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How Italian municipalities finance urban regeneration

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#EURegionsWeek



ITALIAN MUNICIPALITIES AND THE MAIN FUNDING SOURCES FOR URBAN REGENERATION

In Italy, municipalities finance urban regeneration through various public instruments and, in some cases, via public-private partnerships. Below is a summary of the main funding sources, ranked by financial size. I will only talk to you about the first source of funding which is now the main source for urban regeneration.



URBAN REGENERATION AND THE NATIONAL RECOVERY AND RESILIENCE PLAN (NRRP)

Among the Measures included in the National Recovery and Resilience Plan (NRRP), three have been specifically designed to address urban challenges affecting small, medium-sized and metropolitan cities.

M5C2I2.1 | Urban Regeneration Projects

Target: Municipalities with a population of at least fifteen thousand (15,000) inhabitants.

NRRP Financial Allocation: 2 billion euros.

Objectives: Interventions on public spaces and existing buildings aimed at improving urban decorum, enhancing social and environmental quality, and promoting sustainable mobility.

Number of projects (June 2025): as of June of this year there are over **two thousand projects**

M5C2I2.2 | Integrated Urban Plans (PUI)

Target: 14 Metropolitan Cities.

NRRP Financial Allocation: 1.37 billion euros.

Objectives: Maintenance and reactivation of public areas and facilities, improvement of urban decorum, and strengthening of the social and environmental fabric of urban areas.

Number of projects (June 2025): As of June of this year, there were over **six hundred projects**.

M5C2I2.3 | Innovative Programme for Housing Quality (PinQua)

Target: Regions, Metropolitan Cities and municipalities with a population of at least sixty thousand (60,000) inhabitants.

NRRP Financial Allocation: 2.8 billion euros.

Objectives: To expand social housing, improve accessibility and safety in urban areas, and repurpose public spaces and buildings.

Number of projects (June 2025): As of June of this year, there were over **a thousand project**



M5C2I2.1 | URBAN REGENERATION PROJECTS

In this Measure the largest project is implemented by the Municipality of Trento (capital of the Autonomous Province of Trento, Trentino-Alto Adige region, with 118,000 inhabitants) for the construction of a new “Mobility Interchange Hub”, with a total value of 11.7 million euros .

This measure also involves municipalities of both larger and smaller demographic size compared to Trento. For example, the City of Naples (with over 900,000 inhabitants, the third most populous municipality in Italy after Rome and Milan) is implementing a 9.3 million euros project for the “Regeneration and social enhancement of the former city judicial psychiatric hospital for socio-cultural use.”

Among smaller municipalities, Vinci (a Tuscan municipality with 15,000 inhabitants, known as the birthplace of Leonardo da Vinci) is implementing the project “Urban regeneration for social inclusion and cultural promotion – Vinci Imagined Futures”, with a total value of 1.8 million euros.



M5C2I2.2 | INTEGRATED URBAN PLANS (PUIs) Urban Plans

In this Measure the largest Integrated Urban Plan is implemented by the Metropolitan City of Rome Capital with the project “Hubs for sport, well-being and inclusion of vulnerable groups and persons with disabilities”, amounting to 31 million euros.

Another example from Northern Italy is the Metropolitan City of Milan, which is implementing five projects with a total value of 26.8 million euros , dedicated to the development of metropolitan cycling routes (“Metropolitan Biciplan”).



M5C2I2.3 | INNOVATIVE PROGRAMME FOR HOUSING QUALITY (PinQua)

In this Measure the largest project is implemented by the Metropolitan City of Messina, entitled “Functional reorganization of the rehabilitation areas in the southern zone of the City of Messina, dedicated to urban residential housing and the provision of public services.” The project has a total value of 99.6 million euros.

Among the PinQua initiatives, several projects have been financed that focus on urban sports facilities. For example, the Municipality of Cremona (70,000 inhabitants, Lombardy region) is implementing a project entitled “Extraordinary maintenance and safety enhancement of buildings and areas forming part of the municipal sports facilities,” with a total value of 2.4 million euros.

There are also extraordinary seismic maintenance projects, such as the intervention by the Municipality of Chieti (in the Abruzzo region) entitled “Seismic improvement and functional redevelopment of the Addolorata Conservatory building converted into social housing,” with a total value of 6.3 million euros.

Finally, an example from Central Italy is represented by the Municipality of Viterbo (66,000 inhabitants), which is implementing a project for the “Redevelopment and public use of green areas,” with a total value of €1.2 million euros .



COHESION POLICY- EUROPEAN STRUCTURAL FUNDS

Another way in which urban investments are financed in Italy is represented by the cohesion policy and in particular, by the European Regional Development Fund (ERDF). The ERDF has played, and continues to play, a key role in urban regeneration in Italy, particularly during the last two European programming periods (2014–2020 and 2021–2027).

The Regional (Operational) ERDF Programmes include specific measures for the redevelopment of deprived neighbourhoods, the rehabilitation of public buildings, the enhancement of cultural heritage, and the improvement of the energy efficiency of buildings.

In particular, during the last programming (2014–2020), Italian municipalities benefited from 7.4 billion euros in ERDF resources.

It is worth recalling that in the last programming period Italy created a National Operational Programme (PON METRO) dedicated to the 14 Italian Metropolitan Cities, co-financed by the ERDF and the ESF, aimed at financing urban regeneration projects with a total allocation of 1.9 billion euros .

In the current programming period, Italy started the National Programme “Metro Plus and Medium-Sized Cities South”, with a total budget of 3 billion euros , which continues the experience of the PON Metro 2014–2020.



CHALLENGES AND CRITICAL ISSUES

Financial Constraints, Human Resources and Skills

Municipal resources available for urban regeneration rely mainly on the National Recovery and Resilience Plan (NRRP) and European Structural Funds, particularly due to the entry into force of the Stability Pact, which significantly limits municipalities' capacity to borrow and engage in capital expenditure.

A persistent challenge remains the ability to effectively utilize available resources, while ensuring compliance with deadlines and administrative requirements.

However, municipalities do not always possess the necessary technical capacities or adequate internal resources to design and report projects within the prescribed timeframes. This situation is further exacerbated by the steady reduction of municipal staff (about 30 percent less in fifteen years) and by a growing outflow of personnel resigning each year to move to other public administrations or to the private sector, where average salaries are significantly higher.

What will happen after the NRRP ends and the changes that will also affect cohesion policy?

I don't know!



Thank you for your attention, and please excuse my English
For any questions or requests for further information, please contact me at:
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