

Housing financialisation and affordability in Milano. The case of Porta Romana large-scale project

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Abstract

This paper examines the relationship between housing financialisation and large-scale urban development projects. In recent decades, global real estate finance has deeply impacted local housing markets, leading to segregation, exclusion, gentrification, and densification by treating housing as a financial asset. Financialisation has shifted major development projects from efforts to provide affordable housing to mechanisms for capital extraction from land. Focusing on the Milano Porta Romana regeneration project, the paper demonstrates how financialised schemes create tensions. While these projects do provide new housing, they also drive up costs, undermining the ‘right to housing’ for low- and middle-income residents. This raises challenges for scholars, practitioners, and policymakers in balancing economic interests with equitable housing access.

Keywords

financialisation, large-scale urban development projects, housing crisis; densification; Milano Porta Romana

1. Introduction

This paper examines the connections between property financialisation and large-scale planning initiatives, focusing on housing affordability. I argue that the financialisation of urban development projects (Salet, 2008) has severely impacted the ‘right to housing’ for the middle class (Arbaci, 2019), alongside global investment trends tied to housing commodification and marketisation. Specifically, using the Milano Porta Romana case as an example, I analyse how housing financialisation practices affect planning by showing the interaction between real estate markets—where properties are developed and managed—and financial markets—where housing assets are treated as financial products (Aalbers, 2016).

This process offers valuable insights into how private equity and, more notably, institutional investors (Holm et al., 2023), as seen in the Milano Porta Romana case, formed joint ventures to ‘financialise’ large-scale projects (Savini & Aalbers, 2016). These dynamics impacted local government policy and planning, significantly reducing housing affordability for middle- and low-income households (Van Loon & Aalbers, 2017). In essence, the relationship between global property financialisation—transforming real estate into a major asset class—and local austerity measures—cutting state capital transfers—has undermined the ‘right to housing’ in both the Global North and South (Mazzuccato & Farha, 2023; Waldron, 2018; Sassen, 2015).

The Porta Romana case demonstrates how the financialised practices and tools used by institutional investors, banks, and developers have led to a collapse in state-led planning, pushing urban development projects towards privatisation, alienation, decontextualisation, and deterritorialisation. These shifts marginalise the ‘right to housing’. The tension between prioritising affordable housing production and enabling the financial packaging of property investments challenges the role of state planning in addressing housing demand.

2. The Milanese housing unaffordability

Milano is a mid-sized metropolis with around 1.4 million residents. The ‘Ambrosian city’ is recognised as one of Europe's most unaffordable cities. This reputation is linked to rising homelessness, the prevalence of low-wage jobs, and a scarcity of public and social housing options (Bricocoli & Peverini, 2024).

After the Expo 2015, Milano firmly positioned itself as one of the world’s major cities (Pasqui, 2018). Transforming from a regional hub to a middle-range metropolis (Bassetti et al., 2005), the city has successfully navigated global interdependencies and investments (Bolocan Goldstein, 2017), diversifying major projects to meet financial demands, reflecting the corporate economy’s ‘diversification’ strategies in urban development. Early signs of this ‘city globalization’ were noted by Taylor & Derudder (2004) for connectivity and by Dente et al. (1990) for administrative capacity.

Like many Southern European capitals, Milano currently operates under a limited welfare model (Allen et al., 2004), resulting in minimal state housing, particularly in affordable rentals. This stands in stark contrast to the extensive homeownership fostered by the post-war ‘Fanfani Plan’ and subsidies to banks, developers, and cooperatives (Coppola, 2012), which made about 70% of Milan’s population landlords (Holm et al., 2023). In the past decade, Milano’s real estate market has grown significantly, with property values rising by 41% and rental prices by 22% (OCA Report 2023). This market is largely driven by equity investments, particularly through non-listed Real Estate Investment Funds (REIFs), named ‘Fondi Chiusi’ in the Italian legal system, which saw a market capitalization close to €1 billion in 2022 and constitutes about 90% of Italian financial funds (Holm et al., 2023).

At the same time, the Municipality of Milano has privatized a substantial portion of social housing and quasi-market dwellings owned by the municipal-controlled company MM (Nomisma, 2022; Comune di Milano, 2023). This privatization is part of broader state neoliberalization and financialization trends, marked by the sale of public assets and the creation of state agencies like ‘Agenzia del Demanio’ and ‘Invitmit’, as well as the introduction of regulations on REIFs, REIMFs, and Special Purpose Vehicles (SPVs) (Caudo, 2004).

3. The case of Milano Porta Romana between urban densification and housing provision

The redevelopment of the decommissioned Porta Romana railyard, known as the Milano Porta Romana large-scale project, highlights emerging trends in the affordable housing crisis due to property financialisation's impact on Milanese urban planning. This large-scale project exemplifies how the State, particularly the Milanese local government, facilitated significant property developments to stimulate Milano's real estate market.

The history of Port Romana regeneration is intertwined with the negotiations among the Municipality of Milano, Lombardy Region and Ferrovie dello Stato (FS) in 2007-2016 aimed at redeveloping all the seven decommissioned former Milanese railyards, in total covering approximately 1.290.384 m² (see Fig. 1). This negotiation process led to the adoption of an Accordo di Programma (AdP) integrated into the city's structural plan (Piano di Governo del Territorio PGT). The AdP is a planning instrument conceived to orchestrate further yard

densification and was approved in 2016 after initial setbacks in 2015. The approved AdP (Comune di Milano, 2016) outlined parameters such as a building index of 0.65 m²/m², with a 65% allocation for green spaces and 35% for built-up areas, along with provisions for affordable social housing in each yard (see Fig. 1).

The initial AdP draft was established by the Municipality of Milano, Lombardy Region, FS and the latter's property company - Sistemi Urbani - during Letizia Moratti's right-wing local government (2006-2011). Within the following centre-leftist mayor Giuliano Pisapia the AdP was subsequently endorsed in 2012, affirming the previous decisions made by Moratti's administration. Pisapia's administration sought to validate the AdP by fostering a participatory process, culminating in a strategic document in 2013 outlining guidelines for the master planning of the seven sites. However, the scope of this participatory process was limited, and primarily focused on consensus-building objectives. In 2015, an initial version of the AdP failed to gain approval from the city council but was eventually approved in 2016 with slight revisions by the next centre-leftist mayor Giuseppe Sala (Pasqui, 2018).

Following the procedures set by the AdP, in November 2020, the 'Porta Romana Fund' – a close-end REIF promoted and managed by Coima Sgr and subscribed by Covivio, Prada Holding and the 'COIMA ESG City Impact fund' (CECIF), the largest Italian REIF with an investment capacity of 500 million euros (and a growth potential enlargement up to almost 1 billion euros) – purchased the Scalo di Porta Romana, one of the 7 former railyards, for 180 million euros. Coima Sgr is the richest Milanese property development company (Coima, 2023), and it is owned by the entrepreneur Manfredi Catella, who established a joint venture with Hines Italy before the Expo 2015 for developing the Porta Nuova Garibaldi large-scale project (Conte & Anselmi, 2022).

After winning the auction, the three main actors managing Porta Romana Fund signed a 'value chart' for splitting the plots according to specific asset classes defined per 'functional areas' that they will directly develop and manage, within a total area of roughly 200.000 m² (see Fig. 3). The agreement assigned all the housing provisions to CECIF (thus Coima) and most of the office and retail units to Covivio to avoid internal competition among the operators which undesignated the Porta Romana REIF. The Municipality of Milano agreed to obtain development fees for roughly 50 million euros plus a range of planning gains, including social housing provision (Holm et al., 2023).

Coima, as the site owner and under AdP's provisions, directly organised and oversaw a design competition for the masterplan, won by the American firm Diller Scofidio+Refro. According to the PGT, the area later gained recognition as a 'special zone' (Zona Speciale Scalo Romana) through a PII approved by the Municipality in May 2022 (Comune di Milano, 2023) (see Fig. 2). The comprehensive plan allocates 112,150 square meters for urban purposes (retail, productive, hospitality, private non-residential services), 53,575 sqm for residences (market rate, social and public housing), and 95,397 sqm of green spaces. In total, 68% of the development is earmarked for housing, with 44% designated for residential social housing, including 11% for public housing and 22% for moderate rent.

Following Milano & Cortina's successful bid for the 2026 Winter Olympics, the project gained renewed significance as Porta Romana was designated as the site for the Olympic Village. Currently, Coima is developing it with a project by Skidmore, Owings & Merrill (SOM), the runners-up in the masterplanning competition (see Fig. 2).

As pointed out above, three functional areas were delineated based on the referenced 'value chart', each corresponding to distinct development stakeholders: the western quadrant encompasses a mixed-use area housing the Olympic Village developed by Coima, with Covivio developing the eastern part; the central section forms a network of connections expanding the existing Prada Foundation managed by Prada (see Fig. 3). Coima SGR will oversee the development of both market-rate and social housing, including the Olympic Village, which will be repurposed into student housing with 1,000 beds post-Olympics, subsequently raised to 1600 units. In March 2023, Coima entered into an agreement with Consorzio Cooperative Lavoratori CLL – a consortium of housing cooperatives primarily involved in quasi-market/social housing production alongside other public and private entities. Coima hailed the new partnership as "a groundbreaking development in the Italian landscape (...)" introducing a novel model for social and subsidised housing development, a sector historically dominated by the public sector (...) 'COIMA Housing' aims to address up to 25% of Milano's current social housing demand, equating to approximately 40,000 residences (Coima, 2023).

The ultimate goal is to establish a national investment platform for social housing initiatives with a multiplier effect." Additionally, Coima established the 'COIMA Housing' Fund, a closed-end real estate fund focusing on various types of social housing development, targeting a size exceeding 400 million euros, with an initial closing planned for about 300 million euros. The principal investor and sponsor of 'The COIMA Housing Fund' is the 'COIMA ESG City Impact Fund' (CECIF). With an investment leverage of 800 million euros and capacity of 500 million euros, CECIF stands as Italy's largest closed-end alternative fund, with Porta Romana being its flagship project, supported by a consortium of institutional investors, including professional social security organisations, funds, banks, and banking foundations (ENPAM Foundation, Cassa Forense, Cassa Dottori Commercialisti, Inarcassa, BCC Credito Cooperativo, Foundation CARIPARO, Compagnia di San Paolo, and Coima) (Coima, 2023).

Moreover, 'COIMA Housing' Fund participated in the inaugural call of a newly established fund promoted by CDP, the 'Fondo Nazionale Abitare Sostenibile' (National Fund for Sustainable Housing), aimed at financing new projects for senior, student, and social housing and it was recently granted of 50 million euros.

However, despite the relevant provision of social and student housing in the Porta Romana redevelopment project, which is developed in a moment of deep need for the 'right to housing' for students, middle-class and low-class workers in the city of Milano (Bricocoli & Peverini, 2024), several rumours already reported the high rental fees for those settlements (Maggioni, 2024). In fact, the new student dwellings are the target of public opinion polemics because of their (apparently) estimated rental fees defined at 1000 euros a month per room. In that sense, the financialisation of this large-scale project with forward-looking ESG targets and housing affordability does not allow the achievement of equal benefits for the working-class housing demand nor a recapture of land surplus value extracted through such property operation.

Overall, the Porta Romana large-scale redevelopment project reflects a complex interplay of public and private actors, urban planning strategies, and socioeconomic dynamics, emphasising the evolving nature of the Milanese maximisation of urban rent towards housing financialisation and social marginalisation.

4. Discussion and conclusions. The implications of Porta Romana financialisation

The case analysis unveiled two points related to the Milanese property developer Coima.

First, Coima plays a pivotal role in both formulating and executing large-scale redevelopment endeavors, acting as initiator and director of both financial and development aspects. Coima's ascent in Milano's property development scene is supported by political and financial ties with national and international funds like Cassa Depositi e Prestiti (CDP) and Qatar Investment Authority (QIA), notably seen in another well-known large-scale project called Porta Nuova-Garibaldi.

Second, Coima's involvement extended to the development of the former Scalo di Porta Romana, allocating housing provisions to 'COIMA ESG City Impact Fund' (CECIF) and other assets to Covivio Spa. Additionally, Coima initiated partnerships for social housing development, emphasising a shift towards professionalised property developers supported by institutional capital.

Thus, the Porta Romana initiative signifies a further progression, where mainstream financial and development actors engage in social housing within governance agreements alongside state entities overseeing spatial planning. COIMA Housing Fund's launch and agreement with CCL cooperatives demonstrate an intent to enter the social residential housing market, directly enhancing capital and expertise through partnerships.

This shift marks a significant change in Milano's affordable housing governance, potentially embraced by city elites, warranting further examination.

Amidst promoting urban regeneration and real estate investment, Milano pursues public objectives through planning gains like green spaces, cycling lanes, and rail projects. Social housing provision gains prominence, reflecting the looming housing crisis, yet predominantly caters to middle-class demographics, sidelining traditional public housing. Despite this, low development fees persist, attracting institutional capital aligned with ESG targets, crucial for urban regeneration projects involving major institutional investors, mirroring trends in the EU and the USA and ensuring high revenues which account for more than +25% (in the sum of gains for developers and investors) in the Porta Romana regeneration project, according to my interviews.

While the 2026 Olympics saw less central government involvement compared to Expo 2015, state-supported mechanisms like CDP remain prominent (Muller, 2011; Raco, 2013; Raco et al., 2018). Developers like Coima now spearhead state-backed projects with institutional investors' backing, reshaping affordable housing financialisation norms.

The case of Porta Romana exemplifies the convergence of large-scale projects driving property financialisation (Conte & Anselmi, 2022), the packaging of long-term investments from institutional backers (Van Loon et al., 2017), and a state-enabling attitude facilitating land value extraction (Tasan-Kok & Ozogul, 2021), densification and alienation through spatial planning.

Milano's recent structural plans facilitate a flexible built environment where developers and investors manoeuvre capital, fostering real estate market financialisation amidst a global trend of housing rights dismantlement (Mazzucato & Farha, 2023). In other words, the bundle of policy, planning and financial measures reflected in the recent PGTs, AdPs, and PIIs, frame a sort of 'all-you-can-eat urbanism' able to satisfy every 'investing-risk appetite' and each

property developer/investor's demand by easily transform and circulate financial and land capital over Milano.

The exacerbation of financialisation on real estate, spatial planning, and urban policies, alongside the expansion of neoliberal politics, led to a failure to introduce countermeasures for rebalancing inequalities in several 'globalised cities' (Swyngedouw et al., 2002). As highlighted by Raco & Tasan-Kok (2023), spatial planning scarcely negotiates planning gains, even when large-scale projects yield substantial financial profits for property investors and developers.

The financialisation of urban policies (Lake, 2015) caused strategic planning to nearly vanish in the practices of many Western cities, depriving redistributive principles of urban rent, especially in large-scale densification processes. Consequently, this significantly contributed to the housing crisis through social expulsion phenomena from the city.

The Municipality of Milano initially facilitated the financialisation of large-scale projects and brownfield densification, only recently partially recognizing their associated issues. Urban development financialisation poses a dilemma for planning decisions between urban regeneration and profit redistribution linked to inequalities, particularly for the current and previous centre-leftist local governments under Giuseppe Sala and Giuliano Pisapia.

In conclusion, while the Milanese planning policy framework demonstrated an unexpected ability to handle multiple large-scale projects simultaneously, it struggled to recapture land value surplus (Fainstein, 2012) through planning, fiscal and financial tools, which could prevent market distortions and socio-spatial polarisation between 'city of the rich' and 'city of the poor' towards project-led mindsets (Secchi, 2013). Instead, recent urban politics and planning instruments fostered an 'all-you-can-eat urbanism' mindset, in which the planning & policy frames fit all types of development projects, enabling the extraction and marketisation of urban rent while harming the 'right to housing' for middle- and low-class students and workers.

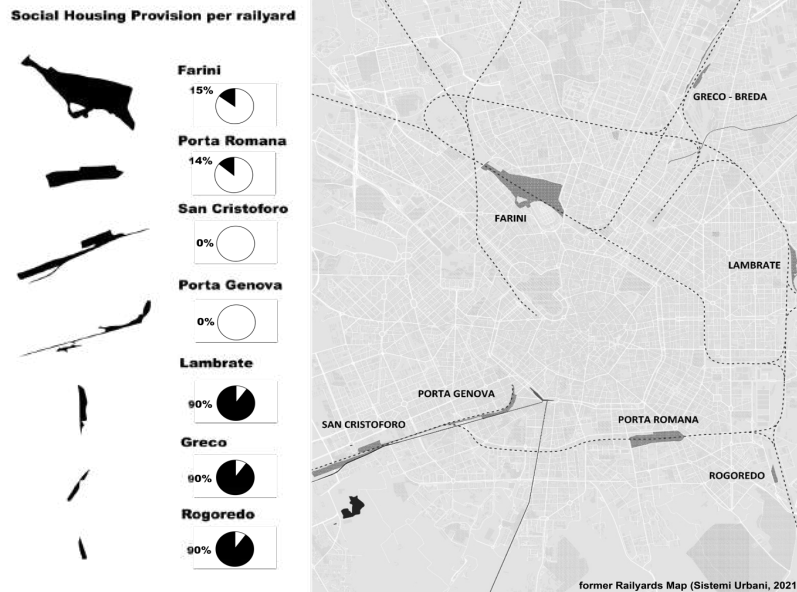


Figure 1 | Social housing provision per railyard (Holm et al., 2023)



Figure 2 | Milano Porta Romana PII (Comune di Milano, 2023)



Figure 3 | Value chart distribution among Prada (Offices, museum), Coima (Residences, offices, mix) and Covivio (Offices) (Covivio, 2022)

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