Urban transformation processes in Italy since the postwar: a framework for analysis on housing policy

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1. Introduction

Any comment on housing issues, as any theme concerning land use and its transformation processes, would not leave a market context analysis out of consideration.

This statement is founded on the concept of the market as a social technology (Veca 1990). If we accept land use and transformation as relevant issues within the historical processes of economic and social resources allocation (and we could assert this is one of the reasons of the need of a planning practice), we should valuate, in other words, any planning proposal in terms of efficiency, so retrenching the unfruitful outcomes of ideological comparisons between freedom and equality values.

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1 These annotations originate from an introductory chapter of a PhD thesis in planning and property development; provisional title of the thesis is "La cultura dei centri storici nei processi di trasformazione delle città italiane" (The historical centres' culture within the urban transformation processes in Italy).

The PhD course in planning and property development has been organised since 1989 by the Dipartimento Interateneo del Territorio - Polytechnic of Turin (Italy), with the aim of providing scientific training in the field of land use transformation processes. The assumption of relationship between property development and planning as a privileged point of view is not a choice of theme, but rather a choice of method, based on the consideration that land use transformation processes depend on administrative, professional and entrepreneurial practices, which involve important interactions yet little analysed.

2 "Market is one social technology, very important and preferable to others for some purposes, ... it can be morally valued in terms of its consequences on the conditions of the social world, and ... not merely welfaristic valuation criteria depend on (and lead to) a debate on social justice principles" (Veca 1990, pp. 129-130, transl.). After all, "to assert that there is market essentially means to assert that there are institutions, methods, processes and decisions relative to goods and services production and to the distribution and allocation of values, which are (relatively) independent from the political authority scheme" (ibid. p. 49, transl.).

3 As Salvatore Veca (1990) says, a valuation in terms of efficiency, that is on ex-post arguments, allows to escape from the impasse caused by the traditional comparison between freedom and equality values, which are ex-ante values. That would allow to make a "more or less" logic to prevail on a "all or nothing" logic, so retrenching the market to "one among the fundamental institutions".

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In the following pages, urban transformation processes in Italy during the last forty years are briefly described, through a selected bibliography, with the aim of constituting a simple framework of the market context, in which housebuilding represents one important element of tension between demand and supply, between requirements and production on land. Besides this short introduction and the conclusion, the account is articulated in three parts, each concerning an historical period in which urban transformation processes assume peculiar features: the first urban development cycle evolves on postwar reconstruction requirements; urban renewal practice characterizes the second cycle; and, finally, urban functions reorganization follows the industrial restructuring.

2. Postwar reconstruction and the first urban development cycle

When Italy came out of the last world war, it was a physically and morally prostrate nation, and deeply divided (Ginsborg 1989). If people requirements, their urgency and diffusion, and the political conjectures for their fulfilment appeared extremely diversified, nevertheless a sort of social and political agreement in the name of public interest of reconstruction prevailed on a political debate on requirement valuation and economic programs.

The housebuilding sector could directly respond to an extremely high potential demand, and be shown to have, on the supply side too, the necessary features to face the negative economic conditions. For these reasons, as well as stimulating private enterprise, it was suitable for keynesian roles to the destination of public expense and for the labour market (Di Leo, Paci 1965). The housebuilding sector was briefly considered as the drag of the economic system; if public administrators tried to promote it in the free market interest, they really conditioned its productive outcomes, through a set of acts, oriented to sustain the demand.

The Tupini Act in 1949 and the Aldisio Act in 1950 introduced considerable credit and fiscal facilities for house purchase, so that mutuo fondiario (land loan) became at the end of 50's the first financing source (47%) of housing sector (Chiesa 1964; Monterastelli 1972). The property market organised through a double financing system of short term ordinary credit for housebuilding, and long term land credit for house purchase (Dandri 1969). Houseowners made up 40% of the population in 1951, 45% in 1961 and 51% in 1966.

That kind of housing policy, coupled with a poor planning control practice (Astengo 1950, 1951; Romano 1980; Tutino 1972, 1977), was not certainly opposed by the entrepreneurial world, which on the short term could justify any expansion of supply and profit by the constant pressure of demand; neither was it opposed
by landowners, who saw their revenues growing (Campos Venuti 1967). We could even say that industrial development and land rent were the real forces shaping urban development in those years: in general, the suburbs of major towns in the North rapidly grew, in spite of a progressive abandonment of the countries, the little centres of the South, and the ancient districts, that were locations of little interest to the predominant capital reproduction model (Cresme 1966b; Dandri 1969; Mioni 1976).

After a slow initial growth between 1945 and 1950, with a lowest point in 1947⁴, the housebuilding sector spent a decade in quick and constant expansion, in which an average of 264,000 houses per year were built. Aggregated housebuilding investment, equal to 3% of national income and to 22,7% of total gross fixed investments in 1951, became respectively equal to 6,4% and 32,1% in 1958 (Monterastelli 1967). In the same period, the incidence of building industry production on gross national product grew from 5,4% to 8,2%.

If in 1954 the Vanoni ten-year plan had foreseen maximum requirements of 13 million rooms, and the building of two thirds of those by private initiative, the balance-sheet at the end of the decade was 19,4 million new rooms, and 16,9 million were built by private initiative (Dandri 1969). Taking in account also the so called widespread reconstruction, between 1946 and 1967 an average of 23 rooms per year for every thousand people was built, that corresponds to 6 flats per year for each added inhabitant. While in those years population rose by 5,3 million, the increase of rooms was 33,7 million. Individual housing stock increase went up by 17% in physical terms, and 117% in monetary terms (Secchi 1972, 1984).

But that mechanism, which was vitiated by an artificially boosted market, soon fell into a slump. It no longer seemed possible to fill the lack of agreement between demand, real requirements and incomes on one side, and supply, production and prices on the other, even despite many attempts. In 1964, at the apex of the slump, 450,000 flats were built, while prices still increased; but housing requirements would have risen to at least 357,000 units per year, whilst unoccupied rooms were 3,3 million. If in the 60's the occupied rooms increase had been equal to 28%, unoccupied rooms increase had been equal to 81%; but the most upsetting fact was that the majority of those unoccupied rooms had been built since the postwar (Indovina 1972b, 1975, 1977).

In other words, economic development of the country and the average incomes increase, which mainly in that period were connected to the housebuilding system by many features (Secchi 1977, 1984), responded to a progressive differentiation of economic and social resources, that we could not casually read

⁴ As a bulletin of the Inu (National Institute of Urban Planning) reports at that time, in complaining for the persistent housing shortage and the slowness of the reconstruction process, 99,000 rooms were built in 1946 and 78,000 rooms in 1947 (Inu 1950).
through the land use ways: if on one side building environments tended more and more to shape the taste of the new middle classes, on the other lower classes requirements turned to the sole still accessible housing market sector, that means the old, ruined, abandoned and less desirable districts. The excess of resources flow to land and property rent finally seemed to slow down the aggregated development rate of the economic system, that in the 50's had been sustained by the unlimited labour supply (Secchi 1972, 1984, Tutino 1972, 1977).

3. Second cycle and the urban renewal

The political changes, to which the 60's slump led, remained essentially formal. In fact, the lack of public funds and a set of sentences by the Constitutional Court reduced the power of piani di zona (lotting plans), instituted by 1962's Edilizia economica e Popolare (popular housing) Act n. 167 (Tutino 1977, Ferracuti, Marcelloni 1982). 1963's Costruzione di alloggi per lavoratori (workers housing) Act n. 60 was exploited to sell 300 thousand flats cheaply off during the days of the election. Public intervention fell to the lowest levels since the postwar, equal to 4% of total housebuilding investments.

Market changes proved instead rather structural. On the one side, the building sector lost its hegemony on the economic development and met a bipolar transformation process: major national groups concentrated, while small local firms spread (Roscelli 1984). On the other side, the reduction of self-financing capability of firms and their progressive dependence on the financing sector were related to the increasing importance of real estate societies, and to new ways of managing land rent (Ave, Prizzon 1977).

Housebuilding and land use transformation processes seemed to conform to the new supply system and the requirements of the middle-high level of demand which, given the slump difficulties of the revenue housing market and the achieved well-being level, tended to turn to self-use housing and often second homes. New housebuilding spread from major towns of the North to the whole territory, while within the urban centres a new interest for housing renewal became relevant (Barp et al 1975; Barp 1977; Ferracuti, Marcelloni 1982). Public intervention proved propitious to the new market situation, renouncing again to control supply and rather adapting the style of the past measures to new trend: 1965's Norme per l'incentivazione dell'attività edilizia (housebuilding incentives) Act n. 1179 introduced new loans to be employed to purchase existing buildings; it was an obvious attempt to find a market for unsold property assets, by an artful amplification of the solvent level of the demand (Barp et al 1975, Padovani 1977).
After fragmentary renewal developments by means of individual owners, massive renewal processes, that usually preceded building acquisition by residents, got the upper hand. That kind of development could only be promoted by real estate societies, which were able to pay a long-service bonus to previous tenants, to manage the expectation of new customers, and to directly benefit from non-residential rooms, so raking in the highest potential supply (Barp et al 1975). Between 1965 and 1968, total expense for urban renewal amounted to Lit. 281 billion; in 1971, 21% of the existing buildings had been renewed after 1961 (Cresme 1969).

1971's census data showed that housing estate had increased to almost 64 million rooms, while demographic growth had increased to 54 million people; 55% of them owned their own home. Unoccupied flats, equal to 5.7% of the totality in 1951, and to 8.3% in 1961, were equal to 12.2%, that means more than 2 million rooms; one half of those were second homes.

Without interruption to the past trend, housing problems were still persistent: but this time, lower classes were removed from the poor and ancient districts, ready to be renewed, to bleak suburban slums. Between 1962 and 1971, 76% of the residential mobility occurred within the same municipal edges; major declared reasons for changing place were acquisition of the house and eviction (Barp et al 1975). Even after 1971's *Legge per la casa* (housing act), public housing kept on representing a marginal part of the supply in the whole housing market (Padovani 1977, Secchi 1977, Ferracuti, Marcelloni 1982).

When the 70's international economic slump occurred, national real estate market trends showed an instinctive and resolute search of social and economic shelter through the purchase of buildings in the town centres (Ceccarelli, Indovina 1974b; Indovina 1977); that raised further the renewal activity and the renewed building prices. In 1973-74, about 330.000 flats per year underwent urban renewal, while housing prices increasing rate passed from 8% to 47%.

4. Industrial restructuring and functional reorganization

Because of its stuctural and global features, 70's recession slowly consumed. In that period, Italy was featured by deep impulses to cultural renewal, by social and political conflicts which often had dramatic outcomes (Ginsborg 1989), and by a slow but strong restructuring of the industrial system (Pichierri...
1991). The regional administrative decentralization did not invalidate the incisiveness of national policy, which appeared to be inclined to new cultural impulses only when they did not compromise consolidated features of public interventionism. We particularly should emphasize how housing and planning policies went on with granting a powerful incentive to urban renewal, that during the recession was the building activity less affected by the slump. That incentive could appear to be culturally justified, if it was put in relation to the less and less elitist appreciation of historic and artistic values and immaterial qualities of the buildings (Curto 1989), in perfect coherence to the international canons of the mass post-modernist culture.

In fact, 1977's Norme per l'edificabilità dei suoli (land use development) Act n. 10 introduced the concessione edilizia (onerous planning permission), allowing exemptions to urban renewal developments. The 1978's Eguo canone (fair rent) Act n. 392 represented also a powerful blackmailing tool in the hands of the owners, who were legitimated to find different free markets (i. e. tertiary) for their properties. Still in 1978, urban renewal was for the first time formally legitimated by the Piano decennale per l'edilizia residenziale (housebuilding ten-year plan) Act n. 457, which introduced public and private piani di recupero (urban renewal local plans) and new loans and public financing. After two years, public renewal developments passed from 8% to 25% of total public developments (Ferracuti, Marcelloni 1982; Ferracuti 1988; Mostacci 1981).

After a strongly negative trend until 1977, investments in building became stable until 1980, and decreased again until 1985. Between 1980 and 1985, in spite of a drop in production equal to 0,8% for residential building, to 2,2% for non-residential building, and to 2,6% for public works, only urban renewal activity showed an increase (+ 2,4%). Its' incidence on total investments in housebuilding rose from 29,5% in 1974 to 48% in 1985 (Cresme 1986).

The manufacturing crisis and the flexible reorganization of the industrial production and capital system progressively featured land use in accordance to new morphologies, which could be variously represented through more and more metaphoric models, and to new managing, strategic and tertiary central functions (Gambino 1983, Gambino et al 1983). So, besides an underhand and inexorable erosion of housing heritage by the emerging urban functions (Bellicini 1988), the recovery of urban derelict areas became a relevant issue to building firms, real estate societies, and planners (Stanghellini 1991).

Institutional, financial and technical complexities of the new urban transformation processes are probably related to the integrated feature of new urban developments and to the institution of new managing procedures, as accordi di programma (program agreements), protocolli d'intesa (agreement protocols), or accordi di collaborazione (cooperation agreements). In the
present age of so called urbanistica contrattata (bargaining planning), we could say that comitati d'Affari (business committees) are the new negotiation places where public decisions on land use transformation are really taken (della Porta 1992, Mazza 1990). But, despite the rhetoric of the urban functions integration, within such a land use market system housing requirements can really show less bargaining power; consequently, they prove to be more and more confined, in symbolic and physical terms, to the boundary of the market, where new patterns of poverty emerge (Padovani 1991).

During the second half of the 80's in the whole of Europe, building activity showed some signs of revival, in conformity with the economic trend (Credito Fondiario 1991). Nevertheless, in Italy the increase of production proved much lower than in the rest of Europe, mainly for non-residential building (Stanghellini 1991). From recent comparisons among European towns, historical contradiction of the Italian system of public land use management clearly emerge. On one side, inability to achieve competitive development rates, not even in a good economic trend, could appear as the fatal outcome of an extremely politicized market system (Bellicini 1991): if only it could go on with being reproduced, it seems to cling to an unconditional, and often improper and arbitrary, use of intervention and veto powers. On the other side, reactions to such a cultural resistance tend more and more instinctively and automatically to turn into the creation of other markets, extraneous to the constitutional order6 (della Porta 1992).

5. Conclusion

The previous pages were an attempt to briefly describe, by the help of a selected bibliography, the urban transformation processes in Italy during the last forty years. The account was articulated in three parts, each concerning an historical period, peculiar for its structural features.

Postwar reconstruction lied at the root of an housing policy fundamentally oriented to the unlimited new building. If on the one side this development mechanism undoubtedly led to a general improvement of the average housing conditions, on the other side it also revealed itself as a major tool of regressive distribution of economic and social resources, with negative consequences upon the general economic development rate as well.

After the 60's crisis, a change in housing and planning policies seemed to be pursued, by privileging urban renewal rather than the new building. This approach actually proved

6 For instance, a recent judicial inquiry in Milan is showing the existence of a very well organised corruption market for property developments.
instrumental to the new features of the building sector and the property market, so that the more evident result was the gentrification of town centres and the impoverishment of urban suburbs.

The international recession in the 70's led to a general agreement on the need of a functional restructuring of land and buildings. Housing and planning policies seem now to pursue a reorganization of urban functions through mediation and negotiation practices, which really give uncertain outcomes. In fact, from a recent comparison among European countries a lower development rate and an underhand tertiarization of housing assets emerge as peculiar features of the Italian situation.

It proves possible to briefly point out some similar dynamics from the three different periods which have been described. One is a strong and persistent conditioning of the market from the top, rhetorically justified as an intervention in the name of free market primacy. Another is the constant opportunity so given to the capital accumulation system to be suitable to and exploit the public interest, each time on the agenda. This structural politicization of the market has been recently considered as the principal cause of the "less market and less administration" system, typical of the Italian situation" (Bellicini 1991). These seem peculiarities that a debate on housing issues in Italy, as maybe on any other sectoral theme concerning land use and urban transformation in that country, would perhaps not leave out of consideration.

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