



**University
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Nudges and rules:
The Limits to a Purposive Fiscal Intervention.
The case of housing.
Tax history and experience in incentivizing
and disincentivizing residential building

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INTRODUCTION

- **Fiscal policy today extends beyond mere revenue collection;**
- **Fiscal instrument used to pursue social and economic goals;**
 - **States use tax policy to influence behavior.**

Objective: to analyze how these tools are employed in housing

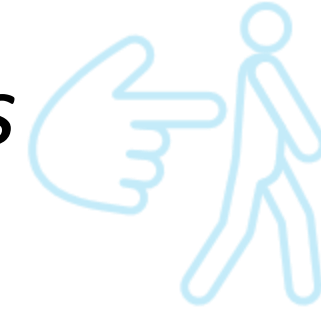
DEFINITIONS

NUDGES VS. ***RULES***

“A nudge is any aspect of the choice architecture that alters people’s behavior in a predictable way without forbidding any options ”

- Thaler and Sunstein in Nudge: The Final Edition

Gentle pushes

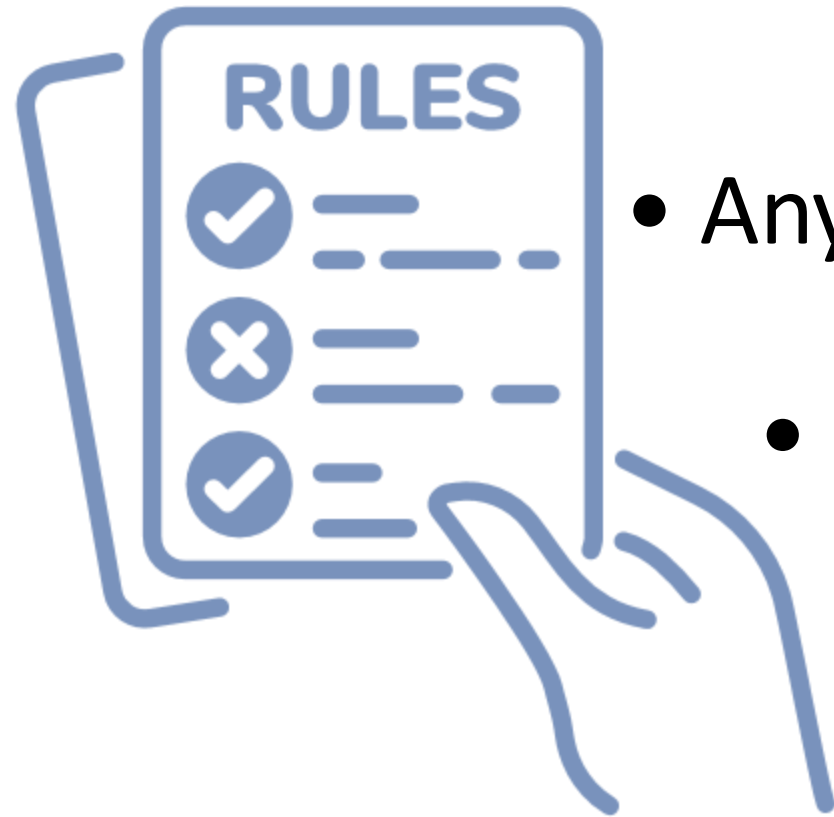


Example: tax deductions for energy-efficient home renovations;

Aim: influence decision while preserving freedom of choice;

Used widely in public policy.

NUDGES vs. *RULES*



- Any standard, principle or norm that guides conduct;
- clear obligations, prohibitions or enforcement.

Example: taxes on second home.

More rigid compared to nudges.



THE ITALIAN CASE

- Tools in Italian Housing Policy



Nudges: Ecobonus, first-home tax reliefs, ... and **Superbonus 110%?**

Rules: IMU (property tax), TASI, strict building codes.

Fiscal intervention blends both categories





CASE STUDY – SUPERBONUS 110%

Laid down in **Article 119 of Decree-Law No. 34/2020** (the so-called “*Decreto Rilancio*”)

Purpose: to promote sustainable renovations.

Design: targeted energy efficiency and seismic upgrades for existing residential buildings

Outcomes:

- ✓ The 110% tax deduction boosted construction activity.
- ✗ Fraud, abuses, inflated costs, administrative burdens and the involvement of criminal organizations

Dilemma: born as a nudge, but became rule-like due to complexity



Superbonus: Geographic Distribution of Interventions

Regional comparison between buildings renovated under the Superbonus and the total residential stock



Regional Gap: 73% of tax benefits were allocated to seven Central-Northern regions, widening the North-South gap in construction investments

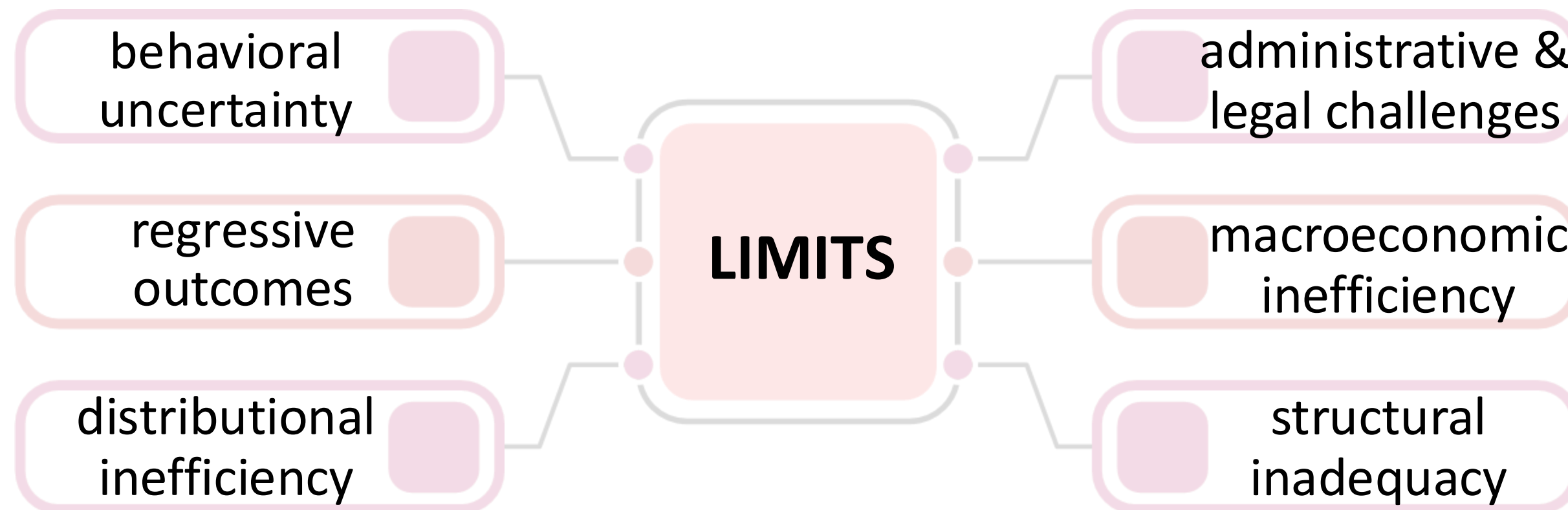
FISCAL INTERVENTION: TOOLS and LIMITATIONS

Such interventions take the form of:

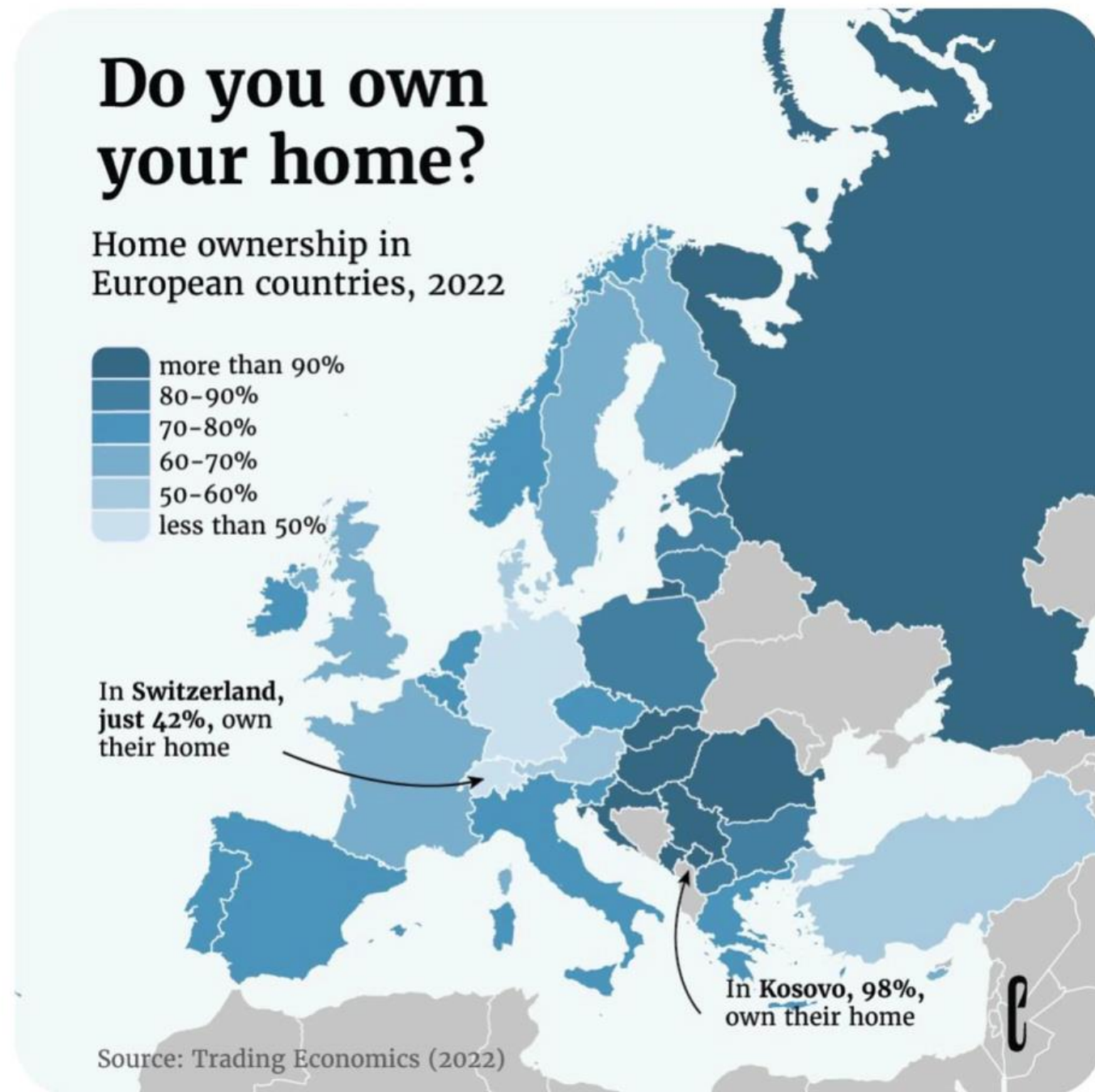
tax deductions for
building renovations
(e.g. Ecobonus);

tax incentives for first-
time homebuyers
(e.g. “*Prima Casa*” benefit)

tax credits for energy-
efficient upgrades
(e.g. Superbonus)



TAX HISTORY and HOUSING in ITALY



- $\frac{3}{4}$ of the market is dominated by homeownership;
 - Subsidies favor high-income groups;
- Rental market neglected and affordability declined;
 - crisis + austerity = fragile housing policy

1990s = liberalization of the rental market in Italy

- Law No. 359/1992
- Law No. 431/1998

CONCLUSION & POLICY INSIGHTS



Key Takeaway: No one-size-fits-all; balance nudges and rules

Future Steps:

- Combine short-term fiscal incentives with long-term regulatory certainty;
- Ensure accessibility, credible enforcement and alignment with long-term goals.

Lessons applicable beyond Italy

"The path forward lies in integrated solutions, not ideological paradigms."

Thank You!



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