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THE GOVERNANCE OF LARGE-SCALE PROJECTS:

Local Governments and Finance Capital Interaction in Milan and Brussels

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ITALIAN SUMMARY

La governance dei mega progetti in Europa sta convergendo verso un unico modello o invece si assiste al consolidamento di modelli diversi? Come possiamo spiegare le differenti relazioni tra governi locali e capitale finanziario? Qual è il ruolo dei primi nei processi di trasformazione urbana di larga scala? La ricerca risponde ai seguenti interrogativi attraverso un'analisi comparativa della governance dei grandi progetti a Milano e a Bruxelles, adottando come casi studio CityLife e Tour and Taxis.

A questo scopo, ho costruito il mio impianto teorico riferendomi all'*Urban Political Economy* e, in particolare, all'Urban Regime Analysis e ai contributi sulla finanziarizzazione della città e della governance urbana. Dopo aver delineato le condizioni per gli investimenti immobiliari nelle due città, ho esaminato i casi studio nel loro sviluppo nel tempo. Nello specifico, ho analizzato gli attori coinvolti e le loro risorse, le strategie d'investimento e le logiche politiche e, infine, il quadro istituzionale e normativo all'interno del quale gli stessi operano.

In entrambi i casi, i due mega-progetti sono indicativi di un nuovo regime di governance in cui si consolidano coalizioni di sviluppo finalizzate a promuovere la crescita urbana e a rispondere a interessi immobiliari. Sebbene in entrambi i contesti si assista all'adozione di pratiche imprenditoriali e all'uso strumentale della pianificazione urbanistica, la scala e lo scopo di queste strategie differiscono notevolmente: CityLife è un caso emblematico di governance finanziarizzata a guida privata, il cui scopo ultimo è la creazione di Milano come 'città internazionale'; Tour and Taxis a Bruxelles, invece, rappresenta un caso emblematico di governance imprenditoriale a guida pubblica e rispecchia il tentativo di consolidamento del ruolo della Regione Capitale in tema di sviluppo urbano.

Parole chiave: mega-progetti, governance, governi locali, capitale finanziario, Milano, Bruxelles

THE GOVERNANCE OF LARGE-SCALE PROJECTS

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ENGLISH SUMMARY

Is the governance of large-scale projects converging in Europe? How can we explain the different interaction between local governments and finance capital in the making of the city? What role do local governments play in urban transformations? In this dissertation, my purpose is to address the aforementioned questions through a comparative analysis between CityLife in Milan and Tour and Taxis in Brussels.

To do so, I draw on the Urban Political Economy literature and, specifically, on Urban Regime Analysis and the accounts on the financialisation of the city and urban governance. Having outlined the development trajectories and the governance architecture of Milan and Brussels, I examine the case studies in their development over time, in terms of actors involved, resources exchanged, investments and political logics, and institutional and regulatory frameworks.

I argue that CityLife in Milan and Tour and Taxis in Brussels are indicative of a governance shift sustained by the consolidation of development coalitions oriented to promote urban growth and respond to real estate interests. In both contexts, the governance of large-scale projects is increasingly shaped by the adoption of entrepreneurial practices and an instrumental use of planning. However, such practices differ in terms of scope and scale. CityLife is emblematic of a financialised governance of large-scale projects aimed at promoting the making of Milan as an ‘international city’. In Brussels, instead, Tour and Taxis is an emblematic example of a public-led entrepreneurial governance and is pivotal to the consolidation of the role of the Brussels Capital Region in urban development matters.

Keywords: mega-projects, governance, local governments, finance capital, Milan, Brussels.

LIST OF ABBREVIATIONS

AvH: Ackermans and van Haaren

BCR: Brussels Capital Region

CoBat: Code Bruxelloise de l'Aménagement du Territoire

LZ: Leverage Zone

PAD : Plan d'Aménagement Directeur

PCD: Plan Communal de Développement

PDI: Plan de Développement International

PGT: Piano di Governo del Territorio

PII: Programma Integrato di Intervento

PPP: Public Private Partership

PPAS : Plan Particulier d'Affectation du Sol

PRAS : Plan Régional d'Affectation du Sol

PRAS démographique : Plan Régional d'Affectation du Sol Démographique

PRD: Plan Régional de Développement

PRDD: Plan Régional de Développement Durable

PwC: PricewaterhouseCoopers

SAU: Société d'Aménagement Urbain

SNBC: Société Nationale des Chemins de Fer Belges

SPV: Special Purpose Vehicle

T&T: Tour and Taxis

UDP: Urban Development Project

ULI: Urban Land Institute

ZEMU: Zone d'Entreprises en Milieu Urbain

ZIR: Zone of Regional Interest

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CHAPTER 1: INTRODUCTION

1.1 PROBLEM SETTING AND RELEVANCE OF THE TOPIC

Is the governance of large-scale projects converging in Europe? How can we explain the different interaction between local governments and finance capital in the making of the city? What role do local governments play in urban transformations? In this dissertation, my purpose is to address the aforementioned questions through a comparative analysis between CityLife in Milan and Tour and Taxis in Brussels.

Both cities are leading regional centres in the international economy. They have been going through a process of strong deindustrialisation and increasing tertiarisation since the 1960s-1970s. However, despite their similar economic structure, the cities have had different trajectories of urban development. In Milan, since the 1990s, the so-called 'planning by projects tradition' and the launch of Public Private Partnerships have favoured the conversion of a number of underused and former industrial sites spread over the metropolitan territory. The city has experienced a strong restructuring of its urban fabric through the creation of new centralities in the peripheral areas and the implementation of new mixed-used flagship projects in the more central ones. By contrast, in Brussels the historical institutional fragmentation and the overlapping planning competences between the distinct governments have represented an obstacle for the consolidation of a project-area planning system and, as a consequence, has slowed down the implementation of large-scale regeneration projects. In addition, the rigidity of the planning system has not facilitated the creation of synergies between the Brussels Capital Region and the 19 Municipalities, on the one hand, and the development of a unique urban agenda for the transformation of the city-region, on the other.

CityLife and Tour and Taxis have brought about the conversion of former mono-functional large-scale areas into mixed-use sites. They stand as symbols of the post-industrial transition of the two urban/regional contexts in which they are embedded, and they have gone through a long process of negotiation that has involved local governments and private partners for almost three decades. Therefore, individual projects are examined in their development over time in terms of the changing resources of the political and economic actors with respect to their bargaining power over urban development and changing in inter-governmental relationship.

In carrying out this research project, I intend to contribute to the Urban Political Economy literature. To do so, I develop a theoretical and analytical framework that holds

together Urban Regime Analysis and the accounts on the financialisation of the city and urban governance. The latter share the assumptions that to understand the governance of urban development scholars need:

- a) To combine an analysis of the interdependence between economy and urban politics with one that privileges the agency of the actors involved in urban transformation;
- b) To study the creation of development coalitions and the power relationship among the agents involved in urban development;
- c) To focus, in particular, on the role of local governments and their political agendas on development.

1.2 OBJECTIVES AND RESEARCH QUESTIONS

The overall objectives guiding my dissertation are:

- O1) To discuss two variegated forms of urban governance of large-scale projects in two European cities;
- O2) To investigate the role of the government, in particular of local governments, in creating the conditions for the implementation of CityLife and Tour and Taxis;
- O3) To understand the role of CityLife and Tour and Taxis within the public political agendas of Milan and Brussels.

To fulfil these goals, I address three issues (sections 2.4 and 3.1). Their investigation will pave the way for a comparative analysis between the case studies:

- I) Conditions for investment in Urban Development Projects (UDPs)

The focus on this issue stems from the assumption that capital investment in urban development depends on certain structural (political and economic) conditions, namely the structure of the economy and specific regulatory and institutional frameworks (i.e. planning regulations, fiscal arrangements, and public political agendas). With this issue, my aim to identify such conditions in Milan and Brussels.

Therefore, the research question is:

RQI_1) Under which conditions have CityLife in Milan and Tour and Taxis in Brussels developed, in terms of changing governance structure and planning regulations?

II) Process of urban development and actors

This analysis is oriented to uncover the bargaining process between the public and private actors engaged in the two projects. Having mapped the actors, I specifically enquire into the role of local governments. In order to acquire a clear knowledge of the interests, strategies, and power relations, I examine what resources are mobilised and what is exchanged during the negotiation processes. The questions formulated to address the second issue are:

RQII_1) Who are the actors involved in the redevelopment of CityLife in Milan and Tour and Taxis in Brussels?

RQII_2) What are the resources mobilised and exchanged during the negotiation processes?

III) Outcomes in terms of benefits for the individual actors involved in the projects

In this study, I do not intend to study the social and spatial consequences of large-scale projects. Therefore, I question how benefits area distributed among public authorities and private players. The research question developed for this purpose is:

RQIII_1) Who gains what?

IV) Comparison

Drawing from the analysis of the individual projects, in this last issue I discuss them in a comparative fashion. My aim is to show the existence of two variegated forms of urban governance of large-scale projects in Milan and Brussels and explain them through an understanding of the distinct political agendas pursued by local authorities.

To achieve these goals, I have formulated two research questions:

RQIV_1) What are the differences between the processes leading to the redevelopment of CityLife in Milan and Tour and Taxis in Brussels?

RQIV_2) To what extent and how do CityLife and Tour and Taxis become part of and sustain public political agendas in Milan and Brussels?

1.3. MY ARGUMENT

I argue that CityLife in Milan and Tour and Taxis in Brussels are indicative of a governance shift sustained by the consolidation of development coalitions oriented to promote urban growth and respond to real estate interests. In both contexts, the governance of large-scale projects is increasingly shaped by the adoption of entrepreneurial practices and an instrumental use of planning. However, such practices differ in terms of scope and scale. CityLife is emblematic of a financialised governance of large-scale development aimed at promoting the making of Milan as an ‘international city’. In Brussels, instead, Tour and Taxis is an emblematic example of a public-led entrepreneurial governance and is pivotal to the consolidation of the role of the Brussels Capital Region in urban development matters.

1.4 STRUCTURE OF THE THESIS

In Chapter 2, I discuss the literature. In particular, I build my theoretical framework drawing on Urban Political Economy, a perspective that, on the one hand, assumes that urban change is driven by growth imperatives and, on the other, brings the analysis of urban economy and urban politics together. Having reviewed the works by Harvey and Molotch, I discuss the main Urban Regime Analysis contributions. I integrate such accounts with the literature on financialisation and, in particular, with the accounts on the financialisation of the city and urban governance. This, in my view, adds some critical and contingent elements to study contemporary forms of governance of large-scale projects. In section 2.3 I discuss the methodological and empirical indications emerging from the review of the literature. Firstly, I review the literature on large-scale projects in order to justify why I chose them as units of analysis. I then discuss the use of comparison and narratives. Lastly, I draw conclusion and summarise the analytical framework guiding the analysis.

In Chapter 3, I outline the methodology. In section 3.1, I introduce the objectives and research questions. In the following sections I illustrate the research design: in 3.2.1, I explain the selection of the case studies; in 3.2.2, I focus on the data collection; in 3.3 I delineate the research phases.

Drawing on the theoretical and analytical framework suggested in Chapter 2, Chapter 4 and Chapter 5 take a historical perspective to present the cases under

investigation: CityLife in Milan and Tour and Taxis in Brussels. In both cases I begin with an exploration of the post-industrial transition at the urban/regional level. The investigation is structured into two parts. The goal of the first part is twofold: on the one hand, it is aimed at comprehending the legacy of such a transition on the urban fabric and, on the other, it points at how, through which planning instruments, and by whom urban change has been governed. Having set out the contexts, I zoom in the specific large-scale projects. In particular, I point to the actors involved in the development and the negotiations among them. These chapters allow me to bring out the converging and diverging aspects of the two cases that will provide the basis for the concluding part of this dissertation.

In Chapter 6 I draw conclusion from the analysis. In section 6.1 I begin with the analysis and discussion of the individual projects (sections 6.1.2 and 6.1.3) and I proceed with the comparative analysis (section 6.1.4). Finally, in section 6.2 I point to the contributions of my work, both theoretical and empirical, and suggest possible future developments.

CHAPTER 2: THEORETICAL FRAMEWORK

2.1 INTRODUCTION

The investigation of the governance of large-scale development requires an understanding of the city in terms of its economic and political structure as well as in terms of the interdependence between the two dimensions. This is particularly relevant when researching cities in economic transition. In this case, their urban fabric and governance structures have been subject to a restructuring process driven by, on the one hand, the conversion of the built environment and, on the other, the redistribution of competences among the different governments' levels.

Before reviewing the literature, I believe it is important to step back by introducing why I refer to real estate development and the built environment, how I define them, and who are the main authors I rely on. While real estate refers to the property and management of the built environment, the latter may be defined as the 'physical landscape, which can be utilised for production, exchange and consumption' (Harvey, 2006: 233) and that give shape to our cities – e.g. factories, housing, offices, roads, railways, parks, etc. Real estate is not only made of tangible, physical, and immobile structures. Due to its intrinsic value (i.e. land rent), it is also an important financial asset (Harvey, 2006; Ball, 1985; Haila, 1988; see also Gotham, 2006) embedded in localities and, at the same time, deeply connected to financial markets, where it is traded and exchanged. For this characteristic, it 'stands at the nexus of global forces of transnational flows and networks of activity, and local forces of territorial embeddedness and place particularity' (Gotham, 2006: 234). Yet real estate development is, as Logan and Molotch (1987) argued, 'a social phenomenon' (1). Its study needs to include an evaluation of the social contexts in which it is produced, consumed, and exchange: it needs to combine a more structural understanding with one that privileges the agency of real estate and financial actors, on the one hand, and the agency of consumers of the built environment, on the other. Therefore, studies have to contemplate the interests, rationality, behaviour of actors involved. This implies, in particular, an understanding of the role of the 'state as an actor' (Gotham, 2006: 233), that is to say of the ways it constrains and facilitate real estate and urban development.

In this chapter I build up a 'theoretical toolkit' that will guide my research and, in particular, the research design and empirical analysis. In section 2.2 I scrutinise the main traditions in political economy that have dealt with the topic. My aim is to show how the literature has developed over the years in relation to the changing structural conditions for urban development, on the one hand, and the agents involved, on the other. The

perspectives I review assume that cities' competition and growth imperatives are the main drivers of urban development. Nonetheless, they differ in terms of analytical focus: while some endorse a more structuralist approach, others gradually include urban politics and actors in the analysis. In particular, I discuss the main assumptions of the pioneer works by David Harvey (section 2.2.1) and the 'growth machine perspective' by Molotch (section 2.2.2). I then present Urban Regime Analysis (section 2.2.3), from its early contribution to its latest development. Finally, in 2.2.4 I introduce the literature on financialisation and, in particular, some contributions on the financialisation of the city and urban governance. These last accounts, in my view, represent a necessary update to the approaches outlined in the previous sub-sections.

In 2.3 I attempt to draw from theoretical assumptions to empirical and methodological indications. This will inform my research design and methodology.

2.2 MAIN TRADITIONS IN URBAN POLITICAL ECONOMY

2.2.1 The Switching of Capital and The Socio-Spatial Fix

In the article *The urban process under capitalism: a framework for analysis* (1978), Harvey provides a systematic analysis of urbanisation and capitalist development, putting 'the built environment and city building as central elements in the overall dynamics of capitalism' (Beauregard, 1994: 717). Influenced by Marx and Lefebvre's ideas, Harvey associates urban development to the logic of capital accumulation and to the cyclical nature of investments in the built environment (Harvey, 1978; see also Beauregard, 1994; Gotham, 2009). His theoretical core argument rests on the switching of capital flows within the economic system, from one productive sector to the another (Harvey, 1978). Through it, he grasps the (material and immaterial) changes of cities in a historical perspective, by including also the mediating role played by financial institutions in these processes. In his argument, cycles of urbanisation stem from over-accumulation crises in the primary circuit of capital, i.e. in the manufacturing and industrial sectors. Given that the consequences of such crises may affect, though a

devaluation of capital and/or labour, the economy as a whole, the surplus of capital is channelled in the secondary circuit, i.e. the built environment for production (e.g. infrastructures) and consumption (e.g. housing).

In Harvey's account, this shift produces the so called spatial and temporal fix: spatial because capital is invested in the production of the built environment, thus becoming embedded and fixed in space; temporal because the physical elements are built for the functioning of the economy at a particular historical moment and may become obsolete over time (Harvey, 1978; Harvey, 2001). Investments in real estate constantly move towards more productive and convenient locations, either within the city or outside its borders. In some circumstances, for instance in the case of dismissed industrial sites, investments may be (re)directed to their regeneration and functional transformation. In other words, urban development is embedded within the circulation of capital and is explained by the tension between the mobility of investments and the fixity of the built environment.

Yet the concept of spatial and temporal fix does not tell the whole story as it does not give an account of the actors and mechanisms behind it. Indeed, the switching of capital has been criticised for it brings a theorisation of urban development only dependent on "the functional need of capital" (Haila, 1988: 85), thus overlooking its place-dependent nature, the role of actors and the power relations among them (Ibidem; see also Scott and Storper, 2014). As Aalbers stresses in his paper on housing finance in Milan (2007) Harvey's analysis is without a doubt a useful starting point (...) but we should be careful in taking his argument too far by providing too little room for the contingency of urban development and the role of agents that act within the structure of the real estate industry' (176). The next section offers an overview of the main perspectives that, although sharing the focus on the accumulation processes driving urban development, have included urban politics in the analysis of urban development.

2.2.2 Bringing Urban Politics in the Analysis of Urban Development

The City as A Growth Machine

Inspired by Harvey's work, Molotch's account (1976) adopts a more sociological perspective, what he and Logan will define 'a sociology of urban property relations' (1987: 13). The starting point is a conceptualisation of urbanisation not only as a 'function of economic necessity but as the target of political action' (Logan et al., 1997: 605, emphasis added). Therefore, the objective is to show 'how human activism is a force in cities' (Logan and Molotch, 1987: 11), by looking at 'the strategies, schemes, and need' (Ibidem) of the actors engaged in real estate development. The novelty of this approach¹, which has made it an inspiration for many other contributions, was the 'focus on urban politics through the prism of political economy' that, given the time it was published, was 'path-breaking' (Cox, 2017: 396).

'A city, and more generally, any locality, is conceived as the areal expression of the interests of some land-based elite' (Molotch, 1976: 309). This is how *The City as a Growth Machine: Toward a Political Economy of Place*, a seminal article written in 1976, begins. In this quotation, we can trace the essence of the growth machine argument which will be further developed in the following years (Logan and Molotch, 1987; Molotch, 1993): the importance of land, 'the basic stuff of place' and a 'market commodity providing wealth and power' (1976: 309). Decisions over urban development are driven by growth motivations – what he calls 'growth imperatives' – in a context of increasing population and permanent risks of unemployment (Molotch, 1976; see also Logan and Molotch, 1987). Entrepreneurs², landowners, and financiers play a major role

¹ At this point a clarification seems to be necessary. Before Molotch, Mollenkopf discussed the formation of pro-growth political alliances, composed of real estate owners-developers- and builders. By doing so, he put urban politics at the centre of its analysis of urban development in the United States (1975).

² Molotch and Logan (1987) identify three types of entrepreneurs:

1) Serendipitous entrepreneurs: those who are not professional land entrepreneurs but have, for instance, inherited a property or have acquired it;

in these processes (Molotch, 1976; Logan and Molotch, 1987; Molotch, 1993). However, they are not the only one. The city as a growth machine is sustained by an aggregate of actors (political officials, builders, entrepreneurs, real estate agents, local press, and universities), all ‘capable of strategic coalition and action’ (1976: 311). What these actors and groups share is a will ‘to create a *good business climate*’ (Logan and Molotch, 1987: 59), in order to ‘reassure investors that the concrete enticements of a locality will be upheld by future politicians’ (Logan and Molotch, 1987: 60)

Local governments operate in line with the so-called ‘growth imperatives’: they develop public agendas to sustain them, facilitate urban development, and coordinate growth coalitions. They moreover create consensus around urban policies by asserting that ‘growth strengthens the local tax base, creates jobs, provides resources to solve existing social problems, meets the housing needs caused by natural population growth, and allows the market to serve public tastes in housing, neighborhoods, and commercial development’ (Logan and Molotch, 1987: 85). At the same time, they are also mobilised by local elites who need their support to carry out their operations (Logan and Molotch, 1987: 35).

Although the growth machine argument brings to the fore urban politics, it does not document the extent to which governance structures and institutions affect the formation of growth coalitions. It postulates a convergence of interests among governments’ levels although, in reality, the latter may pursue conflicting urban agendas, thus impeding the activities of growth coalitions. The main explanation of this gap is related to the fact that they apply this perspective to the US context where local authorities have extensive autonomy in fiscal and land use matters, and where entrepreneurs play an active role in urban development (Molotch and Vicari, 1988; Vicari and Molotch, 1990)

2) Active and professional entrepreneurs: they ‘anticipate changing use values’ and ‘seek rent by gaining control over locations likely to become more strategic over time’ (Ibidem: 30). Small-scale or medium-scale investors are entrepreneurs of this kind;

3) Structural speculators: they ‘do not rely solely on their capacity to estimate future locational trends; they supplement such investors by intervening in that future. (...) Their strategy is to create differential rents by influencing the larger arena of decision making that will determine locational advantages’ (Ibidem: 30).

Urban Entrepreneurialism and Neoliberal Urbanism

Urban politics comes later on in Harvey's theorisation on urbanisation under capitalism. In *The Limits to Capital*³ (2006), he declares that: 'The production, ordering, maintenance, renewal and transformation of such a commodity', (i.e. land), 'poses serious *dilemmas*. The production of individual elements -houses, factories, shops, schools, roads, ect.', he continues, 'has to be co-ordinated, both in time and space' (Ibidem: 234, emphasis added). Land markets, which allocate land to uses through 'special kinds of institutional arrangements' (Ibidem: 327,) represent the principal mechanisms through which real estate development is organised. The state and financial capital are the main protagonist of land markets. Through this argument, Harvey gradually moves the analytical focus on the analysis of the institutional mechanisms and of the actors involved in land markets. With regards to the actors, he emphasises the importance of what each actor gains from real estate development (and at whose expenses)⁴ (Ibidem).

But what are these institutional arrangements he refers to? And what does he tell us about the difference between the present institutional arrangements and the past ones? To answer these questions, we have to look at another pioneer work, *From Managerialism To Entrepreneurialism* (1989), where he discusses 'urban governance in late capitalism' and links the restructuring of the economy to the restructuring of the state. During the 1970s and 1980s, Harvey points out, Western countries experienced a shift from managerialism to entrepreneurialism (Harvey, 1989; see also Mollenkopf, 1985; Hall and Hubbard, 1996). Such a shift went hand in hand with the transition of the regime of accumulation (driven by deindustrialisation, increasing unemployment, and fiscal austerity at the national and local level) and with a period of growing inter-urban competition to 'maximize the attractiveness of the local site'⁵ (Harvey, 1989: 5). Since

³ The book was originally published in 1982. In this work, I refer to the edition of 2006.

⁴ '*Landowners receive rent, developers receive increments in rents on the basis of improvements, builders earn profits of enterprise, financiers provide money capital in return for interest at the same time as they can capitalize any form of revenue accruing from use of the built environment into a fictitious capital (property price), and the state can use taxes (present or anticipated) as backing for investments which capital cannot or will not undertake but which nevertheless expand the basis for local circulation of capital*' (Harvey, 2006: 395)

⁵ Through the acquisition of command functions in finance, government, and information gathering and processing.

then, there has been a continuous process of opening up of policy-making to the other scales of government and to a variety of stakeholders. Governments have been subject to structural reforms aimed at transforming their political and administrative architectures through the introduction of new mechanisms of governance. Therefore, to examine urban entrepreneurialism, scholars 'have to look to the formation of coalition politics'⁶ (Ibidem), i.e. the so-called Public Private Partnerships (PPPs). The latter 'became being considered the most attractive and innovative tool for financing regeneration projects' and for 're-equilibrating the problematic fiscal balance sheet of local governments' (Swingedouw et al., 2002: 577).

Urban entrepreneurial strategies have mainly responded to economic pro-growth and business objectives. 'Place marketing and urban space commodification become the means to address growth' (Fuller, 2018: 568). They have prevailed over spatial equalisation, 'with the belief that this will produce trickle-down benefits' (Ibidem). In this context, local governments do their best to create a good business climate in order 'to maximise the attractiveness of the local site as a lure for capitalist development' (Harvey, 1989: 5).

In line with Harvey's account, Peck et al. (2009) trace the evolution of governance around the 1980s, when neoliberalism emerged as 'the dominant political and ideological form of capitalist globalization' (Ibidem: 50). The liberalisation and deregulation of economic markets, the increasing privatisation of state enterprises, and the cuts in welfare policies involved 'the selective transfer of state capacities' to different government levels (Jessop, 2002). Given these conditions, there occurred a shift from government to 'partnership-based forms of governance' (Ibidem). Within these new arrangements, urban and regional authorities acquire a leading role in the coalition of actors they cooperate with⁷. Nevertheless, the process of state restructuring has taken on different forms and characters according to the spatial context. Brenner et al. (2009) do recognize the '*evolutionary trajectories* of neoliberalizing reform project and their institutional expression' (189, emphasis added) and , therefore, they invite scholars to

⁶ This statement contains a reference to the growth machine theory, elaborated by Harvey Molotch in 1976 (section 2.2.2).

⁷ Jessop (2004) criticises Harvey's work for 'it tends to present the state as a necessary complement or supplement to market forces' (6) and a rational subject. The state, instead, should be understood, in light of its institutional forms, in other words of its state apparatus.

‘positioning the problematic of *variegation*, or systematically produced geoinstitutional differentiations, at the heart of a reformulated conception of neo-liberalization’(2007).

In this regard, Le Galés (2005) criticises the application of such a theorization of in the European context, where national logics continue being quite strong, even in those areas more involved in the international marketplace (Ibidem). With regard to neoliberalism, he claims that ‘the focus on the neoliberalization processes, however central it might be, runs the risk of making it difficult to identify other key characteristics inherent to capitalism or liberalism’, namely actors, power relations, and policy instruments (2016, 165).

2.2.3 Urban Regime Analysis

The necessity to understand the political system and the extent to which it influences urban development is at the basis of the proliferation of Urban Regime Analyses since the beginning of the 1990s. Their root dates back to the US political science and sociology traditions (Cox, 1993; Stone, 1993, 2004; 2005; Kantor *et al.*, 1997; 2002; 2005). The latter questioned the construction of stable coalitions in urban politics since the 70s- 80s of the 20th century, decades characterised by the so-called shift from ‘managerialism’ to ‘entrepreneurialism’ in urban governance (see section 2.2.2).

The point of departure to understand Urban Regime Analysis is that ‘political economy is about the relationship between politics and economics, not the subordination of politics to economics’ (Stone, 1993: 2; see also Stone: 2004). The main goal is both theoretical and empirical: on the one hand, Urban Regime Analysis seek to frame the local processes into a wider scale of analysis (what Savitch and Kantor call the international market place); on the other, such investigations are interested in seeing how and the extent to which power and politics ‘play out in the city and take a particular form because of the spatial location and particular structural constraints’ (Davies and Imbroscio, 2009: 6). Hence, Urban Regime Analyses draw attention to local state structures and institutional arrangements which are considered ‘critical for understanding the power and influence of growth coalitions’ as they represent the sites in which ‘planning and redevelopment are implemented and political conflicts are mediated’ (Gotham, 2000: 290). Such an approach ‘has been regarded as a particularly appropriate means’ to understand the shift to entrepreneurial modes of governance as it is through the creation of coalitions that local governments acquire the capacity to act and orient urban development (Hall and Hubbard, 1996: 156).

Having outlined the main assumptions of Urban Regime Analysis, in this section I discuss the bargaining model by Savitch and Kantor (2002; see also Kantor and Savitch, 1993; 2005; Kantor et al., 1997) as it represents a systematic attempt to apply the approach outside of the U.S. Lastly, I present the last contribution by Stone (2015) on the ‘new political order’.

Main Assumptions

Theorisations on urban regimes stem from the theoretical battle between pluralist and elitists. They move beyond pluralist accounts on urban politics, accused of not considering the extent to which external factors affect urban governance, and embrace the elitist argument on the unevenness of access to local politics. In line with the growth machine perspective (section 2.2.2) they assume that some interest groups enjoy advantageous positions in the political arena (Hall and Hubbard, 1996; Mossberger and Stoker, 2001).

The core theoretical argument is that a necessary condition for any given urban policy is the foundation of a governing coalition⁸, based on a relationship of mutual dependency between public and private actors⁹ (Stone, 2015: 101). Thereby, the analytical focus stands in the investigation of the (formal and informal) arrangements ‘by which public bodies and private interests function together in order to be able to make and carry out government decisions’, i.e. what Stone refers to as ‘regimes’ (Stone, 1993: 6). Four elements constitute such (formal and informal) arrangements (Stone, 2005):

- a) A political agenda defined as a body of development priorities and strategies;
- b) A governing coalition composed of governmental and nongovernmental actors;
- c) A ‘scheme of cooperation’ comprising the rules of the game according to which the members gain the power to achieve their agenda;

⁸ As Stone (1993) claims, governing coalitions are ‘an integral part of governing processes’ (1

⁹ The public sector cannot sustain itself without the support of private actors. At the same time, private actors do need public policies to carry out their operations (e.g. favourable financing and zoning, the creation of infrastructures, and the resolution of conflicts) (Savitch and Kantor, 2002; Stone; 2015).

- d) A set of material and immaterial resources: although the first may be ‘especially useful’ (Stone, 1993: 1) in the fulfilment of the coalition’s purpose, informal resources— among which skills, organisational capacity, technical expertise, informal contacts— play also a major role in the formation and ‘functioning’ of governing coalitions.

The main questions that urban regime analysts pose are ‘who’ and ‘how’ questions. Their main concern is to examine the nature of (public and private) actors involved in the governing coalitions as well as their strategies and interests (‘who’ question). They are also interested in the processes to the formation of governing coalitions (‘how’ question). Lastly, as they assume that ‘development is not an all-or-nothing matter’ (Stone, 1993: 24), they also raise ‘questions of equity: Who will benefit and who will bear the cost?’ (Ibidem: 15).

Urban Regime Analyses have been variously criticised in literature. Cox (1993; 1995), for instance, points out that the paradigm is too localist: despite the conceptualisation, it still lacks in situating urban politics within the broader economic context. He therefore encourages scholars to reformulate urban politics as ‘a scale question’ (Cox, 1993: 434), in order to grasp the ‘power relation between capital and local ‘communities’” (Cox, 1995: 222). However, for Stone (1998): ‘The critique of localism appears to be embedded in a fixation with capitalist development. Assuming that local economies are not autonomous but tied to the market place reduces urban politics to a simple ‘reaction to global forces’” (Hall and Hubbard, 1996: 159). By contrast, urban economies do not depend entirely on global trends: ‘Cities are not the helpless pawns of international capital but have the capability to mediate and direct their own destiny by exploiting their comparative advantages over other cities’ (Ibidem). Or as Savitch and Kantor say: ‘Cities are not mere leaves in the wind of internationalization, but political entities that in many different ways shape economic outcomes’ (2002: 347). Another critique recalls the one to ‘urban entrepreneurialism’ and ‘neoliberal urbanisation’ (see section 2.2.2). It concerns the stretching of the concepts (Mossberger and Stoker, 2001) due to their application to a wide range of contexts, some of them outside of the U.S. – where urban regime analysis was originally conceived.

The application of Urban Regime Analysis in Europe (see Di Gaetano and Klemanski, 1993, Harding, 1997; Kantor et al., 1997; Savitch and Kantor, 2002) revealed that in the old continent there still are some factors that inhibit the active involvement of business in local policies, namely high level of fiscal support from central government, more comprehensive planning systems, and large public land ownership (Mossberger, 2011). To cope with this, researchers should not overlook the different structures of

governance and the specific instruments to fulfil certain political goals. Hall and Hubbard move even further: they claim that Urban Regime Analysis must scrutinise the differences between governing coalition not only in terms of internal organisation but also in terms of ‘the leadership capacity evident in each case’ (Hall and Hubbard, 1996: 158).

The Bargaining Model

In order to overcome the under-theorisation of the scale issue and to bring in the analysis the role of the state, Savitch and Kantor (2002; see also Kantor and Savitch, 1993; 2005; Kantor et al., 1997) propose an analytical model for the systematic comparison of urban regimes¹⁰ and development trajectories in ten North American and Western European cities¹¹ (from 1970s to 2000). ‘Urban development policies’, they claim, ‘are formulated at the juncture of local politics and the international marketplace’ (2002: 25). Although local governments may be constrained by economic forces they are also ‘active managers of development strategies’ (Ibidem) as they rely on a number of local (social and political) resources. The post-industrial transition and the growing economic globalisation ‘have put cities on trajectories of change’ (Ibidem: 19). Governments have reacted to this differently. Some have chosen competition. In this case, they have decided to adopt policies to enhance their economy (e.g. through the attraction of events as well as through the provision of incentives for capital investment). Some others have, instead, resisted ‘the lure of growth’ in favour of socially oriented urban policies (Ibidem: 20). This is to say that, in both cases, they ‘were not passive nor were they relegated to simply mediating larger economic forces’ (Ibidem: 348).

In an effort to empirically investigate how cities respond to international pressures and how governments bargain with private capital, they build their work on the notion of *city bargaining*. The latter, defined as “the ability of a city to garner resources in order to maximize its choices and ultimately realize its objectives in the

¹⁰ Their definition of ‘regime’ is: ‘a regularized pattern of political cooperation for mobilizing city resources in support of a common identifiable agenda’ (Savitch and Kantor, 2002: 53). They employ the regime concepts within a bargaining context in order to ‘highlight the interplay between structure and agency’ (Ibidem).

¹¹ The cities, which are not representative of all cities in North America and Western Europe, are New York, Detroit, Houston, Toronto, Glasgow, Liverpool, Paris, Marseille, Milan, and Naples.

capital investment process” (Ibidem: 43), is the concept used to explain the differences between urban policies and local governments’ attitudes. To explain the local governments’ bargaining positions with business, the authors single out four resources, classified into two groups: driving/structural variables and steering/endogenous ones. Within the first group, they include market conditions (i.e. the position of the city in the international marketplace) and intergovernmental arrangements (i.e. the level of autonomy of local authorities). The former indicate the ‘circumstances or forces that make cities more or less appealing to private capital. This may be due to geographic characteristics (Singapore as a gateway to Asia), or because of political reasons (Brussels as the seat of the European Union), or as a by-product of business circumstances (New York as a financial capital) or because of a vital strategic role (Berlin as a transit point between Eastern and Western Europe), or for religious cultural reasons (Jerusalem as a sacrosanct city)’ Savitch and Kantor, 2002: 43). Together, they represent the economic, fiscal, and political power of cities. If a city enjoys a favourable economic position and intergovernmental support, it is likely that local governments have the capacity to control and direct capital investment and economic development. The same does not occur when government setting are characterised by a high level of institutional fragmentation. The second group comprises two other resources: local culture (i.e. norms and values ‘that create a disposition toward the redevelopment agenda’ -Ibidem: 45 -) and popular control (i.e. the level of engagement of citizens in decision-making and ‘the means by citizens (...) make elites accountable’ – Ibidem: 44-45 -).

By focusing on this set of variables, the authors scrutinise the implications for the decision-making processes and formulate two ideal-typical scenarios (Savitch and Kantor: 2002; see also Kantor and Savitch, 1993):

- 1) Social-centred development strategies: the four variables work cumulatively. They strengthen public actors’ position in implementing specific forms of planning and fiscal regulations. Hence, local governments succeed in ‘shifting the risk and costs of development onto private actors” through the implementation of social centred policies, for the provision of collective benefits and for the distribution of the value springing from urban transformation (Savitch and Kantor, 2002: 46);
- 2) Market-centred strategies: the economic logic becomes the main driver of urban development (minimalist planning, tax abatements, public support for capital projects). Thereby, public actors tend to absorb all the risks and the costs stemming from urban development. ‘This strategy places the highest priority on

attracting jobs, increasing population, adding buildings, and revenue' (Ibidem: 102)

Savitch and Kantor assume that urban development is 'not a zero-sum game'. By doing that, they claim that public and private actors' goals are not mutually exclusive. There is a difference between interests and goals: state actors may not have the same interest as business players; however, they may share the same goal. To grasp this, it is important to reflect on their political agendas. 'Local government', they argue, 'may have an interest in raising public revenue by increasing retail sales, while investors may have an interest in maximizing profits. Though their interests are different, they may share the common goal of bringing about higher sales through expanded development. When this happens, bargaining between government and business shifts from rivalry over competing interests to sorting out common goals' (Kantor and Savitch, 1993: 237)

Although the bargaining model represents a valid and systematic tool to compare the development trajectories of cities throughout the last decades of the 21st century, it does not provide any instrument to grasp the changing structural conditions that have greatly impacted urban real estate development over the last years (e.g. the 2008 global financial crisis and the subsequent fiscal deficit occurred at the urban level). It moreover does not entirely document the evolution of real estate actors in Europe and the growing dominance of finance in urban development (section 2.2.4). Therefore, the model does not account for the changing power relations affecting urban politics these days that, I would argue, reflect new interests, new strategies, and new political agendas.

The New 'Urban Political Order' and The Reimagining of the City as a Growth Machine

In a 2015 article, Stone reviews Urban Regime Analysis in response to the criticisms to the theoretical approach. He concludes his work by saying: 'It seems that the age of urban regimes, as once understood, has now yielded to freshly reconfigured ways of how cities are governed. If so this is not a matter of regret but simply a new chapter in a continuing effort to understand the ever-changing intricacies of how political orders take shape and continue to change' (Stone, 2015: 125). He states that, today, scholars are facing some difficulties in the adoption of the approach due to the fact that the latter does not seem able to capture political changes. 'Governing has become more diffused and fragmented' (Ibidem: 109). New resources, new coalitions, and new agendas play a major role in the

evolution of urban politics. Urban Regime Analysis does not provide scholars with the theoretical and conceptual tools to grasp these changes. He suggests that, unlike the past, today there is no evidence supporting the existence of a single and cohered coalition governing urban politics and holding around a unique political agenda. On the contrary, what we see is a 'more diffused governing arrangements and a less sharply defined agenda' (Ibidem, 15). 'Over recent decades', he points out, 'conditions have changed' (Ibidem): the post-industrial transition of cities and all the contextual changes associated with it have paved the way for 'a more *diffused agenda* and thereby a less cohesive form of governing the city'¹² (Ibidem: 106, emphasis added). Hence, he calls for a refashioning of Urban Regime Analysis. He develops the idea of 'urban political order' which he defines 'not as a static arrangement but as a cluster of evolving relationships anchored in the city and extending into an intergovernmental dimension and reflecting an ongoing process of globalization' (Ibidem). The concept 'is intended to have room for cross-time comparison as well as those across cities' (Ibidem: 9). Urban politics is not made of 'a single dominant structure' (Ibidem: 109). Hence, scholars should be committed in analysing 'the structure-agency puzzle' of urban politics over time as this may reveal 'how multiple structures, varying in depth and scope, are interrelated, each with its own logic and limitations' (Ibidem).

Cox (2017), instead goes back to the theorisation the city as a growth machine and revisits in particular in relation to its application to today's real estate development processes. He does that by looking at the new coalitions of actors, in which a key role is played by developers and property companies, and at the application of the theoretical perspective to Western European Countries. He acknowledges that contemporary urban politics is characterised by the presence of many coalitions, 'more symmetric in their structure, and more enduring, but also more specialised in what they are trying to accomplish' (Ibidem: 395). He moreover stresses the importance of local developers in real estate development. Given the internationalisation of real estate markets and the increasing interest of global capital to invest in specific localities (that are particularly competitive in the international marketplace), local developers are paramount to the creation and operation of governing coalitions. These actors are 'rooted' (Ibidem: 394)

¹² This line of thought is connected to what Gotham argued in 2010 about the lacking empirical documentation of the 'locally – and historically- specific sources of variation in the composition and operation of growth coalition' (Gotham, 2000: 273) and the changing political agendas that local governments may adopt over time.

and embedded in local markets: they have developed a sort of ‘familiarity’ with the local market they operate in (Ibidem: 395); they are known in the city and they know it. Thanks to their extensive knowledge of the context they operate in, they know how to play the game, both with the partners, with whom they spread the risks, and with local governments, with whom they negotiate.

Such a focus on developers is however not new also in Urban Regime Analysis. Fainstein (2001) already put the accent on the role of developers in driving real estate development and, in particular, on their personality and leadership capacity. ‘Real estate developers’, she says, ‘participate in a dynamic process in which they sell themselves to governments, financial institutions, and renters; combat their opponents; and estimate their competitors’ intentions’ (Ibidem: 25). They base their calculation on the ‘availability of financing, governmental incentives, community acquiescence, and anticipated demand’ (Ibidem: xii). Real estate and property investors rely on them because they need two types of information when deciding whether to invest or not: ‘first, what the likely overall market situation is when the development is completed; and second, what type of project on which site is most likely to produce the greatest return (Ibidem: 69).

2.2.4 The Literature on Financialisation: a Necessary Update

Due to the increasing role of the financial sector across global economies, since the 1970s and 1980s, Western countries have been witnessing a wave of profound economic and social transformation. From the later 1990s onwards, scholars from various social science disciplines have started using the theoretical concept of *financialisation* to address the significant penetration of finance in (national and international) economies as well as in individual lives¹³. Cities have not been excluded from these profound

¹³ A sequence of events set the basis for its development: the industrial and oil crises of the 1970s, the collapse of Bretton Woods, the deregulation of financial market, the increasing role played by pension funds and institutional investors, and changes in welfare state (Aalbers, 2016). The list of causes is still incomplete. Another push factor is identified in the intertwining between two complementary dynamics: 1) the constant weakening of the economic growth of the most industrialised countries (further intensified by the 2008 crisis); 2) the persistence of an overall

transformations. Due to the increasing merging of real estate and financial capital, their (spatial-social-economic-institutional) structures have been affected by processes of restructuring and reorganization. In line with Fainstein (2001), Stone (2015), Cox (2017), I claim that any account on urban politics on urban development must take into account these dramatic changes and the role of financial actors in urban politics. Therefore, here I seek to update the Urban Regime Analysis literature with that on financialisation. In the first section, I briefly introduce the concept of financialisation and outline the main approaches to its study. In following section, I discuss the main studies on the financialisation of the city and urban governance.

A Brief Overview of the Main Approaches

Financialisation is usually referred to a historical trend experienced worldwide throughout the second half of the 20th century, when the interplay between finance and economy have become more significant. However, as Arrighi recognises (1994), financialisation should not be considered as an isolated and contemporary phenomenon but rather a recurrent and cyclical tendency that has accompanied the expansion of the capitalist system¹⁴ and the transition from one accumulation regime to the another (Ibidem). Arrighi's argument does not imply that the way through which financialisation has penetrated the economy and society has remained stable over time. What is new today is that financialization is no longer limited to financial markets, actors, and institutions; it encompasses a wide range of non-financial subjects (Aalbers, 2017: 40), namely states, corporations and households.

The concept is a very contested one, for long lacking a univocal and straightforward definition (French et al., 2011; Aalbers, 2015; Christopher, 2015). In this work, I follow Aalbers' definition (2017):

indebtedness' condition, witnessed by leading capitalist states where governments, private households, and corporations have continued to gain access to credit systems.

¹⁴ In the book *The Long Twentieth Century: Money, Power and the Origins of Our Times* (1994), Arrighi connects financialization to the historical trajectories of hegemonic powers, such as the Republic of Genoa, Holland, United Kingdom, and United States of America. Phases of financial expansions are depicted as a symptom of decline of the political and economic hegemonic power of the time.

‘Financialization is the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households’ (3).

In it we can identify the different strands of the financialization literature that I will briefly discuss above.

The academic origin of the debate dates back to the Regulationist tradition that interprets financialisation as a macro-structural change: financialisation represents a new regime of accumulation, arisen as an alternative to the former industrial one, in which financial motives, rationalities, institutions, and activities are pivotal in influencing the pattern and pace of capital accumulation and economic growth (Stockhammer, 2008: 60). This regime shift is strongly linked to the restructuring of the state and, therefore, deeply embedded in certain institutional structures. Clark et al. (2015), for instance, underline that the retrenchment of the state has created the conditions for new financial markets to emerge for the provision of those services once delivered by the public, e.g. social housing, infrastructures, education, and health care. Majone (1994) and Aalbers (2016) call for caution: the finance-dominated accumulation regime is not characterised by a complete retrenchment of the state but rather by a process of ‘regulated de-regulation’ (Aalbers, 2016). Markets are still governed by specific laws and rules, implemented to create new (or to change existing) markets and to ‘facilitating one set of markets agents over others’ (Ibidem: 8).

The second approach focuses on the restructuring and re-organization of corporations¹⁵ (see Aalbers, 2017) when they engage with financial markets and activities (Williams, 2000; Fine, 2011; van der Zwan, 2014; Davis and Kim, 2015). These ‘business practices’ are associated with the implementation of financial metrics in order to measure the returns of capital of corporations’ investments (van der Zwan, 2014).

The last body of literature explores the financialisation of everyday life. The issue at stake is to understand the extent to which households’ private consumption and saving behaviours have been affected by financialisation. The assumption driving such a paradigm is that the financialisation of the economy has not been followed by an increase in growth rates and, as a consequence, by a change in the distribution of income (Palley, 2011; Aalbers, 2016). Particularly in the aftermath of the financial crisis, this has gone

¹⁵ Through horizontal mergers, acquisitions, downsizing, disinvestments, and outsourcing.

hand in hand with a decrease in interest rates which, in turn, has given great impetus to the expansion of credit. Given the uneven distribution of income, households' consumption has been kept stable by mechanism of accumulation of debts originated by a widespread access to credit (Davis and Kim, 2015; see also Coppock, 2013; van der Zwan, 2014).

The Financialisation Of the City and Urban Governance

In parallel with the increase of academic interest in financialisation, scholars have started to explore the connection between it and the city, thus conceptualising it as 'a profoundly spatial phenomenon, representing as it does the search for a spatial-temporal fix or quasi-resolution of the crisis tendencies of contemporary capitalism' (French et al., 2011: 798). The city becomes the scale of analysis that is *pragmatically*¹⁶ adopted to trace, on the one hand, the link between financialisation and urban governance and, on the other, the 'new strategies of capital switching' (Savini and Aalbers, 20015: 1) utilised by new real estate and financial complexes. What makes these new complexes different from the agents previously involved in urban development is the nature of the actors and their *modus operandi*. Financial agents¹⁷ seem to be playing a leading role in the transformation of the city. However, their role in the decision-making processes depends on the mediation of local governments in the so-called 'trading rooms', i.e. during negotiations (Theurrillat et al., 2016). Grounded accounts of financialisation and the adoption of a defined actor-oriented perspective have revealed that 'understanding who these actors are and their character and interests is central to interpreting their agency in particular geographical, temporal and institutional settings' (O'Brien et al., 2019: 1295). A focus on the actors and on the interaction among them may also reveal how and the extent to which urban governance is affected by the finance capital and the variegation among different governance settings.

With respect to this last point, Thurrillat et al. (2015) distinguish between three ideal types of cities (although in reality elements of each may overlap):

¹⁶ In *Financial Geography of Real Estate and the City: a Literature Review*, Aalbers clarifies that the selection of 'the city' or 'the urban' as scales to analyse processes of financialisation is 'a pragmatic choice' to show the importance of adopting financial lenses also in studies on urban governance, real estate and the built environment (2019a: 2).

¹⁷ Banks, hedge funds, Collective Investment Schemes and Sovereign Wealth Funds.

- a) The financialised city: in such a circumstance, local governments ‘anchor the financial criteria of risk, yield, and liquidity in urban objects’ (Ibidem: 1513) and ‘allow market finance visions of the city to become reality without great alteration’ (Ibidem: 1510);
- b) The entrepreneurial city: in this context, local governments facilitate the anchoring of capital and act in coordination with their ‘allied actors so that urban value can be translated into real profits and tangible urban objectives’ (Ibidem). As Lauermaun highlights, this framework ‘is closely correlated to conversations on growth coalitions and urban regime theory’ (2016: 4);
- c) The negotiated city: in this circumstance, local governments ‘promote debate, the creation of interdependencies and the genesis of multiple externalities, particularly around major urban development’ (Ibidem).

‘The state is far from absent in the process of creating variegated patterns of urban financialization’ (Aalbers, 2019c: 5). Indeed, state actors determine ‘the ways financial re-intermediation is shaped when it reaches urban assets’ (Halbert and Attuyer, 2016: 1355) and ‘influence the financial conditions of investments, including their profitability’ (Ibidem: 1351). Studies on the role of the state show that local governments use financialisation and financial instruments to implement entrepreneurial strategies to achieve their development goals (Weber, 2010; Van Loon et al., 2018). In such cases, state actors have moved ‘beyond being just passive and receptive clients and customers for commercial and private finance’ and have become agents of financialisation (O’Brien et al., 2019: 1269). However, contributors also ‘see finance capturing urban governance’ and, therefore, postulate a more passive role of local governments (Aalbers, 2019c). The role of local authorities, although still crucial in urban development, appears to be contradictory.

Due to the current phase of fiscal austerity, state actors have become heavily dependent on financial players and property developers to implement their own agendas and entrepreneurial strategies (Weber, 2002; Weber, 2010; Guironnet et al., 2015; Savini and Aalbers, 2015; Peck and Whiteside, 2016; Farmer and Poulos, 2019). Because of that, they have created ‘new spaces of governance’ (Savini and Aalbers, 2015: 1) as well as new political tools to facilitate the anchoring of capitals and create a good business climate, i.e. land use regulations –to codify what functions are to be accommodated and where–, land value capturing schemes – to establish forms of profit sharing between

them and the private sector¹⁸ (see Gibelli, 2016b; Camagni, s.d.a; sdb), and financial innovations (e.g. Tax Increment Financing Schemes – see Weber, 2010). At the same time, they still play a leading role ‘in the dialectics of spatial fixity and liquidity through a variety of policies, legal-regulatory actions and infrastructural investment’ (Gotham, 2009: 360).

To what extent has the presence of these new real estate and financial complexes brought about a change in power relations when it comes to real estate and urban development? Let us take the example of planning regulations. Despite the differences between contexts, in general such planning instruments contains procedures that operate as revision of general land use plans, the latter being characterised by a high level of rigidity and associated binding conditions. The contemporary forms of land-use regulations, instead, are intended to be more flexible in the definition of the functional destinations (Swingedouw et al, 2002). Moreover, as for their flexibility, the new generation of planning instruments leave more room for the recognition (and sometimes inclusion) of the specific requirements for urban development proposed by capital investors (Guironnet and Halbert, 2014). The findings of the research carried out by Savini and Aalbers on the urban development of the Falck Site in the northern periphery of Milan clarify this point (2015). By looking at financialisation from the point of view of land use planning processes, the authors argue (2015) that, in the case of the Falck site, the entering of international financial actors in urban development brought about a ‘de-contextualization of land use planning’ (Ibidem). Local governments tended to adopt land use planning strategies in an instrumental way, to ‘facilitate the influx of financial investments’ without taking into consideration the local socio-political contexts and, therefore, the real social demand of inhabitants (Ibidem: 3).

In their analysis on the redevelopment of Saint-Ouen, a Red Belt Municipality in the periphery of Paris, Guironnet et al. (2015) conclude that this instrumental approach to urban planning may be particular evident in those cases in which capital investors are also the owners of the pieces of land to be redeveloped. In these situations, investors may acquire a more influent role, not only in the phase of development but also in orienting the strategic planning decisions (Ibidem). ‘This’, they state, ‘has important policy implications, since power relationships in the definition and implementation of urban redevelopment projects may be increasingly be tilted in favour of financial investors’

¹⁸ To give some examples: a few examples: *Oneri di Urbanizzazione* in Italy (see chapter 4), *Charges d’Urbanisme* in the Brussels Capital Region (see chapter 5), Development Permits in the UK.

(Ibidem: 20). Therefore, they call for empirical works on the role of the state, in both the negotiation phase and in the planning one (Ibidem). Land and property development have become ‘more liquid’: the built environment seems to be developed on the basis of planning strategies and rationalities that are increasingly detached from local contexts but tied up to financial markets. In a context of increasing internationalisation, real estate development may have direct effects on the economic structure and on the geography of the city. It may indeed further exacerbate ‘processes of social exclusion, displacement, high-income gentrification and low-income filtering’ (Clark et al., 2015: 6). Hence, there is an urgent need to draw attention not only to the internal restructuring of the state but, more importantly, to the change in political urban agendas which seems to be more oriented to guarantee high returns of capital and to minimize risks for investors (Halbert and Attuyer, 2016).

2.3 FROM THEORETICAL ASSUMPTIONS TO METHODOLOGICAL AND EMPIRICAL INDICATIONS

In this section, I attempt to move ‘from theoretical assumptions to methodological and empirical indications’, in order to lay the ground for the research design that I discuss in chapter 3. In reviewing the literature, I have been guided by several questions that I seek to answer here:

- What methodological and empirical suggestions can we gain from the review of the literature?
- What tactics should a researcher apply?
- How to grasp the variegated forms of urban governance of large-scale projects?

2.3.1 Urban Development Projects as Units of Analysis

A wide range of studies in the Urban Regime Analysis and in the financialisation literature have drawn on the analysis of large-scale development projects (from now on

UDPs – Urban Development Projects) (Vicari and Molotch, 1990; Molotch and Vicari, 1998; Fainstein, 2001; Orueta and Fainstein, 2008; Kaika and Riggiero, 2013; Guironnet and Halbert, 2014; Guironnet et al., 2015; Anselmi, 2015; Pereira and Mosciaro, 2015; Savini and Aalbers, 2015; Adisson, 2017; Mosciaro, 2018; Anselmi and Vicari Haddock, forthcoming).

As Orueta and Fainstein highlight (2008), there exist distinct categories of UDPs, namely waterfront regeneration, conversion of manufacturing and warehouse areas, construction of new infrastructure nodes – airports, ports, railway stations—, and also some cases of regeneration of historic city districts (see also Sklair, 2012). UDPs have been instrumentally used as ‘tools of activation for real estate markets in so-called *underperforming* areas’ (Savini and Aalbers, 2015: 4, emphasis added) in order to transform them into new mixed-use spaces with a high concentration of offices, commercial and retail activities, and housing. As for the new functions they accommodate, these areas are fundamental for the restructuring of the urban fabric (Salet, 1990: 2344). Their development reflects how capital is fixed in the built environment, thus representing the current spatial-temporal fixes of urban development (section 2.2.1). Flagship UDPs play a major role in public agendas based on entrepreneurial urban models of urban growth aimed at repositioning the city in the international market place (Swingedouw et al., 2003: 51; see also Salet, 1990; Olds, 1993; Hall and Hubbard, 1996). Iconic architectures become marketing instruments; they acquire a special ‘symbolic/aesthetic significance’ (Sklair, 2012: 349) that may further contribute to the enhancement of the international appeal of the city (see also Ponzini and Nastasi, 2011).

UDPs represent what Molotch (1999) calls ‘up-links’, i.e. connections between the urban scale and the international one (see also Gotham, 2000). Usually implemented through PPP (section 2.2.2), they are strongly ‘embedded in frames of multi-actor and multi-level governance’ (Salet, 2008: 2234). For their size and location, UDPs are often put at the centre of public political agendas on urban development: their implementation can generate, on the one hand, massive revenues for local governments, on the other hand, may be pivotal to the valorisation of their surroundings and of the broader urban areas.

The relevance of UDPs in contemporary real estate development is further highlighted in the literature on the financialisation of the city and urban governance. Analyses of UDPs reveal the tendency of private stakeholders to treat land as a financial asset or as a form of fictitious capital (Guironnet et al., 2015; Savini and Aalbers, 2015). Savini and Aalbers (2015: 2) contend that UDPs ‘have become one of the engines of

financial markets: a key space of confrontation between global marketplaces and socio-economic demands'. This implies that 'projects are increasingly developed with an investor rather than a user in mind' (Aalbers, 2019: 7). Therefore, it is important to question the ambiguous role and power of local governments in their development in order to demonstrate whether they are able to 'route global investment into local government plans' or only to promote investors' needs.

2.3.2 The Comparative Method

Robinson (2015: 9) recently called for the use of a 'comparative methodological imagination': the adoption of a comparative method is, in her view, useful to dismantle the ethnocentric assumptions (see also Robinson, 2011; Pickvance, 1986; 2001) stemming from 'the inevitable locatedness of all theory' (Robinson, 2015: 3). It furthermore enables scholars to 'address the uneven and restricted geographical foundations of inherited approaches to urbanism, building theoretical insights from a diversity of specific urban outcomes, processes, and contexts' (Robinson and Roy, 2015: 3). Processes of post-industrial transition, fiscal restructuring, changing governance settings are taking place in many different contexts. However, 'in conjunction with the specific features of each place the outcomes are different in each context' (Robinson, 2015: 9). By adopting a comparative method – based on an exercise of 'thinking cities through elsewhere' (e.g. another case or the broader context) (Ibidem) or 'learning from the experience of others' (Sartori, 1991) – 'we can do justice to the complexity of the urban' (Robinson, 2015: 11), comprehend the specificity of each context, and reveal 'the intervening (localized) processes in each place which affect the specific outcome' (Ibidem: 9). As a result, a variation-finding strategy can provide further elements for a theoretical and a conceptual understanding of the phenomenon under investigation.

The use of comparative methods is, in particular, useful when analysing urban development in Europe, where state restructuring processes have produced distinct national trajectories. The state, at different levels, 'enters into these processes in diverse ways' (Haila, 1984: 91) by virtue of regulatory and institutional frameworks (Hall and Hubbard, 1996; Gotham, 2000; Fainstein, 2001), sometimes as a regulator and sometimes as a facilitator of urban development. Comparing two or more urban contexts allows to recognise the specificity of each development trajectory and the varieties among them.

2.3.3 The Use of Narratives and Periodisations

In *The Growth Machine Up-Links: the Rise and Fall of a Pro-Growth Coalition in a U.S. City*, Gotham (2000), in line with Aminzade (1992), calls for the adoption of narrative as a method to analyse the implementation of development strategies in cities¹⁹ (see also Gotham and Staples, 1996). He does that ‘to move beyond documenting the fact of growth and the presence of growth coalition in local politics, and explain how local processes link up to external socioeconomic conditions and political forces’ (Gotham, 2000: 269). He states, ‘I use the narrative variant of *path dependency* to uncover the historical dimension of a local setting and display important events and actions that shaped local growth conflicts between city officials and growth coalitions over the design and implementation of urban redevelopment initiatives’ (Ibidem :275). Combining the analysis of path dependency and the use of narrative may help grasping the extent to which past events affect the present outcomes. Narrative have, in fact, an intrinsic ‘explanatory logic’ (Ibidem: 279) that emphasizes ‘how contingencies and conjunctures guide historical development and how events, as singular happening grounded in time, can transform social structures’ (Ibidem: 279).

On the same line, Stone (2005; 2015) asserts that, to understand urban regimes and governing coalitions, scholars should pay more attention to their embeddedness in time and space. He invites scholars to adopt a methodological framework for cross-time comparison within the same context of analysis. In so doing, he affirms, researchers overcome a deterministic view of urban development – as they are capable to take into account variations within contexts—. Hence, he proposes the use of periodisations. Through them, it becomes possible to ‘bring long-term political change to the fore’ (Ibidem: 101). Although lacking in terms of generalisability over time, this methodological and empirical suggestion ‘has the capacity to shed light on succession of historical junctures, each leaving a legacy for later junctures’ (Ibidem: 101).

¹⁹ ‘Analytic narratives – theoretically structured stories about coherence sequences of motivated actions—can contribute to the construction of explanation of why things happened the way they did. Such narratives construct causality and meaning in terms of temporal connections among events’ (Aminzade, 1992: 458).

2.4 Conclusion

From the seminal work by Harvey to the latest scholarships on the financialisation of urban development, real estate and urban development are described as multi-scalar processes, connecting the international market place and the city. Assuming this implies that any analysis should consider the relationships between the urban and the international scales, in order to understand how urban politics reacts to economic pressures – and *vice versa* – and how actors operate in this global-local nexus. In relation to the role of the state and local governments, each perspective reviewed in this chapter suggests a focus on the changing political agendas on urban development. In the ‘city as a growth machine’ approach, the promotion of a specific political agenda is seen as the ‘mechanism’ through which local governments support elites’ growth imperatives (section 2.2.2). Likewise, in the theorisations on urban entrepreneurialism and neoliberalism, scholars refer to the shift in political agendas when explaining the policies implemented to enhance the attractiveness of the city (section 2.2.2). It is, however, in the Urban Regime Analysis literature (section 2.2.3) that political agendas acquire a crucial role: besides representing one of the constituents of any (formal and informal) arrangements among public and private actors (Stone, 2005), they are also one of the prerequisites of the city bargaining model (Savitch and Kantor, 2002). In the conceptualization of a ‘new urban political order’, Stone (2015) explicitly affirms that the analysis of political agendas becomes the element on which to build any understanding of urban politics. Lastly, the analysis of the financialisation literature (section 2.2.4) shows that there is a need for empirical studies on the role of the state in urban development in a context of changing structural (economic and political) conditions.

The approaches reviewed draw attention to the specificity of each context. In *Urban Regime in a Europe of the Cities?* Harding call for empirical enquiries to show

‘how the urban politics of production has become more salient from the perspective of the various partners involved, how development coalitions have formed in European cities but how they differ from those we would expect to find solely on the basis of American urban political-economy arguments’ (1997: 292).

As we saw, such emphasis is further highlighted in the studies on the financialisation of the city and urban governance: through the adoption of a grounded approach scholars drawn attention to the spatial, temporal, and institutional variegation of urban

governance. This, in turn, allows researcher to stress diverging and converging practices of local governments as agents of urban development.

All this considered, in my research I address the role of local governments in real estate and urban development in a comparative perspective. To do so, I focus on three main issues:

- Conditions for investments in urban development;
- The process of development of specific UDPs;
- The outcomes in terms of benefits for the different actors.

The analysis of the conditions implies to consider what Savitch and Kantor (2002) call 'driving and structural variables', that is to say the position of the city in the international marketplace, the structure of the urban economy, the level of autonomy of local governments, and the political and economic status of the city (section 2.2.3). It means also to include a specific focus on the institutional and governance settings of the city and on the regulatory frameworks put in place to governing urban development. All these factors, although looked in a historical perspective (section 2.3.2), link local processes to structural political and economic conditions. The second issue brings the analysis back to the urban and project scale. To address it, I aim to analyse the negotiation processes that have driven the UDP under scrutiny by drawing attention on the actors, their strategies, the resources mobilised, and the power relationships among them. Finally, the focus on the outcomes implies evaluating how benefits are distributed among the same partners engaged in the development.

CHAPTER 3: ON METHODOLOGY

3.1 OBJECTIVES AND RESEARCH QUESTIONS

In light of what I argued in the conclusion of Chapter 2, the overall objectives guiding my research are:

- O1) To discuss two variegated forms of urban governance of large-scale projects in two European cities;
- O2) To investigate the role of the government, in particular of local governments, in creating the conditions for the implementation of CityLife and Tour and Taxis
- O3) To understand the role of CityLife and Tour and Taxis within the public political agendas of Milan and Brussels.

To fulfil these goals, I address the three issues introduced in section 2.4 and add another one specifically oriented to draw conclusion from the comparison between the case studies (section 2.4):

I) Conditions for investment in UDPs

The focus on this issue stems from the assumption that, as discussed in Chapter 2, capital investment in urban development depends on certain structural (political and economic) conditions, namely the structure of the economy and specific regulatory and institutional frameworks (planning regulations, fiscal arrangements, and public political agendas). Therefore, I intend to identify such conditions and understand how path dependency affect current urban development in Milan and Brussels. As the UDPs under investigation are embedded in the economic, political, and social context of Brussels and Milan, I believe it is important to organise this investigation in two levels: the regional/urban scale and the project scale. In this way, I aim at creating a bridge between long-term contextual structural and governmental change (urban/regional scale) and the UDPs' development. As Stone indicates (2015), this exercise of *bringing long term political change to the fore* 'has the capacity to shed light on succession of historical junctures, each leaving a legacy for later junctures' (101).

Therefore, the research question is:

RQI_1) Under which conditions have CityLife in Milan and Tour and Taxis in Brussels developed, in terms of changing governance structure and planning regulations?

II) Process of urban development and actors

Here I concentrate on the project scale to uncover the bargaining processes between public and private actors which may include governments (at different scale), developers, investors, and civil society associations. Having mapped the set of actors engaged in the UDPs, I enquire into the role of local governments and examine what is exchanged during the negotiation processes, in order to acquire a clear knowledge of the interests, strategies, and power relations among the actors.

I address this issue by answering the following research questions:

RQII_1) Who are the actors involved in the redevelopment of CityLife in Milan and Tour and Taxis in Brussels?

RQII_2) What are the resources mobilised and exchanged during the negotiation processes?

III) Outcomes in terms of benefits for the distinct individual actors involved in the projects

In literature, urban development outcomes are frequently related to the social and spatial impacts on the urban fabric and are measured on the very local scale through an analysis of the changing population, functions, and aesthetic of places. In this research, the word 'outcomes' has a different meaning: it refers to the distributions of benefits among local authorities and private players. I have not included any research question on the socio-spatial effects as the answer would require an evaluation of the impacts of the two projects in the long term. Since the latter are still under construction, there are no conditions for me to examine such an issue. Therefore, the research question is:

RQIII_1) Who gains what?

IV) Comparison

This last issue is aimed at fulfilling the second and third objectives of my work: discussing two variegated forms of urban governance of large-scale projects and understanding the distinct political agendas pursued by local authorities in Milan and Brussels.

To achieve these goals, I formulated two research questions:

RQIV_1) What are the differences between the processes leading to the redevelopment of CityLife in Milan and Tour and Taxis in Brussels?

RQIV_2) To what extent and how do CityLife and Tour and Taxis become part of and sustain public political agendas in Milan and Brussels?

3.2 RESEARCH DESIGN

3.2.1 Comparative and Case Study Methods

This work is based on a comparative research design. As I argued in 2.3.2 the use of comparative methods is particularly useful when analysing urban development in Europe and the role of local governments because state restructuring processes have produced distinct national trajectories. Through the adoption of a diverse case design, I selected the cities of Milan²⁰ and Brussels. The two cities share a similar position in the international market and their economy is characterised by a regime of accumulation based on transnational circuits of capital, deindustrialization, and tertiarization. All these elements represent important factors that enhance the competitiveness and attractiveness of the urban economy. Milan and Brussels have both acquired a leading regional role in the world economy²¹ and represent important business and service centres (GaWC, 2016). However, while Milan has emerged in the international scene only recently, Brussels has long been considered a secondary world city for its status of Capital of Europe. Moreover, they have been going through a process of strong deindustrialization and increasing tertiarization since the 1960s-1970s (Martinelli et al., 2013; Gibelli, 2016b). While in the case of Brussels the expansion of the service sector has been driven mainly by the presence of the NATO, the European Union, and the public administration sector (Baeten, 2001), in Milan the leading sectors have been the financial one and the fashion and communication industries (Gibelli, 2016b; see Chapter 4).

The main differences between Milan and Brussels concern their distinct governance and planning systems. In the Italian case, the implementation of a new

²⁰ The selection of the Italian case manifests also my intention to continue the investigation on real estate development in Milan, started in 2014-2015 for my master thesis on the regeneration of the Porta Garibaldi area (i.e. the Porta Nuova Project).

²¹ According to the *Globalisation and World Cities* ranking, based on cities' connectivity through producer services (accountancy, advertising, banking/finance, and law), Milan and Brussels are categorised as alpha cities (GaWC, 2016). The two centres are small world cities linking their surrounding regions into the world economy.

regional law in 1999 launched the so called ‘planning by projects tradition’ aimed to unlock the transformation of dismissed industrial sites, spread all over the metropolitan territory, through the implementation of the *Programmi Integrati di Intervento* (PIIs). Due to that, the city has begun experiencing a strong restructuring of its urban fabric through the creation of new tertiary poles in the peripheral areas (e.g. the Bicocca district -see Kaika and Ruggiero, 2013) and the implementation of new mixed-used flagship projects in the more central ones (e.g. Porta Nuova – see Anselmi, 2015 and Anselmi and Vicari Haddock, forthcoming- and CityLife – see Mosciaro, 2017; see Chapter 4). As it is documented by the Urban Land Institute (ULI) and PricewaterhouseCoopers (PwC)²², today Milan has become an ‘increasingly popular target’ for investments in real estate (EUR 4 billion of investments in 2014-2015) (2016). On the contrary, given the historical institutional fragmentation and the overlapping of planning competences between the different government scales (in particular when it comes to large-scale developments), Brussels urban development has followed different dynamics. The lack of a well-established ‘planning by project’ tradition has to a great extent inhibited and slowed down any large-scale operations within the region. In addition to this, the past waves of office speculation and its divided socio-spatial urban fabric seem to play an important role in explaining Brussels’ contemporary real estate trajectories (see chapter 5).

In order to develop a more nuanced understanding of the issues under investigation and in line with the literature I discussed in Chapter 2, I then identified the two ‘individual development projects’ (Pierre, 2005: 457): CityLife in Milan and the redevelopment project of the Tour and Taxis site in the Belgian capital (see table 3.1. for an overview of the selection criteria). Regarding the projects, the selection of large-scale mixed-use project located in central or strategic areas of Brussels and Milan responds to my intention to focus on two UDPs that symbolise the post-industrial transition of the two cities. Moreover, as I argued in the previous chapter, scholars acknowledge that UDPs best represent the shift from managerial to entrepreneurial mode of governance. Therefore, they are privileged sites to study not only the restructuring of the urban fabric but also the processes of institutional and governance change. Therefore, their study is

²² *Emerging Trends in Real Estate Industry* is a yearly report by the Urban Land Institute and Price Water House Coopers, two advisory and consultancy financial services. The document is based on a survey of property professionals and is produced for each continent. Milan and Brussels are included in the so called “Markets to watch” and, in 2017, occupied the 15th and the 26th position of the ranking (ULI and PwC, 2017).

fundamental to understand the role of regional and municipal governments. The decision to opt for project with a long development history is related to my intention to analyse the bargaining process between public actors and private players. Because of that, I decided to choose two development projects in which both the regional government and the municipal authorities have been involved. This would have allowed me to understand how, if, and why these two levels coordinate to implement UDPs in Milan and Brussels. With respect to the private players, I chose CityLife and Tour and Taxis by looking at the presence of a financial actor in order to understand how and if the participation of a financial players has affected negotiations.

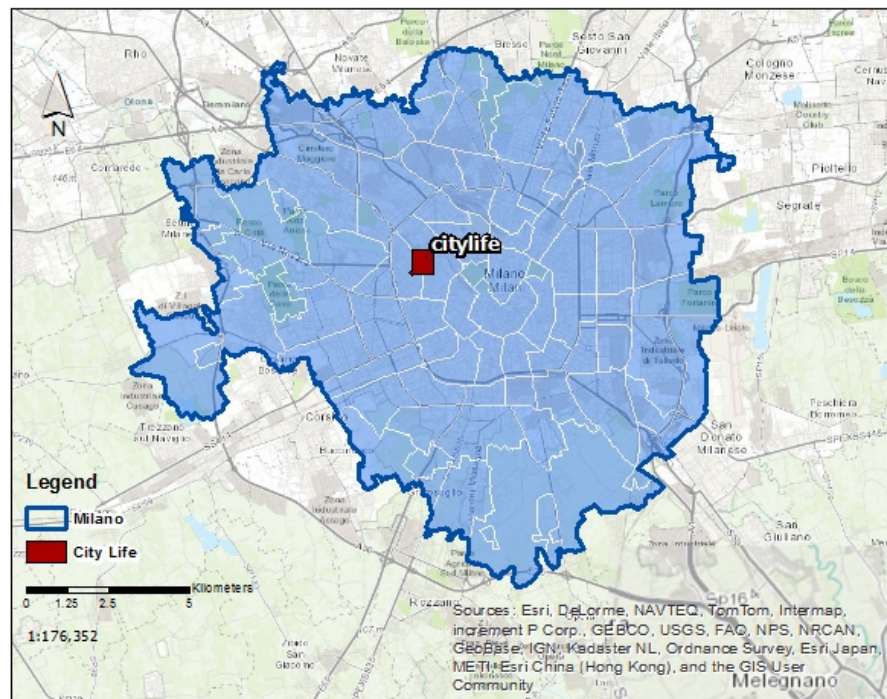
Table 3-1: Silection Criteria

Project	Dismissed area
	Large-scale development and mixed-used project
	Central or strategic development area
Public Actors Involved	Regional Government
	Municipal Government
Private Actors Involved	Changing PPP and presence of financial players

Source: Author's own

CityLife is located in the North-West of the city (Figure 3.1), area that has been undergoing several transformations over the last decades. It covers a 36 ha surface that once hosted the Milan's exposition site. The current regeneration scheme comprises a mix of functions, namely residential, office, retail, and green space (Figures 3.2 and 3.3). The site, acquired in 2006 by a financial consortium headed by the Generali Group, is now entirely in the hand of the latter. Today, CityLife heads to its completion with the construction the last skyscrapers and remaining luxury residential units (see Chapter 4).

Figure 3-1: Location of CityLife



Source: Author's own

Figure 3-2: the CityLife Project



Source: Author's own (November 2017)

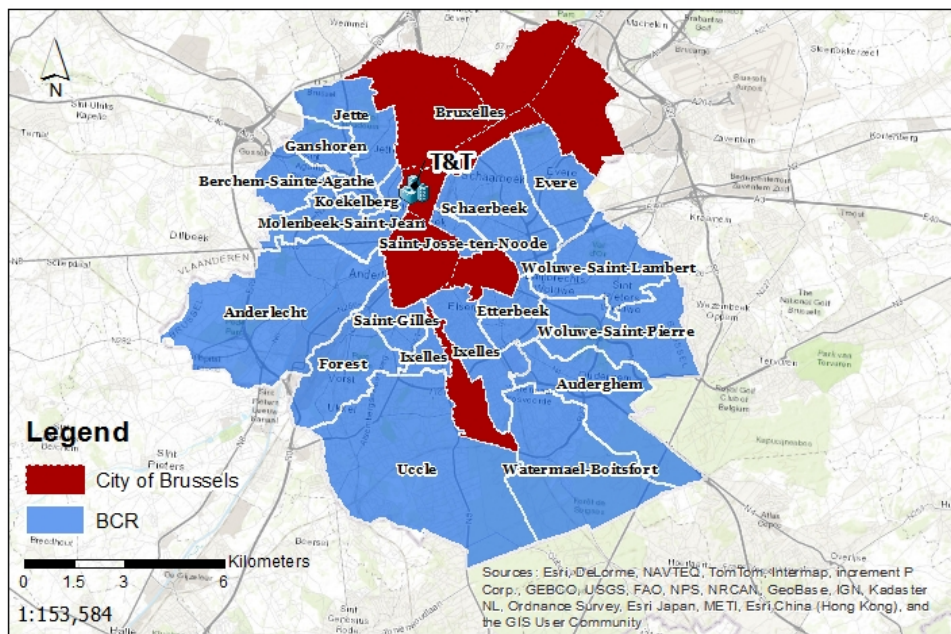
Figure 3-3: the CityLife Project



Source: Author's own (November 2017)

Tour and Taxis, a 45 ha complex originally functioning as a multi-modal platform for the distribution of goods coming from the port of Antwerp, has been progressively dismissed since the late 1980s. Located within the Canal Zone (Figures 3.4 and 3.5), a strategic area for the future development of the whole regional territory, the site has been progressively privatised since the early 1990s.

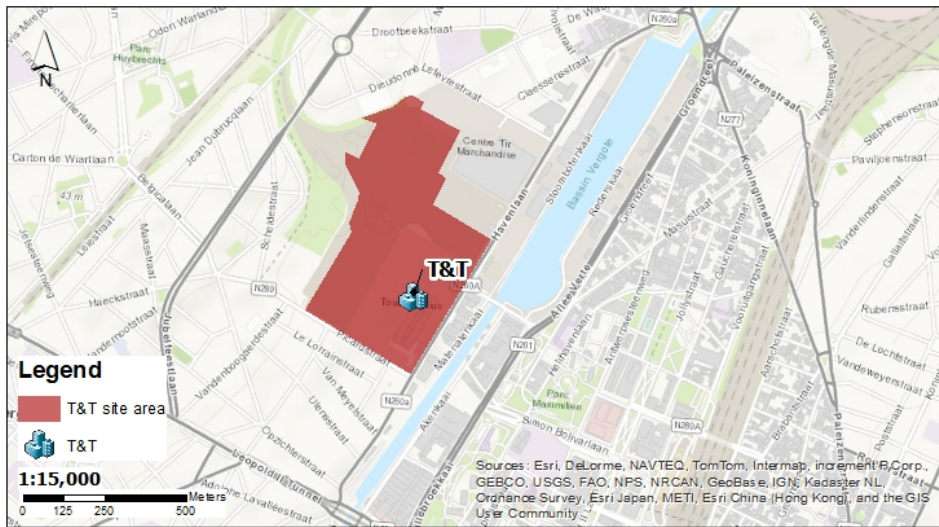
Figure 3-4: the Location of Tour and Taxis



Source: Authors' own

In 2015, the land was entirely acquired by the developer Extensa, subsidiary of the Antwerp-based diversified group Ackermans and van Haaren (AvH). Today, the complex is converted into a mixed-use space including office and retail space, new housing, and a park (Figures 3.6 and 3.7).

Figure 3-5: Zoom on Tour and Taxis and the Canal Zone



Source: Author's own

Figure 3-6: the Tour and Taxis Site



Source: Author's own (October 2017)

Figure 3-7: the Tour and Taxis site



Source: Author's own (October 2017)

3.2.2 Data Collection

Primary Data

Direct Observations and Explorative Interviews

Primary data comprise direct observations and explorative interviews designed to gather preliminary information about the case studies and map a set of influential actors for each case. In Brussels, for instance, I participated in a meeting on the regeneration of the Canal Zone organised by the 'Building Brussels' Research Group. In Milan I attended the following events:

- 'Vivere alla grande a Milano, organised by Scenari Immobiliari and SIGEST;
- 'New ways to live, share, study, and work in Italy' organised by Scenari Immobiliari and Camplus;
- 'A star is born. Milano guarda oltre: ambizioni di una città. Rapporto 2019 sul mercato immobiliare di Milano', organised by Scenari Immobiliari and Risanamento;
- 'Milano 2030: Effetti sull'Economia e sul Mercato Immobiliare della Variante del PGT adottata', organised by Scenari Immobiliari and Associazione Interessi Metropolitani.

I, moreover, attended the presentation of the last Municipal Strategic Plan (*Piano di Governo del Territorio*) in May 2018. In order to have more insights on the empirical cases, I also had a few explorative meetings with academics and researchers willing to share their knowledge with me and help me in the selection of the case study to investigate. These meetings did not follow any specific set of questions but were based on open conversations on issues related to my research topic and empirical analysis.

Expert and Elite Semi-Structured Interviews

To achieve a better understanding of the cases, I relied on primary sources collected through semi-structured interviews with elite actors and experts – contacted by phone, via personal email or LinkedIn. These meetings were aimed at:

- Learning about the cases and the actors involved;
- Getting help for the interpretation of documents;
- Establishing networks and gaining access to other potential informants through the snowball approach (Richards, 1996).

The set of informants, initially identified during the explorative and document analysis phases, consisted of actors, either directly involved in the matter or with a special expertise on the processes under study (Lilleker, 2003; Harvey, 2011):

- Experts: academics, independent researchers, real estate advisors and consultants, journalists;
- Public actors: public servants, civil society associations;
- Private players: developers.

In both cities, I initially relied on contacts suggested by my supervisors. In Milan I could also count on the people I had already met for my previous research (see footnote 20). In Brussels, instead, I contacted academics and researchers I met in 2013, when I studied in the city for a semester. Besides providing me with important information (they are either expert on the topic or on the cases), the first meetings were also important to test the questions of my interview²³.

²³ To make an example, in the case of Brussels, after the Into1/BXL I decided to change the formulation of a few questions as I figured that they did not helped me gather the data I was interested to.

In total, I collected 45 interviews: 25 in Milan (see Appendix D²⁴) and 20 in Brussels (See Appendix E²⁵). In Milan they were conducted in Italian, in Brussels interviews were in English and a few in French (Int11/BXL and Int13/BXL). In the latter cases, the interlocutors preferred to answer my questions in French, in order not to lose important details and information. In the course of the fieldwork, some interviewees were contacted again (via email) to ask further clarifications or information regarding the redevelopment processes (Int14MI; Into2/BXL; Into8/BXL; Int13/BXL; Int20/BXL).

The number of interviews in Milan and Brussels is not equal. In Milan, Into9/MI, who was in turn suggested by Into4/MI was a relevant gatekeeper. Moreover, to my surprise, three interlocutors accepted to meet me and, on their own initiative, invited other informants to come along. This has been the case of Into7/MI- Into8/MI, Int18/MI- Int19/MI- Int20/MI- Int21/MI and, lastly, Int24/MI and Int25/MI. In the case of Brussels, I had to interrupt the fieldwork in December 2017 (section 3.4). From then on, I had to plan skype meetings or to arrange interviews in presence in late February and late May. An important gatekeeper was Into8/BXL.

Interviews usually lasted around 45 minutes. They were held in different places, such as office spaces, university buildings, cafés, community spaces, private houses (some also via Skype). All of them were audio-taped and transcribed. Some were sent back to the participants to receive feedback²⁶.

The interview guide was the same for the two cases (see Appendix B and C). The template comprises a set of open-ended questions²⁷, formulated after the first review of the literature that I carried out during the first Ph.D. year. The guide was organised into

²⁴ For privacy reasons, I decided not to reveal the identity of the participants but a general description of their profile.

²⁵ Also, in the case of Brussels, for privacy reasons, I do not reveal neither the name of the informants nor their affiliation but only a general description of their profile.

²⁶ In Milan, I received comments from Into8/MI, Into9/Mi, Int10/MI, Int18/MI, INt19/MI. In Brussels, I could gather feedback from: Into8/BXL, Into9/BXL, Int13/BXL, Int18/BXL, Int20/BXL.

²⁷ One consideration pushed me to the adoption of such a strategy: open-ended questions give the participants the 'latitude to articulate fully their responses' (Aberbach and Rockman, 2002: 674) and this works in particular in the case of elites who 'do not like being pushed in the straightjacket of close-ended questions' as 'they prefer to articulate their view' (Ibidem).

two sections. Having introduced myself and the overall objective of my research, I began with questions concerning urban development at the urban/regional scale, followed by questions on CityLife or Tour and Taxis. However, this predetermined order was not always followed as, in some cases, I decided to let the respondents free to talk.

Lastly, according to the profile of each informant, I posed other specific questions. In the following section, I introduce a few examples to clarify this point. In the case of Int22/MI, who belongs to an independent consultancy company, I posed questions on real estate development in Milan in comparison with other Italian cities on which my knowledge is very limited. Yet we had an interesting chat on the development model of the city of Milan and on the impacts that the growth of the city may have on the national context as a whole. Finally, when I met Int24/MI and Int25/MI (CityLife Spa) I dedicated the whole interview to the UDP from its very beginning to its latest evolution. The same happened in Brussels where I asked specific questions to the public servants involved in the redevelopment of Tour and Taxis (Int11/BXL and Int19/BXL). Also, in the case of Int15/BXL, developer of Tour and Taxis, the interview followed the same logic of the meetings with the developers of CityLife: I mainly concentrated on the project from its early days up to now.

Secondary Data: Documents and Archives

The collection of secondary data was an important source of information in each phase of my research, from the selection of the case studies to the final analysis. The review of the literature on the case studies, the analysis of documents (produced by public and private actors in Milan and Brussels), community reports, and press articles have been at the basis of the exploration of the two contexts, in particular when I was setting the comparison. In addition, they represented key sources to develop a map of the actors involved and to validate the evidence from other sources. Academic papers and books were, especially at the beginning, suggested by colleagues and professors and also identified through google scholar, the universities' databases (Università di Milano Bicocca²⁸ and KU Leuven²⁹) and, in the case of Brussels, academic online journals named

²⁸ Catalogo Collettivo Bicocca:

http://aleph01.cineca.it/F/EQAY1VLGCLPK153VHQ63YBG8IBKNGXD796MTQUS1A6GEE132ID-38950?RN=798821802&pds_handle=GUEST.

²⁹ KU Leuven Libraries: <https://bib.kuleuven.be/english>.

‘Brussels Studies’³⁰ and ‘Belgeo’³¹. Documents (land use regulations, strategic plans, master plans, reports of official meetings, real estate consultants’ reports, statistical reports) have been downloaded from the internet -when available- or kindly granted by the competent offices and institutions. Community reports and press articles were available through internet searches. Civil society organisations have been engaged in the development process of both City Life and Tour and Taxis. In the first case, an important resource was the website of *Vivi e Progetta un'altra Milano*³², a citizen association that collected many info about the history of the area. Brussels has a strong history of activism and resistance against urban development. Tour and Taxis has been, and still is, at the centre of a number of debates, with three citizens’ organisations, such as IEB³³, BRAL³⁴, and ARAU³⁵, playing an important role in these discussions. As far as press articles are concerned, in Milan, real estate development is a hot topic, in particular in the local sections of the national newspapers *Corriere della Sera*, *La Repubblica*, and *Il Sole 24 Ore*. In Brussels, the regeneration of T&T has been covered by the press and is gaining even more attention over these last years. Secondary data have been important also to validate primary data in the analysis phase. Having transcribed the interviews and received feedback from some of the participants, I selected the material on the basis of its relation to the research questions. With respect to the interviews, the common structure helped me organise the information and understand the gaps that I could eventually fill with secondary sources. To achieve a ‘more accurate and valid estimate’ (Oliver-Hoyo and Allen, 2006: 42) of the research findings, I validated the information with the data collected through the literature review and the document analysis.

3.3. RESEARCH PHASES

Due to the PhD training at the Università di Milano-Bicocca from November 2015 to December 2016, the actual fieldwork lasted around 1.5 years, from January 2017 to July

³⁰ Brussels Studies website: <https://journals.openedition.org/brussels/> .

³¹ Belgeo Online Journal : <https://journals.openedition.org/belgeo/7122>.

³² For more details, see the association’s website: <http://www.quartierefiera.org>.

³³ For more details: <http://www.ieb.be>.

³⁴ For more details: <https://bral.brussels>.

³⁵ For more details: <http://www.arau.org>.

2018, and, in its latest phase, it went hand in hand with the analysis of the data and the writing of the thesis.

Regarding the Milan case, I could count on my knowledge of the context due to my previous research. That experience offered me a basic understanding of the context as well as a set of contacts useful to access the field. Furthermore, several activities organised by the URBEUR PhD Program allowed me to meet with scholars working on Milan and to discuss my research ideas with them. The fieldwork was interrupted by ten months in Belgium and finalised from January to June 2018.

For Brussels, the situation was different. Given my limited knowledge on the context, I had to set aside a few months to gather basic information on the city and build up a network of contacts. Having done some preliminary desk research, in March-June 2017 I discussed my intention to select Brussels at the European Module on Spatial Development Planning (EMSDP) and had some explorative meetings with academics and experts. The selection of Tour and Taxis was followed by site excursions and an in-depth literature review on the development of the site. Over the summer, I attended also an intensive French course, that was followed by another one from October to December 2018, in order to acquire more confidence with the language. From October to December 2017, I started collecting the first semi-structured interviews. This first round was followed by another one in late February 2018 and a few other interviews via skype in March and June 2018.

CHAPTER 4: CITYLIFE

4.1. PART ONE: UNDERSTANDING MILAN TO INVESTIGATE CITYLIFE

4.1.1. The making of Milan as the economic and financial Capital of Italy

A Star Is Born (Scenari Immobiliari and Risanamento, 2019), *Milano Challenger: Sul Podio d'Europa* – Milano Challenger: On the Podium of Europe – (Scenari Immobiliari and Vittoria Associrazioni, 2017), *Milano Produttiva* – Productive Milan – (Camera di Commercio di Milano, 2017): these are only a few titles of reports on the Milanese real estate market and economy published during the last years. They all describe a city that is in a good economic and political condition, in clear contrasts with the rest of the country which is struggling to emerge from the crisis. Just to give some figures: in 2017 Milan GDP performs better than the national GDP (+ 1.1%) (Ibidem); at the end of 2016, the city counts 294,404 enterprises (2.5% more than the previous year). The backbone of its economy is made of firms operating in the service sector (146,741 units), followed by commercial and retail enterprises. The manufacturing segment suffers a decline (-0.8% compared to the previous year and -7.8% compared to 2010) even though it still represents the 9% of the international exportation of the whole country (and 1/3 of the Lombardy Region's) and concentrates 17.6% of the Milanese active population. Yet employment increases every year by 2.3% thanks to the opportunities offered by the service sector, tourism, and leisure. The latter represent the real novelty of the Milanese economy, in particular after the World Expo 2015. The World Exposition is considered the main driver of this Renaissance of the city: due to it, 'Milan has climbed the national ranking as tourist destination' (Ibidem: 144 – Author's translation –). Today Milan counts 1,372, 810 inhabitants (Istat, 2018) and its metropolitan area reaches 3,244,365 residents. Over the last few decades, the city seems to have reinvented itself and is ready for standing out on the Italian and international scene for its innovative and dynamic economic system.

The following section is aimed at understanding *how* the city has become *what* is today through an analysis of the economic and political history of Milan. In the first

section, I briefly outline the process through which it has become the ‘industrial and financial epicentre of the country’ (Foot, 2003) and has gradually turned into one of the major centres in Western Europe. In doing so, I draw attention to the industrial boom that followed the Second World War and the de-industrialisation from the 1980s onwards. The section that follows, instead, describes how and by whom the city has been governed over the last decades.

The city’s ability to reinvent its economy: the industrial boom and the post-industrial transition

The origin of the city’s economic success must be traced back, on the one hand, to its industrial past and, on the other, to the capacity of the city to reinvent itself when the process of deindustrialisation began in the last decades of the 20th century. As Gibelli highlights, the city ‘has gone through every phase of industrialisation: from the rural industrialisation in the 19th century to the urban/metropolitan Fordist industrialisation’ (Gibelli, 61 – Author’s translation). From the 1950s to the 1970s, the city experienced a process of strong industrialisation that turned it into the main commercial node of the industrial triangle of the North of Italy – Turin, Genoa, and Milan –, thus becoming the ‘industrial and financial epicentre of the country’ (Foot, 2003: 9; see also Balducci, 2005). The economy of the city could benefit from its innovative productive system, since the 19th century based on the integration of traditional activities (e.g. agriculture) and modern ones (e.g. industry, commerce, and finance), and from its localisation within the urban corridor connecting Venice, Turin, and Bologna (Foot, 2003: 130; see also Andreotti and Le Galés, 2019). The city’s population grew substantially over those decades. Foot reports that, in the 1950s, 300,000 newcomers arrived in Milan, mainly from the disadvantaged Southern and Eastern Regions of the country. In 1973, the city registered a demographic peak with 1.7 million of inhabitants. The capital of the Lombardy region concentrated almost 20% of the national labour force, employed in the manufacturing sector (Foot, 2003).

Industrialisation greatly affected the historical monocentric structure of the city. A process of suburbanisation began and the city started expanding towards the outskirts. The delocalisation of economic activities, pushed by the raising prices of the central areas, brought about the creation of new urban economic centralities spread all over the metropolitan territory. Milan’s population decreased: between 1971 and 1981 the city lost almost 90,000 inhabitants and by the 1991 other 235,000 residents. At the same

time, the suburbanisation was complemented by a concentration of tertiary activities in the central areas. Over those decades, the city was in fact provided with a modern central business district in the area close to the urban central station.

The economic boom was interrupted in the 1980s. ‘In ten years, Milan experienced a painful and traumatic process from industrial to post-industrial city’ (Foot, 2003: 10 – Author’s translation –). The status of economic capital of Italy was at risk. Meanwhile, the political stability of the city was seriously affected by Tangentopoli (the ‘kickback city’), a judicial investigation on the corruption of the Italian political system (Magatti et al., 2005). Despite these circumstances, Milan managed to re-emerge and preserve its leading economic status thanks to the modernisation of its economy (Bolocan Goldstein, 2009; Bigatti, 2016; see also Savitch and Kantor, 2002).

‘Milan has always been like this: its strength lies in the diversification of its economy, from design to Alfa Romeo and Pirelli, from research to Mediaset. This plurality distinguishes Milan from other Italian and world cities. What does that mean? When some sectors decline, others grow. (Into4/MI – Author’s translation –)

Unlike the other major Italian industrial centres (e.g. Turin and Genoa), Milan has indeed kept its role by diversifying its economy and betting on distinct sectors: finance, fashion and design, communication and commercial television, professional services, research (see also Foti, 1993 and Bigatti, 2016), and – since the early 2000s – real estate (Gibelli, 2016a).

With respect to real estate, my participation to several meetings organised by the Independent Research Group Scenari Immobiliari, made it clear that today the sector is key in the growth of the city. It is expected that by 2030 1.3 million m² of metropolitan territory will be subject to urban transformation (Scenari Immobiliari and Vittoria Assicurazioni, 2019). It is the attractiveness of real estate that makes the city reach another record: between 2014 and 2017, the city attracted EUR 427,3 million of foreign investments in real estate and EUR 466,9 million of national investments (Ibidem), thus becoming ‘the Italian capital for real estate investments’ (Ibidem: 81). In 2018, foreign investments in the city’s real estate markets represents 48% of the total amount (Scenari Immobiliari and Risanamento, 2019), ‘Investors demands would have not been possible if there had not been a profound transformation in the urban real estate supply. The urban transformations that have been recently completed and those that are yet to come have redefined and will redefine the city: an international metropolis that can compete

with the other European leading centres' (Scanari Immobiliari and Vittoria Assicurazioni, 2017: 82 – Author's translation –).

The post-industrial transition has gone hand in hand with a change in the political system. In the next section, I outline the main features of the Milanese political system with the aim of highlighting the strategies that have driven urban development and the post-industrial transition of the city.

The governance of the transition

Who has contributed to the making of the city? 'Who has had the capacity to govern' (Hall and Hubbard, 1996: 156) the transition? And how? This section addresses the aforementioned questions. My aim is threefold:

- a) To show that there has been a gradual liberalization of the Milanese real estate market;
- b) To highlight the changing coalitions driving urban development;
- c) To introduce some elements that will be discussed in detail in the next section and that are useful also to understand the story of CityLife.

As I mentioned in the previous section, during the 1980s the political stability of the city was endangered by Tangentopoli, a judicial scandal that brought to the fore the political and economic corruption of the national ruling elite and of the socialist Italian party (Foot, 2003). In Milan, when citizens were called to vote in 1993, they definitely shut the door to the old political elites expressing their preference for the Lega Nord's candidate Formentini.

In urban development matters, the Lega Nord's administration only adopted an 'inertial urban agenda' aimed at going ahead with the regeneration of some large former industrial areas and with the implementation of *Programmi di Riqualificazione Urbana* in 1995 (Pasqui, 2019). In the meanwhile, new actors showed up as major real estate operators. Among them it is worth mentioning the city's major universities, e.g. Politecnico di Milano and Università Bocconi, bank foundations, and no profit cooperatives (Ibidem). Yet some of the old industries, once protagonists of the industrial miracle, switched to FIRE (Finance, Insurance and Real Estate), thus turning into real estate enterprises. The most famous and well documented example is Pirelli, key in the redevelopment of the Bicocca area (Figure 4.1.) in the North of the city (Kaika and Ruggiero, 2013).

Figure 4-1: the Bicocca project



Source: fondazionepirelli.org (last access 24/5/2019)

Once the Lega Nord's experience was over, two centre-right administrations governed the city with the Mayors Albertini³⁶ (from 1997 to 2006) and Moratti³⁷ (from 2006 to 2011). As it is stressed in the literature, such experiences are crucial to understand the affirmation of the so-called 'Modello Milano' (Bolocan Goldstein, 2009; see section 4.1.2). Albertini, whose motto was 'governing the city as an enterprise' (Foot, 2003: 195 – Author's translation –) explicitly adopted an entrepreneurial agenda able to accompany and favour the city's real estate market which, in the meantime, was recovering from the stalemate of the previous year. The first step in this direction was the adoption of new planning tools, more flexible and able to simplify the bureaucratic procedures that had characterised urban development before then. Among them, the *Documento di Inquadramento delle Politiche Urbanistiche – Ricostruire la Grande Milano* – and the *Programmi Integrati di Intervento* (PIIs) (section 4.1.2). Both of them represented the first step towards the abdication of the rigid general plan of the past and the consolidation of a planning system based on area-projects (section 4.1.2). A brand-new season of real estate operations began. UDPs become the main tools to develop large areas. Three major projects were launched: Santa Giulia in the South-East of the city, Porta Nuova in the area close to the CBD – in between the Central Station and the Porta

³⁶ Albertini was an entrepreneur coming from Assolombarda – regional entrepreneurial association belonging to Confindustria. For more details: <https://www.assolombarda.it/english-version>.

³⁷ Letizia Moratti was a businesswoman with a long experience in insurance and telecommunication.

Garibaldi Station – (Anselmi and Vicari Haddock, forthcoming; Anselmi, 2015) (Figures 4.2 and 4.3), and CityLife in the area once hosting the Fiera Campionaria (see Part II of this chapter; Mosciaro, 2018). A new coalition of actors emerged: the Milanese traditional local developers were, in fact, joined by new players, i.e. insurance companies, financial intermediaries, mega-developers, and industrial groups converted to FIRE (Pasqui, 2019; Memo, 2010). Many of the latter were engaged in big transformations: the best-known examples in this regard are Generali Assicurazioni and Allianz in the case of CityLife (Part two of this chapter; Mosciaro, 2018) and Hines in the case of Porta Nuova (see Anselmi and Vicari Haddock, forthcoming; Anselmi, 2015; 2019).

Figure 4-2: the Unicredit tower in Porta Nuova



Source: Author's Own (July 2014)

Figure 4-3: the Porta Nuova Project



Source: Il Sole 24 Ore (last access 30/5/2019)

Letizia Moratti replaced Albertini in 2006. The 2008 crisis highly impacted the city: the real estate boom of the previous years resulted in an overproduction of luxury housing and offices which, in turn, worsened the debt exposure of the developers involved in the major urban transformations (Pasqui, 2019). Despite this, the administration acted in continuity with the previous one. Thanks to the support of local political and economic elite (e.g. the Ente Fiera, public and private universities, fashion operators, etc.), she started her political mandate with the nomination of the city for 2015 World Exposition, thus launching Milan on the international scene (Bolocan Goldstein, 2009). At the end of her mandate, she adopted the *Piano di Governo del Territorio* (PGT), a plan that was hardly criticised for its focus on urban growth and for the lacking vision on the future of the metropolitan area (Arcidiacono and Pogliani, 2011; Piano, 2009; Senesi 2009a, 2009b).

The centre-right experience is finally interrupted in 2011. From then, two centre-left administrations, guided by Pisapia (lawyer and politician) and Beppe Sala (former CEO of the World Expo 2015), governed the city. Pisapia's City Council represented a 'rupture' with the previous governments (Pasqui, 2019) because of his political program and orientation even though it did not drastically redefined planning (Ibidem). The City Council revisited the PGT introduced by Moratti in order to reduce 'the quantitative impacts of the transformations imagined in the plan' (113 – Author's translation –) through a decrease in the density indexes and the promotion of more environmental-friendly policies (Ibidem). With the end of Pisapia's mandate, Beppe Sala took on the

position. The succession opened a brand-new phase in Milan that is sometimes defined as the Renaissance of the city (see Introduction to this section). Two strategies became central in the program of the political coalition: to further enhance the attractiveness of the city for international investments and to implement social and urban policies in the peripheral areas of the city (Ibidem). Such strategies are made explicit in the new PGT proposed in 2018 which identifies five strategies, summarised in a number of slogans, to be addressed by 2030:

- 1) A connected, metropolitan, and global city;
- 2) A city of opportunities, attractive, and inclusive;
- 3) A green, livable, and resilient city (Milan as an eco-system);
- 4) 88 ‘neighbourhoods to call by their name’;
- 5) A regenerating city.

To address them, the council foresees EUR 350 million of public investments that will be integrated with a substantial amount of private capital resources. It is still very soon to evaluate the new PGT

4.1.2 Milan as a planning laboratory

‘The experience of the last thirty years finds a highly symbolic moment in the transition from the last attempt to govern the urban planning of Milan through the elaboration of a regulatory plan for the city (the general variant of 1976-1980), to the experiments inaugurated with the documents of the following decade and continued until a few years ago’ (Bolocan Goldstein, 2009: 30 – Author’s translation –). The reform of the planning system started in the 1980s when Milan became a sort of ‘laboratory’ (Magatti et al, 2005: 220) in which to experiment a new way of governing urban development through area projects. At the beginning of the 2000s, Milan appeared to be a dynamic but disconnected and fragmented city, made of a number of projects implemented all over the metropolitan territory. (Bolocan Goldstein, 2009: 19)._ What were the instruments implemented to achieve this goal? In this section, I draw attention to what I call the ‘two consolidated praxes’ in urban planning in Milan: the implementation of a ‘planning by project tradition’ and the creation of public-private partnerships. In general terms, the former encompasses the legal devices that have favoured the conversion of a number of former industrial large-scale areas; the latter represents the mechanisms through which actors involved in urban transformation have institutionalized their alliances and coalitions.

'Planning by project' and public private partnerships: two consolidated praxes

The two praxes here discussed must be framed, on the one hand, within the reform of the public administration and the subsequent decentralization of powers, and on the other hand, within the process of fiscal devolution started in the 1990s. Today, in Italy, planning competences are attributed to local governments. Yet they are among the major pillars of the fiscal and financial autonomy of local authorities which depend on national transfers and building fees. The process of European Integration, the introduction of the Stability and Growth Act in 1997, and the policies of urban austerity following the 2008 crisis have greatly affected public finances because of the cut in national transfers to the lower government levels. Due of that, Italian municipalities have therefore begun to increasingly rely on local revenues, captured by means of urban transformation. As one of my interviewee states: '*Oneri di Urbanizzazione* are among the worst things ever invented because it has pushed many Municipalities to make substantial expansion plans in the hope that operators will arrive later' (Int14/MI – Author's translation –). This was pushed by a reform of the planning system aimed to simplify the bureaucratic procedures for the change in land use and facilitate a larger number of urban transformations (Bruzzo and Ferri, 2014). Italian building fees, known as *Oneri di Urbanizzazione*, are defined by municipalities according to regional parameters. In principle, such resources are collected to produce public and collective goods, infrastructures (e.g. roads, parking lots, sewers, green spaces). and services (e.g. kindergartens, schools, neighbourhood markets, churches, sport facilities, social and cultural centres, health care centres).

The first step towards the affirmation of a planning by project tradition dates back to the 1982 when the *Piano Casa* (Housing Plan) was launched. The plan would have brought about the construction of 10,000 housing units in the South of the metropolitan areas. Defined as 'an attempt to experiment alternative forms of contractual cooperation between real estate operators and the City Council of Milan' (Bolocan Goldstein, 2009: 33 – Author's translation –), it eventually turned to be 'the most striking example of monopolistic negotiation between the biggest real estate operators, who owned substantial resources, and the Municipality, that instead was very weak in terms of bargaining power and political resources' (Ibidem – Author's translation –).

In 1984, it was the turn of the *Documento Direttore del Passante Ferroviario* that signaled the shift to the adoption of a planning strategy envisaging punctual

interventions over the metropolitan territory. The plan was quite innovative and ‘far more ambitious’ than the *Piano Casa* (Oliva, 2002: 274 – Author’s translation –): in order to create a connection between the South-East and North-West of the city, the *Documento* suggested the improvement of the railway infrastructure and the redevelopment of its surroundings. It was accompanied by another instrument, the so called *Progetti d’area*, aimed to anchor private capital to the transformation of several underused and strategic metropolitan sites: Portello-Fiera, Pirelli-Bicocca, Cadorna, Vittoria, Garibaldi-Repubblica, Rogoredo, and Bovisa (Figure 4.4).

Figure 4-4: Progetto D’area Portello-Fiera and Porta Garibaldi



Source: ordinedegliarchitetti.mi.it (last access 28/5/2019)

The *Documento Direttore delle Aree Industriali Dismesse* (Plan on Dismissed Industrial Areas) in 1984 is another plan that is worth mentioning. It contemplated the conversion of 461 ha of dismissed industrial areas (Oliva, 2002) and, even though it was never put into practice, it considerably influenced the future urban development of the city. In the 1990s, in fact, such sites will be included in the Programmi di Riqualificazione Urbana (PRU) by the Lega Nord’s administration.

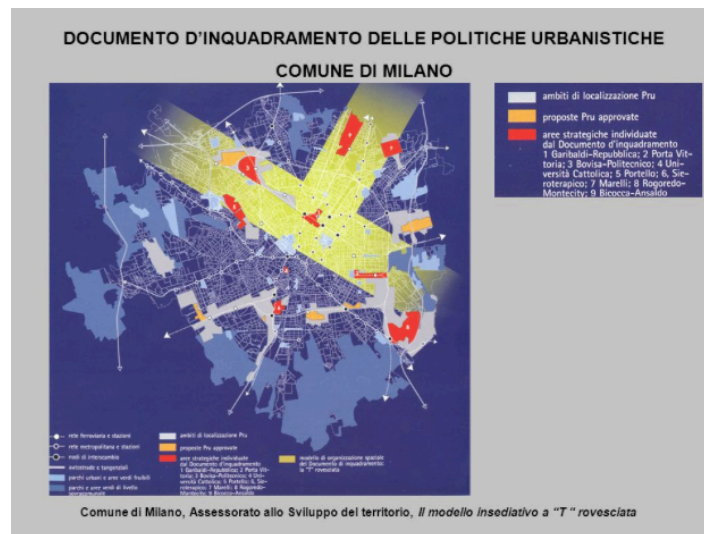
It was during the centre-right Albertini’s administration that the city council paved the way for what will be then defined the *Modello Milano* (Bolocan Goldstein, 2009). As we saw in the previous section, over those years, the city experienced an entrepreneurial turn. The old rigid and statutory planning system linked to the *Piano Regolatore* was casted aside to leave room for new planning tools designed to:

- a) Reform the previous spatial planning system;
- b) Facilitate the creation of partnerships;
- c) Give ‘more freedom to urban designers and architects’ (Mazza, 2007).

In 1999, the regional government adopted the Act 9 (l.r. 9/99) to enact a national directive introduced in 1992 (n. 179/92). The regional law introduced a discipline based on the the *Programmi Integrati di Intervento* (PIIs) in order to create a ‘parallel’ planning system (Ibidem). In 2000, it was followed by the *Documento di Inquadramento delle Politiche Urbanistiche -Ricostruire la Grande Milano-* (Comune di Milano, 2001). Thanks to this new discipline, ‘public and private developers could propose development projects (...) to be evaluated by the public administration in terms of their coherence with the structure vision and strategic goals for the city and region’ (Ponzini, 2013: 113, see also Collarini et al. 2002).

The *Documento di Inquadramento*, also known as the ‘T reverse scheme’ (Figure 4.5), formally represented the framework for the elaboration and approval of the PIIs. It indicated the development axes across which the metropolitan area would have expanded in the coming years. The scheme’s objective was to connect the two main airports of Milan – Linate and Malpensa – and the city center to the North-East of the metropolitan area (Ponzini, 2013: 113). The creation of new centralities was probably the major gamble of the plan: ‘The construction of a new spatial development model requires the delocalisation of offices and other big urban functions and, in particular, the construction of a new business and residential district connected to the new Expansion of the Fiera’ (Comune di Milano, 2001: 75 – Author’s translation –). The City Council also bet on the improvement of the cooperation between public actors and private players. The strategy to accomplish this was the elimination of planning constraints for the creation of more stable procedure that could reduce the risks of urban transformations and ensure profits in the long-term (Ibidem).

Figure 4-5: The T reverse Scheme



Source: slideplayer.it (last access 29/5/2019)

The plan set a number of evaluation criteria for the approval of the PIIs, grouped into three macro-objectives:

- 1) To expand the urban market and bring back people and activities to the city through residential and mixed-use developments;
- 2) To organise a new spatial model along the Malpensa-Linate development axis through the amelioration of the infrastructural system;
- 3) To improve urban and environmental quality thanks to investments in cultural spaces, public amenities, green space, architectural quality.

Moreover, it explicitly and legally established that actors would have committed themselves to:

- 1) 'Pursue strategies of general interest;
- 2) Pay planning benefits;
- 3) Develop a project consistent with the general plan' (Mazza, 2007 :19).

In other words, investors would have devoted 50% of the area under transformation to public utilities and contributed to pay the costs of infrastructure. In exchange, the municipalities would have left open the negotiation on land-use and projects' timeframes (Ibidem).

Main critical issues

The ‘planning by project’ model has been considerably criticised in the literature. One critique concerned the discipline on *Oneri di Urbanizzazione* and property taxes. Camagni (2019 – Author’s translation –), for instance, highlights that such legal mechanisms have substantially benefitted private developers rather than communities : ‘Unfortunately the charges paid for public services in Italy represent an almost insignificant share of the rents (between 3 and 5% of the value produced for each transformation, against the 28-30% of Germany), and the effects are pretty visible: the transformations enrich the rents but leave only crumbs for the community’. Despite the national government’s attempt to reform the discipline through the introduction of an ‘extraordinary contribution’ (in 2014), the situation has not really changed. Why so? Because the Lombardy region has not implemented the law and, subsequently, the Municipality of Milan, who sets building fees in accordance to regional indications, has not moved in the direction desired by the national government.

As we saw, the *Documento di Inquadramento* attempted to set some guidelines for the selection of the areas to be developed based not only on the location but also on the public services they would have provided. Despite this, projects have been approved not selectively (Into6/MI) (we can count around 119 PIIs) and most of them have failed to meet the real urban social demands. The bargaining model conceived a strong public administration, able to negotiate with private operators each urban intervention on the basis of a strict (technical and financial) evaluation of the projects (Pasqui, 2019). This has not been the case in Milan: ‘the city council became weaker and weaker (...) and lacked the managerial and financial competences to do that’ (Ibidem: 106 – Author’s translation –; see also Arcidiacono and Pogliani, 2011). Yet the arrival of international players has further weakened the local governments’ capacity to carry on negotiations (Pasqui, 2019). Global players have indeed started playing a major role in the debate on the future of the city as they could also count on their great expertise in the matter.

‘The main problem with negotiations is that real estate operators have a great knowledge of the costs and risks of real estate projects: they know how much public amenities will cost, the extent to which they will manage to sell, risks and profits. On the contrary, municipalities’ expertise is low. The same municipal technical bodies are unable to make this type of evaluation’ (Into3/MI – Author’s translation –).

What about the involvement of citizens? Gibelli (2019) is very clear in this regard. 'In Milan, citizens' consultation is a farce', she claims. 'We have already understood who commands in Milan: the real estate finance. The Milanese decision-making system revolves around this indomitable empire. And there are many accomplices, clearly identifiable and really reprehensible. Among these, some actors that, in theory, should have pursued public good' (Gibelli, 2017 – Authors' translation –; see also Gibelli, 2016). Since the 1990s, she continues, the municipal administration has pursued an agenda on urban development that benefits the interests and logics of capital, no matter the political groups it has belonged to (Ibidem). As a matter of fact, thirty years of urban development in Milan shows that civil organisations have only played a minor role in decision-making processes. Local governments certainly have a responsibility in this regard, but also citizen associations have failed to create a common opposition to this growth model. They have mainly taken 'defensive positions' (Pasqui, 2019) without really acting towards the creation of alternative political visions.

4.2. PART TWO: CityLife

CityLife lies in a 36 ha site located in the western part of the centre of Milan. Up to the 1980s, the area hosted the historical fair of the city (Fiera di Milano) and, today, it accommodates one of the most symbolic projects shaping the Milanese skyline. As we saw, the area has been central in the development of the city. Therefore, in this second part of Chapter 4, I depict the process through which the site has turned from exhibition to multi-functional site. In the following part, I introduce the main actors composing the financial consortium that run the project since the 2006 and describe the negotiations among them. Finally, I specifically focus on the Gruppo Generali, main investor and owner of the site (since 2013). The analysis of the case, instead, will be developed in the concluding chapter of this dissertation.

4.2.1 From Exhibition Site to Multi-Functional Site

The Twofold Nature of Fiera Milano: Actor and Urban Function

When we talk about Fiera Milano, we refer to two things: a very important player in the political-economy of the city and a relevant urban function for the economy of Milan. An analysis of the evolution of the ex-Piazza d'Armi, the area where CityLife is located today, is what best shows what I call 'the twofold nature of Fiera Milano'.

Since the 1920s, the Piazza accommodated the Fiera Campionaria, an international exhibition centre managed by the public law authority Ente Autonomo Fiera di Milano Campionaria Internazionale. The presence of the fair in that part of the city was not easy to manage either for the Municipality of Milan and the Ente Autonomo. Traffic and congestion, in particular during showcases, had great impacts on the surrounding neighbourhoods and on the quality of life of the resident population. Nonetheless, despite the attempts to delocalise it (in 1937, 1938, and 1945), the fair remained there for decades. The industrial boom in the 1960s and 1970s further contributed to its growth. Over those decades, the Fiera di Milano became the symbol and the main promoter of the 'made in Italy' and stood as a symbol of the Milanese economic miracle (Figure 4.6) (Maria Langoni, 1987).

Figure 4-6: Fiera Milano in the 1960s



Source: Fondazione Fiera Milano's Archive

Online at: <https://www.fondazionefieramilano.it/it/archivio-storico/presentazione.html> (last access 30/5/2019)

From the 1990s onwards, the boom of events made it urgent for the Ente Autonomo Fiera to expand in the neighbouring areas – those previously belonging to Alfa Romeo— (i.e. the so called ‘Portello Operation’). Meanwhile, in 1998, the management and financing of the ‘fair system’ was transferred from the national government to the regional level. As a consequence, Roberto Formigoni, back then the president of Lombardy, decided to give more autonomy to the Ente that, in 2000, turned into a private law Foundation (Fondazione Fiera Milano)³⁸. The new status brought about an internal re-organisation of the Foundation itself: the latter, in fact, became the only owner of all the property assets whose management was entrusted to its holding,

³⁸ The intention was to provide Fiera and the whole economy of Milan with a structure that was able to compete with the other emerging international fairs (Int16/MI; see also Fondazione Fiera Milano, 2016). As we can read from the Fondazione Fiera’s website: ‘The Foundation engages in functions of general interest, is not for profit and its operations are inspired by the principles of efficiency, effectiveness, and economy’ (Fiera Milano, 2018). Its objectives are ‘to encourage, promote, and increase in Italy and abroad the organization of trade fair events and all other initiatives that, by promoting exchange, contribute to development of the economy’ (Fondazione Fiera Milano, 2018).

Fiera Milano Spa³⁹. The internal restructuring went hand in hand with the listing of the Fondazione on the Italian Stock Exchange and with a gradual expansion of its activities (e.g. exhibitions, congress, stand-fitting services, media), in Italy and abroad (e.g. Africa, Germany, India, China, and Russia). In turn, due to the gradual expansion of its activities in Milan, Fiera needed a larger area than the one where it was located back then (Int16/MI). This explains why the Fondazione started thinking about delocalising its activities and headquarters in the outskirts of Milan.

The Relocation of Fiera and The Development of the Historical Fair District: 'A Private Negotiated Matter'

When I met the interviewee from Fondazione Fiera, one of my questions was on the reasons why they decided to move out of the historical district. The participant mentioned three factors, listed below:

- 1) The site, which was built in 1922 and restored after the bombing of WWII, did not have any internal 'architectural coherence';
- 2) The buildings were becoming obsolete. That, in turn, represented a disadvantage in the competition with other international fairs, more modern and technological (e.g. the German one);
- 3) The district was not well integrated in the urban fabric.

The aforementioned aspects were surely important. However, as I tried to depict in the previous section, I would argue that also the internal restructuring played a crucial role in the decision to relocate the fair in the West of the city, the so called 'polo esterno' (external pole). Moreover, as my interviewee acknowledged, local governments – and in particular the Regional Government – put pressure on the Fondazione to move in the outskirt.

'The Lombardy Region gave us a kind of order: if you decide to go outside Milan you should go to Rho because this would allow us to clean up an area that for 40 years had been the headquarters of one of the largest oil refineries in Europe (abandoned at the beginning of the

³⁹ The holding operates as a service company that follows a logic of efficiency and profit (Fondazione Fiera Milano, 2017; also Int16/MI). Its main shareholders are: Fondazione Fiera Milano, Camera di Commercio – Chamber of Commerce –, Metropolitana Milano-Monza-Brianza-Lodi.

years ninety because it cost more to keep it than to do another). The Region killed two birds with one stone: it freed the city of an unbearable burden and reclaimed a problematic area of the Milanese belt' (Int16_MI – Author's translation –).

'The decision to transfer the Fiera to the outskirts of the city was not new' (Mosciaro, 2018: 169). It was already established in 1994 when the Ente Autonomo, the Region, and the Municipalities of Milan, Rho and Pero signed an *Accordo di Programmata*⁴⁰. The *Accordo* was then revisited in 2001 and finally approved in 2004 by the regional government. The last approval transferred all the competences to the holding Sviluppo Sistema Fiera Spa. The latter became the only responsible for the relocation in the West of Milan, the restructuring of Portello, and redevelopment of the historical fair district. Hence, the matter became a 'private issue'. Local governments conferred the management and financing of the different operations to the Fondazione, thus becoming a simple mediator of the processes. In exchange, local authorities committed themselves to the improvement of the accessibility of the new pole (EUR 900 million) (Roth and Artusi, 2005).

What about the historical fair district? Despite the agreement signed in 1994, the situation remained stable until 2003. Over those year, two things occurred: as the operation 'polo esterno' was 'seeing the light', it became urgent for Fondazione Fiera to collect revenues to sustain it⁴¹. Therefore, Fondazione Fiera, the Region, and the City of Milan started discussing what to do and how to develop the site. An agreement was reached on the planning regulation that would have disciplined the redevelopment process: the *Programma Integrato d'Intervento* (PII). As it is stated in the book by Roth and Artusi (2005), the PII was chosen because of its flexibility. In that phase, in fact, it was important: a) not to set strict conditions for the call for project; b) to make the procedure fast and certain. In addition to this, partners agreed that it was necessary to

⁴⁰ For more details, : <http://www.quartierfiera.org/notizie.htm#notizie>.

⁴¹ Thus, 'it was defined that the revenues obtained from the sales of the urban plot would cover the costs of the implementation of the new site, expected to cost about 750 million euros' – 600 million EUR for the new facilities, 62 million EUR for the acquisition of the land, and 88 million EUR for its reclamation – (Mosciaro, 2018: 169). Fondazione Fiera relied on bank credits delivered by a pool of banks headed by Intesa San Paolo and composed of: Banca Popolare di Milano, Banca di Roma, Banca Opi, Monte dei Paschi di Siena, Monte dei Paschi di Siena Merchant, Banca Mediocredito and Banco di Brescia (Ibidem: 170). Despite this, a large amount of money to acquire and develop the polo esterno' came from the sale of the historical fair district. Set so, the construction work for the new *polo esterno* started in October 2002. The site would be completed after only 3 years, in March 2005.

launch a call for proposal and that the latter had to be open to international competitors⁴².

Having established this, the price of the area was set at EUR 310 million. In April 2003, the Fondazione launched the contest from the pages of the newspaper ‘Il Sole 24 Ore’. The selection went through different stages. At first, Fondazione Fiera and its public partners (the Region and the City of Milan) identified the potential participants on the basis of their core competences, financial capability, and expertise (Ibidem). Competitors were asked two things: a) they should have provided financial guarantees; 2) they should have formed groups consisting not only of investors but also of developers, promoters, and designers with already some expertise in the development of ‘prestigious areas’, such as the historical fair district (Ibidem: 24). The prequalification stage saw the participation of nine groups⁴³ (for more details on the proposals and members of the consortium, see Mosciaro: 2018). Among them, only three groups were shortlisted⁴⁴:

- 1) The group composed of Generali Group, Riunione Adriatica di Sicurtà (RAS), the Spanish Group Lar, Lamaro Appalti, Progestim -Società Immobiliare SpA (project designed by Isozaki, Libeskind, Hadid, and Maggiora);
- 2) The consortium including Pirelli Real estate, Vianini Lavori, Roma Ovest Costruzioni, Unicredit Real Estate (project by Renzo Piano);
- 3) The group formed by Risanamento, IPI, Fiat Engineering, Astaldi, and Chesfield (project designed by Foster&Partners, Ghery Partners, Moneo, Zucchi, Burdett, LSE Cities, URB.A.M).

⁴² For this reason, the Fondazione involved the Urban Land Institute for the preparation of the call. (Mosciaro, 2018: 193; Roth and Artusi, 2005)

⁴³ - AIG Lincoln Italia, Shipperfield-Perrault-FOA Foreign Office Architects- SOM London Skidmore, Owing & Merrill, Michele De Lucchi, SANAA, MRVD, LAND, Aukett + Garretti, Buro Happold;

- Hines-Techiny-ING-Pizzarrotti; KPF-Arup-Sarno

- Generali Properties-RAS; Isozaki-Libeskind-Hadid- Maggiora;

- Borio Mangiarotti-CILE; Buffi-Nicolin-Rota-Citterio-Ranzani

- Pirelli Real estate, Vianini Lavori, Roma Ovest Costruzioni, Unicredit Real Estate; Renzo Piano Building Workshop;

- Risanamento-IPI- Fiat Engineering, Astaldi, Chelsfield; Foster&Partners - Ghery Partners - Moneo - Zucchi - Burdett - LSE Cities - URB.A.M.

⁴⁴ As Mosciaro (2018) argues, ‘Even though, all these groups voluntarily took part in this competition, all these companies were paid 50,000 EUR to cover for possible project development expenses; the three finalists received 500,000 EUR, for the same purpose’ (194).

After the preselection, the groups presented their economic offer and business plan and indicated time and costs of the operation⁴⁵. Among the three finalists, the pool of actors headed by Generali Group proposed the highest offer (EUR 523 million). At the end of 2004, the project CityLife (Figure 4.7), proposed by the first group, won the competition. Through the deal with the winning group, Fondazione Fiera made around EUR 213 million profit, money that contributed to the finalisation of the operation in Rho-Pero.

Figure 4-7: Rendering of the CityLife project



Source: (Last access 30/5/2019)

About the methodology utilised to set the price of the area, there are still some considerations to be made. The price should have been determined according to what was set in the *Documento di Inquadramento* adopted in 2000 (section 4.1.2). The latter established that the density of any area should not have overcome $0.6 \text{ m}^2/\text{m}^2$ and secured that 50% of any new development should have been converted in public amenities. Instead, in the case of the historical fair district, it was granted a density equal to $1.15 \text{ m}^2/\text{m}^2$. Such density, as Brenna (2013) and Mosciaro (2018) show, was set on the basis of specific calculation that would have allowed Fondazione Fiera to make a more profitable deal.

⁴⁵ In this work, I am not going in the details of each proposals. For more details, I recommend the reading of the PhD thesis by Mosciaro (2018)

From the approval of the density indexes to the launch of the contest, some resident organisations made some observations on the methodology and on the scarce provision of public amenities. They also criticised the selection procedures. In their opinion, Fiera Milano and the selection committee chose the winning project not really on the basis of the quality of the design but on the basis of the economic offer⁴⁶. Fondazione Fiera was, indeed, not going through a good moment: making a good deal on the historical district represented a necessary condition to push the ‘polo esterno’ operation forward. However, their requests were not taken into account and the PII was adopted in 2005.

4.2.2 The CityLife Project: Political Negotiations, Regulations, and Conflicts

The Initial Phase: A Facilitated Negotiation

We already saw that one of the fundamental planning documents leading to the relocation of Fiera in the West of the city was the *Accordo di Programma*, signed by the Fondazione and the local authorities in 1994. That *Accordo* and the subsequent Variant adopted in 2004 were meant to give impetus to two operations: the transfer of Fiera Milano to the *polo esterno* and the launch of the call for project for the historical fair district. The selection of the winning project was followed by the creation of CityLife Spa, a subsidiary corporation in charge of the development and management of the area. From then on, the firm would be the only interlocutor in the negotiation processes:

‘Since then, our offices have never met the other operators (banks, insurance companies, etc.) but only the representatives of the City Life Spa . (...) Investors were behind, obviously they put resources but they never sat at the table with us’ (Int13_MI – Author’s translation –).

The first negotiation brought about the adoption of the PII *Quartiere Storico Fiera Milano ed Aree Adiacenti* in 2005. According to it, the project would have

⁴⁶ In particular, the project by Renzo Piano proposed by the group headed by Pirelli Real Estate was the most appreciated by the citizens for the attention to the green space, that ‘would remain compact and not scattered as happens in CityLife’ (Mosciaro, 2018: 199; also Into7/MI; Into8/MI).

comprised: 195,896 m² of residential units, 84, 034 m² of office space, 16,000 m² of retail, and 15,578 m² of public amenities (Comune di Milano, 2005). The plan was developed according to the business plan of CityLife Spa and confirmed what established in the *Accordo di Programma* and Variant with regard to the density of the project. Furthermore, it indicated what public amenities were going to be paid by the private developers: the design museum, the Museum of Children, and the park. For such amenities, CityLife Spa agreed to devote EUR 69 million. Finally, the PII established that the development would have been completed by 2016 (Brenna, 2013). In 2006, the association *Vivi e Progetta un'Altra Milano*, which gathered the residents population of the surrounding neighbourhoods, appealed to the Administrative Regional Court. The *ragioni del no* (reasons to say no) mainly concerned the density of the project, the predominance of private housing, the park, and the lack of public space. However, the appeal did not have the happy ending wished by the citizen organisation and the discussion between the public and private parties could proceed⁴⁷.

The Negotiations in Times of Financial Crisis

The PII was revisited in October 2008 when the financial crisis hit the Milanese real estate market and the construction works were not started yet⁴⁸. The Variant was explicitly aimed at coping with the changing economic conditions and, therefore, included ‘some *flexible* indications that would have guaranteed a better organisation of the space and the execution of the plan’ (Comune di Milano, 2013: 3⁴⁹ – Author’s translation—). Given the lacking accessibility of the area, the two partners agreed on the construction of a new metro station, *Tre Torri*, that would have connected the North of Milan to the San Siro football stadium (Comune di Milano: 2013⁵⁰). According to the

⁴⁷ The association *Vivi e Progetta un'altra Milano* did not stop and appealed again in 2009 and 2009. For more details, see: <http://www.quartierefiera.org/notizie.htm#07/07/05>.

⁴⁸ They will start, indeed, in 2009.

⁴⁹ For more details, see: [https://www.comune.milano.it/dseserver/webcity/documenti.nsf/b8c5b1ce6f43ba3e012567db0040fa9c/d5652c5eccc51932c1257b9d003894ad/\\$FILE/Approvazione_ai%20sensi_LR12.pdf](https://www.comune.milano.it/dseserver/webcity/documenti.nsf/b8c5b1ce6f43ba3e012567db0040fa9c/d5652c5eccc51932c1257b9d003894ad/$FILE/Approvazione_ai%20sensi_LR12.pdf).

⁵⁰ For more details, see: [https://www.comune.milano.it/dseserver/webcity/documenti.nsf/b8c5b1ce6f43ba3e012567db0040fa9c/d5652c5eccc51932c1257b9d003894ad/\\$FILE/Approvazione_ai%20sensi_LR12.pdf](https://www.comune.milano.it/dseserver/webcity/documenti.nsf/b8c5b1ce6f43ba3e012567db0040fa9c/d5652c5eccc51932c1257b9d003894ad/$FILE/Approvazione_ai%20sensi_LR12.pdf).

agreement, CityLife Spa was expected to finance the infrastructure with around EUR 6 million. The rest of the investment was covered by the public administrations. In exchange, the latter would have received additional EUR 20 million (oneri di urbanizzazione) to be invested in the restructuring of Pavilion 3 and in other public facilities – kindergarten, Modern Art Museum- Carabinieri and Police stations— (Int13/MI; see also Comune di Milano, 2005). Besides this, the PII also redefined the size of the park (Figure 4.9): the latter would have expanded in the *area di cerniera* which, up to then, had hosted the pavilions of the fair⁵¹ (Ibidem). Lastly, the plan redefined the surfaces devoted to residential (148, 407 m²) and retail and tertiary functions (140, 472 m²).

The works of the first residential units started. However, the consortium gradually started falling apart. The Spanish Group Lar left CityLife Spa because in disagreement with the business plan. The developers asked the City of Milan to postpone the finalisation of the project from 2013 to 2016. As Brenna argues (2013), the project was at a standstill: the housing stock (Figure 4.8) could not find a niche in the Milanese real estate market. The financial risks related to the project were mainly concentrated in the residential sector that was the major component of the design. This pushed some members of CityLife Spa to gradually leave as they could not sustain the burden of the bank loans any longer (Int22/MI). That deadlock was, however, a threat not only for the private developers (Int24/MI) but also for the City of Milan. The latter was, indeed, ‘forced’ to accept CityLife Spa’s requests (Int03/MI). Therefore, the deadline was postponed to 2016 but, in exchange, the City of Milan in was assured on the completion of the park and of the other public works⁵².

⁵²

For more details, see:

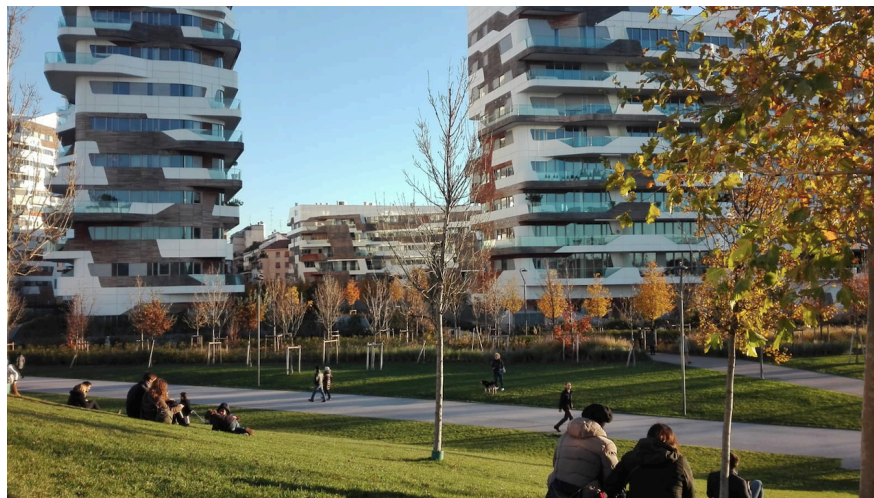
http://www.comune.milano.it/wps/portal/ist/it/servizi/territorio/pianificazione_urbanistica_attuativa/progetti_attuazione/grandi_progetti/polourbanofiera_citylife.

Figure 4-8: The park and the residential units today



Source: Author's Own (November, 2017)

Figure 4-9: The park and the residential units today



Source: Author's Own (November, 2017)

The Gradual Recovery of the Market and The Generali Group Era

2013 was an important year for CityLife: on the one hand, the Municipality implemented the last Variant of the PII and, on the other, the property and the management of the site passes in the hands of the Generali Group (sections 4.2.3. and 4.2.4). At the city level, the election brought to power the centre-left coalition guided by Pisapia that decided to

insist on the financing of the public amenities and close to the realization of the Modern Art Museum designed by Libeskind⁵³ (Comune di Milano, 2013). In the meanwhile, due to the recovery of the Milanese real estate market, the Generali Group and CityLife Spa took over and, slowly but gradually, started bringing the process to an end: the park was open to the public in 2016 and the towers, which were back then still under construction, were sold. Allianz acquired the Isozaki's tower for about EUR 285 million (Mosciaro, 2018) before selling its shares to Generali Group; the latter bought the Hadid's tower for about EUR 286 million⁵⁴ (Ibidem). The shopping mall was completed and only open in November 2017 (Figure 4.10). The construction for the third tower designed by Libeskind (Figure), which was put in standby, only started in May 2018 when the Municipality and CityLife Spa signed another 'operational' convention. Through that, the City of Milan has further postponed the end of the work in order to allow the building of the last skyscraper and residential plots (Int13/MI). This last convention is the result of a specific request by CityLife Spa. The company, indeed, decided to go ahead with the construction only after finding a tenant, Price Water Cooper (PwC)⁵⁵, and with the two plots in the North-East of the area (Figures 4.11 and 4.12)

⁵³ For more details, see: http://www.comune.milano.it/wps/portal/ist/it/servizi/territorio/pianificazione_urbanistica_attuativa/progetti_attuazione/grandi_progetti/polourbanofiera_citylife.

⁵⁴ Here I will not comment on these deals. For more information, see section 4.2.3.

⁵⁵ The deal was officialised in February 2018. For more details, see: https://milano.repubblica.it/cronaca/2018/02/19/foto/milano_citylife_il_curvo_a_confronto_p_rogetto_iniziale_e_nuovo-189250472/1/.

Figure 4-10: The shopping mall and the tower by Hadid



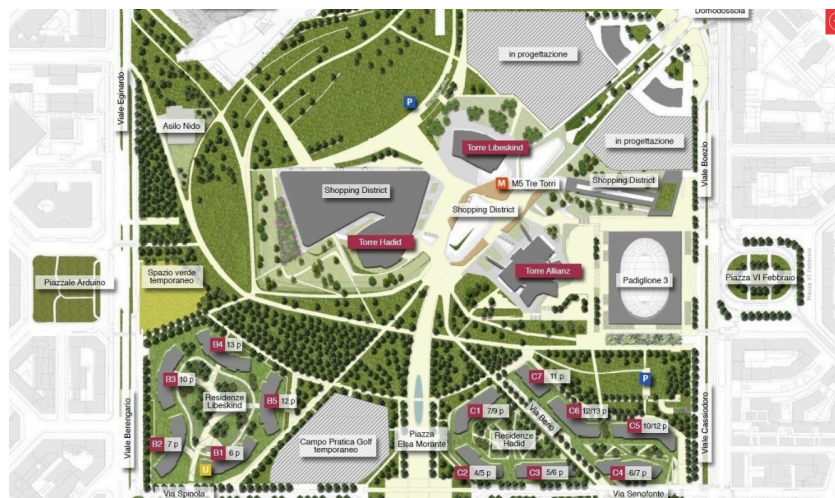
Source: Author's Own (January, 2018)

Figure 4-11: the Libeskind tower



Source: Author's own (May 2019)

Figure 4-12: Master Plan



Source: <https://www.city-life.it/it/masterplan> (last access 30/5/2019)

4.2.3 CityLife Spa: The Changing Shareholder Structure

The result of the call paved the way for the transfer of the property from Fiera Milano to the financial consortium headed by the Generali Group (in 2006). The group was initially composed of three financial companies and two developers, all of them playing a different role in the project and having different strategies and interests in the development.

Among the first, we can count two insurance companies: Riunione Adriatica di Sicurtà (RAS Spa) and the Generali Group. The first is an Italian insurance company founded in Trieste in 1938 and headquartered in Milan since 1947. From 1962 it occupied one of the first edifices of the Milanese Central Business District, built after WWII. The shares of the company have been gradually acquired by Allianz that in 2005 completed the acquisition, thus becoming one of the members of the CityLife's investment pool (see also Mosciaro, 2018).

As I said earlier, Allianz is a company whose core business is insurance. However, the group is also active in asset management. According to the magazine 'Fortune', the corporation is 'one of Europe's – and world's – most potent financial services powerhouse' (see: [Forbes' website](#)) – in 2013 it was the 22nd global insurance company for revenue— and operates in over 70 countries. The group is one of the world's leading asset managers: the firm provides services to individuals and investors, invests in public and private equity across the world, and manages portfolios and mutual funds through its subsidiaries⁵⁶. At the end of 2017, Allianz owned an investment portfolio amounting to EUR 664 billion, mainly in real estate. Its historical focus has been on Core and core transaction, office, retail, and residential development in Europe⁵⁷.

The Generali Group is the major Italian insurance company. As today it is the sole owner of CityLife, I am going to dedicate an entire section to it (section 4.2.4).

With respect to the developers, the Group Lar was the first to leave the group because in disagreement on the business plan proposed by the consortium. LAR is a Spanish company that operates in real estate development in Spain and abroad⁵⁸.

⁵⁶ For more details, see: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=22797693>.

⁵⁷ For more details, see: <https://www.allianz-realestate.com/en/strategy>.

⁵⁸ For more details, see: <https://www.grupolar.com/>.

According to Mosciaro's research (2018), the firm 'wanted to leave (...) even before the end of the tender, however, they were persuaded to formally remain' because their leaving would have implied the consortium's disqualification (203).

Regarding Lamaro Appalti, there are no information available on the firm in the internet. The only thing we know is that it is a construction company based in Rome and active also in asset management and finance (see Mosciaro, 2018; Bonafede, 2006).

Lastly, Progestim -Società Immobiliare S.p.A was back then a property management company⁵⁹. The man behind it was Ligresti, one of the Milanese kings of bricks and a protagonist of the real estate development in Milan in the 1970s and 1980s. Progestim was controlled by Fondiaria SAI, an Italian insurance corporation based in Turin, active since 2002, and listed on the Italian stock exchange. Due to the financial losses between 2009 and 2012, the company was merged to Unipol Gruppo Finanziario, an Italian holding headquartered in Bologna and active in financial services and banking.

Why did these actors decided to gather and engage in this project? Unfortunately, I cannot provide information on the motivations of all the actors involved. Nevertheless, what seems clear to me is that the financial firms of the consortium invested in the redevelopment for mere business reasons (Int23/MI) and to diversify their portfolios (Mosciaro, 2018). I gathered diverging opinions on the decisions behind the acquisition of the towers. When I interviewed CityLife Spa, they declared that the companies agreed on buying them (Int24/MI): Generali would have acquired the tower designed by Hadid, Allianz the skyscraper designed by Isozaki, and finally Progestim the tower by Libeskind. This information, however, conflicts with what Mosciaro reports in her dissertation (2018): 'Buying the towers was not the intended strategy, by either of the companies' (220). They decided to acquire them to cope with a scarce demand for office space.

To manage the project, the two insurance companies and the three developers formed CityLife Spa, a Special Purpose Vehicle (SPV) – i.e. a subsidiary corporation – whose mission was limited to the acquisition, financing, and management of the project in Milan. The shareholder structure changed over the years. At the beginning, the Generali Group, Progestim, and RAS (from 2005, Allianz) owned the majority of the shares: 29%, 27.2%, and 25.4% respectively. The Spanish Group Lar held 18.4% that, in 2010, was sold to Generali and Allianz (for more information, see also Mosciaro, 2018). Later on, Generali acquired Progestim's shares (2011) and, when Allianz left the consortium, it took the control of the SPV.

Why did the actors gradually leave? In general, the players seemed to have had different visions on the development of the site (Int18/MI). And the CEOs of the SPV were not really able to bridge the distinct needs, strategies, and logics driving their operations⁶⁰. Moreover, there was a kind of internal division of labour among the actors: the financial companies relied more on the SPV for the managing of the operation; the developers, instead, seemed to act more independently from the other partners, in particular when it came to carry out the negotiations with the local administrations.

'At the beginning, the group included operating partners who commanded and guided everything. With the crisis, the decision-making process was frozen, and the development was no longer possible. When Generali took over, the development restarted because that represented opportunity to re-start. And it actually was! (...) Generali also gave more room to the SPV: CityLife Spa' (Int24_MI – Author's translation –)

Across the interviews, I identified two main factors:

- 1) Disagreement on the business plan (times, costs, and nature of the development);
- 2) Financial crisis.

As I mentioned earlier, the Lar Group expressed its intention to abandon the consortium since the very beginning of the project (Mosciaro, 2018). The group disagreed on the business plan of the company. The end of the collaboration with Progestim, instead, was due to the political and judicial episodes that involved Salvatore Ligresti and Fondiaria SAI⁶¹. With regard to Lamaro, the decision to leave was a consequence of the financial crisis that hit the country and the Milanese real estate. Difficulties arose when the housing plots were put on the market. There was not enough demand for housing and, in particular, there was no demand for the luxury housing designed by Libeskin and Hadid⁶²:

'From 2003 to 2005 residential demand fell by 20-30% (up to 50%). These were significant dimensions. Investing in the residential sector when the market had fallen by 50% was

⁶⁰ Since the acquisition of CityLife Spa by the Generali Group, Armando Borghi has become the new CEO of the company. Mr Borghi is also professor of Real Estate Finance at the Department of Finance of the Università Bocconi of Milan. Unfortunately, I have not had the chance to interview him for my research.

⁶¹ In this dissertation, I am not going in the detail of these events. For more details, see Mosciaro (2018).

⁶² CityLife was not the only project affected by the financial crisis. The latter, indeed, impacted also Porta Nuova, Santa Giulia, and Porta Vittoria (Int04/MI).

difficult. They made some assessments. Then we must also consider the scarce component of other destinations compared to residential. The former ensures that the risk is distributed across multiple segments. Having a risk centered on the residential sector at a time of crisis has led many to slip away. The capitals, and above all the banks, require a return on investment and, if the agreed times are not respected, they demand it anyway' (Int22_MI – Author's translation –).

The financial crisis, however, not only 'compromised the sales' (Ibidem: 207) but also forced the developers to leave the financial consortium because of the unsustainability of the investment (Int17/MI; Int24). As it is reported in literature, the crisis 'demanded a new agreement between the banks and CityLife Spa' (Ibidem: 208). The financing conditions established in 2006 (80% bank credits and 20% shareholder investment) changed ⁶³: 'under the new agreement banks would provide only 67% and the shareholders the remaining 33%' (Ibidem). Consequently, the insurance companies, less dependent on the credit system and more reliant on their capital resources, took over the development of the CityLife.

Nevertheless, the story did not end with the leaving of the developers. In November 2013, the Generali Group and Allianz subscribed a new industrial plan for CityLife ⁶⁴. The latter contained some information about the construction of the remaining components of the project and the officialisation of the acquisition of the office towers. In addition, the plan indicated the Generali Groups's acquisition of the shares owned by Allianz for EUR 109 million. Due to this deal, the former became the only shareholder. Today, it finances, manages, and develop the whole area.

4.2.4 Focus on the Generali Group

The Profile

Founded in Trieste in 1831 by Giuseppe Lazzano Morpurgo (a member of a leading family from Gorizia), the Imperial Regia Privilegiata di Assicurazioni Austro-Italice is the

⁶³ For more details, see Mosciaro (2018).

⁶⁴ For more details, see: <https://www.generali.com/media/press-releases/all/2013/Generali-and-Allianz-approve-the-new-CityLife-industrial-plan>.

predecessor of what today we call Generali Group. Since its very early days, the company was active not only in Italy but also abroad. It acquired a leading role when it took the control of the French AXA Midi in the 1980s – another multinational corporation whose core businesses are financial services and investment management – and the Italian Istituto Nazionale delle Assicurazioni (INA Assicurazioni) in 2000⁶⁵. Today Generali is the largest Italian insurance corporation: it has subsidiaries in more than 60 countries in the world and more than 55 millions of clients⁶⁶. According to the Fortune Global 500, in 2018 the group was confirmed among the 100 most important companies in the world (rank: 51)⁶⁷.

In 2018, the shareholder structure of the Generali Group has a strong participation of institutional investors (42.37%). The remaining 24.73% is owned by retail shareholders; 23.86% is split between Mediobanca ⁶⁸ (13.04%), Caltagirone Group⁶⁹ (4.45%), Delfin S.a.r.l.⁷⁰ (3.33%), and Benetton Group⁷¹ (3.04%). According to what is reported on its website, almost 60.67% is in the hand of national shareholders: the rest is distributed among U.S. investors (10.19%), British shareholders (5.94%), French investors (7.36%), Chinese shareholders (1.19%), and German investors (2.53%)⁷².

⁶⁵ For more details, see: <https://www.referenceforbusiness.com/history2/73/Assicurazioni-Generali-SpA.html>

⁶⁶ For more details, see: <https://www.generali.it/Chi-siamo/Generali-Italia/Il-Gruppo-Generali/>.

⁶⁷ For more details, see: http://fortune.com/global500/visualizations/?iid=recirc_g500landing-zone1.

⁶⁸ Mediobanca is an Italian group active in corporate and investment banking, wealth management, and consumer banking. In the nineties, it was one of the major player involved in the privatisation of major Italian companies, such as the telecommunication company (Telecom), the energy company (Enel) and the Banca Nazionale del Lavoro. For more details, see: <https://www.mediobanca.com/en/our-group/our-activities/our-activities.html>.

⁶⁹ Caltagirone Group is an Italian holding based in Rome. It is listed on the Italian stock exchange and is mainly active in real estate development in Milan, Rome, and Taranto. For more details, see: <http://gruppoedoardocaltagirone.com/>.

⁷⁰ Delfin S.a.r.l. is active in the design manufacturing, and distribution of eyewear through its subsidiary Luxottica. It also operates in real estate and financial services. For more details, see: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=7866016>.

⁷¹ Benetton Group is a global clothing brand, headquartered in Italy since 1965. For more details, see: <http://www.benettongroup.com/it/>.

⁷² For more details, see: <https://www.generali.com/investors/share-information-analysts/ownership-structure>.

Generali Real Estate

Generali Real Estate is a subsidiary of the insurance company that manages the assets of the group (about EUR 26 billion in 2017)⁷³, ‘with the goal of maximizing risk-adjusted return to domestic investors, offering the same level of service to third-parties as well’ (Generali Real Estate, 2017). Most of its properties are located in Italy (34%); however, its portfolio includes also assets in France, Germany Austria, Spain, and Central Europe⁷⁴.

The subsidiary manages historical and modern buildings. Among the first, the Procuratie Vecchie in Venice is the most prestigious one. Among the latter, Generali Real Estate’s website mentions two major flagship projects: CityLife in Milan and Tour Saint Gobain in Paris. The UDPs are defined as ‘architectural masterpieces defining the skyline of modern cities’ (Ibidem).

CityLife is not the only property of the group in Milan. They own different and variegated properties, scattered around the metropolitan territory: Foscolo, a historical building in Piazza Duomo (the main square of the city) which is now converted to office and retail⁷⁵, and Filzi 25, an office building located in the Milanese CBD⁷⁶. The Group has also been engaged in the redevelopment of another former industrial area in the West of the city that has led to the creation of the Macciachini Business Park⁷⁷. In Segrate, a Municipality within the metropolitan area of Milan, Generali owns Palazzo Mondadori, headquarter of one of the main publishing companies in Italy⁷⁸.

⁷³ For more details, see: <https://www.generalirealestate.com/about-us/overview/>.

⁷⁴ For a full list of its asset portfolio, see: <https://www.generalirealestate.com/asset-portfolio/>.

⁷⁵ For more details, see: <https://www.generalirealestate.com/asset-portfolio/foscolo>.

⁷⁶ For more details, see: <https://www.generalirealestate.com/asset-portfolio/filzi>

⁷⁷ For more details, see: <https://www.generalirealestate.com/asset-portfolio/maciachini>.

⁷⁸ For more details, see: <https://www.generalirealestate.com/asset-portfolio/palazzomondadori>.

CHAPTER 5: TOUR and TAXIS

5.1 PART ONE: UNDERSTANDING BRUSSELS TO INVESTIGATE TOUR AND TAXIS

5.1.1 The Making of ‘Multiscalar Brussels’

In the literature, scholars highlight that to understand the development of Brussels it is necessary to look at its history, a history that needs to be read in the light of the European, national, and urban development, and has had great impacts on its current fragmented institutional architecture and on its socio-spatial structure (Swyngedouw and Baeten, 2010; Kesteloot, 2013, Oosterlynck and Swyngedouw: 2015). I here use the expression ‘multiscalar Brussels’ to indicate the status of the city (Baeten, 2001) which today plays an important role at different scales: international, European, federal, and regional.

The central political and economic role attributed to Brussels within the nation-building project started with the constitution of the modern Belgian state in 1830. A ‘growth coalition’, composed of the Francophone bourgeoisie associated with the royal family and the Belgian financial capital – the *Société Générale* –, guided the modernization of Brussels as national capital (Papadopoulos, 2007: 262). Financial resources were mainly coming from Wallonia, whose industrial economy was based on mining and steel activities, and from the colonial empire in Congo (Oosterlynck, 2011; Oosterlynck and Swyngedouw; 2015).

Yet this urban regime was challenged from the 1930s onwards, when the Belgian state went through a process of industrialisation that shifted the economic epicentre from Wallonia to Flanders and put Brussels at the centre of the territorial conflicts between the two linguistic communities (Baeten, 2009; Oosterlynck, 2011). Over the 1960s, the rapid industrialisation of the northern part of the country and the decolonisation of Congo, signalled the ‘apogee’ of the coalition guiding the national building project (Oosterlynck, 2011; Oosterlynck and Swyngedouw, 2015). The latter began to shake under the pressures of the two linguistic communities’ demands for autonomy: on the one hand, Wallonia feels increasingly abandoned by the Francophone elite in a moment of severe economic crisis; on the other, the Flemish community started standing up against the historical Francophone dominance (Baeten, 2009; Oosterlynck

and Swyngedouw, 2015). Hence, federalism represented the only way out to such an impasse. A further complication was represented by the coexistence of both communities in the 19 municipalities of Brussels (section 5.1.2) and in its province (Brabant). To cope with this, bilingualism was maintained but it was only in 1989 that the Brussels Capital Region's status was officially recognised, however without solving all the issues related to its highly fragmented institutional architecture.

The distribution of power and competences between the government levels and the decentralisation process became the pillars of the new (complex) institutional system (Van Wynsberhe, 2013). Meanwhile, the power of the old elite driving the national project began to erode in favour of a new coalition composed of municipal and federal politicians and local real estate developers (Martens, 2009; Romanczyk, 2011). The case of the Manhattan Plan (1967) (Figure 5.1) is emblematic of this change. The area, which underwent a period of decline from the 1930s onwards, reflected the ambition to reproduce Manhattan in Brussels, thus making that space attractive for international business (Cassier, 2013). Nevertheless, the realisation of the project took almost four decades to be completed due to the collapse of the leading coalition after the crisis in 1970s (see also Oosterlynck, 2011; Oosterlynck and Swyngedouw, 2015).

Figure 5-1: the Manhattan Plan



Source: Author's own (July 2017)

The gradual federalisation of Belgium went along with the Europeanisation and with the de-industrialisation of Brussels. Since the 1950s, a long wave of large-scale office development took place in the city, contributing to the transformation of the urban fabric (De Beule, 2010) and to the demolition of entire historical neighbourhoods (i.e.

Bruxellisation). The transformation of the Quartier Léopold (Figure 5.2), a residential area in the North-East, into a new ‘Central Executive District’ is probably the symbol of that era (Baeten, 2003; Papadopoulos, 2006). The conversion of that part of the city was mainly driven by a coalition composed of Belgian private developers and French and British real estate developers (Papadopoulos, 2006; Romainville, 2015, see also Baeten, 2003) acting in a ‘laissez faire climate’ (Papadopoulos, 2006: 262) that provided enough flexibility ‘compatible with the fast-changing needs of the private sector at both the local and the international level’ (Ibidem: 263).

Figure 5-2: the European Parliament



Source: Author's Own (April 2017)

In the following decades, the status of Brussels as European capital ‘became the core of an urban strategy to capture and retain international capital in the city’ (Ibidem: 264). For the regional government, the presence of the European institutions was a crucial ‘mechanism for increasing revenue and bolstering the public purse at a time of declining population and aging infrastructure’ (Ibidem).

The status of Brussels as a ‘political world city’ (Van Criekingen et al., 2005; Taylor, 2006) is intrinsically related to the process of Europeanisation of the city which led a high concentration of international organisations and institutions within the city (Papadopoulos, 2006; Corijn and Vloeberghs, 2013). This, in turn, attracted other activities, namely logistics, retail, event organisation, and so on (Institut Bruxellois de Statistique et d’Analyse, 2015). Between 1981 and 2013, the share of employment in services over the total has increased by 9% in Brussels, *vis a vis* the 17% in the whole

Belgium (Institut Bruxellois de Statistique et d'Analyse, 2015). In 2014, the advanced service industry represents a substantial part of its added value (46%) (in Flanders 31% and Wallonia 27%) (Institut Bruxellois de Statistique et d'Analyse, 2016). In January 2015, 26% of employment mainly concentrated in public administration and education (Institut Bruxellois de Statistique et d'Analyse, 2015). According to the Institut Bruxellois de Statistique et d'Analyse, the evolution of the economy of the Brussels Capital Region (from now on BCR) will continue in the same direction as the manufacturing sector is expected to further decrease by 2.5% in 2020, both in terms of value added and employment (Institut Bruxellois de Statistique et d'Analyse, 2015). According to the *Baromètre Conjoncturel* de la Région de Bruxelles-Capital (Institut Bruxellois de Statistique et d'Analyse, 2016), the growth in value added in the BCR amounts to 1%, slightly less than the growth recorded at the national level but increasing. The main component of this increase is represented by the recovery of the financial and insurance sectors which, after a fall by 6% in the previous years, has increased by 5% (Institut Bruxellois de Statistique et d'Analyse, 2016: 10).

Despite the evidence that the presence of the European Institutions and other international organisations (i.e. NATO, Benelux, NGOs) has been fundamental for the transformation of Brussels into a 'small world city' (Corijn and Vloeberghs, 2013: 24), the internationalisation of the city is not a 'complete success story' (Corijn, 2013: 7). On the contrary, 'the *small world city*' Brussels is characterised by many contradictions and a highly divided socio-spatial structure. I discuss this in the next section.

5.1.2 The Post-Industrial Transition of the Brussels Capital Region

What is the legacy of the post-industrial transition? Who are the major players involved in the making of the BCR? And, lastly, how are the distinct governments coping with the institutional complexity of the BCR? In this section I address the aforementioned questions. In the first paragraph, *The Legacy of the Past: Contemporary Real Estate Dynamics in a Socio-Spatial Divided City*, I explore the current trends in urban development in Brussels. In the section that follows, I draw attention to the 'fragmented institutional architecture of Brussels' to introduce the mechanisms through which urban development has been regulated at the municipal and regional levels. In doing so, I put emphasis on the evolution of the planning system and on its connection with fiscal policy.

The Legacy of the Past: Contemporary Real Estate Dynamics in a Socio-Spatial Divided City

The Europeanisation and internationalisation of Brussels has had a twofold effect: while giving a great impetus to the transition and growth of a post-industrial economy, it has further affected social and spatial inequalities within the region, thus reinforcing its dual structure (Vandermottern, 2013). Today, Brussels appears very fragmented: its territory is, in fact, characterised by a clear division between the western and central neighbourhoods, on the one hand mainly inhabited by low-income groups, and the suburban areas in the eastern and south-eastern parts of the city, on the other mainly occupied by middle and high-income groups (Kesteloot, 2000). However, the current socio-spatial structure is not only a legacy of the post-industrial transition of the city region. Many studies, in fact, trace its origins back in the 1960s-1970s, when an 'urban exodus' (Corijn and Vloeberghs, 2013) of middle-class Belgian families to the outskirts took place (Kesteloot, 2000; see also De Decker, 2010; van Loon, 2016). Meanwhile, Brussels became the city of arrival for many guest workers, primarily from Mediterranean countries, in search for better opportunities in the industries located in town (Kesteloot, 2000). What is interesting is that, while the outward movement of Belgians was due to a process of upward social mobility, the new comers arriving in Brussels were not offered the conditions for a parallel process (Ibidem). Hence, guestworkers, who initially settled in the central and western working-class neighbourhoods, remained confined there for long. It is in this phase that Brussels gradually consolidated its West-East fracture. The divide was then further exacerbated with the arrival of the high-income groups working for the international and European institutions, who clustered in the south-eastern residential areas, next to the city centre and the EU district (see Van Criekingen, 2009; Kesteloot and Saey, 2002).

The unbalanced process of social and spatial mobility negatively affected the fiscal capacity of local governments, whose budgets' revenues depend on households' income taxes and, in the case of municipalities, also on surtaxes on land (Kesteloot and Saey, 2002; Romainville, 2010: 14). To cope with their difficult financial situation and to bring back resident tax-paying population, since the 1970s, local governments have fostered a sort of active gentrification (Kesteloot, 2000: 206-207; Romainville, 2010):

‘Unfortunately, many people working in Brussels do not live in the city. Hence, they do not contribute to the fiscal budget. Therefore, the ambition of the governments was to bring back the middle class to increase its tax revenues’ (Into8_BXL).

As I argued in the previous section, the consolidation of the office function since the late 1950s led to a massive office overproduction (at 2016, 12.7 million m² in the whole BCR -Niego, 2016-) and large volume of vacancy (at 2015, 7.9% of the BCR’s total office space) (Observatoire des Bureaux, 2016). Lately, the conversion of office spaces into new dwellings – elderly homes, hotels, schools, students’ housing, and other public amenities—has tried to respond to the increasing housing demand (Observatoire des Bureaux: 2014). By looking at the delivery of building permits, the Observatoire de Permis de Logement (2017) registered that, over the first quarter of 2016, the competent authorities have allowed the production of 313,000 m² of new housing: 3,000 ‘classic dwellings’ (e.g. studios, flats, and single-family houses), 200 collective housing units (e.g. students accommodations, elderly housing, etc.). According to the report, the delivery of building permits reflects a concentration of housing production in the central neighbourhoods as well as in Anderlecht, Molenbeek, Laken, Jette. These figures support Romainville’s argument on the specific political agenda pursued by local governments: ‘the concentration of the efforts in an area rather than on a population’, she argues, ‘is emblematic of a political agenda which seems to target the aesthetic transformation of neighbourhoods and the image of the city rather than the well-being of the inhabitants themselves’ (Romainville, 2010:16). Through an improvement of the residential appeal of some areas and without solving the issues related to a shortage in affordable housing, local governments ‘act as a catalyst by playing the role of *guarantor* for private investment’ (Romainville, 2010: 17; see also Marissal, 1994; Van Crielingen, 2008).

What is the profile of the private players operating in Brussels? Interestingly, since the 2000s, the housing market is attracting not only new players but also those firms that in the past were active in office development and are now switching into the housing production, because of the rising housing prices, low mortgage rates, and homeownership tax incentives (Romainville, 2017: 4; see also Bernard, 2008; Decroly and Van Crielingen, 2009). The production of housing is, in fact, in the hands of private developers (Romainville, 2015; Observatoire de Permis de Logement, 2017: 4), many of them being financial companies ‘acting as residential real estate developers’ even though ‘they do not have real estate development as their core business’ (Romainville, 2017: 1). From Van Loon’s and Romainville’s studies, it emerges that the majority of these actors

are ‘domestic’ (Romainville, 2017), mainly coming from Flanders (van Loon, 2016), and more ‘professionalised’ (Int12/BXL).

*The Institutional Architecture of the Brussels Capital Region:
Between Historical Fragmentation and Re-Regionalisation*

‘If there is one word for understanding the difficulties of deciding Brussels’ future it is *fragmentation*’ (Kesteloot, 2013: 110) because “all manner of conflict unfolds within and between these various scales of government and governance” (Swyngedouw and Baeten 2010: 837). As we already saw how the making of Brussels as European and National capital historically affected its socio-spatial fragmentation, I here briefly discuss the mechanisms through which urban development has been and is regulated⁷⁹. My purpose is to show, on the one hand, the complex division and overlapping of competences between the different government scales and, on the other, the ways the government is trying to cope with this complexity.

The BCR is quite a young entity. Created in 1989, since its foundation the region has been characterised by a double layered institutional structure (Vermeulen, 2015): while the linguistic communities (French speaking community and Flemish speaking community) are in charge of language and people related matters (e.g. culture and welfare), the regional government is competent in economic and territorial matters (e.g. economy, public works, spatial planning, and environmental policy). Besides this, the BCR is composed of 19 autonomous municipalities, responsible for their territories (Figure 5.3), among which there seems to be quite an unequal distribution of power. The City of Brussels, for its status of Capital-City of Belgium and of the BCR, emerges as the most powerful (Corijn and Vloeberghs, 2013), a sort of ‘feudal castle’ (Int08/BXL) or a ‘state within the city’ (Vermeulen, 2015).

Regarding planning, the adoption of the *Ordinance of Urban Planning* in 1991 constituted the basis of the BCR hierarchical planning system, based on a distribution of competences between the Region and the Municipalities. The main instruments for the two government levels are strategic and legislative plans (Table 5.1): while the former are non-binding as they specify general guidelines, the latter translate those indications into

⁷⁹ I here focus on the latest reform that has been implemented over the last 3 years, for a detailed analysis of the gradual evolution the Brussels’s planning system I recommend the PhD thesis by Levy and its contribution on the Brussels Reader.

operational land use plans (for more details see Commission of the European Communities, 1993 ;Van Crieking and Vadermotten, 2007; Levy, 2013; Vermeulen, 2015;).

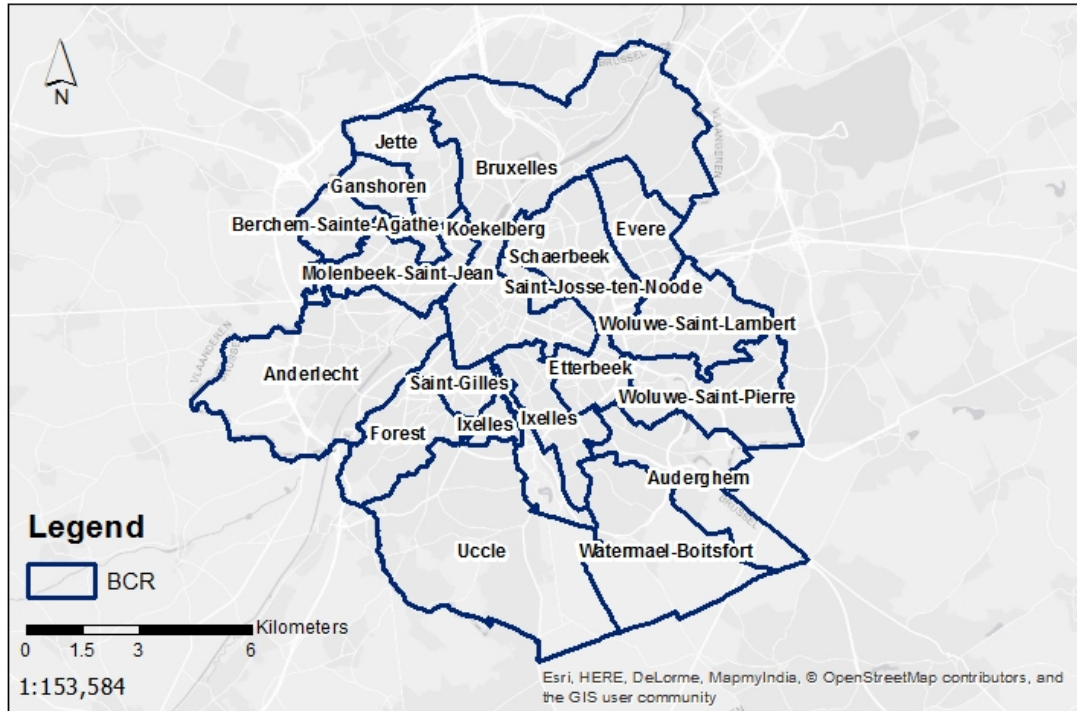
This fragmented structure has not resulted in a common development vision because of the ‘rather high degree of political instability’ (Vermeulen, 2015: 123). Elections are, in fact, not synchronised: while the regional government and the communities’ commissions are elected every 5 years (since 1993), citizens are called to vote for their municipalities every 6 years (for more details see Vermeulen, 2015). The presence of different levels of decision making has led ‘to ping-pong matches’ between the region and the municipalities, in particular in relation to urban development (Van Wynsberhe, 2013: 100).

However, since the legal status of the BCR was established, its planning system and governance structure has gone through a gradual process of transformation towards a centralization of competences at the regional level with regard to the redevelopment of large-scale areas. In 1995, the Region implemented the first *Plan Régional de Développement* (PRD) ⁸⁰ which set some guidelines for an integrated development vision for the BCR, aimed at ‘reversing the urban flight trends that had been emptying the inner city of its inhabitants for the past thirty years’ (Levy, 2013: 221). Given the legacy of the past waves of massive office production and the need to balance public municipal budgets, the improvement of the residential appeal and economic attractiveness was supported by regional resources and translated into a number of Neighbourhood Contracts (Ibidem; see also Romanczyk, 2015; Vermeulen, 2015). In 2001, the Regional Land Use Plan (PRAS) conceived new project-based instruments to foster the ambition of Brussels ‘to position itself efficaciously in the urban competition arena nationally and internationally’ (Ibidem: 222). Through the identification of 14 Zones of Regional Interest (ZIR)⁸¹, it paved the way for a new urban policy based on large-scale development projects (Van Crieking and Vamdermotten, 2007), for which a specific land use plan would have facilitated the creation of public-private partnerships (Levy, 2013).

⁸⁰ For more details see: <http://perspective.brussels/fr/plans-reglements-et-guides/plans-strategiques/plan-regional-de-developpement-prd>.

⁸¹ For more details see: <http://perspective.brussels/fr/plans-reglements-et-guides/plans-reglementaires/plan-regional-daffectation-du-sol-pras>.

Figure 5-3: The BCR and the 19 Municipalities



Source: Author's Own

Table 5-1: Planning Instruments in the BCR

	Plan	Scale	Content
Strategic	<i>Plan Régional de Développement</i> (PRD) -Regional Development Plan-	Region	Guidelines, Priorities, Resources
	<i>Plan Communal de Développement</i> (PCD) -Municipal Development Plan-	Municipality	Translation of the PRD
Legislative	<i>Plan Régional d'Affectation du Sol</i> (PRAS) -Land Use Regional Plan-	Region	Functional mix in the regional territory
	<i>Plan Régional d'Affectation du Sol Démographique</i> (PRAS démographique) – Demographic Land Use Regional Plan-	Region	Functional mix in the regional territory

	Plan Particulier d'Affectation du Sol (PPAS) - Special Land Use Plan-	Municipality	Zoning, Building Volumes, Aesthetic
Strategic and Legislative	Plan d'Aménagement Directeur (PAD) -Master Plan-	Region (in consultation with Municipalities)	Guidelines, priorities, zoning, volumes, aesthetics on specific strategic areas

Source: Adapted from Van Criekingen and Vandermotten (2007) and updated

The second PRD in 2002 signalled a sort of turning point as it 'shifted the focus from historical centrality' to 14 new strategic areas, Leverage Zones (LZ), to be turned into 'new dense economic polarities' (Ibidem: 223). The plan was based on a strategic area approach 'aimed at promoting the competitiveness of certain areas in both a European and global network' (Ibidem). Besides the identification of the ZIRs, it designed the *Schema Directeur* (Master Plan) to facilitate the coordination between public and private actors for the transformation of these LZs. This plan was updated in 2009. The new PRDD (approved by the government in 2014, again in 2017, and made operational in July 2018 -see next section) identifies strategic areas and 12 priorities – demographic boom, unemployment, socio-spatial dualisation, internationalisation, and sustainable development – in order to promote a future vision for the whole (regional and metropolitan) territory⁸². Prior to this, the strategic area-based planning was also relaunched through the *Plan de Développement International* (PDI) -International Development Plan-. Although non-binding, the PDI was, quoting Decroly and Van Criekingen (2009), oriented to make 'large portions of the region's territory available to private investors whose missions were to build large-scale speculative real estate development projects on them' (Ibidem; Levy, 2013).

In 2014, the new socialist Prime Minister of the BCR in a speech on the coming four years of his government declared: 'The government of the Brussels-Capital Region will focus on major urban projects (...) The big challenge is to implement, implement and implement. (...) The aim is to turn Brussels into the European capital of enterprise and innovation' and make the city 'more business friendly' (Blyth, 2014). This statement followed the approval of the Special Law for the implementation of the Sixth State Reform on the *Politique des Grandes Villes*⁸³ that brought to a redefinition of the

⁸² For more details see: <http://perspective.brussels/fr/plans-reglements-et-guides/plans-strategiques/plan-regional-de-developpement-prd>.

⁸³ The discussion on the Sixth Reform started already in 2009 when the regional government Pique IV set a working group in charge of negotiating among the different political forces to reorganise

funding of the Communities and Regions (to provide the regions with more fiscal autonomy) and to a re-redistribution of competences between the BCR and the 19 municipalities (in regard to spatial planning, mobility and housing) (Nassaux, 2018). The Prime Minister's speech preceded the 2015 reform of the the *Code Bruxelloise de l'Aménagement du Territoire* (CoBat) (code for urban planning), oriented to simplify urban planning, mitigate the conflicts between the different government levels, and ease off the municipal level, through an empowerment of the region and a centralisation of competences.

With regard to fiscal matters, given the cooperation agreement signed in 1993 by the federal and the regional entities (Ibidem) and the creation of the Beliris Fund, since 2003 the BCR received a budget for infrastructure development amounting to EUR 125 million per year (Ibidem). Since 2009, the initial transfer has been complemented with an additional grant, of about EUR 65 million a year (Cattoir et al., 2009:2). The reform recognised a special treatment for the BCR because of its crucial role for the development of the whole country. Furthermore, it compensates the loss in the regional tax base due to the exemption of:

- People either working on its territory but residing elsewhere or employed at international institutions (Bayenet, 2012);
- Real estate assets belonging to international and administrative institutions.

Lastly, the Brussels' institutions – the region and the communities – receive an additional horizontal regional funding from 2014 which includes specific grants for expenditures in security and mobility (Bisciari et al., 2014: 14). Yet the new CoBat brought about a reorganisation of the planning administrations into two bodies (ARAU, 2016:5): Perspective Brussels, the Brussels Planning Agency in charge of strategic and regulatory planning⁸⁴, and the *Société d'Aménagement Urbain* (SAU), responsible for

the competences between the BCR and the 19 municipalities, with respect to spatial planning, mobility, and housing.

⁸⁴ Perspective.brussels is the result of the merger of different strategic and administrative agencies: the Brussels Institute of Statistic and Analysis, the Territorial Development Agency (former ADT/ATO), the Direction Etudes et Planification de Bruxelles Développement Urbain, and the team of the Bouwmeester Maitre Architecte (INto8/BXL; Int13/BXL). For more details, see: <http://perspective.brussels/fr>.

the operational implementation of the development plans of strategic areas and for the promotion and coordination of partnerships⁸⁵.

In relation to large-scale developments and strategic zones (having more than 200 parking space and covering different municipalities -Into8/BXL-), the introduction of PADs (Table 5.1) reflects the need to decrease the length of urban development operations (Into2/BXL; Into8/BXL), sometimes blocked by conflicting visions between the competent public authorities. Thanks to this new instrument, based on a form of cooperation between all the public stakeholders involved, the regional government is now the authority in charge of delivering building permits for large-scale projects.

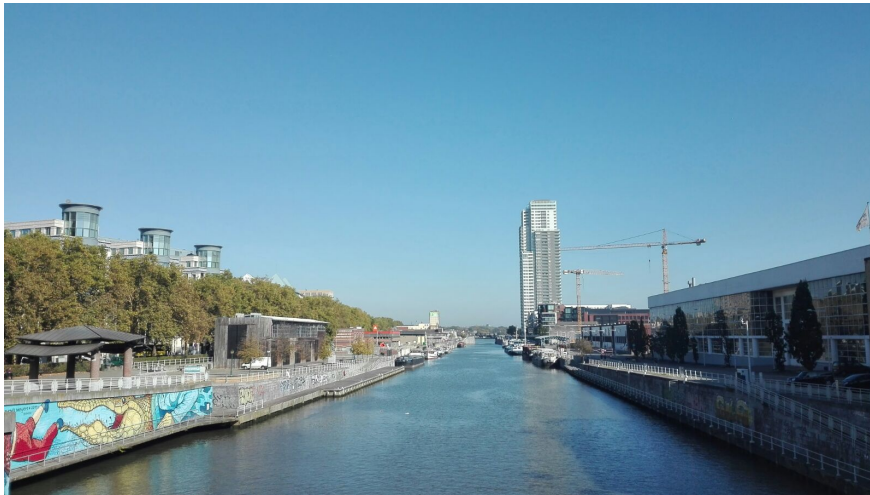
This reform is however not free of criticisms. Kesteloot, for instance, criticises the attempt to decentralise fiscal policies as, in his view, it may increase the inter-municipal competition (Kesteloot, 2013: 138). Municipalities in the BCR receive financial transfers from the federal governments through the BELIRIS fund as well as from the regional government according so specific criteria, such as population, number of school-aged children, unemployment rates, and tax revenues (Vermeulen, 2015). The reform is seen as a mechanism that can increase and exacerbate the ‘fight among them to attract middle and high-income households’ (Kesteloot, 2013). Moreover, some interviewees question existence of a clear political vision able to guide the new planning bodies created with the CoBat (Into9/BXL; Into20/BXL). Finally, some interviewees stress (with scepticism) the fact that the reform is the result of a new coalition between political actors, guided by the regional government, and economic actors, among which developers and investors (Into1/BXL; Into2/BXL).

5.1.3 The Canal Area: a ‘Place of Potential’

One of the legacies of the post-industrial transition in the BCR is an exacerbation of the socio-spatial dual structure of the region. Due to that, the Canal (Figures 5.4 and 5.5) has become a ‘limit’ (Into20/BXL), a sort of

⁸⁵ The SAU succeeds the *Société de Acquisition Fondiere* (SAF): the latter was established to acquire and develop public and private land in the BCR. Today, the SAU own more than 70 ha of land in the BCR. For more details, see: <http://www.sau-msi.brussels/en>.

Figure 5-4: The Canal: a view from the Up-side Tower and the PortFigure



Source: Author's Own (October 2017)

Figure 5-5: the Canal: a view from the South



Source: Author's Own (June 2017)

'barrier' (Int11/BXL) between the popular and industrial districts of the Western Municipalities⁸⁶ and the rest of the Region (Vermeulen and Corijn, 2013: 150).

⁸⁶ Many industries were accommodated in the area throughout the 19th century: among them breweries, steel industries, and lead industries. As Vermeulen argues: 'Around 1970 about 164,000 people were employed in the industrial sector' (Vermeulen, 2015; see also Vandermotten, 2011).

Hence, since the creation of the BCR, the Canal Zone has been the target of many plans and projects⁸⁷ in which all stakeholders have been involved, from the regional government to the 8 municipalities involved to the Port Authority (see Vermeulen and Corijn, 2013; Vermeulen, 2015). In 2011, the PRAS Démographique identified the *Zone d'Entreprises en Milieu Urbain* (ZEMU) – 4 out of 6 located within the Canal Area – to integrate residential functions in formerly industrial areas⁸⁸. In 2012, the region launched an international call for a Master Plan, won by the team of the Architect Alexandre Chemetoff. The Canal Plan draft was then approved in the following year. However, it was only in 2014, with the designation of Kristiaan Borret – the Region's Chief Architect – as the 'guarantor' of the vision, and in 2015, with the designation of three project managers within SAU, that the coordination among the stakeholders and the operational implementation of the vision actually began⁸⁹. Finally, in July 2018, the regional government approved, within the framework of the 2030 UN Agenda in Sustainable Development, the last *Plan Regional de Développement Durable*, aimed at setting a general 'multi-scalar and polycentric vision' for the future of the BCR and at balancing the dualistic socio-spatial structure of the city- (PRDD; 2018: 10). According to the plan, the main challenge to face in the area is the increase in unemployment (20%) and poverty (30%) which have been pushed by the past public policies to attract middle – and high – income households, for economic and fiscal reasons (PRDD, 2018: 8). The Canal and its surroundings will be developed to become the *épine dorsale* (the spine) of the region, the natural expansion of the centre (PRDD, 2018: 15). To address this goal, the region has identified 10 priority areas (among them Tour and Taxis).

⁸⁷ Some of the neighbourhoods (which are in total 25), characterised by a concentration of low-income groups, have been undergoing a process of gentrification, pushed by the implementation of a number of neighbourhood contracts (Van Crieelingen, 2006; Van Crieelingen and Decroly, 2003; Corijn and Vloeberghs, 2013; Vermeulen and Corijn, 2013). The federal BELIRIS fund and the European Union have contributed to the revitalisation of the area: the first through an amelioration of infrastructures and the second in the frame of the European EFRO-Feder programme on regional development (Vermeulen and Corijn). In addition to that, in 2014 the European Commission announced other grants for the coming six years amounting to EUR 200 million, twice as much as received in before (Hope, 2014).

⁸⁸ For more details, see: <https://urbanisme.irisnet.be/pdf/pras-demographique>.

⁸⁹ For more details see : <http://canal.brussels/en/node/8633/chronology> and <http://www.sau-msi.brussels/en/sites-zones-strategiques/canal>.

Today the Canal Area is depicted by the Region as a ‘place of potential’ (PRDD, 2018; see also: <http://canal.brussels/en/node/8673/history>), the ‘locomotive’ of the BCR (Int19/BXL; also Int11/BXL), that will soon become the new centrality of the BRC (Sanders, 2017). Its surface – it crosses the BCR for 14 Km –, the presence of economic activities – about 6,000 companies producing more than EUR 7,5 bn added value per year –, its young and multicultural population (17% of the whole BCR) are listed among the main resources of the area (Ibidem)⁹⁰. The 313 ha of public regional land represent an important resource for the region to be integrated with the rest of the territory through an increase of the density of the area in terms of functional mix and the construction of new affordable housing (Ibidem). The industrial, logistics, and transport infrastructure, located in particular in its central part (Int14/BXL), are the fulcrum of the re-development strategies that contemplate their conversion into new functional spaces, namely housing and tertiary activities.

As a result, the Canal Zone has thus catalyzed the interest of many real estate developers. In Molenbeek, City Dev, a para-regional institution responsible for urban development⁹¹, is promoting a residential development, the Tivoli Green City, aimed at bringing social mix in the area⁹². In 2018, the SAU, in partnership with the Centre Pompidou, launched an international call for the conversion of the Citroën Yser garage into a museum and cultural centre⁹³. Moreover, towards the North, the Up-site tower⁹⁴ (Figure 5.6), developed by the Belgian developer Atenor⁹⁵, was inaugurated in 2014. And in the same area we find Tour and Taxis (T&T), a large-development project that we can consider pivotal to the regeneration of the whole area.

⁹⁰ For more details see: <http://canal.brussels/en/node/8673/history>)

⁹¹ For more details, see: <http://www.citydev.brussels/fr/main.asp>.

⁹² The project is implemented in collaboration with the joint venture PARBAM and envisages the construction of 397 housing units of which 271 subsidised. For more details, see: <http://www.tivoligreencity.be/projet/>.

⁹³ For more details, see: <http://kanal.brussels/en/search/content/ambition%200>.

⁹⁴ The development comprises a residential tower and 4 office and retail blocks. For more details, see: <http://www.atenor.be/en/projects/77-up-site>.

⁹⁵ For more details, see: http://www.atenor.be/en/projects/?current_page=3&nb_items_per_page=6.

5.2 PART TWO: Tour and Taxis

T&T is a 45 ha site located within the Canal Zone, close to the city centre and the North Station – one of the main commuting nodes of the city-region –. Up to the 1980s, the site functioned as an important logistics and infrastructure node for the industries located in the western neighbourhoods of the BCR. Today, T&T is to become a ‘new district’ in Brussels (Int15/BXL; see also La Fonderie, 2010), standing as a symbol of the rebirth of the Canal Zone.

Yet the transition of the site has not been smooth. It has been characterised by cycles of investments and disinvestments (Van Criecken and Vandermotten, 2007), ‘unclear planning procedures’ (Vermeulen, 2015: 217), conflicting visions between the public authorities, lacking political coordination, a highly fragmented ownership structure, and civil society opposition (Ibidem). Things have changed in the last few years because of the acquisition of the property by the Extensa Group, the strategic relevance of the site for the future development of the region, and a certain convergence of interests among all the parties involved.

In section 5.2.1, I introduce the actors involved in the project in a historical perspective, discuss the evolution of the site, and talk about the gradual privatisation of the ownership since the early 1990s. In 5.2.2 I focus on the recent history of T&T: since 2015 the site has been controlled by just one developer (the Extensa Group) and the board of shareholders has been reduced to only one (Ackermans and van Haaren); the process seems to go smoother this day. In 5.2.3 I draw the attention to the private stakeholders: having introduced their history and their mission, I look into their investment and development strategy in order to point to the role played by T&T). The analysis of the case, instead, will be developed in the concluding chapter of this dissertation.

5.2.1 From Multi-Modal and Logistics Platform to New City District

The Gradual Privatisation of the Site and the Project T&T Joint Venture

T&T has a long history that dates back to the 16th century when it was owned by the family Von Thurn and Tassis, an aristocratic Brussels' family of Austrian origin who stood at the root of a late pan-European transportation network (Van Criekingen and Vandermotten, 2007; La Fonderie, 2010). Over the centuries the property passed in the hands of the Southern German Real Estate Company (in 1704), a company 'responsible for the founding of the European Postal Service' (La Fonderie, 2010: 24), and, around 1890, of the Société du Canal (the City of Brussels), and the Belgian State (Minister of Finance and the National Railway Company -SNBC-)⁹⁶.

At the beginning of the 20th century, construction works began. The idea of the public owners was to move the port of Brussels outside of the centre (Van Criekingen and Vandermotten, 2007; Vermeulen, 2015). Completed in 1907, T&T was turned into a commercial and logistics platform – for management of goods arriving from the port of Antwerp –. As such, it gave great impetus to the industrialisation of the surroundings. Within the area, several services were accommodated, all built to high architectural standards (La Fonderie, 2010): a railway station (the Gare Maritime), the postal and telegram service building (the Hôtel d'Administration), the Entrepôt Royal, the storehouses (the Sheds), and the Custom House. The activity of the site reached its peak in the 1960s, when more than 3,000 workers were employed, and slowly went down in the following decades until it stopped in the 1980s. The EU integration and the re-organisation of the international road transport (Ibidem) led to a gradual shut down of T&T. Meanwhile, following the federalisation process the Port of Brussels, a para-public regional institution, took on the property of the City of Brussels⁹⁷ (Vermeulen, 2015: 226).

⁹⁶ It was back then that T&T was annexed to the territory of the Pentagon (1897).

⁹⁷ Despite the loss of the property, the City kept an important role in the negotiations because of the location of T&T within its territory.

During the 1990s, the situation in the surroundings of T&T evolved: the Maritime neighbourhood, the intermunicipal neighbourhood – City of Brussels and Molenbeek – in which T&T is located, became the target of ‘(speculative) office development, (...) intended as a leverage for waterfront real estate development along the canal’ and inspired by the Dock-land in London (Ibidem: 224). And, between 1992 and 2001, three different plans were proposed for T&T. In 1992, the Music City Plan was officially launched on 9 ha of the site by the investors ‘Ogden Entertainment’, an US entertainment multinational, ‘TrizecHahn’, a transnational Canadian company devoted to office development in Europe and North America, and ‘Language and Forms’, a Belgian marketing and design company. The three actors proposed the conversion of the 9 ha into a space for culture and consumption: the plan comprised a 12,000 seat concert hall, recording studios, music shops, restaurants and bars, 31,000 m² of office space, and a large parking lot (Van Criekingen and Vandermotten, 2007; Vermeulen, 2015; BRAL, 2017).

Public authorities, although not financially committed in this project, had to cope with a strong opposition by civil society groups⁹⁸ against the demolition of industrial buildings and the conversion of the Entrepot Royal into a retail and office space (Van Criekingen and Vandermotten, 2007; La Fonderie, 2010; Vermeulen, 2015; BRAL, 2017). These groups, guided by La Fonderie and with the support of several international organisations⁹⁹, stepped in and came up with a counter-project (‘Tour and Taxis 21’). Although the initiative was never approved by public authorities, the groups won the battle in so far as they created a greater awareness of the importance of preserving the historical heritage within T&T (Into2/BXL; see also BRAL, 2017). As a result, in 1996, the City of Brussels appointed the French team ‘Reichen and Robert’ to elaborate an alternative proposal, always culture-led but encompassing the revalorization of the industrial buildings (Van Criekingen and Vandermotten, 2007; La Fonderie, 2010; Vermeulen, 2015).

The 1999 signaled a turning point in the ownership structure of the site as two Belgian developers came into play¹⁰⁰. None of the three previous (public) owners had a

⁹⁸ Among the groups: IEB- ARAU – BRAL- and the citizens of the Maritime Neighbourhood.

⁹⁹ World Monuments Watch, ICOMOS, Europa Nostra and the International Committee for the Conservation of the Industrial Heritage (La Fonderie, 2010).

¹⁰⁰ This moment is depicted by some of my participants and by the literature on T&T as the original sin of T&T because, due to this move, it is argued, public authorities weakened their negotiating

clear vision on the future development of T&T (Int15/BXL; Int16/BXL). Real estate development was not part of their core business (Int15/BXL; Int20/BXL) and there was not a clear interest in the restoration of the historical patrimony (Into2/BXL). Given this condition, two negotiations were open: one for the sale of the Port's land and another for the purchasing of the land belonging to SNBC. Interestingly, none of the participants knew the conditions and the evolution of the other negotiation (Vermeulen, 2015). The property of the Port of Brussels (9 ha) was sold to Leasinvest NV (controlled by the holding company Ackermans and van Haaren – AvH –) for about EUR 12,5 million (van Criekingen and Vandermotten, 2007: 158; see also Vermeulen, 2015; BRAL, 2017). The two parties signed a 37-year lease agreement¹⁰¹. In the same year, Robelco NV, another Belgian developer decided to accept the offer by SNBC to buy its property. The decision was, as one interviewee argues, a 'stomach thing' (Int20/BXL). The investment was risky: the site was lacking in terms of accessibility but, at the same time had many important assets, i.e. size, location, proximity to the North Station, and historical heritage (Int20/BXL). Robelco NV took over the 21 ha area: 'the full price of the land (about EUR 33 million) will be due when Robelco gets all the necessary building permits and operating authorizations, with a time limit of seven years. Until then, Robelco holds ownership rights against payment of a yearly fee of -a mere- EUR 150,000 to the Belgian Railway Company' (Van Criekingen and Vandermotten: 158; see also BRAL, 2017).

In the year 2000, the two developers and IRET Development came together and gave life to the joint venture 'Project T&T NV' (50% Leasinvest NV, 25% Robelco NV, and 25% IRET development) which started the application for building permits (otherwise Robelco would have lost its rights on the land). Thus, having consulted experts and politicians, the venture proposed a master plan, designed by HOK, an American Architectural firm, and Altiplan, a Brussels-based architectural office (Van Criekingen and Vandermotten; 2007; Vermeulen, 2015). In the plan, the restoration of the historical assets was confirmed, but the culture-led design was put aside in favour of a mixed-use development that required an investment of about EUR 250 million.

power (Into2/BXL; Into5/BXL; Into6/BXL; see also Van Criekingen and Vandemotten, 2007 ; Vermeule, 2015)

¹⁰¹ The person I met from the Port of Brussels told me that, before starting the deal with Robelco NV, they tried to sell the area to SNBC so that there would be just one negotiation between the railway company and the developer. However, the operation did not work.

The Political Negotiations: Regulations, Stakes, and Conflicts

Since the acquisition of the property by the joint venture, a number of regional plans were proposed (see Vermeulen, 2015). In 2001, the PRAS included T&T among the Zones of Regional Interest: despite the fact that no clear vision was proposed for the development of the site, some general guidelines were set for the renovation of the historical heritage – the Royal Depot and the Sheds—¹⁰² (Vermeulen, 2015; see also BRAL, 2017). The next year, the PRD was modified by the new regional liberal government and T&T was included among the Leverage Zones. The Municipality of Brussels, in the meantime, approved the PRAS which, according to BRAL, was more or less a copy of the master plan proposed by the joint venture (BRAL, 2017: 20). The civil society associations opposing the Master Plan produced a manifesto (the Manifest TouTPublick) in which they explicitly demanded for the involvement off all the stakeholders and for the introduction of a more ‘social’ program that would have paid more attention to the integration with the surroundings (Ibidem). At the same time, a new social-democrat coalition came into power after the 2004 regional election and the ‘alliance between the private developers and the right-wing component of the former regional government’ fell apart (Van Crieelingen and Vandermotten, 2007). The civil society groups, this time led by BRAL and supported also by academics and politicians, managed to convince the Region to accept their requests, launch a public call for a Masterplan (won, in 2006, by a Brussels-based urban design office, M-SA, and a French one, Ateliers Yves Lion)¹⁰³ (BRAL, 2017). Again in 2007, T&T was incorporated in the PDI and confirmed as one of the strategic zones of the BCR. In 2007, T&T was included in the PRAS as one of the Zones of Regional Interest and, more importantly, the stakeholders signed non-binding Masterplan – the *Schema Directeur* – finalised in 2008 (Into8/BXL; see also La Fonderie, 2010). Three were the themes chosen for the conversion of the site: ‘a re-dynamised heritage, long-lasting communities and water’ (La Fonderie, 2010: 89).

¹⁰² In 2010, a planning permits was delivered for 400,000 m². Therefore, the developers could initiate the regeneration of the historical buildings.

¹⁰³ From now on, the community group BRAL started a collaboration with the Region aimed at organising participatory laboratories with the citizens interested in the development of T&T.

Nevertheless, the negotiation was never easy, and the first constructions of the site finally started in 2012. Conflicts arose between the public authorities, between the different shareholders, and between the public and the private parties. From the public point of view, the internal discussions between the Municipality of Brussels and the BCR did not help in this regard, as they further slowed down any attempt to push plans forward (Int17/BXL). Moreover, the pressures by the civil society groups to launch a participatory laboratory to implement a 'social programme' (Int02/BXL) further slowed down the pace of the negotiation. Lastly, discontent grew also in relation to the park which should have as a connection between the western neighbourhoods and the rest of the city (Int20/BXL). Moreover, SNBC manifested its will to take back its land (BRAL, 2107). T&T went through a very delicate moment that was sorted out through a Decree for the delivery of building permits in 2009 (Ibidem), through which the developer obtained the building rights for 37 ha and for which the civil society groups will ask some modifications in the years that followed.

In relation to the pool of shareholders, besides having different visions on the development of the site, they had conflicting opinions on the nature of the investment itself:

'The conflict was not so much on the vision for the development of the area. In fact, it was more about different attitudes. If you are a developer of this kind of project and have a problem in investing small money, then this means that you already have a problem. It's going to be a bit longer, it's a long-term process. You cannot say: "I want my money now!" and things like that. That is not going to work' (Int15/BXL)

While some were seeking short term profits and keen to lobby public authorities for the adoption of a legal framework, others were willing to wait for the permits' delivery (Int15/BXL). And, as the developers argued, these diverging attitudes made the task of the person directly negotiating with politicians very difficult (Int15/BXL; Int20/BXL).

The complexity of the planning system, the length of the process, the nature of the plans adopted by the public authorities were, instead, at the basis of the discussions between the public and the developers. As one of my interviewees stated, the plans were lacking in flexibility and, therefore, it was very difficult to re-adapt them according to the changing market conditions (Int20/BXL).

5.2.2 The Acquisition of the Property by the Extensa Group

A New Urban Agenda and a New Negotiation

In later 2014, Robelco sold its share to the Extensa Group, subsidiary of AvH, already shareholder in the joint venture Project T&T. With this move, Extensa and AvH took over the development of the site. Michel De Brieve, who had been the CEO of T&T since its early stage¹⁰⁴, was substituted by Kris Verhellen, a longtime collaborator of AvH¹⁰⁵.

With the restructuring of the ownership of the site the negotiation between the private developer and the Brussels' public authorities was open again. At the same time, an important political change took place at the regional level and, in particular, in the planning agency of the BCR. Kristiaan Borret, the new Master Architect with a previous experience in the city of Antwerp, brought a new agenda aimed, on the one hand, at increasing the architectural quality of the project and, on the other, at simplifying the regulation procedures¹⁰⁶. According to a regional planner, this was 'an important turning point': the logic was to step in the process before the start of the delivery process¹⁰⁷, after having consulted all the stakeholders, in order to avoid any kind of impasse that would have increased the risks of the investment:

"The kind of support that the Master Architect gives is not only about making good architecture but also about improving the way the building permits are delivered. He always says: "I want to jump into a project before the building permit stage so that afterwards, when the building permits are introduced, we will have consulted all stakeholders, we will have given our remarks and then we can make deals, respecting the public enquiry. In other words, we commit ourselves. You should have fewer problems at the building permit stage if we work together before that" (Into8/MI)

¹⁰⁴ Until 2016, De Brieve kept the position of General Manager of T&T. From then, he is the CEO of city.dev and of the Royal Property Manager.

¹⁰⁵ He was involved in Leasinvest NV as a member of the General Counsel from 1990-1997 and of the Executive Committee from 1997-2005 and then, he became the CEO of the Extensa Goup.

¹⁰⁶ For more info, see: <http://www.divercitymag.be/en/interview-with-kristiaan-borret-chief-architect-of-brussels-capital-region/>.

¹⁰⁷ In T&T, for instance, the first permits were delivered with the PRAS 2002.

This agenda was applied in the 2015 negotiation during which the Region and the developer reached a compromise. To improve the architectural quality of the process, some conditions were given to the developer: the redevelopment would be subjected to a feasibility study and a public competition (and the Master Architect would have been a member of the jury). In exchange and depending on the results of the contest, the Region would have committed itself to the modification of the PPAS that, back then, was not finalised yet. This process successfully led to the adoption of the proposal by a consortium of architects, formed by Sergison Bates, AWG and no Aarchitecten¹⁰⁸.

After the *Schema Directeur* and the 2009 Decree, the City of Brussels should have come out with a land use plan but the municipal administration authorised it only in May 2017, nearly 8 years after the regional framework. Why did it take so long to approve the PRAS? The internal rebalancing of power within the shareholder board has unequivocally had an impact on the process. The board comprised just one shareholder with one vision and that, of course, nullified the conflicts present in the previous phase. From now on, the negotiation would have involved just two partners: the BCR and the developer itself. However, one of my interlocutors pointed out that the acquisition of the property by AvH was not the real push to the finalisation of the plan. He drew attention to another aspect, this time concerning the public actors involved (Int20/BXL). At that time, the City of Brussels was engaged in the discussions on another large-scale project (the Neo Project in Hysel¹⁰⁹), a project that was seen in competition with T&T (Int20/BXL).

Tour and Taxis Takes Off

From the planning point of view, today T&T has a legal framework and the construction works can go ahead: the PPAS was finally adopted in May 2017 by the City of Brussels¹¹⁰. The PRDD (July 2018) confirmed the relevance of T&T within the general regional vision for the future development of the entire Canal Zone – it is confirmed among the 10

¹⁰⁸ The project included 93,000 m² of housing, a care home, 3,000 m² of retail and public amenities, and 700 parking lots. For more details, see: <http://sergisonbates.com/nl/news/sba-noa-and-awg-team-win-tour-and-taxis-competition>.

¹⁰⁹ For more details, see: <http://www.neobrussels.com/en/about/#public/privatepartnership>.

¹¹⁰ For more details, see: <http://urbanisme-bruxelles.hsp.be/node/236>.

strategic areas—.Some construction works have been completed and are already on the market (e.g. the building blocks designed during the Joint Venture phase). Some others have been already sold. The ‘Meander building’ (Figure 5.6), designed by the Dutch architect studio Cepezed, was inaugurated in January 2015: it now hosts the regional agency ‘Bruxelles Environnement’ that pays a rent of nearly EUR 3.6 million per year (Hope, 2015). In December 2015, the Entrepôt Royal, one of the first industrial building to be restructured, was purchased by Leasinvest Real Estate, another holding of AvH (section 5.2.3), for more than EUR 100 million¹¹¹. In 2018, the ‘Herman Teirlinck building’, another iconic architecture of T&T designed by Neutelings Riedijk Architects (Figures 5.7), has been occupied by the Flemish Government that decided to move its offices (and 2,600 public servants) out of Quartier Nord (Boyle, 2014). In addition, 115 residential units are under construction (Harrup, 2015). At the same time, the park has been open and the site has been activated through several cultural events and expositions (Figure 5.8)

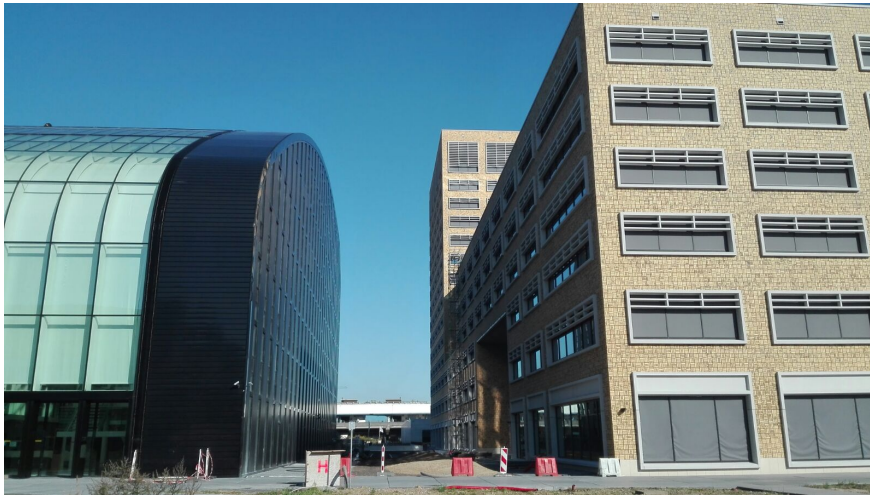
Figure 5-6: the Mander building



Source: Author's own (October 2017)

¹¹¹ For more info, see: <https://www.leasinvest.be/en/leasinvest/history/> and <http://inpublic.globenewswire.com/2015/12/17/Leasinvest+Real+Estate+acquires+the+iconic+building+Royal+Depot+on+the+Tour+Taxis+site+in+Brussels+HUG1974545.html>.

Figure 5-7: the Meander building (left side) and the Herman Teirlinck building



Source: Author's own (October 2017)

Figure 5-8: the park



Source: Author's own (October 2017)

What next?

At present (2019), the remaining housing blocks are under construction (Figure 5.9). Moreover, Extensa is carrying on the renovation of the last historical edifices on site, among which the Gare Maritime and the Hôtel. Co-working spaces, multinational companies' offices and retail spaces are the main functions designed for the buildings. With respect to the Gare Maritime, the developer, along with the BCR and the City of

Brussels, launched a contest for the re-naming of the streets of the station¹¹² in July 2018, receiving nearly 2,800 suggestions (Rankin, 2018).

Figure 5-9: Construction works at February 2018



Source: Author's own (February 2018)

5.2.3 Focus on Ackermans and van Haaren and the Extensa Group

Their Profile

Since 1988, The Extensa Group¹¹³ is a subsidiary of Ackermans and Van Haaren¹¹⁴ (AvH), a Belgian group active in 4 segments (marine engineering and contracting, private banking, real estate and senior care, energy and resources) and listed on the stock exchange since 1984 (see AvH, 2008 and Extensa Group, 2011). Founded by several Antwerp-based noble families as a contractor for public works in the Netherlands and in Belgium, the company moved to Argentina before WWI, thus paving the way for its international expansion. After the war, AvH assumed an international profile, thanks to the implementation of maritime projects in Europe (Belgium, the Netherlands, France, Spain, Italy, Germany, Greece, and Turkey), Asia (India), Africa (Egypt, Ghana, Liberia, Algeria, Senegal, Congo, and Libya), and South America (Brazil and Surinam). The

¹¹² For more details, see: <https://www.tour-taxis.com/en/contest>.

¹¹³ Extensa Group's webpage: <http://www.extensa.eu/>.

¹¹⁴ AvH's webpage: <http://en.avh.be/home.aspx>.

company flourished during the 1960s (its assets increased from EUR 5 million to EUR 30 million) thanks to the “increasingly maritime emphasis of the Belgian economy, supported by legislation that encouraged economic expansion” and to its progressive internationalisation (AvH, 2008). In parallel, the firm expanded its activities to other sectors by investing in a number of national¹¹⁵ and international¹¹⁶ companies (AvH, 2008: 20).

In 1984, AVH, back then still an industrial holding company specialised the dredging and oil sector, became listed stock exchange¹¹⁷. The listing gave impetus to a change in the shareholder structure¹¹⁸ and to the expansion of real estate as a core activity. Apart from the Extensa Group, today the company holds shares in four firms operating in real estate and senior care: Leasinvest Real Estate, Anima Care, HPA, and Extensa:

¹¹⁵ AvH owns participations in other companies active in construction in Brussels (CFE), electricity (NIZET), real estate development (CLI and SOGESMAINT), dredging (DEME), investment funds and institutional investors (PNB Paribas and BlackRock) (Romainville, 2015).

¹¹⁶ From Forbes: ‘The Private Banking segment includes Delen Private Bank, JM Finn & Co in the UK, Bank J.Van Breda & C for entrepreneurs and liberal professions. The Real Estate, Leisure and Senior care segment includes listed real estate investment trust Leasinvest Real Estate, land and real estate developer Extensa Group and the new initiative in the health and care sector Anima Care. The Energy and Resources segment includes Sipef, an agro-industrial group in tropical agriculture, Sagar Cements, Oriental Quarries & Mines, Gulf Lime, Max Green and Henschel Group. The Development Capital segment includes Sofinim and GIB. The AVH and Sub-Holdings segment includes all headquarters activities’ (for more details, see: <https://www.forbes.com/companies/ackermans-van-haaren/>).

¹¹⁷ According to the firm’s report, this decision was mainly driven by three factors (AvH, 2008):

- 1) The implementation of a government regulation (Cooreman-De Clerq act in 1982) aimed at making ‘listing on the stock exchange highly attractive for many companies’ that were deeply in debt (24);
- 2) The decision to diversify its activity given the high risks connected to the dredging and oil sector that in 1983 represented 85% of the AvH’s portfolio;
- 3) The need to reorganize the shareholder structure by providing some families with the opportunity to exit from the business at a fair price (25).

<http://en.avh.be/media/157960/debeursjareneng.pdf>

¹¹⁸ Since the company was founded and until the listing, the family shareholders had a majority (54%) on the directive board. The rest was hold by Belfimas (26%) and institutional investors (20%). Now Belfimas controls 33% of the AVH shares (AvH, 2017. Annual report). https://en.avh.be/media/345474/17-3697_opmaak_corporate_governance_uk.pdf

- Leasinvest Real Estate: one of the largest investment trust listed on the European Stock Exchange – since 2005— (Extensa Group, 2011). It is active in retail, office, and logistics development in Belgium, Luxemburg (since 2006), and Austria (since 2016). AvH holds 30% of shares (AvH, 2017. Annual Report; see also: Extensa Group, 2011);
- Anima care: active in the construction and management of residential elderly care and health centres in Belgium. AvH holds 93% of shares (Ibidem);
- HPA: active in elderly residential development in France. AvH holds 71,7% of shares (Ibidem).

The creation of Leasinvest Real Estate was one of the results of the merger of the group Extensa NV and Leasinvest NV¹¹⁹ in 1998¹²⁰. The merger was also at the basis of the creation of the Extensa Group, the developer of T&T, that in 2017 provided for the largest contribution to the consolidated AvH's net result (in 2017, EUR 29.8 million of the total EUR 54.3 million) (AvH, 2017). The decision to keep the name 'Extensa' was a strategic move: as it is stressed in the Annual Report 2011 report, it was taken to perpetuate 'Extensa's brand with its consistent real estate and urban planning-based approach' (Extensa Group, 2011: 15). Indeed, the history of Extensa, a professional developer known in Belgium and abroad, does not begin with the 1997 merger. The Group, whose previous name was *Extension d' Entreprises Anversoise*, was formed in 1910. In its very early days, the company was engaged in the construction of residential development in the South of Antwerp (AvH, 2008). Then it progressively expanded its activity in Belgium and outside the national borders, namely in Spain, France, Italy, and Switzerland. By the end of the 1990s, the company became active in the development of 'emblematic projects' in Belgium (among them T&T, Riva Brussels¹²¹, De Munt¹²², Groeningen¹²³), Luxembourg (Cloche d'Or¹²⁴), Slovakia (a retail park that they are

¹¹⁹ One of the developer of the T&T site when the Joint Venture Project T&T was created in 2001.

¹²⁰ However, the mission of Leasinvest Real Estate does not entirely correspond to the mission of Leasinvest NV. The latter was, in fact, a financial leasing company founded by the Société Nationale d'Investissement (SNI) in 1983, acquired by AvH in 1997 – after the privatization of the SNI—¹²⁰, and specialized in infrastructure development (AvH, 2008; Extensa Group, 2011).

¹²¹ For more details, see: <https://www.rivabrussels.be/>.

¹²² For more details, see: <https://www.demuntroeselare.be/project>.

¹²³ For more details, see: <http://www.extensa.eu/Groeningen.html>.

¹²⁴ For more details, see: <http://www.clochedor.lu/quartier>.

selling), Romania (an urban regeneration project with 250 residential units), and Turkey (a residential development counting 70 apartments) (Extensa Group, 2011, AvH, 2018).

Their Philosophy in Real Estate Development

How does the Extensa Group operate? One of the main principles of the Group's philosophy is 'being local' (Int15/BXL). The company recognises the importance of being advised by local collaborators that have a specific expertise of the context and, therefore, work as important intermediaries between the group and the place in which the development is embedded. This has not happened in Brussels where Extensa, in the person Kris Verhellen, has been directly involved in the negotiation with the public authorities and with the other stakeholders. In addition, Kris Verhellen has an extensive knowledge of the T&T evolution since he has been working on it since the Music City proposal.

Public-private partnerships have always been at the basis of their real estate operations. As it is highlighted in the company's report, Extensa works in close 'cooperation and collaboration with both public and private partners, in line with the philosophy of Ackermans & van Haaren, which 'started out as a partnership between two families' (Extensa Group, 2011: 13). The Group is a professional of real estate development: it knows how to play the 'urban development game' and how to be 'patient' (Int13/BXL; Int15/BXL). It is aware of the 'added value' that a collaboration with the public might bring to its operations (Int17/BXL). Across the interviews, its attitude in negotiating seems to be appreciated by public authorities (and not only) (Int02/BXL; Int05/BXL; Int09/BXL; Int11/BXL; Int17/BXL). My contact from the City of Brussels, for instance, expressed a positive opinion about the partnership with Extensa, a 'valid' and 'coherent' interlocutor with whom it became easy to have a dialogue about the future of T&T (Int11/BXL).

Tour and Taxis in Their Investment and Development Strategy

What is the role of T&T in their investment strategy? T&T is the main project that the Extensa Group is promoting these days. Interestingly, across the interview, T&T was

defined as a sort of ‘lab’ (Int15/BXL) through which Extensa is building up a set of competences and skills that can turn useful for the future of the company itself and for future projects. The construction of a brand around T&T is an important ingredient of the Extensa’s strategy. As my interlocutor from the Municipality of Molenbeek argued, T&T is, indeed, becoming a ‘business card’ for the developer (Int19/BXL). Inspired by King’s Cross in London, Extensa’s branding strategy on T&T rests in its industrial heritage and the mix of historical buildings and new high-quality contemporary architectures. Extensa has also modified the tagline: ‘T&T: an urban experience’ has been substituted by a new one: ‘T&T: you tomorrow’ (see: <https://www.tour-taxis.com/en>). The intention is to underline the inclusive nature of the project that has been promoted by a call launched to rename the street of the Gare Maritime. It moreover shows how Extensa is smartly trying to build consensus around the redevelopment (historically at the centre of a number of conflicts with community groups) while, at the same time, capitalising on the renovation of the historical buildings. All this works to the advantage of the holding. The Brussels’ project largely contributes to the net result of AvH: according to the 2017 AvH annual report, due to the rent and the sale of the apartments completed in 2017, T&T has brought EUR 16.8 million to the deposit of the firm (AvH, 2018). Apart from the income deriving from the ownership and the sale/rent of the whole site, AvH is also carrying out financial operations. The acquisition of the Entrepôt Royal by Leasinvest Real Estate, investment trust 30% controlled by AvH, is a clear example. Given the recently building permits obtained by Extensa for the construction of an elderly home, it would be interesting to see who is going to be the subcontractor and, in case the Group decides to put the new care centre on the market, who is going to run or buy the care centre (AvH participates in the share of two firms whose core business is residential elderly development and care)

Nevertheless, it is worth mentioning that the interest of the private stakeholders goes beyond T&T as it is not the only project on which Extensa focuses on in the canal area. Since 2017, the Group is engaged in another project, called ‘Riva Brussels’¹²⁵, located just across the Canal – in front of T&T– (Figure 5.10). Today, the two projects

¹²⁵ The mixed-use project comprises housing (139 new apartments), commercial spaces, and underground parking. For more details, see also: <https://www.lecho.be/entreprises/immobilier/riva-le-projet-passerelle-entre-tour-taxis-et-le-quartier-nord/9987705.html>.

represent the main developments of the company in Brussels, the cornerstones of Group's activity in this strategic area of the BCR.

Figure 5-10: Rendering of 'Riva Brussels' and the Passerelle Picard



Source: <https://www.rivabrussels.be/> (last access 25/8/2018)

Last but not least, until March 2018, AvH has shares in the capital of Atenor¹²⁶, a Belgian developer behind the construction of the Up-site tower and the City Dox, both located by the Canal Zone (The Up-site tower is next to Riva Brussels – Figure 5.12 – ; the City Dox in the Municipality of Anderlecht).

¹²⁶ For more info about the end of the contract between Atenor and AvH, see: <https://www.tijd.be/ondernemen/vastgoed/ackermans-van-haaren-stapt-uit-atenor/9991609.html>.

CHAPTER 6: CONCLUSION

6.1. DISCUSSION OF THE EMPIRICAL FINDINGS IN A COMPARATIVE PERSPECTIVE

6.1.1 Analysis of CityLife (Issues I-II-III)

In this section, I draw conclusion from the description of CityLife in order to address the three issue of my research design.

Issue I: Conditions for investments in UDPs

RQI_1) Under which conditions has CityLife developed in terms of changing governance structure and planning system?

The discussion on the post-industrial transition of Milan shows that it is during those decades that we can trace the creation of what Halbert and Attuyer define ‘local structure of opportunities (2016) and Savini and Aalbers call new ‘spaces of governance’ (2015: 1). Due to the transfer of planning competences from the national government to local authorities, the Lombardy Region and Municipality of Milan took the control over urban development. Hence, they set the stage for the consolidation of what I have called ‘planning by project tradition’ (section 4.1.2) in order to:

- a) Attract and channel capital investments into specific areas (i.e. dismissed industrial sites and underused areas), considered strategic for the growth of the city and the metropolitan area;
- b) Create new market demands;
- c) Simplify development procedures, back then still anchored to the rigid and statutory planning system of the past;
- d) Facilitate the creation of development coalitions and the negotiation between private players and local governments through the institutionalisation of PPPs.

The instrument chosen to achieve this goal was the PII (section 4.1.2). Urban development through area project became a praxis in Milan and, as a consequence, UDPs turned into actual ‘instruments of public policy’ (Del Cerro Santamaria, 2013: 334).

The area of the Fiera, now hosting CityLife, has been one of the main targets of the Milanese urban policies since the 1980s, as it is demonstrated by its inclusion among the *Progetti d'Area* of the *Documento Direttore del Passante Ferroviario*. Nevertheless, it was with the Albertini's administration that the re-development of the historical fair site took a turn. The introduction of a PII in 2003 was explicitly aimed at creating the conditions for the launch of an international call for project. The latter, in turn, would have determined the creation of a coalition, formalised in a PPP, that would have carried on the project.

Issue II: Process of urban development and actors

We turn now to the bargaining process (Savitch and Kantor, 2002) behind CityLife by answering the following research questions:

RQII_1) Who are the actors involved in the redevelopment of CityLife?

RQII_2) What are the resources mobilised and exchanged during the negotiation processes?

To answer this question, I divide the CityLife negotiation into two phases in order to point out whether the changing ownership of the site has shaped the bargaining process and the role of local governments.

- 1st phase

The first phase corresponds to the events that have determined the delocalisation of Ente Fiera in the outskirts of Milan and the launch of the international call for project. What emerges from the fieldwork is that the Region and the Municipality of Milan drove both operations. The transfer of the fair would have simultaneously generated two important development opportunities. At the same time, the operations would have allowed Fiera to grow, expand its activities, modernise its facility, and compete with the major European fairs. The leading role of the Region became even more evident when, in 1998, Ente Fiera turned into a private law Foundation and the management and financing of the fair system was transferred from the national government to the Italian regions. As we saw in section 4.2.1, the gradual expansion of the Fiera's activities needed substantial resources. To cope with that, local authorities mobilised their planning competences to introduce a PII. The latter was thought to be flexible and make the deal 'convenient' for both sides (i.e. Fondazione Fiera and the winner/s of the call). Accordingly, the agreement did not specify what had to be built in the area. On the contrary, the power to decide what to allocate in the site was entirely delegated to the designers and investors, whose only constraint was the density set by the *Accordo di Programma* in 1994.

- 2nd phase

After the launch of the international call for project, there was an important reconfiguration of the actors involved in the development of the area. Fondazione Fiera left the negotiation. Since then, the latter would have involved the regional and municipal authorities and the pool of investors headed by Generali Group. Once the international call was closed and the winners were elected, local authorities merely accompanied the project, thus becoming simple facilitator and mediator of the development process. This statement is confirmed if we look at the negotiations that have occurred throughout those years. The first negotiation brought about the adoption of the PII *Quartiere Storico Fiera Milano ed Aree Adiacenti* in 2005. The latter set the functions to be accommodated in the site and confirmed what established in the *Accordo di Programma* and Variant on the density of the project. The PII was revisited in October 2008 when the financial crisis hit the Milanese real estate market and, as a consequence, CityLife. Such a revision brought about, on the one hand, a reorganisation of the master plan with reference to the surfaces devoted to residential and tertiary development and, on the other, the construction of a new metro station mainly financed by the public sector (section 4.2.2). The PII was again revisited in the years to come: indeed, a new negotiation was open to postpone the completion of the project to 2016. In exchange, the developers committed to complete (and open) the park and the other public amenities. In 2013 the property and the management of the site passed in the hands of the Generali Group and, in 2018, the Municipality and CityLife Spa signed another operational convention. Through the latter, the City of Milan has further postponed the end of the work in order to allow the building of the Libeskind Tower and of the last residential units (section 4.2.2).

From the analysis of the negotiations, it emerges that since the beginning of the process:

- a) There have been no conflicts between the Lombardy Region and the City of Milan over the development of the site. Local authorities have mobilised their regulating power to facilitate the operation. This has resulted in a number of plans developed in coordination with private actors;
- b) Negotiations have been 'framed by market expectation' (Halbert and Attuyer, 2016: 10). Local governments have operated in the interest of private stakeholders in order to sustain their investment strategies. While in the first phase they allowed Ente Autonomo Fiera to make cash to move to the outskirt, in the second phase it is clear that local governments intervened to meet CityLife Spa's requests by re-negotiating the design of the project, improving the

accessibility of the site (metro stop *Tre Torri* in 2008), and postponing the end of the construction works (at now 2023).

- c) Regarding the pool of investors, we have seen that the latter has gone through a massive transformation over the years due to a loss of several partners. As I discussed in section 4.2.3, shareholders did have different profiles, diverging business plans, and distinct investment strategies. The story of CityLife demonstrates that to deal with and run projects of this kind, in a context characterised by economic uncertainty, it is necessary to ‘have broad shoulders’ (i.e. substantial financial capital), a long-term investment strategy, and technical expertise (to cope with changing market conditions and exogenous economic shocks). This is true even in a context like Milan, where the redefinition of the planning system already benefits private actors. Today the property of the site is in the hands of the Generali Group. Its long-term profit-making strategy and financial capacity have allowed the Group to resist to the crisis and become the only owner and manager of the UDP. Being the only private interlocutor will perhaps further benefit the Group in the future negotiations.

ISSUE III: Outcomes in terms of benefits for the actors involved in the process

RQIII_1) Who gains what?

With respect to private actors we can say that, as a matter of fact, the latter greatly influenced the course of the events, despite the internal conflicts within the shareholder board. As far as the Generali Group is concerned, we saw that CityLife plays a major role in its property portfolio: along with Tour Saint Gobain in Paris, the Milanese UDP represents the ‘flagship project’ of the company. We must acknowledge that the Group emerged as the only private partners able to absorb the risks and relaunch the process as soon as the impacts of the financial crisis slowed down, and the Milanese real estate market began to recover. This illustrates, on the one hand, the Group’s long-term profit-making strategy *vis a vis* its partners’ strategy, and, on the other hand, its financial power. Yet the Group had to face some ‘losses’, as it is demonstrated by the acquisition of the office towers designed by Hadid and of the residential units designed by Hadid and Libeskind. For the latter, sales were open in 2009 but have not been successful over the years. In order to attract potential buyers, since 2015 CityLife Spa has changed

commercial strategies by introducing rent, ‘rent to buy’¹²⁷, and ‘carlike’¹²⁸ formulas (Int24/MI).

As we saw in section 4.1.2, the bargaining model disciplined by the PII envisaged a strong public administration, able to negotiate with private operators on the basis of a precise (technical and financial) evaluation of the projects. The analysis conducted shows that that role was not played. This became clear when the crisis occurred, and they re-discussed the functional mix and the completion of the work with the private stakeholders. Have they gained anything from the re-development of the fair site? It is clear that the inclusion of social housing has never been at stake. The City of Milan never lobbied for it since the very early stage of the negotiation. With respect to the building fees (*Oneri di Urbanizzazione*) and monetisation¹²⁹, controversies arose between the City of Milan and the citizens (see also Mosciaro, 2018). The association *Vivi e Progetta un’Altra Milano* accused local governments of not having lobbied enough to ask for money compensation in exchange of building fees and density indexes. Therefore, they agree on stressing the lacking ‘political approach’ of CityLife Spa and of the local governments (section 4.2.2). Regarding the latter, neither the right wing nor the left-wing administrations have ever tried to dialogue with the citizens opposing the project. Interestingly, the lawyer of *Vivi e Progetta un’altra Milano* became Planning Counsellor in 2011 – and was appointed Vice Mayor in 2013 – when the new centre-left government went to power. The arrival of the new government coalition driven by Pisapia brought about a change: the administration, indeed, put public amenities at the centre of the negotiations. Despite this, civil society groups felt betrayed by the Municipality as they hoped that the latter would have been more sensitive to their requests to decrease the density of the project. Yet it is also important to say that the new coalition could not operate in that direction: the density of the area was, indeed, fixed in the legally binding *Accordo di Programma* so there was no room for manoeuvre for it. The only thing that could be done was to insist on the completion of the park and the other public amenities

¹²⁷ This option imposes a fixed periodical payment to buy the property.

¹²⁸ The option prescribes the payment of a preliminary deposit (21% of the price of the unit) and the annual payment of a rent corresponding to the 2% of the price.

¹²⁹ It is a tool used ‘when a facility or structure that must be built or provided cannot be done by any means; this tool is often applied in case of parking spaces and parks that, for one reason or another, cannot be fully provided by the developer. In such situations, the developer pays a fee to the city, which will become responsible for providing such service’ (Mosciaro, 2018: 226).

(section 4.2.2). The former was, indeed, inaugurated in 2016 even though its surface is smaller than what stated in the first version of the PII.

6.1.2 Analysis of Tour and Taxis (Issues I-II-III)

In this part, I draw conclusions from the description of T&T in order to address the three issues of my research design.

Issue I: Conditions for investments in UDPs

RQI_1) Under which conditions has Tour and Taxis in Brussels developed in terms of changing governance structure and planning regulation?

In Milan, we saw that the governance system and a redefinition of the planning instruments have been important conditions for the development of CityLife. In Brussels, the process has not been as ‘smooth’. Since the creation of the BCR in 1989, the governance system has been characterised by a strong fragmentation and overlapping competences among the distinct government levels. With respect to planning, the institutional fragmentation of the BCR was reflected in a hierarchical system based on a number of strategic and legislative plans issued by the regional government and municipal authorities (Table 5.1). As the first part of the empirical chapter indicates, since when the BCR was founded in the late 1980s, two priorities have driven urban development in Brussels:

- a) To reduce the socio-economic divide between the East and the West of the regional territory, a legacy of the processes of Europeanisation and post-industrial transition of the previous decades;
- b) To bring resident-tax paying population back to the city.

The Neighbourhood contracts were the first instruments to improve the residential appeal and economic attractiveness of the most disadvantaged areas. It was only in 2001 that the Region attempted to set some guidelines aimed at promoting project-based large-scale operations through PPPs. Despite these attempts, the fragmentation within the governance system still represented an obstacle for an improvement of the coordination among the distinct government levels. It is only in the 2010s, with the approval of the Sixth State Reform on the *Politique des Grandes Villes*, that the governance system started going through a process of reform and re-organisation, aimed

to redistribute planning competences and empower the regional level. The development of T&T must be framed in this context. Indeed, the project began almost in parallel with the institutionalisation of the BCR and shows quite clearly the complexity of the Belgian governance and planning systems.

Issue II: Process of urban development and actors

RQII_1) Who are the actors involved in the redevelopment Tour and Taxis in Brussels?

RQII_2) What are the resources mobilised and exchanged during the negotiation processes?

Unlike the Italian case, the conversion of T&T has not been characterised by a unique project (i.e. CityLife) but by a number of proposals (i.e. Music City in 1992, the Masterplan HOK in 2000, and the T&T master plan in 2004) and planning regulations. As I did for CityLife, I divide the analysis of the T&T development process into two main phases in order to highlight the increasing role that local governments acquired in the matter over time. In the following discussion I mainly focus on the negotiation started from 2001, that is to say from when the property was gradually privatised and the design of the area was framed within the T&T project masterplan.

- 1st phase:

The first phase corresponds to the negotiations on the sale of the Port of Brussels and National Railway Company's plots to the Belgian developers Leasinvest NV, Robelco NV, and IRET development. Unlike the Milanese case, the sale was not directly coordinated by either the regional government or the City of Brussels. On the contrary, it was the result of two independent and private negotiations between, on the one hand, the Port of Brussels and Leasinvest NV and, on the other, SNBC and Robelco NV. As I argue in section 5.2.1, the acquisition of the property brought about the formation of the joint venture NV Project T&T and that event paved the way for the second phase.

2nd phase:

The gradual privatisation of the property has gone hand in hand with the beginning of the negotiations on building permits (the land-use plan was fixed already in the 2001 in the PPAS delivered by the City of Brussels). Unlike what happened in Milan, where public authorities pulled together to deliver the first PII and modify the existing land use discipline, in Brussels that was not the case. Indeed, T&T has been targeted by a number of regional and municipal plan. In this concluding part of the dissertation, I believe it is worth starting the analysis from the discussions on the *Schema Directeur* in 2008 and the approval of the Regional Decree in 2009 because through which the Region has tried to create a strong framework for the development of the site. The former, although non-

binding, brought to the front some important indications that will be included in the modification of the PPAS in 2017. The specific example I want to provide is the debate about industrial heritage. Music City, the first masterplan proposed for the area, suggested the demolition of the historical buildings. However, when the joint venture took the control of the site, the preservation and restoration of the historical patrimony was incorporated again in the Masterplan HOK and, a few years later, included in the *Schema Directeur* and Regional Decree. As I show in section 5.2.1, the demolition of the industrial heritage was highly contested. Civil society and citizens associations, with the support of international organisations, successfully lobbied local authorities. The latter confirmed the restoration of the industrial assets, although shareholders disagreed on the profitability of such an investment. It seems clear that the industrial heritage was back then an important issue in the negotiation because of two reasons, one political and one economic: on the one hand, excluding it would have implied decreasing the consensus around the project, already at the centre of many civil disputes; on the other hand, the actors became more aware of the added value that the safeguarding of the industrial patrimony would have brought to the project. And, indeed, this last consideration proved to be true as, today, the industrial buildings are key in the marketing and branding of the site. What happened during those 9 years? Why did it take so long to approve the PPAS? Of course, the fragmented governance structure and the rigidity and complexity of the planning tools are two important factors to explain the length of the process. The planning tools did not provide enough flexibility to adapt to changing market conditions, as in the case of Milan. However, the negotiation was also influenced by the internal conflicts within the joint venture's board: shareholders had different visions on the regeneration of the site and, most importantly, distinct investment attitudes. The situation changed when the Extensa Group acquired the shares of the other partners in 2015 and became the only interlocutor of the local authorities. Interestingly, the Group's acquisition occurred when the Region decided to step in the process (section 5.2.2) and put pressure on the City of Brussels for the adoption of the PPAS.

From what I discussed above it emerges that:

- a) Unlike Milan, there has been a lacking coordination between the BCR and the City of Brussels. The complexity and rigidity of the planning system has not allowed them to mobilise their regulating power to facilitate the operation which, as a consequence, has been remarkably slowed down. In view of this, we can understand the regional decision to step in the process before the start of the final

negotiation on the building permits. Thanks to this move, the Region did affirm its willingness to accelerate the process, reach a compromise with the Extensa Group, and commit itself to the modification and implementation of the PPAS (section 5.2.2).

- b) In contrast to Milan, local governments did not mediate the sale of the area in the first negotiation phase. The matter was actually solved privately by the owners of the land;
- c) Unlike Milan, where citizens' demands have been completely ignored, local governments have taken into account civil society associations' demands in particular in the very first negotiations, as the case of the historical heritage proves;
- d) With reference to private actors, also in the case of Tour and Taxis we register a change in the shareholder structure. The Extensa Group appears to be the only actor that has had a long-term investment strategy and the financial resources to absorb costs and losses stemming from the project. This, in turn, has allowed the Group to become the only owner of the UDP and beneficiary of the profits that derive from the operation.

ISSUE III: Outcomes in terms of benefits for the actors involved in the process

RQIII_1) Who gains what?

T&T plays a central role in the investment and development strategy of the Extensa Group and AvH. If we look at the project in a historical perspective, we can notice that their operations have been driven by a long-term profit-making logic: all the time wasted in negotiations is finally paying off now. Today, the holding and its subsidiary are indeed benefitting not only from the regeneration of the site but also from the conversion of the broader Canal Zone which, in the meanwhile, has become crucial in the development strategies of the BCR (section 5.1.3).

What have local authorities gained? To address these questions, I would like to draw attention to three aspects that have been central in the negotiation:

- 1) Site's accessibility;
- 2) Public amenities;
- 3) Social housing.

Given the proximity of T&T to some of the most disadvantaged neighbourhoods of the BCR, the accessibility of the site has been a highly contested issue since the beginning of the project. While for the developer the improvement of the accessibility of the site meant

a greater connection towards the centre of the BCR and the Gare du Nord, civil society associations demanded a greater integration with the more disadvantaged western neighbourhoods. At present, the BELIRIS fund is financing a bridge, the *Passerelle Picard* (Figure 5.12), that will soon connect the canal with the Gare du Nord¹³⁰ (see also interview to the Prime Minister of the BCR in BRAL, 2017). The bridge will represent the main access to T&T from the East and will further increase the accessibility of the site, therefore the value of the area. Nevertheless, there is a growing concern that the opening towards the East will not be followed by the opening towards the West (Into1/BXL; Into9/BXL). Hence, citizens' groups have insisted on the park as it can potentially play a twofold role: on the one hand, it may help cope with the lack of public spaces and green areas in the (very dense) surroundings and, on the other, it may function as a connection between the western neighbourhoods and the canal. Today, we know that 9 ha of the area are devoted to the park and that the *Bruxelles Environnement* is the agency in charge of its management.

Regarding the provision of public amenities, during the negotiations there was a disagreement on the volumes to be devoted to public facilities: while the City of Brussels demanded 10% of public amenities, the Region only asked 5% (Int17/MI). In the 2017 PPAS, we see that the regional alternative prevailed (18,500 m² min). Nevertheless, discussions are still taking place these days, in particular on the building fees¹³¹ and on how they will be invested. The Region set up a working group, composed of the SAU and Perspective Brussels, in charge of analysing the need of the area (BRAL, 2017). The task is everything but easy as the final decision on the PPAS is in the hands of the City of Brussels.

The residential function was included in the mixed-use scheme designed by HOK and Altiplan and in the guidelines provided by the *Schema Directeur* in 2008. However, social housing was left out in the 2009 Decree. The 2017 PPAS does not provide for social housing but only for subsidised housing, that will cover 44,000 m² (30% of the total

¹³⁰ For more info, see: <http://www.beliris.be/projets/passerelle-picard.html>.

¹³¹ The *charges d'urbanisme* are disciplined by the art.100 of the CoBat (see). Who applies for building permits for large scale development is required to fulfil certain duties or pay a monetary fee to finance the construction of infrastructures and amenities. In case of cash payment, the minimum amount is set as follow: 125 EUR/m² for office space, 125 EUR/m² for retail, 90 euros/m² for tourist accommodation, 50 EUR/m² for housing, and 125 EUR/m² for parking (for more info see also: <https://www.1819.brussels/fr/blog/les-charges-durbanisme-bruxelles-en-quoi-consistent-t-elles>).

number of dwellings – 185,000 m² min—). Yet, as the Prime Minister claims, social housing is still part of the negotiation and might be included in the discussion on the building fees (BRAL, 2017). From the fieldworks I conducted it was clear that the absence of social housing from the design of the project was a ‘political decision’ taken by public authorities. The City of Brussels has never demanded it (Int11/BXL). By contrast, the Municipality of Molenbeek, that sat at table when the issue was discussed, requested it but without an estimation of the amount (Int17/BXL). As a consequence, the demand was not taken into account. Therefore, the Extensa Group has never needed to lobby against its inclusion in the master plan (Int15/BXL). This last consideration paves the way for a last reflection on the future clientele and users of the site. As in the case of CityLife, we saw quite clearly that the project was thought and designed to create a new demand and attract new urban populations. However, in the case of T&T, the issue is still at stake and the final decision will depend on the willingness of local authorities to assert their voice and, most importantly, on the coordination between the regional and municipal governments. Otherwise, the site risks to become an ‘enclave’ for high and middle-income households. Community groups have been expressing this concern since the 1990s (Vermeulen, 2015). The controversy emerged again after the contest for renaming the streets of the Gare Maritime: as it is reported in the Guardian’s piece, someone provocatively suggested ‘Rue de la Gentrification’, obviously a suggestion that does not appear among the selected names.

6.1.3 Comparative Analysis and Discussion (Issue IV)

Table 6-1: Guide for the comparison

THE GOVERNANCE OF LARGE-SCALE PROJECTS

Veronica Conte

Public Actors	Who	Lombardy Region Municipality of Milan	Brussels Capital Region City of Brussels
	Level of Political Coordination	Yes, since the beginning	No: Overlapping planning competences and different visions
			Reform of the governance system and centralisation of competences at the regional level since the 2015
	Resources Mobilised	Power to regulate land use and provide building rights (<i>Accordo di Programma</i> in 1994 and PII in 2004) and Re-regulate (Variant and Operational Conventions in 2008-2012-2014)	Power to set development guidelines (<i>Schema Directeur</i> in 2008; PRDD and <i>Plan Canal</i> in 2011) and regulate land use and provide building rights (Regional Decree in 2009; PPAS in 2001; PPAS in 2017)
	Interests	To create two development opportunities To increase fiscal budget Converging since the beginning	To create a development opportunity To intervene in the Canal Zone To bring back tax-paying population Quite converging but scarce level of coordination
Strategies	Reorganisation of the regulatory framework (PII) and re-definition of planning procedure (Variants and Operational Conventions) in partnership with private actors	Negotiation on planning fees	
	Who	Intermediary: CityLife Spa (SPV) Shareholder structure: two insurance companies (Generali Group and Allianz) and three traditional developers (Lamaro Appalti, Progestim -Società Immobiliare S.p.A, Group Lar) (section 4.2.3)	Intermediary: Project T&T NV Shareholder structure: three Belgian developers (Leasinvest NV – then Extensa Group –), Robelco NV, IRET Development (section 5.2.1)
		From 2013: Intermediary (developer): CityLife Spa Shareholder structure: Generali Group (section 4.2.4)	From 2015: Intermediary: Extensa Group Shareholder structure: AvH (section 5.2.3)

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Private Actors	Level of Coordination	Ambiguous in the first phase: different business plans and investment strategies (section 4.2.2)	Ambiguous in the first phase: different business plans and investment strategies (section 5.2.1)
		High since when the Generali Group has taken over (section 4.2.2)	High since when the Extensa Group has taken over (section 5.2.2)
	Resources Mobilised	Financial Capital Design, technical and financial expertise	Financial Capital Design, technical and financial expertise
	Interest	Profit-making strategy Maximisation of rent	Profit-making strategy Maximisation of rent Interest in the surrounding area (AvH owns shares in other development companies operating in the Canal Zone and the Extensa Group is also engaged in Riva Brussels – in front of T&T –) (section 5.2.3)
	Strategies	Re-adjustment of the functional mix on the basis of financial calculations	Negotiation of the functional mix on the basis of financial calculations
Negotiation	Issues at stake	Building rights/density never an issue Social housing never an issue Public amenities Accessibility of the site Money compensation Finalisation of the works (section 6.1.1)	Building rights/density Social housing Public amenities Accessibility of the site Money compensation Industrial Heritage (sectin 6.1.2)
	Political Approach	No	Ambiguous
	Level of Coordination between the private and public actors involved	Yes, since the beginning (section 6.1.1)	No at the beginning of the project (conflicts among public authorities and within the shareholder board) (section 6.1.2) Yes, since the Region has stepped in the process and Extensa has acquired the site (section 6.1.2)

Source: Author's own

Having analysed the specificity of the two UDPs, in this section I engage with last issue of my research design in order to discuss two variegated forms of governance of large-scale projects in two European cities (O3) and address the final research question guiding my work. Table 6.1 summarises the main converging and diverging elements emerging

from the analysis of the actors and of the negotiation processes behind the implementation of CityLife and T&T. In general terms, we can say that the governance of the two projects has relied on and has been sustained by the consolidation of a development coalition (gathering local governments, developers, and financiers) interested in promoting urban growth. The analysis of the two cases and the issues at stake in the negotiations (Table 6.1) recalls the ‘development regime’ typology developed by Stone (1993):

‘Development regimes are concentrating primarily with *changing land use* in order to *promote growth* or counter decline. Therefore they represent efforts to modify established social and economic patterns and they involve the *linking of private investments to public action*. For private investors to commit their resources, they must believe that positive change is feasible and they may well see a series of public action to assure that feasibility. These steps may consist of acquiring and clearing land, *building public facilities*, or *providing public subsidies*’ (Stone, 1993: 19, emphasis added).

The governance of UDPs is increasingly shaped by the adoption of entrepreneurial strategies and an instrumental use of planning. Nevertheless, while in Milan this was clear since the very beginning, in Brussels local governments have not had the conditions to do so until very recently. Therefore, including the cases within such a typology does not allow me to explain the significant differences between Milan and Brussels. The latter are connected to two elements:

- The stability of the development coalitions;
- The bargaining power of local governments;
- The outcomes of the negotiations.

In both cases, the coalition driving the real estate operations and the power relationship among the public-private partners have not been stable over time, in particular in the early days of the development. In Milan, the instability of the coalition mainly depended on the lacking coordination among the shareholders of the SPV CityLife Spa. In the case of Brussels, the stability of the coalition was also undermined by an insufficient coordination among the public authorities.

In both cases, local governments have been ‘confronted with a trade-off’ (Savini and Aalbers, 2015: 4): while trying to capture part of the value generated by means of urban transformation, the ‘increased investment costs’ made ‘it harder to negotiate, since excessive public demands risk jeopardising the financial sustainability of the

intervention' (Savini and Aalbers, 2015: 14). To cope with this, they have developed distinct strategies to shape the institutional and regulatory planning frameworks and, above all, sustain the sustainability and profitability of capital investments. While local governments in Milan have coordinated to mobilise their regulating power to facilitate the operation, in Brussels this has not happened until very recently because of the complexity and rigidity of the planning system and the lacking coordination among the BCR and the City of Brussels. In this last case, local governments bureaucratically governed the project as neither of them had the means and power to unlock planning procedures (as it happened in Milan). Nonetheless, over the last years and in particular since the approval of the planning reform in 2015, the vicissitudes related to the T&T case give us a different picture. The Region is pushing for the adoption of a more entrepreneurial governance of the project in order to stimulate the transformation of the Canal Zone and the implementation of the *Plan Canal*.

In Milan, negotiations have substantially benefitted finance capital actors since the beginning. Local governments have enabled private partners to develop the project according to market and financial expectations through the introduction of 'de-contextualised' and flexible planning regulations aimed at unlocking the projects when necessary (Savini and Aalbers, 2015). This reflects the Milanese 'entrepreneurial culture' (McGuirk and Mac Laran, 2000: 443) that has guided urban development through large-scale projects since the 1990s. Yet it illustrates that, in the specific case of CityLife, there has been a shift to a financialised governance of UDP in which:

- Finance capital visions and logics become dominant;
- Urban development is intentionally and instrumentally depoliticised through a scarce, if not even absent, involvement of citizens in the decision-making process (Theurilat et al., 2016: 1510);

In Brussels, local governments have not played a passive role in the development of T&T and, actually, still have a leading role in the negotiations on the project. T&T is certainly benefitting the private stakeholders, but the game is still open. Public authorities have a great interest in governing the project in order to generate positive externalities for the broader canal area which, as we saw, is the main objective of the BCR and the involved Municipalities.

I would like to conclude the section by answering the last research question: RQIV_2) To what extent and how do CityLife and Tour and Taxis become part of and sustain political agendas in Milan and Brussels?

In *Municipal statecrafts: Revisiting the Geography of the Entrepreneurial City* (2016), Lauermaann claims: ‘Entrepreneurial urbanism is not only speculative but more broadly *experimental*. (...) While growth politics are evaluated on the basis of return of investment, experimental forms of entrepreneurial urbanism are evaluated with a broader range (and often self-defined) range of metrics associated with policy agendas like smart (Gibbs et al., 2013), resilient (Raco and Street, 2012), self-sufficient (March and Ribera-Fumaz, 2014), or world-class (Goldman, 2011) cities’ (2, emphasis added). This quotation recalls the critique in *Urban Regime Analysis of the ‘cities lose if business wins’* (Savitch and Kantor, 2002: 34) and ‘*the cities cannot choose*’ (Ibidem: 36) arguments. According to such critiques, local governments do not play a passive role in urban development, i.e. their role is not to be neglected in any analysis of urban development. By contrast, they have specific political agendas to address, such as expanding development and ‘selling themselves as tourist cities, as research and technical centers, or as retirement communities’ (Ibidem). Having premised so, I argue that the governance of UDPs and the bargaining between local government and finance capital in Milan and Brussels are explicative of the distinct political agendas pursued by public authorities.

As we saw in the section *Milan as a planning laboratory*, urban regeneration through UDPs has represented the core of the city’s urban development strategies since the 1990s. The affirmation of what I call the ‘planning by project tradition’ and the consolidation of PPPs served to open to the arrival of financial capital. The final objectives were to position the city on the map and increase its competitiveness in the global real estate market. CityLife is an emblematic example of this international political agenda. The project has enhanced and promoted a new image of the city at the international scale and, at the same time, has represented a ‘real estate magnet’ at the very local scale. Today it is key in the City of Milan’s marketing campaigns, in particular after the 2015 World Expo (Associazione Brand Milano, 2017).

In the case of Brussels, both public authorities (Int13/BXL) and private actors consider T&T as a sort of ‘lab’ that has served to test the functioning of the governance and regulatory systems of large-scale development in Brussels. The Region has been the most proactive public authority in the development as is demonstrated by the number of regional proposals on the area through which it sought to orient its development. How to explain this? The project represents a big opportunity to change the image of the surrounding areas and is pivotal to the conversion and regeneration of the Canal Zone which is today’s regional development priority. The Region is also a major stakeholder in the area: it owns 313 ha of land and is developing and promoting several projects, such

as the *Plan Canal* and the Tivoli Green Project. Therefore, it is in their interest to consolidate their power in urban development and coordinate the transformation of the Canal.

6.2. CONCLUDING REMARKS

6.2.1. Contribution to the literature

Earliest contributions on Urban Regime Analysis in Europe (see Di Gaetano and Klemanski, 1993, Harding, 1997; Kantor et al., 1997; Savitch and Kantor, 2002) revealed that in the old continent there were still some factors inhibiting the active involvement of business in local polics (Mossberger, 2011). My dissertation on the governance of large-scale projects in Milan and Brussels shows that this is not the case any longer. Private actors and financial capital do play an important role in development coalitions and contribute to the achievement of public entrepreneurial goals (section 6.1.3). However, as my comparison shows, the governance of UDPs differs considerably from context to context on the basis of the distinct interaction between local governments and finance capital. While Urban Regime Analysis' theoretical lenses are not enough to explain them, the recent accounts on the financialisation of the city and urban governance are useful to show how some governance settings are becoming increasingly financialised and the extent to which UDPs respond not only to logics of rent maximisation but also to financial logics (as the CityLife case suggests).

The analysis of CityLife in Milan and T&T in Brussels confirms that uncovering the role of local governments is crucial for understanding today's urban development and coalitions. It moreover confirms that public authorities strongly rely on financial capital not only to sort out public budget's problems but also to push their public political agendas forward.

My dissertation responds to Pasqui's call to produce more evidence on the change of the Milanese real estate market in relation to the role of local administrations (2019). It has shed light on the ultimate goal of such developments – the promotion of Milan as an international city – that requires and is sustained by financial actors and capital.

As far as Tour and Taxis is concerned, several studies have been carried out on the project. However, my study provides further insight because of the timing it has been

carried out. 2015 was an important year because it signalled a change in the regional political agenda on UDPs that was simultaneous to the acquisition of the site by AvH. These circumstances have greatly impacted on the evolution of the case study itself and, as for the political and economic relevance of T&T, will probably have consequences on the way UDPs will be governed in Brussels in the coming years.

With respect to the research design, my work further stresses the importance of comparison in urban studies in particular when studying urban governance processes in Europe. The latter, indeed, is intrinsically related to the political economy of cities. Understanding the latter in a historical perspective, in turn, provides interesting insight to explain whether the governance of UDPs is converging towards unique model or not.

6.2.2 Limitations and suggestions for future research

The first limitation of this work concerns the collection of data. The number of interviews in Milan and Brussels is not equal. Moreover, I did not manage to interview the main investors of the UDPs: the Generali Group, in the case of CityLife, and AvH, in the case of T&T. I am convinced that meeting them would have added more elements for an understanding of their investment logics and strategies and, most importantly, of their role in the development coalitions behind the projects.

Another limitation of my research has to do with the fact that I have put UDPs at the centre of my analysis. This might have not facilitated a broader picture of how local government and finance capital interaction plays out in projects of different scales. CityLife and T&T, although being very strategic in the development of both the urban/regional contexts, may be not representative of the wide range of transformations occurring in Milan and Brussels.

The data analysis has certainly pushed me to reflect on how this dissertation may be continued in the future. The literature on the financialisation of urban governance (Anguelov et al., 2018: 589; Van Loon et al., 2018; Aalbers, 2019c) and the studies on real estate as ‘a policy project’ (Ashton et al., 2016) and ‘state strategy’ (Aalbers, 2019c) are increasingly drawing attention to the instruments and methods used to link public finances to real estate development. In this dissertation such a focus has not been developed in detail, although the topic comes out when I talked about the relationship between state restructuring, planning systems, and fiscal policies (sections 4.1.2 and 5.1.2).

In order to provide more evidence on the governance of UDPs and uncover varieties within the same urban context, future studies should engage with the analysis of other empirical cases in Milan and Brussels. Across the interviews in Milan, participants often compared CityLife with other two Milanese large-scale projects: Porta Nuova and Santa Giulia. The latter, although launched in early 2000s, have had very different trajectories. This, in my view, might be explained by scrutinising the power relations among the actors which in turn may depend on the profile and strategies of the public and private partners. With respect to Brussels, it would be interesting to compare T&T with public-led projects, such as the Neo Project or the Tivoli Green City development. As mentioned in Chapter 5, one important stakeholder of the former is the City of Brussels. As far as Tivoli Green City is concerned, we know that it is developed and promoted by CityDev, a para-regional agency. Thus, an investigation as such may add some interesting insights on the governance of UDPs in Brussels.

To conclude, there is a need to evaluate and grasp governance varieties within national trajectories. To do so, I recommend comparing Milan, considered as a sort of exception in the country (Nomisma, 2017; Scenari Immobiliari, 2017; ULI, 2017) with other Italian cities (e.g. Rome, Naples) and Brussels with other major Belgian cities (e.g. Antwerp).

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APPENDICES

Appendix A: Research Design Outline

Objectives				
<p>O1) To discuss two variegated forms of urban governance of large-scale projects in two European cities; O2) To investigate the role of the government, in particular of local governments, in creating the conditions for the implementation of CityLife and Tour and Taxi; O3) To understand the role of CityLife and Tour and Taxis within the public political agendas of Milan and Brussels.</p>				
Issues	I) Conditions	II) Process	III) Outcomes	IV) Comparison
RQs	<p>RQI_1) Under which conditions have CityLife in Milan and Tour and Taxis in Brussels developed, in terms of changing governance structure and planning regulations?</p>	<p>RQII_1) Who are the actors involved in the redevelopment of CityLife in Milan and Tour and Taxis in Brussels?</p> <p>RQII_2) What are the resources mobilised and exchanged during the negotiation processes?</p>	<p>RQIII_1) Who gains what?</p>	<p>RQIV_1) What are the differences between the processes leading to the redevelopment of CityLife in Milan and Tour and Taxis in Brussels?</p> <p>RQIV_2) To what extent and how do CityLife and Tour and Taxis become part of and sustain public political agendas in Milan and Brussels?</p>
Data	<p>Secondary data (literature and documents) supplemented by primary data (explorative meetings and interviews)</p>			

Appendix B: Interview Guide (Milan)

Brief premise

The interview was aimed at gathering information:

- a) On urban development at the city scale;
- b) On the dynamics driving the redevelopment of the CityLife site.

It was divided into two parts:

1. Questions on Milan sought to grasp the relevance of real estate for the economy of the city, how real estate is regulated and by whom, the changing profile and strategies of the main actors engaged in urban development, the conflicts (if any) among public actors, and, lastly, the vision on the future development of the city;
2. Questions on City Life were meant to see how those dynamics depicted at the city scale are played out at the project-level: the strategic role of the area, the changing profile and strategies of the actors involved in the project, the conflicts (if any) among them, the reconfiguration of power and how the latter has affected the UDP, the main risks of the project, the contribution of CityLife for the future development of Milan.

Introduzione

- Chi sono, di cosa mi occupo, gli obiettivi della mia ricerca;
- Autorizzazione a registrare (l'intervista rimarrà anonima e durerà dai 30 ai 45 minuti).

Milano

- Quanto influisce il settore immobiliare sulla crescita della città?
- Come sono geograficamente distribuiti gli investimenti immobiliari sul territorio Milanese?
- Chi sono i principali attori immobiliari oggi?

- Come è cambiato il loro profilo e come sono cambiate le loro strategie nel tempo?
- Come sono distribuite le competenze in materia urbanistica?
- Come è evoluto il sistema di pianificazione?
- Qual è la visione sul futuro della città? Dove sta andando Milano?

CityLife

- Come è cambiato storicamente il ruolo dell'area nella struttura metropolitana di Milano?
- Quali fattori hanno reso e rendono il sito strategico da un punto di vista immobiliare?
- Quali sono le competenze pubbliche sull'area?
- Perché Fiera Milano decise di vendere l'area?
- Cosa c'era alla base delle negoziazioni?
- Chi sono gli attori privati coinvolti nello sviluppo dell'area? Qual è il loro profilo? E la loro strategia d'investimento?
- Come sono cambiati gli attori?
- Perché il progetto di riqualificazione ha subito storicamente arresti e riprese?
- Quali erano e sono i maggiori rischi legati allo sviluppo dell'area?
- Come vede il contributo di quest'area nello sviluppo della città?

Conclusione

- Ha qualcosa da aggiungere?
- Ha contatti da suggerire?

Appendix C: Interview Guide (Brussels)

Brief premise

The interview was aimed at gathering information:

- a) On urban development at the city/regional scale;
- b) On the dynamics driving the redevelopment of the Tour and Taxis site.

It was divided into two parts:

1. Questions on the city/regional scale sought to grasp the relevance of real estate for the economy of the city, how real estate is regulated and by whom, the changing profile and strategies of the main actors engaged in urban development, the conflicts (if any) among public actors, and, lastly, the vision on the future development of Brussels;
2. Questions on Tour and Taxis were meant to see to see how those dynamics depicted at the city scale are played out at the project-level: the strategic role of the area, the changing profile and strategies of the actors involved in the project, the conflicts (if any) among them, the reconfiguration of power and how the latter has affected the UDP, the main risks of the project, the contribution of T&T for the future development of Brussels.

Introduction

- Who I am, what my research is about, the goal of my work, and why I think the interviewee's contribution is important;
- Question of confidentiality (I will keep the anonymity and the interview will last around 30-45 minutes).

Brussels

- How relevant is real estate development to the economy of the city?
- What is the geography of investment in Brussels?
- Who are the main real estate actors in Brussels today?

- How have their profile and strategies changed over time?
- How are the planning competences distributed?
- How has the planning system evolved over time?
- What is the vision on the future development of Brussels? Where is Brussels heading to?

Tour & Taxis

- How has historically changed the role of the area in the metropolitan structure of the city?
- Why is it considered strategic for the redevelopment of Brussels Capital Region?
- What are the competences and responsibilities of the public sector on the area?
- Why did public authorities started selling the land to private developers?
- What was at the basis of the exchange?
- Who are the private actors involved? What is their profile? And what are their strategies of investments?
- Have the actors changed over time?
- Why did previous attempt to redevelop the site fail?
- What are the main risks related to the development of the area?
- What is the contribution of the area for the future development of the Brussels Capital Region?

Conclusion

- Do you have anything to add?
- Would you suggest someone to contact for further interviews?

Appendix D: Interviews in Milan

Reference	Participant Profile	Focus
Into1/MI	Housing Cooperative	Milan
Into2/MI	Activist	Milan
Into3/MI	Academic	Milan and CityLife
Into4/MI	Academic	Milan and CityLife
Into5/MI	Journalist	Milan
Into6/MI	Academic	Milan and CityLife
Into7/MI*	Public Servant (Municipality of Milano)	Milan and CityLife
Into8/MI*	Civil Society Organisation and former Generali Group's worker	Milan and CityLife
Into9/MI	Real Estate Consultant	Milan and CityLife
Int10/MI	Journalist	Milan and CityLife
Int11/MI	Activist	Milan and CityLife
Int12/MI*	Public Servant (Municipality of Milan)	Milan
Int13/MI*	Public Servant (Municipality of Milan)	CityLife
Int14/MI	Journalist	Milan and CityLife
Int15/BXL	Former Public Servant (Province of Milan)	Milan
Int16/MI	Fiera Milano	Milan and CityLife
Int17/MI	Architect and former counsellor of the Municipality of Milano	Milan and CityLife
Int18/MI*	Real Estate Consultant	Milan and CityLife
Int19/MI*	Architect	Milan and CityLife
Int20/MI*	Assolombarda	Milan and CityLife
Int21/MI*	Assolombarda	Milan and CityLife
Int22/MI***	Real Estate Consultant	Milan and CityLife
Int23/MI	Real Estate Consultant	Milan and CityLife
Int24/MI**	City Life Spa	CityLife
Int25/MI**	City Life Spa	CityLife

Source: Author's own

* These interviews were conducted together

** These interviews were conducted together

*** Skype Interviews

Appendix E: Interviews in Brussels

Reference	Participant Profile	Focus
Into1/BXL	Academic	Brussels and T&T
Into2/BXL	Civil Society Association	Brussels and T&T
Into3/BXL	Independent Researcher and Activist	Brussels
Into4/BXL	Academic	Brussels
Into5/BXL	Academic and Politician	Brussels and T&T
Into6/BXL	Politician	Brussels and T&T
Into7/BXL	Civil Society Association	T&T
Into8/BXL	Public Servant (Regional Planning Agency)	Brussels and T&T
Into9/BXL	Planner	Brussels and T&T
Into10/BXL	Public Servant (Regional Planning Agency)	Brussels and T&T
Into11/BXL	Public Servant (Brussels' Municipality)	Brussels and T&T
Into12/BXL	Academic	Brussels
Into13/BXL	Public Servant (Regional Planning Agency)	Brussels and T&T
Into14/BXL	Civil Society Association	Brussels and T&T
Into15/BXL	Extensa Group	T&T
Into16/BXL	Port of Brussels	T&T
Into17/BXL*	Public Servant (Regional Planning Agency)	Brussels and T&T
Into18/BXL*	Academic	T&T
Into19/BXL	Public Servant (Molenbeek's Municipality)	Brussels and T&T
Into20/BXL*	Developer involved in Tour and Taxis in the past	Brussels and T&T

Source; Author's own

*Unlike the others, these two interviews were conducted via Skype