

Urban Maestro

New governance strategies
for Urban Design

Milan REFLOW

a case study of urban design governance
for the regeneration of traditional public
assets through a new management model
and the circular economy paradigm (IT)

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1. CONTEXT AND ADMINISTRATION

1.1. Milan's smart city strategy and urban regeneration governance

In order to become competitive in an international environment, the City of Milan has decided to support urban development and offer better services by turning the city and its metropolitan area into a “smart city.”

Citizen mobility generates a wide range of problems that can be difficult to tackle as cities grow in size and complexity. Furthermore, large, growing cities also represent those places where inequalities are stronger and, if they are not managed correctly, their negative effects can exceed the positive ones.

This is why the city, as part of its smart city strategy, decided to invest strongly in urban regeneration governance, keeping in mind that growth should be accompanied by social innovation policies that avoid dangerous gentrification processes, prevent the emergence of social problems and guarantee social cohesion.

It should be underlined that a public administration, on its own, cannot simply transform a city into a smart city; its role consists of creating a favourable environment and promoting the required tools in order to help the best players, within its area, to work successfully towards common and shared goals, thanks to the right mix of **hard power** and **soft power** tools.

Indeed, while some projects can be directly promoted and implemented by the private sector, other projects necessitate a public-private partnership while in some cases financial support is necessary (i.e. where a financial gap has been identified because the public benefits strongly outperform the private benefits).

1.2. Circular Milan

In 2019, the Municipality of Milan set a series of clear targets in order to speed up the transition to a circular economy,¹ with the targets having been set at the micro and

¹ <https://www.ellenmacarthurfoundation.org/circular-economy/concept>

macro levels. The former concerns the policies of companies, while the latter focuses on citywide policies. **Milan's goals** include, among others:

- A 20% reduction in greenhouse gas emissions by 2020 and a 45% reduction by 2030 through the use of renewable sources for energy production, reduction of energy consumption and the electric transition of local public transport
- Limit the increase in urban temperature to within 2°C
- Achieve a 70% recycling rate by 2030
- A 42% increase in the population directly being served by public transport in the next 10 years
- Become a carbon neutral city by 2050
- Reduce food waste by 50% by 2030²

In recognition of its Circular Economy programme, in 2019 Milan was invited to join the Circular Economy 100 (CE100) network, operated by the Ellen MacArthur Foundation. The Ellen MacArthur Foundation³ works with businesses, governments and academia to develop an economic framework that is restorative and regenerative by design. Since its launch in 2010, the foundation has placed the circular economy on the agenda of global decision makers in business, government and academia.

1.3. About this paper

This paper examines a case of urban design governance for the regeneration of traditional public assets: Milan's municipal covered markets, through a new management model and through a broader offer of functions that mixes commercial and socio-cultural purposes; moreover, it will be explained how Milan is testing an innovative circular economy paradigm within some of these markets, thanks to an EU-funded project entitled "REFLOW."⁴ Furthermore, how city makers approached this multifaceted challenge will be described, such as how they have:

- Faced regeneration and connected expensive renovations costs for municipal covered markets;
- Developed a new management model and improved the efficiency of the process;

² https://www.c40.org/cities/milan/case_studies

³ <https://www.ellenmacarthurfoundation.org>

⁴ <https://reflowproject.eu>

- Made those markets more attractive and sustainable from an economic and environmental point of view, through a participatory approach.

In terms of urban design governance tools, this initiative encompasses more than one tool: the physical regeneration of municipal covered markets implies a mix of two strategies: analysis and ratings, in addition to considering the evaluation of different proposals and therefore different options. For the REFLOW activities, “Exploration” seems to be the main tool, referring to:

- Proactive engagement, such as design-led community participation;
- Professional investigation, such as research and on-site experimentation.

2. BACKGROUND CONDITIONS

2.1. Municipal covered markets: public assets to be renewed and enhanced

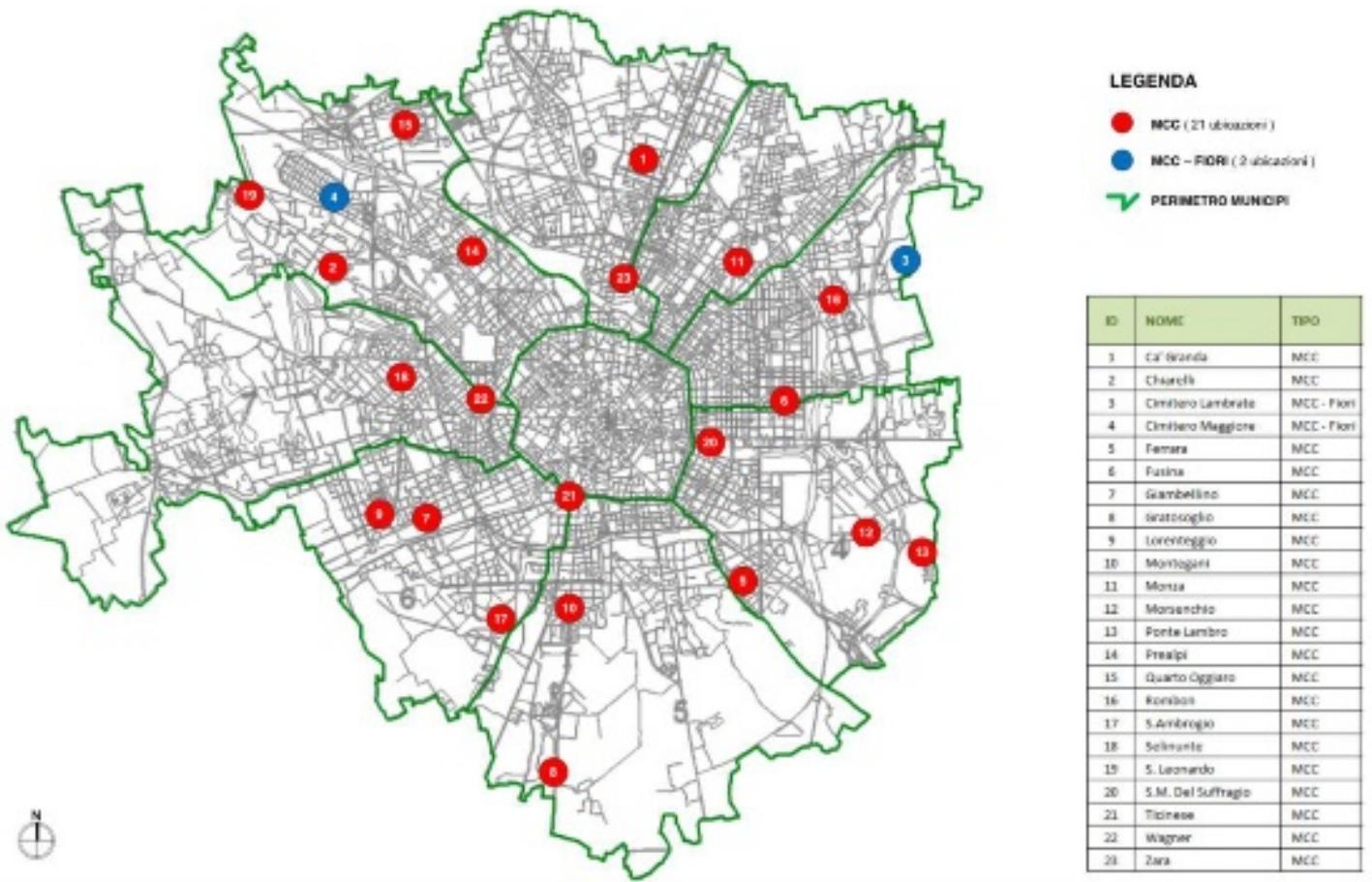
The City of Milan owns **23 markets** built from the 1920s through the 1960s as centres of commerce. Those commercial buildings were erected and given concessions at lower than market concession rates with the aim of moderating staple food prices to support the nutritional consumption of low-income citizens.

With the exceptions of two of the 23 markets, for which a unique concessionaire had been already identified for the management of the entire space, all the markets are normally managed directly by the municipality, who, on the basis of a short/medium-term concession, assigns commercial spaces directly to traders (about 215).

Due to the reduction of typical and atypical maintenance alike achieved in past years, as well as to the change in the buying habits of consumers and the increasing competition from viable commercial alternatives (i.e. commercial centers and on-line shopping) for food products as well, markets now suffer from high vacancy rates, decaying facilities, and declining community interest in neighborhoods.

The Municipality intends to revitalize those markets citywide, further recognizing that markets can represent a unique opportunity to contribute to the transformation of neighborhoods by supporting economic development and **social integration**.

What differ are those examples of cities, particularly in the European Union and the United States,⁵ that have successfully revitalized public markets, transforming them into attractions and amenities for **local communities** and visitors.



Municipal covered Markets in Milan

While the operating structures and governance models vary considerably, the characteristics of successful market revitalization projects include:

- Multi-functional facilities to support varied uses,
- Integration of both traditional and non-traditional vendors and services,
- Public programming that highlights market offerings, responds to community needs and/or provides local entertainment,
- Architectural design interventions and historic preservation of original structures that make the market facilities more interesting.

⁵ Some examples include the Mercato Testaccio in Rome, Mercato di Mezzo in Bologna, Mercato Santa Catarina in

Barcelona, Eastern Market in Detroit, and Pike Place Market in Seattle.

Milan's 23 markets differ from one another considerably. Indeed, while some are located in the central areas, others are located in suburbs characterised by unemployment, high percentages of the elderly, and a multi-ethnic presence. In addition, while some of these markets remain fully occupied, others have presented low occupation rates (less than 50%). Additionally, in terms of **restructuring costs**, there can be strong financial differences (from a few hundred thousand Euros to more than one million Euros). These strong differences require the definition of specific strategies for each market or group of markets. Indeed, it is a challenge to adopt a common revitalization policy mainly if the goal of the Municipality consists of making those markets into tools by which to achieve **urban regeneration** and **social inclusion**.

2.2. REFLOW project

In 2019, the Municipality of Milan was the winner of an H2020-SC5-2018-2019-2020 call, aimed at "Greening the economy in line with the Sustainable Development Goals (SDGs)," together with 26 other partners across Europe, including universities, public authorities, Fab labs, NGOs, and research bodies, led by the Copenhagen Business School as project coordinator.



REFLOW Approach: Sally Bourdon, Manuela Reyes Guerrero. IAAC

The name of the winning project was "REFLOW," whose acronym stands for "**c**onst**R**uctive **m**Etabolic **p**rocesses for materia**L** f**l**OWs in urban and peri-urban environment across Europe." The Municipality of Milan, specifically, had the possibility of launching a pilot, financed by the project, with a focus on its urban and peri-urban agri-food systems and within the municipal covered markets as its main field of experimentation.

The idea was to start from these symbolic places of city production/distribution for their evolution that integrates open innovation and the circular economy through the definition of new approaches and tools to support a transitional path towards more circular agro-food systems, thereby contributing to food security, sustainable resource management, innovation and job creation.

In this sense, REFLOW was the perfect opportunity for the local administration to engage in an already planned regeneration process and to be able to **leverage innovative dynamics** capable of going beyond mere environmental sustainability.

Indeed, the ambition was to draft and develop developmental policies for **public spaces** with the triggers stemming from the new paradigms of the circular economy as well as the opportunities offered by the "maker movement" that has been linked to the new, digital urban manufacturing.

3. PROJECT DESCRIPTION

3.1. REFLOW's concept

The vision of REFLOW is to develop circular and regenerative cities through the **re-localization of production** and the re-configuration of material flows at different scales. More specifically, it will use Fab Labs and makerspaces as catalysts of systemic change in urban and peri-urban environments, in order to reduce material consumption, maximize the multifunctional use of (public) spaces, and envisage regenerative practices.

Concretely, REFLOW aims at providing realistic best practices aligning market and government needs in order to create favorable conditions for the public and private sector to adopt **circular principles**. In order to provide concrete examples of how cities

can adopt a CE model and achieve the 2030 Sustainable Development Goals, REFLOW will create new Circular Economy business models (the Distributed Design Market model, On-Demand System, Corporate Hacking and the Corporate Pyramid) within six pilot cities (Amsterdam, Berlin, Milan, Paris, Vejle and Cluj- Napoca) and assess their social, environmental and economic impacts.

The project will make use of blockchain technologies in order to incentivize circular practices in local ecosystems and will further utilize data visualization tools in order to enable the continuous monitoring and optimization of “urban metabolic” processes and rapid interventions management. Networks of sensors, urban computing, and geo-localization will capture data ensuring accuracy, integrity and interoperability of relevant data infrastructures, while data visualization and standard templates will be available for effective communication, public consultation, and exchanges of experiences.

3.2. Milan's pilot

REFLOW started in June 2019 and will end on 31st May 2022; the pilots' activities started in autumn 2019⁶. The other Italian partners of REFLOW, in addition to the Municipality of Milan, are:

- Politecnico di Milano - Polifactory as a fab lab and Design Policy Lab;
- WeMake – fab lab;
- OpenDot – fab lab;

Municipal markets have been defined as “**places to co-produce circular solutions**” engaging citizens and companies. The pilot aims to support the city's vision on circular food by providing sustainable solutions at the local market level. As such, the pilot will foster and test sustainable food logistics, develop market laboratories to disseminate circular practices, track the origin and quality of agricultural products and analyse the interrelations between rural and urban communities.

In a long-term view, the general objective is to develop a circular agri-food pilot project, connecting agricultural activities in peri-urban areas to municipal covered markets, developing different circular and technological solutions for sustainable food logistics

⁶ <https://reflowproject.eu/pilots/milan/>

and transportation activities, smart food transformation, distribution and conservation processes.

Testing this approach with selected pilot markets, the goal will be to extend the positive results to other municipal markets, following the notion of scalability. Five municipal markets have been identified for testing the Reflow project: Ferrara, Morsenchio, Ponte Lambro, Prealpi, and Ticinese.

In the short-term, REFLOW will contribute to:

- [Local Economy goal] disseminating and spreading circular practices in the agro-food field among the traders of the municipal covered markets, activating "market laboratories" managed by the three fab labs (Polifactory – OpenDot – WeMake);
- [Policy goal] enhance the municipal covered markets as community hubs for the neighborhoods in which they are territorially located;
- [Citizens awareness goal] involve citizens in circular agri-food chain issues and in the fight against food waste;
- [PPP] compel the business world to participate in the public and private partnership processes to enhance public spaces as drivers for the local economy in the peripheral areas of Milan.

The Municipality of Milan intends to enhance the great social and commercial heritage of the distribution structures that had been born in the 50s, and adapt them to **emergent consumption patterns** and lifestyles, through co-design labs with local public and private stakeholders, managed by Fab Labs with the goal of developing prototypical experiments in the local agri-food supply chain.

4. INNOVATIONS IN THE MANAGEMENT OF PUBLIC ASSETS

The Milanese REFLOW pilot is strategically part of the **urban regeneration governance** designed by the city administration concerning municipal covered markets.

The administration has in fact decided to progressively alter the administrative and managerial framework of management of the 23 markets with a threefold objective in mind:

1. Increase management efficiency, decrease the bureaucratic burden and ensure a contemporary management model with respect for the new needs of citizenship;
2. Expand the range of functions found within the markets, from the mere trade of edible products to the possibility to sell cooked food; the objective pursued was to create hybrid functional forms that would also combine social, cultural and recreational functions with commercial functions;
3. Test a business model capable of relieving the administration from the burden of restructuring costs, and seek, within a public private partnership, an economically sustainable model that would transfer the renovation costs on to the new manager.

With those goals to be achieved, it is pretty clear that small and medium projects, like the ones mentioned above, can also play an important role in improving citizens' quality of life.

Unfortunately, it's also true that even if certain experiments dealing with the urban regeneration of small areas have already been implemented or undertaken by the City of Milan, the city or other local public authorities own numerous buildings, in both the town centre as well as in the suburbs, that are dilapidated or completely abandoned, thus leading to management problems (occupation/squatting, misuse, etc.) and often representing a barrier to the integration of local communities.

If so, a new “formula” for the management of municipal covered markets had to be identified and tested.

5. FINANCIALLY VIABLE OPTIONS AND MAIN CHALLENGES

In the framework of an initiative called “RICE,”⁷ where the European Investment Bank (EIB) provided multiregional assistance, the Municipality was able to perform a

⁷ <https://www.fi-compass.eu/mra/multi-region-assistance-mra>

feasibility study regarding the launch of an urban development fund which is useful for the financing of urban regeneration projects and to effectively develop **urban design governance**.

By taking into consideration the analysis of specific projects intended to assess the existence and characteristics of financial gaps and identify potential solutions, as well as on the basis of the priorities defined by the Municipality, the RICE project has been focused on the renewal of public buildings, such as the revitalisation of the municipal covered markets.

According to this feasibility study, a **Financial Instrument** (FI) supporting the different development strategies could be highly useful to facilitate the restructuring of the municipal covered markets, but it should also be highly flexible and be able to take into consideration the different needs that must be met and goals that must be achieved in terms of social impact as well.

It has been witnessed during the development of the study that the process of developing an FI as a city fund is not an easy task, as it requires specific know-how and adequate timing given that various stakeholders, such as administrative officers, political representatives, financial operators and technical operators are involved in the process. Furthermore, different decisions have to be made at the strategic city level regarding the specific sectors to be selected, the proposer's potential financial commitment, and advisor selection.

In the specific case of Milan, based on the strategy identified (Milan as a Smart City) and the urban regeneration goals selected, the market analysis conducted has demonstrated that there are various financial gaps. Projects that pursue social objectives can be financially viable (in terms of revenue generating capacity), but face difficulties in attracting finance from the market because they do not respond to market parameters (i.e. risk, return, pay back, etc.).

The market analysis also highlighted that there are two major types of **gaps**:

- Knowledge gap: beneficiaries, public administrations, industrial and financial operators very often do not have a complete vision of these projects, thus perceiving the project to be riskier than it is.
- Financial gap: the financial market is not yet ready to financially support projects that do not exactly meet standard parameters (innovation, duration, risk, return, guarantees, etc.).

Based on the analysis that has been carried out, two FIs have been identified to support the "border" projects in the Municipality of Milan for the selected sectors: a financial fund, which should support the long-term financing of projects (up to 25-30 years) and a guarantee fund which should cover the perceived risk by financial operators which is often higher than the actual risk.

Unfortunately, the redevelopment of the municipal covered markets, with the goal of a maximization of social functions and integration activities while denying the implementation of "speculative" projects, found little interest in investment among private financial operators due to the low yield and / or lengthy pay-back period. As such, the strategy had to be adapted.

6. SUCCESSES AND IMPLEMENTATION

6.1. The previous experience: Mercato Lorenteggio

The City of Milan had already implemented various minor regeneration projects in suburban areas of the city, among which include the historical Lorenteggio Municipal Covered Market which became a social integration centre, and the Cascina Nosedo farmhouse, which is being transformed into a place for innovation that will foster entrepreneurship and peri-urban agriculture.

In particular, Lorenteggio Market, a municipal covered market at the heart of the district of the same name, was the fulcrum and starting point of the regeneration process that has been based on culture and creativity, and which has inspired the city administration's policies in light of the results that have been achieved. The regeneration process has in fact transformed the market into **a hub for the local community**, producing significant social impacts.

In 2013, the traders already present in the market formed a consortium, which was awarded the first "pilot" public tender promoted by the Municipality.

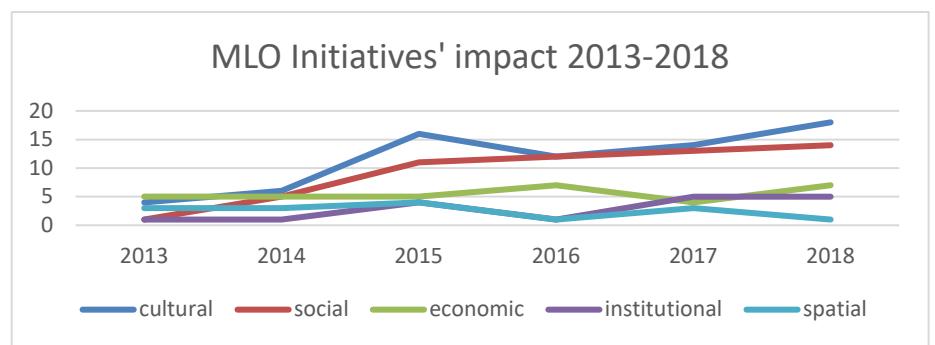
The purpose of the public tender, through a concession of use of the market, was the organization of a multifunctional structure which, in addition to carrying out the normal tasks of selling food products at retail, provided the sale of artisanal products and / or services, the production and processing of food products that were also to be eaten at the market and, finally, **aggregation / training activities**.

The essential elements of the winning application concerned:

1. Refurbishment process: the consortium leveraged its governance tools and innovation capacity and thereby produced a strong architectural project;
2. Relaunch of the Municipal Covered Market: identification of innovative strategies and services to attract new users and increase the degree of satisfaction of the current one; communication campaigns were planned.
3. Promotion: Cultural, aggregative and social cohesion activities aimed at configuring the municipal market as a central point for the Giambellino Lorenteggio district.

Studio G124 participated in the architectural project in which the architect Renzo Piano had been involved. The G124 managed to carry out a small architectural intervention regarding the back of the building, thus reconverting its internal functioning and prefiguring the role that the structure will have to play once enlarged. Thanks to a minor and short-term construction site, a portion of the wall that divided the building from a nearby park was demolished, thus opening a eliminating the previous separation and thus allowing the market to look out onto the green area. At the market's entrance, positioned in line with the internal corridor, a double door has been added which by itself has altered the hierarchy of the building's entrances. On the outside, at the new entrance, a rectangular platform was built for the use of the neighborhood associations and inhabitants.

This modest structure, designed to host the activities useful to reactivating the social life of the neighbourhood of Lorenteggio-Giambellino, also has a strong strategic value because, as part of the project's overall vision, it is located at the intersection between the new building that was annexed to the commercial building and the path of services that connects the municipal market to the library and the "neighborhood house." The goal is that this architectural intervention, however small, can be a trigger for the entire urban mending process designed for the neighborhood.



Adapted by the author, from "MERCATO LORENTEGGIO: IL VALORE DI UN PROGETTO DI RIGENERAZIONE URBANA A BASE CULTURALE," N. Gelao 2017-2018.

The results of this process overall were extremely positive. Lorenteggio market was inaugurated in November 2015, redesigned and refurbished, in a great moment for the neighbourhood community moment:

- From 2013 to 2018, more than 90 initiatives were organized at the Lorenteggio Market (MLO), including individual events, ongoing activities, new services and awards obtained that led to around 2,000 people per day visiting or passing by the shops within the market.
- The cultural impact evidences growth until it reaches a peak in 2015, the year in which the funding for a call for ideas titled "Culturability" allowed for the articulation of a dense cultural offer in relation to city cultural circuits.
- The growing cultural impact referred to in 2017 and 2018 is differs from that of previous years, which leaves room for local skills and the sharing of intergenerational and intercultural knowledge and skills. The social impact leads to a growing trend thanks to the constant work of integration and dialogue with the different resident communities and the activation of neighbourhood services to improve quality of life.
- Spatial impact represents the highest point in 2015, which coincides with the large investment in reconfiguring the market as an attractive and pleasant place for the public and which is functional for traders. Subsequently, there were other less expensive structural interventions to underline the recognizability of MLO as a landmark.
- Since 2015, about 24 articles have been written about MLO and almost double the number of citations about it. Initially, the collaboration with Renzo Piano's G124 team brought him into the national spotlight and news.
- A total of 130 questionnaires were collected during the 2018 season's events. The data confirms that the public of MLO is mainly comprised of 'young people' and 'adults and families'.¹⁸
- The turnover of retailers within the market has been extremely low.

In May 2020, a "Living Streets Lab" provided a golden opportunity to also test a tactical urban approach. The Living Lab was explicitly requested and funded by the market's management and made use of a co-creation methodology, made possible even during the Covid emergency thanks to online tools and platforms, such as "Miro," software for team collaboration. A tactical urbanism project has been developed wherein all of the furniture and furnishings are sponsored by the Lorenteggio Market, using vintage or previously used materials. Processes like painting using a waterproof varnish and smoothing OBS panels, ensure the outdoor location and uses of the furniture and furnishings. In accordance with the total renovation of the area, materials have been

¹⁸ <https://www.dynamoscopio.it/wp-content/uploads/2019/06/archivio-giambellino-Mercato-Lorenteggio-progetto-rigenerazione-urbana-a-base-culturale.pdf>

chosen for their high-tech properties for long-lasting sustainability. The completion will be conducted by the inhabitants, following a DIY modality.

Starting from MLO's previous experience, the city acted in two ways:

1. With the approval of the municipal council, it launched a process that excluded the municipal markets from the state property of the administration and therefore from the **unavailable assets** of the municipality.
2. Decided to launch a **public call**, based on an economic and financial plan, in order to entrust a concession of use of a first group of markets, looking for a private manager capable of covering the investments and restructuring costs, who would pay a fee to the administration in exchange for managing the public assets for a period of between fifteen and twenty years.

6.2. The economic and financial plan

Through an economic and financial plan, a **minimum annual fee** to be paid to the city administration was set. On the basis of the data relating to the volumes of the properties and the costs of investments, the assumptions made on the nature of the revenues, the management costs and extraordinary maintenance interventions, the duration of the concession and the operational assumptions, municipal officers proceeded to identify the effective concession fee for the Municipality. This fee had to be capable of guaranteeing the economic-financial balance and a positive profitability, suitable for a cooperative subject with social impact purposes (i.e. lower than a level of profitability considered adequate for "normal" market operators, for operations of a similar risk level). The operation was structured by assuming the selection of a **single concessionaire** for each market, who pays a fee to the Municipality and manages the spaces by "renting them" to market operators, obtaining revenue that will cover the concessionaire's costs and concession fee.



Operation's structure

To determine the value of the annual fee to be paid to the Municipality, the real estate value of the commercial properties of the Milan Chamber of Commerce were surveyed in reference to the micro zones in which the markets are located had been used, and were multiplied by a rate of return of 5% in order to obtain the values associated with rent. During the development of the scenarios for the economic and financial plan, it became clear that a concession fee equal to the market value does not guarantee an **economic-financial balance** or positive profitability, at least in lines with the hypothesis of maintaining rental income in line with market values.

Therefore, the possibility recognized by the Chamber of Commerce to reduce the market value by 30% to reflect the conservational state of the real estate property has been applied. The reduction thus obtained on the average price made it possible to comply with an important evaluation parameter in the case of concessions: the current value of the reductions in the market rent must be lower than the cost incurred by the concessionaire for the interventions carried out.

Further assumptions in the economic and financial plan have been made:

- **Duration of the concession** of 20 years,
- **Duration of the restructuring works** equal to 12 months,
- Financial needs covered by **debt** for 70% and **equity** for 30% (excluding scenarios 3 and 4 for each market),
- A 15-year **loan** for two markets and an 18-year loan for the third.

In all three markets, the trade-off between the high concession fee for the administration and the containment of the price increase per square meter for market operators was evident.

Starting from these hypotheses, various scenarios were examined. The definitive scenario, which was used to determine the fee, assumes that the "**average**" **market value** of the Milan Chamber of Commerce is reduced by an annual fee for the refurbishment works to ensure the economic-financial balance and a return considered in line with similar transactions. Under this scenario, the monthly cost per square meter tripled. As such, assuming the number of stands and market operators is stable, this implied an increase of about 50% in terms of costs per stand or per dealer.

6.3. The public call

The first public call concerned three markets that would together serve as test cases: one in the city centre, in a middle-class area of the city; another in an area undergoing a strong gentrification process that has taken shape in the last 10 years; and one final market in a peripheral and popular area of the city.

Valid and evaluable offers have been submitted for all three markets, which "reassured" the administration on the validity of the legal model and the economic and financial plan. Moreover, in the case of two of the three markets, a consortium was created between the traders who were already located in the market and who proceeded to create **a single legal entity** that could take over the management of the entire market.

In a third case, it was an external entity that submitted the candidacy, guaranteeing favourable conditions and the type of "pre-emption" for the present historical traders who are still active in the market. It was interesting to note that the offers received fully answered the requests of the administration, in particular not only regarding the renovation works but especially when it came to a varied offer of additional socio-cultural services. The Municipality had also requested particularly challenging environmental impact standards.



Municipal covered market in "Wagner" square

The market placed in the area with a strong gentrification process will be the first to be refurbished and finalized. In this market it will be possible not only to eat and buy food, but also to attend events. The investment for the refurbishment and restyling is estimated to be three million euros: renovations started in October 2019 and should be completed by December 2020.

The project consists of 900 square meters of refurbishment (600 indoor and 300 outdoor) with the intention of transforming the market into a modern and eco-friendly structure that will also host a restaurant space. All of the kitchens will be visible so as to allow customers to observe the preparation and cooking of the dishes. The renovation works will favour environmental aspects: it will be the first plastic-free market in Italy, including organic plates and cutlery, with a structure constructed out of eco-sustainable materials, with tiles and coverings made from recycled materials. Additionally, particular attention will be paid to the efficiency of the material flows and to the reduction of food waste. The market will also "live" on the internet with a dedicated website and social media.

The market located in the most popular area of the city is also being tested in the REFLOW project;⁹ it was particularly appreciated for the participation and involvement of the shop owners in the engagement activities and in the willingness to participate in the first preparatory surveys for the analysis of metabolic needs.

In particular, the Milan Pilot of the REFLOW project started mapping and analysing the streams of agri-food products in five municipal covered markets. The analysis contributes to co-creating a catalogue of possible circular solutions scalable for the 23 municipal markets in Milan. Co-design workshops and prototyping experiments will form the core of the activities of the Pilot and will be organised physically within the markets in spaces defined as "market laboratories." The first pilot year has been used to select the markets to be used as test-beds and to conduct surveys among the shop owners in order to identify their needs in terms of the "3Rs" approach of reduce, reuse, recycle.¹⁰ The first co-creation workshop is planned for November 2020.

⁹ <http://www.consortiomorsenchio.it/consortiomorsenchio/>

¹⁰ https://en.wikipedia.org/wiki/Waste_hierarchy

7. KEY LESSONS AND TRANSFERABILITY

In recent years, the city of Milan has seen a growing number of commercial realities born with the declared intention of improving the surrounding neighbourhood. According to the vision of these entrepreneurs, commercial activity and social functions strictly go together. This is why they are often referred to as "hybrid companies." The so-called "proximity shops," in addition to the exchanges of goods and services, offer something more: a new way of interpreting proximity. The policies related to food and urban sustainability present in the described case study, as well as the policies supporting trade and those related to infrastructural works, have the ultimate aim of outlining scenarios for the qualitative recovery of public markets, as well as in terms of social innovation. From this point of view, working on a double track proved to be crucial: by investing, on the one hand, in "**hard power**" tools related to restructuring, economic sustainability and management efficiency; and on the other hand, in the expansion of functions, integrating socio-cultural functions, with an explicit intent of social inclusion, thereby enhancing a paradigm of sustainability that means not only waste reduction, but also transforming from a linear productive process to a circular one.

It is still too early to be able to describe in concrete terms the innovative services that will be validated during the REFLOW process and the technological and social innovations connected to it. However, it is important to understand how a goal of **urban design governance** also needs to be pursued through "**soft power**" tools, otherwise it remains a half-completed process.

In terms of **financial models and instruments** within the urban development domain, there are projects that can produce the cash flow necessary to repay and remunerate the sources of funds. However, those projects find it difficult to access the private financial market for a variety of reasons, including matching between the cash flow generated by the projects and the repayment schedule requested by the financial operator, the weakness of the industrial operators, and a lack of expertise in the specific project typology of financial operators.

To effectively overcome those gaps, a variety of financial instruments should be implemented. Tailoring one financial instrument to a specific problem also means ring-fencing the associated risks and identifying possible co-investors more easily.

In the case of Milan, specifically, the trigger necessary in order to legitimize the creation of an urban development fund was missing. Other cities that have been studied by the city administration, such as London or the Hague, have been able to rely on a "special weapon," which in the case of Milan was lacking: London and the

Hague had been able to constitute the initial capital base of the fund by allocating a budget from EU **structural funds**, but in Milan's case this was impossible because the city does not act as a managing authority. The Greater London Authority, for example, leveraged an initial ERDF budget to attract the private capital that made it possible to establish an urban development fund that has now evolved into a "fund of funds."

In any case, the concession of use for a fee that must be paid to the administration has been determined in consideration with **an economic and financial plan**, and has proven to be an effective alternative and with significantly lower transaction costs. Furthermore, the city of Milan plans to continue with the design and pursuit of an urban regeneration process for the remaining markets by replicating and scaling the described project and by consolidating this **governance model**. The activities that will take place by 2022 under the auspices of the REFLOW project will be implemented and monitored according to a certain strategy, and also in this case, according to scalability and replicability, with a focus on the economic, social and environmental impacts.

KEY ONLINE RESOURCES

<https://reflowproject.eu/pilots/milan/>

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URBAN MAESTRO

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www.urbanmaestro.org

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