initiatives were subjected to a separate accounting, therefore the total number of interventions is equal to 235

<sup>3</sup> The remaining 17% regards interventions for which it is not yet possible to determine the impact in terms of land’s consumption and airspace to be realized.

The evaluation and selection of eligible loans was supervised by a working group specifically set up for the issue, composed by members of several CDP's departments: Finance, Business, Sustainability and Investor Relations.

In terms of the **type of interventions realized or in progress of realization**, about 89% of the issue proceeds was directed to the creation of new **Social Housing**, which include housing and services for disadvantaged individuals and households who are unable to access housing in the free real estate market. It falls within this definition newly built or recovered houses destined for rent at pre-agreed rates and sell at agreed prices (social private housing). The 6% of the proceeds has been allocated for the construction of new **student's residences** while the remaining 5% for the construction of new **ALF or temporary residences**.

Breakdown by type of intervention (%)



*In the first year of activity it has been reached the full allocation of the proceeds, for an amount equal to €750mln, destined for the 89% to the realization of new housing in order to reduce housing uneasiness and promote social cohesion.*



Cascina Fossata - Turin

# 3. Impact reporting



The evaluation and measurement of the impacts generated<sup>1</sup> by the CDP Social Housing Bond focused on the following areas<sup>2</sup>:

a. Social housing realized;

b. Student housing and Assisted Living Facility (“ALF”) beds realized;

c. Number of beneficiaries;

d. Employment created and maintained

a) Social housing realized

	Realized	In progress	Total
<i>Social housing</i>	2,291	1,935	<b>4,226</b>
<i>Surface (sqm)</i>	212,600	180,616	<b>393,216</b>
<i>Average surface area per accommodation (sqm)</i>	92.8	93.3	<b>93.0</b>

2,291 social housing units already built

Thanks to the Social Housing Bond, it has been possible to finance initiatives which, through the SIF, have guaranteed or will guarantee the construction of **4,226 social housing units**, of which **2,291 have already**

**been built (54%)**. Overall, housing has a total surface area of around **393,216 square meters**, of which around 212,600 already built. On average, each social housing unit measures about 93 square meters.

b) Student housing and Assisted Living Facility (“ALF”) beds realized

Type of structure	Number of beds total	Number of beds realized	Percentage of beds realized
<i>Student housing</i>	1,306	1,061	81%
<i>Temporary residences</i>	338	248	73%
<i>ALF</i>	144	71	49%
<b>Total</b>	<b>1,788</b>	<b>1,380</b>	<b>77%</b>

1,788 beds in student residences, ALFs and temporary residences

A total of **23 initiatives** involved the construction of **beds in student residences, temporary residences and ALFs**. In detail, the financial resources raised through the Bond issuance have made it possible or will make it possible

to create **1,306 beds in student residences** (of which around 81% have been built), **338 in temporary residences** (of which around 73% have been built) and **144 in ALFs** (of which around 49% have been built).

<sup>1</sup> The figures were calculated with reference exclusively to the portion disbursed by CDP to the FIA.

<sup>2</sup> Valuation and estimate by the CDP Sustainability Department. For more information on the methodology used, see the document published on CDP's website

### c) Number of beneficiaries

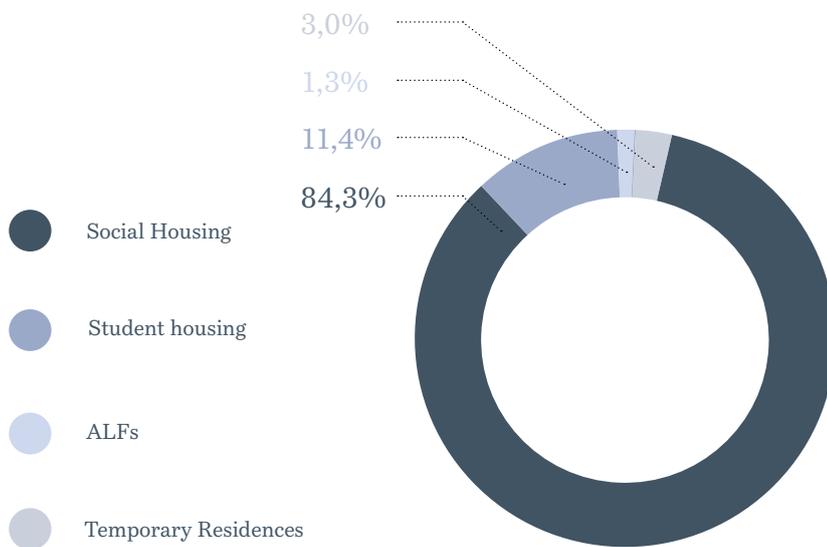
Overall, the interventions have allowed, or will allow, the construction of facilities in favor of **11,412 beneficiaries**, of which approximately **9,625 in social housing**. Considering the percentage of facilities already built, the people who already benefit from the intervention are about 6,589, of which 5,291 in social housing.

These structures qualify as social housing since they are rented out to beneficiary households at a lower price than the market price. Consid-

ering this cost differential, which can also vary according to the specificity of the individual projects with respect to different factors, such as the geographical location, the characteristics of the reference real estate market, the presence of any non-repayable contribution, an **annual benefit** can be estimated, overall, for the **families benefiting** from the housing equal to approximately **€ 3,600**, with an **average saving** of **38%** compared to market rents.

11,412  
overall  
beneficiaries

Beneficiary breakdown by type of intervention (%)



### d) Employment created and maintained

With reference to the portfolio, the employment generated by the financing provided, mainly due to the investments required for the redevelopment and construction of the fa-

cilities, is estimated at approximately **17,065 full-time jobs**, created or maintained, considering direct, indirect and induced effects.

17,065  
full-time  
jobs



Nuova Fornace - Umbertide (PG)

# 4. Social rating of interventions



## Assessment of the projects' social performance

**Social rating** is a methodology, adopted by the SGRs managing the various initiatives underlying the SIF, to assess the **social performance of projects** using analysis criteria based on their characteristics and their social and environmental content.

This is a set of tools and procedures aimed at creating an **incentive system** in order to valorize those initiatives that, due to their structural characteristics or management methods, are able to express the greater **social value potential** for tenants and local communities.

The social and environmental performance measurement system (rating) was developed by the external company Avanzi - Sostenibilità per Azioni<sup>6</sup> and among its main objectives, has the following:

- adopt a **rating system** for the **social and environmental value** of social housing interventions through a set of **standardized tools and procedures**;
- achieve a higher and more widespread level of project quality, also through the introduction of an **incentive system** for asset management companies (SGR);
- pursue a **more effective control of investments** in the medium and long term, with constant monitoring of the social management of interventions.

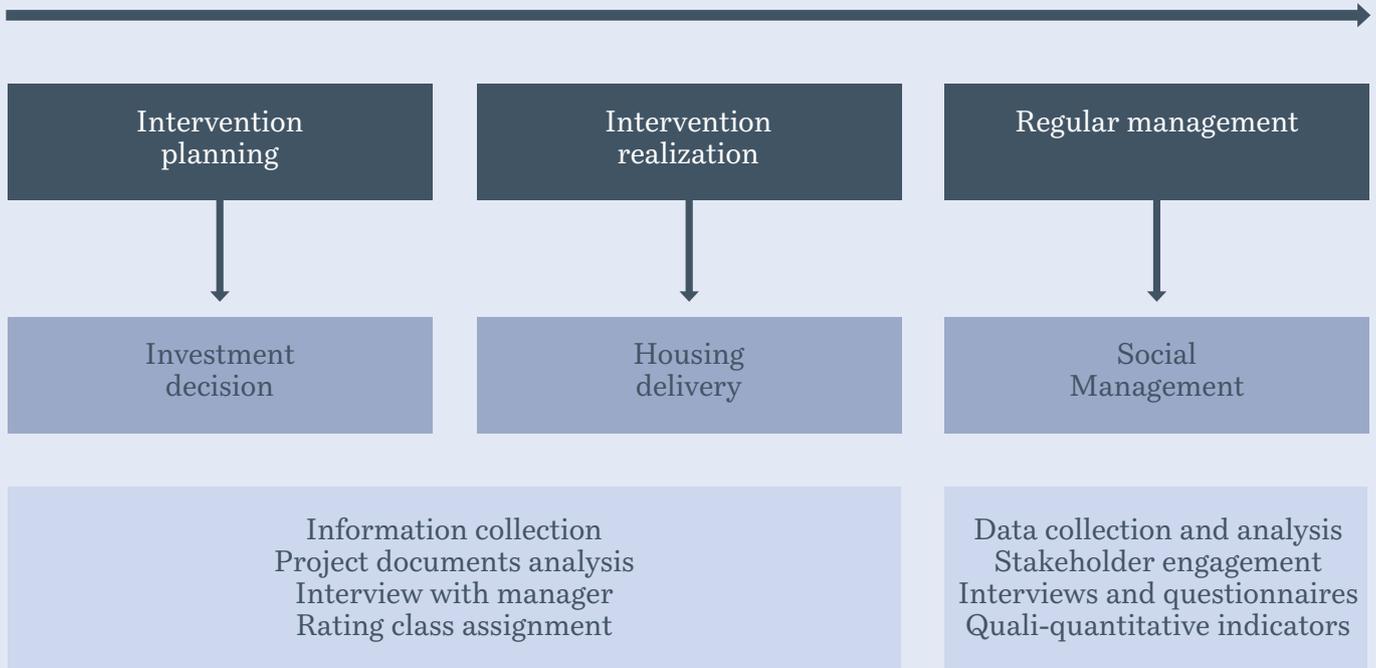
The rating system used applies to all interventions that have already passed the phase of financial feasibility assessment and verifying formal requirements. This is followed by the three phases of project implementation: *ex-ante* design, *on-going* implementation, *ex-post* social management of the housing project.

With reference to the *ex-ante* and *on-going* phases, the evaluation grid is divided into three levels (areas - criteria - indicators), each of which is given a weight based on the capacity to create social value. There are six areas of evaluation and they take into consideration aspects ranging from environmental sustainability and context, to the way initiatives are planned and managed. Each area is divided into one or more evaluation criteria, which in turn are identified by one or more quantitative and/or qualitative indicators.

## Incentive system for SGRs and effective control of investments

<sup>6</sup> <https://avanzi.org/>

### Social housing intervention



## Social Rating Evaluation Grid

Areas	Criteria
1. <i>Environmental sustainability</i>	<ul style="list-style-type: none"> <li>• Building type</li> <li>• Energy Efficiency</li> </ul>
2. <i>Context</i>	<ul style="list-style-type: none"> <li>• Services, green areas and destination of use</li> <li>• Accessibility and viability</li> </ul>
3. <i>Social quality of architectural design</i>	<ul style="list-style-type: none"> <li>• Competition procedure in project selection</li> <li>• Physical relationship with the urban context</li> <li>• Green spaces</li> <li>• Housing</li> </ul>
4. <i>Housing Supply</i>	<ul style="list-style-type: none"> <li>• Residential Mix</li> </ul>
5. <i>Social and functional mix</i>	<ul style="list-style-type: none"> <li>• Typological mix: residential services</li> <li>• Functional mix (beyond residential)</li> </ul>
6. <i>Social management project</i>	<ul style="list-style-type: none"> <li>• Social management</li> <li>• Tenant selection</li> <li>• Involvement of tenants in pre-entry phase</li> <li>• Paths of self-management</li> </ul>

### Social performance fee

Each intervention is evaluated individually and given a score that is on a 1/100 scale and is divided into **4 rating classes** that correspond to the interval of a quartile:

- 0 to 25 “bronze” class
- from 25 to 50 “silver” class
- from 50 to 75 “gold” class
- from 75 to 100 “platinum” class

Based on the rating class, each initiative is attributed a bonus, expressed through a **social performance fee** that is paid by investors to the managers of the asset management companies. This bonus constitutes an important incentive factor for the managers, inducing them to structure initiatives that take into consideration, as far as possible, all the elements expressed by the various rating areas, for example in terms of energy efficiency of the buildings or redevelopment of the surrounding areas.

The rating is recalculated after the buildings have been handed over to the tenants (*on-going* assessment).

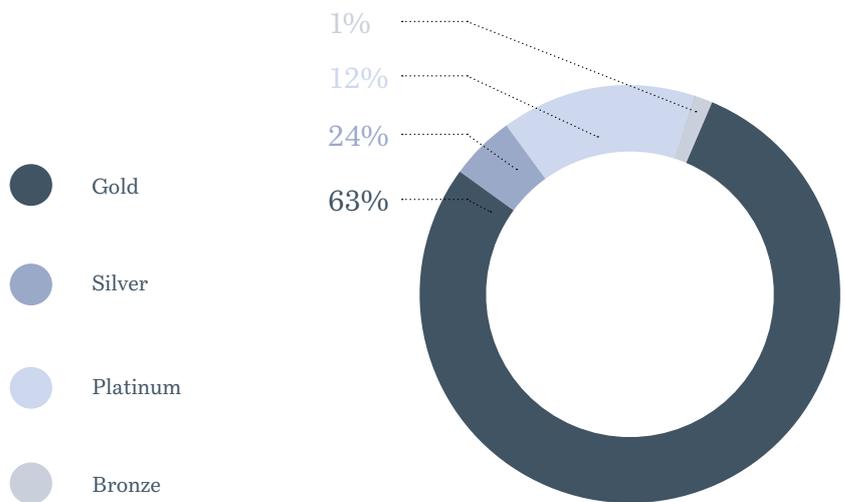
About the *ex-post* evaluation, the monitoring considers, through interviews and surveys conducted directly with stakeholders, 4 areas of evaluation: (i) functional mix; (ii) housing supply (spaces); (iii) housing supply (lived-in) and (iv) social management project.

The *ex-post* evaluation is translated into a grade along a scale from 0 to 5. Each of the 4 intervals corresponds to the attribution of a score that is added to (or subtracted from) that obtained in the *ex-ante* phase (and confirmed *on-going*):

Ex-post evaluation ranges	1-1.99	2-2.99	3-3.99	4-5
Evaluation	- -	-	+	++
Score to be added to the on-going score	-15	-7	+5	+10

Currently, **74 initiatives** have been evaluated with the results shown in the chart below:

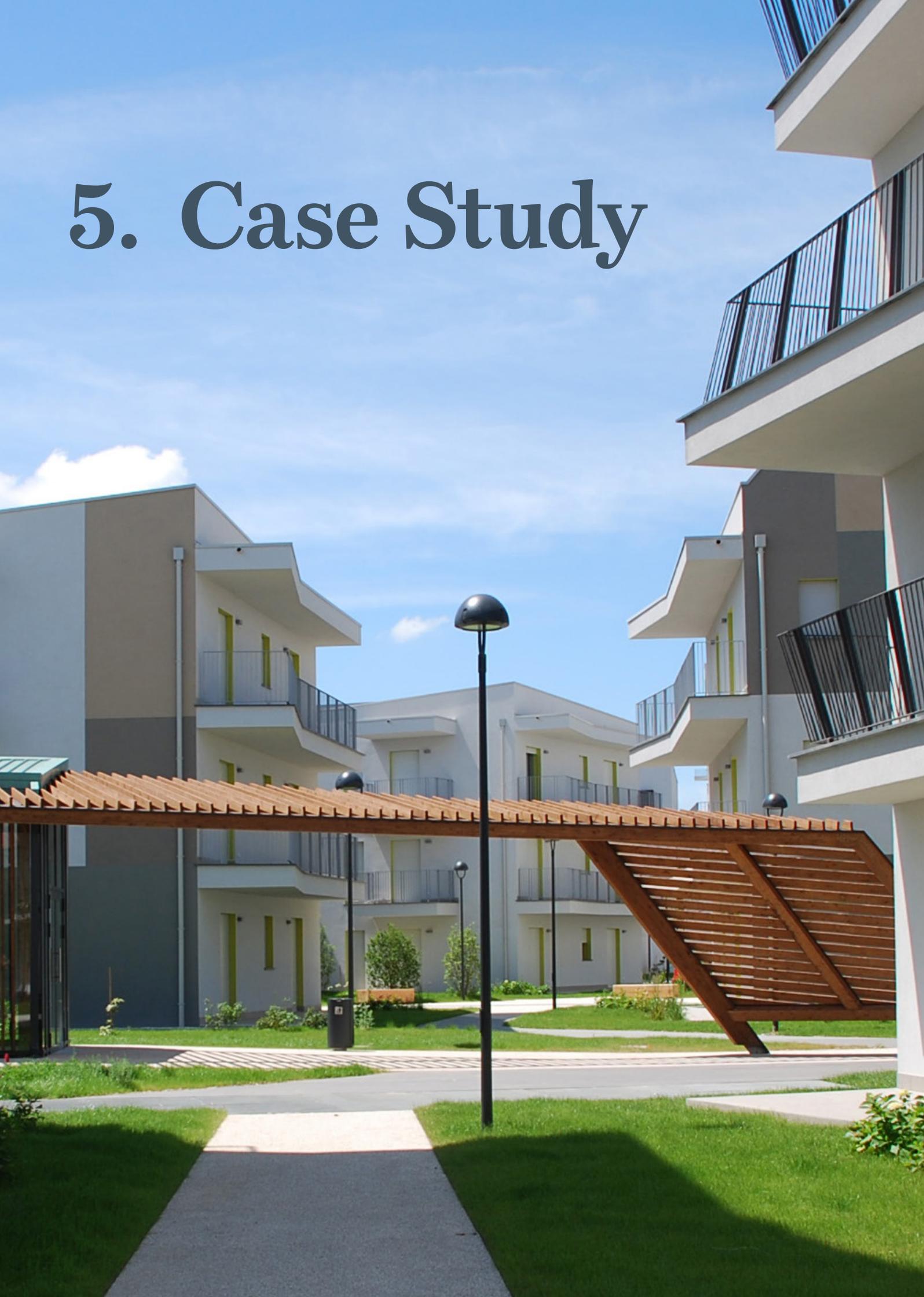
Distribution of the initiatives evaluated by social rating classes (%)





Figino Sustainable Village - Milan

# 5. Case Study



## Figino Sustainable Village

City	Milan
Region	Lombardy
Type of Interventions	321 flats in the North-West area of Milan

  
**321**  
 flats

The project “Borgo Sostenibile – Sustainable Village” sees the construction of a residential complex in Figino, a historic district west of the city of Milan. The project has a total of **321 flats** with social purposes in energy class A, offered for rent at an agreed, moderate and social level or leased under a future sale agreement and proposes a housing solution that promotes the idea of sustainable and collaborative living. These social houses have an **average area of about 110 square meters** and guarantee an average saving of circa **50%** compared to the market rent<sup>1</sup>.

Realized on 2015, with a total investment of about **57 million euros**<sup>2</sup> these flats have become the symbol of how interesting and useful it is to live in a complex of buildings which sets at its centre people, their needs and life times. In a word: **global sustainability for 365 days a year**, including summer. The main target groups are **families** with children, **young couples** and the **elderly**. The initiative is completed by a public pedestrian path surrounded by the green garden along which different buildings are located.

The project was developed within the **Fondo Immobiliare di Lombardia Comparto Uno** – Lombardy Real Estate Fund Section One, a real estate fund managed by Redo Sgr, in which the **FIA is the main stakeholder** together with some stakeholders of the FIA itself as well as the **Lombardy Region**, in order to give to all citizens a real opportunity for a satisfactory private and professional life in the metropolitan area that often tends to exclude people from several services and to deteriorate the social conditions for those living in peripheral urban areas.



<sup>1</sup> Average savings calculated compared to the average values recorded in the OMI and real estate scenarios databases.  
<sup>2</sup> CDP's stake at 28%. On overall 321 flats, it is estimated that 89 are financed pro-quota by CDP.



Borgo Figino offers apartments built according to **ecological criteria** and equipped with special services such as **common rooms** where moms, dads and children can play together, **workshops** to repair their own bike, a common laundry, a **park** with paths to walk, a **public square** on which there are also shops, basketball courts for children and a library where read and organize all kind of meetings and other services, such as language schools and campus for children and adults. In a few words: a comfortable and lively place to make community.

In addition, among the services offered there is also the “**Borgo Assistito – Assisted Village**” which is composed by **22 flats**, destined to offer **elderly’s residence** with different autonomy levels, that includes several spaces for social relationship development. Furthermore, within Figino Borgo Sostenibile there is the Grace Lab day center, the first village dedicated to Alzheimer’s disease in the metropolitan city of Milan and on the ground floor a new temporary housing service for young people and teen-

agers who want to spend time in contact with the users of Borgo Assistito. The analysis of the resident population in Figino and the increasing demand for services for the elderly have made it possible to identify the Assisted Village as a service to support the territory. An additional 10 flats are then used for co-housing for the elderly, which takes care of welcoming and supporting fragile subjects.

This is the FIA’s concept of social housing: ensuring citizens to live in a territorial reality increasingly consistent with contemporary needs. **Urban transformation, support for the housing needs of young people and students and dedicated hospitality to older people** are the main issues to which the FIA dedicates its resources while also looking at sustainability goals: **sustainable cities and communities, reducing inequalities and responsible consumption**.

All these features and the social performance of this intervention allowed the Figino Borgo Sostenibile initiative to be categorized as “**Platinum**” within the social rating system of SIF.





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