

# **1<sup>st</sup> IASC Thematic Conference on Urban Commons**

**Call for paper: *“The city as a commons, reconceiving urban space, common goods and city governance”***

**Track 6: Designing and governing the city as a common resource?**

**Title: Social impact bond to reorganize city like common resource**

**Author: Alice Caputo**

*Abstract:* City is complex system. In particular, in the last period many cities are fighting with new necessities to reorganize and to design a urban development with a human approach and not only with a market vision. There are many objectives to reach: reorganizing a complex social system, creating common space, revalorizing lost and left flats and houses. With the long economic crises of the last years, real estate market is down and many citizens have not habitation. Moreover, the public aids are at stake. So, it is interesting to consider a new experiment and a new model to manage habitation needs: interesting example is the case of Richmond city (California) where citizens and institutions experimented a special housing rehabilitation program with a particular use of social impact bond to reutilize old and left habitations in the center of city and in the space around the

city to create a new social market between market requests and ethic principle. This idea is very simple: the institution of city sell social impact bond to gather money that the foundation of housing Rehabilitation Program will use to buy several abandoned houses. So, after, these abandoned houses will be “marketable”. The first part of this paper aims to analyze this type of experimentation in the Richmond city and the real possibility to adopt in our city. The second part of this paper aims to inquire like the use of social impact bond can be a good solution to balance market vision and social necessity in the modern city with an active collaboration between citizens and institution. In fact, only market solution don’t permit to reach good social solution and only social solution are often inefficient. So, it is possible reduce criminal zone in the city, real state crises, abandoned houses and citizens without first habitation and, last but not least, recover city like common resource.

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## **1. Introduction. Economic crisis: more problems, new challenges and new solutions to urban space**

The long global economic crisis of the last years has had hard consequences on real estate markets, urban developments, property markets, credit access, public aids and real estate constructions<sup>1</sup>. This complex knot is designing new perspectives and new problems in urban contexts. Cities are already complex systems, that contain many needs, different people, different requests, several and important contexts and developments, and a unique aim: create the space of human life. In the history of human being cities are always container of complexity.

But, with this negative economic situation, cities are not simple complex system, but very complex /incomplete system, with new problems: many homeless, more difficult to buy and sell houses and flats, more insecurity in city quarters, less work, big difficult to organize new possibilities to have a house, to maintain a security in the life environment and to image new real estate development. In the same time, when there are new problems, in contemporary, there are new challenge. In fact, economic crisis are challenging the aspect and the contents of cities. In this challenge, there is the possibility of making the

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1 Indeed, this global economic crisis has had negative consequences in every aspects of development. The current financial crisis is the worst the world has seen since the Great Depression of the 1930s. For younger generations, accustomed to mild recessions of the new phase of globalization, the misery of the Great Depression is hither to nothing more than a distant legend. However, the collapse of two Bear Stearns Hedge funds in summer of 2007 exposed what came to be known as the subprime mortgage crisis, reintroducing the world to an era of bank failures, a credit crunch, private defaults and massive layoffs. In the new, globalized world of closely interdependent economies, the crisis affected almost every part of the world, receiving extensive coverage in the international media. "In an Interconnected World, American Homeowner Woes Can Be Felt from Beijing to Rio de Janeiro," observed the International Herald Tribune at the onset of the crisis.

urban, the political, the civic, a history, a new economy. It is no simple.

In particular, in the last year, urban decay is increased.

There is more negligence because there are not public aids to guide the development of urban centers. In the same time, private real estate market is at stake. In particular, this stop in urban development weights on the weaker segments of population, young couple, big family, temporary worker, young people in general, old persons alone<sup>2</sup>. In this research, we find to know if there is a new perspective to urban space, if this economic crisis can give new impulse to reach important solutions for the development of city. Is it possible reorganize the urban development with attention to equity, to ethics, to historical beautiful of dismissed house, street, place? We try to search in a simple and originally example a possibility to look at future with a important consideration to past. We search the point of balance between future and past, new and old, private market and public intervention, economic interests and human vision in real experimentations that give a concrete sense of these words. In fact, it is clear that market visions generally don't give space to human approach. There is a simple rule: the relationship between supply and demand. But when there is an economic crisis period this simple relationship is often inefficient, as well as often iniquitous. In the same time, public aids to urban development, in negative economic period, are very limited. But, also in positive period, the mood to conceive the public aids is often inefficient because not always integrated in full contexts, creating sectional interventions, without overall vision of city. Lastly, there is an other aspects to consider: the possibility of people, common citizens, to participate in a

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<sup>2</sup> Sophie Body Gendrot, *Globalitazion Fear and Insecurity. The challenges for cities North and South*, New York, Palgrave Macmillan, 2012

positive approach of building new city or to reutilize old pieces of city to create new perspectives in urban development. Common city for all. Where all, public and private, can feel city like common resource, with common places, common aims, common collaboration in the life and in the custody of complexly beautiful of every quarters<sup>3</sup>.

## **2. The case of Richmond city (California): the use of social impact bond to reorganize city like common resource**

This research was born to a simple example of city reorganization with a particular form of public- private partnership in Richmond town, California. An example very simple, so simple that after I know it I think: Why not? On the page of the New York Times, the article, titled: “Good Deeds Adding to the Investment Equation<sup>4</sup>”, explains a new experimentation of social impact bond, in a different area from the classic fields of application: prisons, recidivism and employment of disadvantages people. It considers the use of social impact bond in the reorganization of city like common resource. In particular, before to anticipate every conclusion, it is interested to consider that this type of use in social impact bond has not particular problems of measurement or of sophisticated metrics choice. The success of this type of intervention for investors is in the classic market conception: price system. Typically, social impact bonds are contracts, not bonds as investors think of them. If the group

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<sup>3</sup> In this sense see: C. Cellamare, *Fare città. Pratiche urbane e storie di luoghi*, 2008, Milano, Eleuthera. S. Foster and C. Iaione, *The City as a Commons*, Fordham Law Legal Studies research paper, n. 2653084, August 2015; N. Kostko, *Aims of city development: a sociological view*, Glocalism journal, 2014, n. 3.

<sup>4</sup> The Richmond example is reported on The New York Time of May 2015 in an article written by Paul Sullivan titled: “Deeds Adding to the Investment Equation”.

receiving proceeds can improve a certain social condition, the investors are paid back with some interest; if it fails, the investors lose. Generally, the bonds have been used to reduce recidivism rates for criminals released from prison and to reduce teenage pregnancy rates.

Coming back to our example, we must consider that the basic problem of Richmond city is urban decay. Obviously, this problem regards many other cities of the world<sup>5</sup>.

So, every two years, Richmond people discuss priorities and problem about their city.

Richmond is a Californian city in the middle of Bay Area with 100,000 residents and it is very famous for the high rates of violence in the United States. In fact, during last meeting, the priority was been recognized in diffused crime. However, now, something is changing. In fact, in this last meeting, in September 2014, the residents of Richmond have been particularly concerned about the urban decay of their city: in particular, about the problem of many houses abandoned and in ruins. Costs to maintain these properties, however in dilapidated state, weight on the individual owners of these house for several thousand dollars for year. But not only.

The negative consequences of this decay state are several. The deterioration of many quarters is negative for the moral point of view and for the safety of community. The properties abandoned and left in ruin have a important impact on the value of surrounding homes and they would have a negative impact also in term of fiscal entrances for Richmond city. In fact, uninhabited and left habitations damage the social tissue of Richmond

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<sup>5</sup> Many cities in the world are interested by urban decay phenomena. In particular there are several quarters inside them that are abandoned or dismissed, see for example the Detroit case and the urban decay of Motor city as it files for bankruptcy in 2010.

quarters. They costs many thousands of dollars to police department and to city administration and, in addition, they erode tax base for local tax because of population taxpayer decline and because of tax evasion associated to the phenomenon of abandoned habitations. Ever more compelling is that the degradation of these properties obstructs private investment in these quarters because it undermines the value of real estate market, making every attempt of requalification unlikely. According to what was established by the Code Enforcement Department, Richmond has thousand properties abandoned and uninhabited.

So, on the base of this preliminary consideration, the Richmond Community Foundation has searched the support of the city council to create the Housing Rehabilitation program, with the use of social impact bonds.

In fact, in April 2013, the Richmond community foundation hosted a big regional summit on the issue of pay for success models, also addressing the advent of new instruments like social impact bonds and human capital performance bonds. Owing to this summit, the Richmond foundation with many partners searched the correct project to use social impact bonds in the urban development of Richmond city. The principal aims of this project was the success of Richmond housing Rehabilitation Program like social impact bonds application in urban development and requalification. There were just men in just moment and in just place. A very positive conjuncture. In particular, there were properties and possible buyers sufficient to make a good project pledging good benefits to participants. So the Richmond community foundation, in partnership with the city of Richmond, decided to pursue and to realize a program of social impact bonds to face directly the issue of these uninhabited and abandoned properties, often also foreclosed,

and to give assistance to damaged quarters, buying houses at affordable prices in a first moment, renovating and purchasing them in a second moment. Fundamentally, the idea of social impact bonds in Richmond city is almost simple. This idea regards the possibility that city administration sells social impact bonds to raise funds to buy, in a second moment, left houses and flats giving them the new status of “marketable”. Local worker could restructure these habitations, flats and houses, selling them after with a particular program that considers preferential some buyers.

It's creates a particular benefit for persons in difficult. So, the Community Foundation, with the support of private funding utilized by city administration, in first time purchase these habitation and in second time rehabilitate and resell them to buyers selected and interested, obtaining the funds needed to repay the initial loan with interests to private investors.

In this project, potential investors would be foundations with a mission directed to the generation of social impact, general stakeholder of the community (including banks that could also some tax benefits to these investments), bank financial institutions, including social investment funds, pension funds as well as high net worth individuals that wish to generate a social impact through their direct investments.

Social impact bonds will be repaid only through proceeds generated by restructuring program and sale of properties, without any financial responsibility for the city administration. Obviously, if the program of properties acquisition, restructuring and sale will be successful, the investments will be remunerative. Social impact bonds use flexible amortization system and periodic coupons to allow a diversification of financial results based on the actual results of the program. According to the President of initiative founding promoter, challenge is that



abandoned properties would not be able to generate a sufficient profit for a typical investors in real estate market, which generally requires a return well above 30%. On the basis of plan prepared, investors will receive a minimum return of 2%, but if this project will be run, they can achieve a gain of the middle of capital invested. In deep, this project of Richmond foundation regards a classic form of real estate market, with some genial and ethic innovations. It is based on two main passages in the new life cycle of these habitations: on the one hand there is the acquisition and restructuring phase of these properties, on the other hand there is a phase of sale. But entire project is structured with the aim to maximize the social impact of this simple operation. The first phase regards the purchase and renovation of abandoned habitations and flats. In particular, the Richmond Foundation will use the proceeds derived by social impact bonds emissions to acquire abandoned habitations of privates, or passed in the meantime at lenders (banks or trust of mortgagees) after foreclosure proceeds, making them habitable and attractive to buyers: in a one word: “marketable”.

As properties taken will be in bad conditions, it is clear that their initial price will be very low. This consideration is also for foreclosure owners, that generally must sell foreclosure properties at inferior prices respect to fair market value. So, also in this case, foundation could negotiate good prices considering that foreclosure habitations have limited or negligible market.

Moreover, foundation will use the services and work of designers and local entrepreneurs that already collaborate within the Richmond Build Program. It will be a public – private partnership aimed to the formation and inclusion of young people from underprivileged segments of society in construction sector, offering related services in building renovations. Richmond city has a list of construction companies that are able to implement

the restructuring plans. These companies will hire and use, for the projects of Richmond Build Graduate, young people of humble social backgrounds that have completed the training and employability program of Richmond Build Program.

The second moment of project regards the sale of rehabilitate homes. In particular, in this new project it is expected that Foundation adopts initiatives to favor the sale of houses to individuals who wish to live there, excluding sell with a speculative aims. Preferential sale channel, identified with the expression of “preferred buyer program”, will be realized in partnership with Spark Point. It is a center of financial education of Richmond, which aims to help its “customers” with low incomes .In fact, the principal objective of Spark Point is offer consulting to persons in difficult aiding to affront financial crisis period for a future more secure. But Spark Point don’t work alone. It collaborates with Community Housing Development Corporation of North Richmond, that is a real estate intermediary. It will manage the service of First Time Homebuyer in favor of persons indicated by Spark Point.

The consultants of Community Housing Development Corporation are specialized to assistance the chooses of buyers and tenants maximizing good results.

So, after the conclusion of first phase, with the renovation of abandoned houses, Spark Point admits potential buyers in the list of so called “preferred buyers”, that will have ten days to see, in exclusive, house chosen with the advice of Community Housing Development Corporation. In this time, potential buyers must express a purchase offer. If there aren’t buy offer by preferred buyer, property will sell to market. In conclusion, the structure of transaction, in this project, is formulated to allow, in a first moment, a significant portion of capital gained with sale operations reutilizing it to buy new abandoned habitations, in a

second moment a portion of capital to repayment received loans and in a third moment, that is the last phase, a portion of capital to remunerate investors capital.

After the description of Richmond experimentation principal points, the first question to bear in mind is: Who gain from this trade? The answer, unfortunately, is complex, but interesting.

Initially, there are some subjects that, for several and different reasons, benefit to this social impact bonds application. Obviously, in first place we can consider the habitants of quarters interested by project. They will see some benefits of social and behavioral virtue derived by urban and real estate recovery, also based on the famous “broken window theory” of Wilson and Kelling. They also will benefit of their properties value increase.

But also the owners of abandoned houses will receive a return, because, without some form of intervention, their properties essentially consist in a growing maintenance cost. They can be free by these costs, obtaining a profit by abandoned house sale. Obviously, this type of intervention is very interesting to city administration that achieve an increase, direct and indirect, of tax revenue derived by the repopulation and development of wide residential areas and a reduction of control costs. In fact, abandoned quarters are a growing cost for the public administration, in terms of police interventions and security operations. Moreover, it is clear that this program offers new job opportunities for local workers, in particular among young and poor people, and for local enterprises.

At last, there are also important advantages for the subjects that cannot buy house at standard conditions of market, because of personal difficult financial situation. So, this social impact bonds application is a great operation of urban development and of social housing. Last but not least, there is also the interest of

investors that could have economic benefits, in relation to real estate market trends.

Now it is possible to draw some conclusion.

Generally, social impact bonds are financial instruments utilized by public sector to collect private founding. This type of tool is often used to reduce the relapse rates of prisoners and to other activities for social purposes, such as the employment of disadvantaged people. Basing the possibility of return on invested capital on the ability to generate future savings for the public purse, the main application of social impact bonds model generally involves in social activities with preventive character.

In the case of Richmond city example, the object of intervention is clearly different and it doesn't appear, in first approach, a social housing operation. Not only, almost.

Principally it is an operation of urban development and reorganization, more like a model of social cooperation rather than a reduction in public spending. But there is also a critic profile: real estate market trend. In fact, after the case of US sub – prime, real estate market presents some uncertainty profile. Nevertheless, this is a good example and a good project for economic and social reasons. Obviously it is important to pledge clear information and transparency to investors and to buyer.

In fact, there is a interested point of this social impact bonds use: mainly it is propose economic advantages. It is addressed to the possible gains of investors derived by renovated habitations sells. In the same time, there are also social aspects very important: crime reduction, increase tax revenues linked to ownership of property and major value of surrounding houses. But the typical mechanism pay for success seems to be guaranteed by the standard logic of market rather than by social impact valuations. This last important aspect permits the

interaction between private and public force guaranteeing a positive co-development.

### **3. New economy to city as a commons. Market + Ethics = Good solution**

To this example we can try to derive important and original conclusions. It is possible re- conceiving urban space like common resource with a significant collaboration between private investors and city governance. The new aspects of this example is based on simple, but fundamental, idea: it is possible to intervene in urban development with classic market approach including city governance and citizens in a good relation. It is not only public aid. In fact, social impact bonds, in this use, give importance to remuneration of investors capital, with the all risks of classic financial operations. But it is not only market operation, with the classic problem of ethic lack.

In fact, the only use of public aids, to reorganize city and to resolve inequity situations in urban development and in citizens needs, often are a bad waste of money without a real resolution. And in time of economic crises, it is clear that situation can make worse. In the same time, the only real estate market doesn't give importance to abandoned quarters, social housing needs, work redistribution between local worker and local enterprise. The classic market law doesn't contain the attention to disadvantages situations or to social and urban rebalance. And in general the interaction of public and private forces is not easily compatible. But, in the last years, these social impact bonds<sup>6</sup>

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<sup>6</sup> Social impact bonds (SIBs), like 'pay-for-success' projects, represent one component of the rapidly growing field of innovative finance, aimed at helping state and local governments fund critical social programs through a combination of government initiation,

represent a good crossroads between common good and private capital, to social needs and to economic interests, between high power, city administration, and low power, common people and citizens. In particular, Richmond example shows like social impact bonds can achieve two important objectives for all: economic development in economic crisis period and urban development in city decay.

While the bond issue is small, it is an example of increased investor interest in social impact projects, a niche that has long appealed to two types of investors: those who want to avoid companies that clash with their beliefs, and those with a desire to put a small portion of their wealth into an investment that could do some good, whatever the return. One type of social impact investment is green bonds, which focus on projects like wind power, clean water and sustainable agriculture. There is also a range of investing strategies known as environmental, social and governance investing, or E.S.G. Some strategies screen out companies that make certain kinds of products, like alcohol or tobacco; newer strategies look for positive screens, such as seeking companies that work in certain areas or employ best practices in their businesses. A spate of recent studies is working hard to show that the returns on investments with environmental, social and urban governance screens were similar to other investments, in both good and bad ways, and in

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private investment, and non-profit implementation. In the social impact bond model, the private sector works with governments and philanthropies to fund critical prevention focused social programs that help address the world's most pressing problems. In this public-private partnership, investors are only repaid if and when improved social outcomes are achieved. Social impact bonds have the potential to open new funding sources for prevention-oriented programs that deliver measurable social benefits, saving taxpayer dollars in the process. More information at: <https://www.rockefellerfoundation.org/our-work/initiatives/social-impact-bonds/>.

Or also: <http://www.goldmansachs.com/our-thinking/pages/social-impact-bonds.html>.

some cases, were better when compared with indexes since the financial crash.

Certain areas are growing rapidly, like green bonds. Since 2007, about \$60 billion worth of green bonds have been sold, according to Marilyn Ceci, a managing director and the head of green bonds at JPMorgan Chase. But \$37 billion of that came in 2014. One prediction at a U.S. Why do people invest in an area that does good but can be complicated to understand and has a reputation of modest returns? The reasons are varied.

Banks make these investments because they help fulfill the requirements of the Community Reinvestment Act of 1977, which requires them to meet a range of credit needs, “with the added bonus of qualifying for great P.R.,” said Robert T. Esposito, a lawyer at Orrick, Herrington & Sutcliffe. “If you’re a foundation, you can meet your 5 percent distribution” of assets as required by law, he said. “Or if you’re an impact investor, you must be willing to trade off some returns.”

But Andy M. Sieg, head of global wealth and retirement solutions for Bank of America Merrill Lynch, views this as a chance for retail investors to drive the creation of a new investment category. “We’re in the early stages of an innovation cycle,” he said. “Client demand emerges. Advisers become stimulated by this demand. It drives product creation. It’s happened again and again, and it’s taking place in the era of impact investing.” He said Merrill Lynch now has \$9 billion in social impact investments, compared with \$6.4 billion last year. In one study, 71 percent of investors were interested in making investments with an environmental, social and governance screen, and 72 percent thought companies benefited from carrying out those principles. But 54 percent believed they had to give up performance if they made such investments, said

Audrey Choi, chief executive of the Morgan Stanley Institute for Sustainable Investing.

Yet in a study not yet released of 10,000 equity mutual funds in the United States over the last seven years, Ms. Choi said, the returns of sustainable funds met or exceeded the median returns of traditional funds 64 percent of the time and had the same or lower volatility.

In essence, sustainable funds could perform just as well or better than traditional funds and also just as badly.

“Manager selection absolutely matters,” Ms. Choi said. “I often say just because you add the word sustainable into an investment, the laws of physics aren’t suspended. If we want this market to really grow, we have to make sure we go into this in a ‘best in class’ way.” Cary Krosinsky, an adjunct professor at the Earth Institute at Columbia, found in research on the returns of 850 funds that social impact investments made with positive screens outperformed by more than four percentage points those made with screens that excluded sectors. While he also argued for the need for expertise in making environmental, social and governance investments, he said a bigger advantage to investors might be to make E.S.G. another factor in their analysis of an investment. “If you don’t, you’re not doing anything wrong,” he said. “But if you do bring it in, you know you’re not missing out.”

Green bonds, for example, seem to be growing rapidly because they carry the risk of the issuer, say, a utility, and not that of the project they are financing, like a windmill. “The essence of green bond debt is the project,” Ms. Ceci said. “The purpose is to transition to a low-carbon economy. But the risk is the credit decision of the issuer — you’re not exposed to the project directly.”



Yet for those tempted to invest, these are still early days, with plenty of pitfalls. But, nevertheless the Richmond case is anyway a significant example of interesting thesis: a social impact bond represents finance project applied to new horizons<sup>7</sup>. It is not a simple contextual expression or theoretical specification, but it is a key point of departure. Between several points of beginning, it is important to individuate the future economic return of investors and possible and generic profits derived by cycle of buy-renovation- sell. In the context of project finance is very important to offer the foresee of gains to investors. In fact, there is an important difference between a public buyer and potential private clients/buyer generally operating in classic markets. So, in conclusion the Richmond case gives an information: social impact bond don't require the presence of public sector like principal buyer of precise services, eliminating the problem of social impact bond development in contexts like Italy. In particular, social impact bonds are not only instruments to satisfy some type of investors or policy tools to reduce, with financial lever principle, public debt in the present and future time. But social impact bonds area mood to conceive urban an social development like holistic interaction of society forces: city like common good. People plus city governance in collaboration with economic approach and ethic vision. That are not more incompatible concepts. State, public administration, city governance, citizens, third sector, private investors in the same project in collaboration from low to high and from high to low.

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<sup>7</sup> In fact, Social impact bonds (SIBs) are designed to help reform public service delivery. SIBs improve the social outcomes of publicly funded services by making funding conditional on achieving results. Investors pay for the project at the start, and then receive payments based on the results achieved by the project. Rather than focusing on inputs or outputs, SIBs are based on achieving social 'outcomes'. The outcomes are predefined and measurable. But the application horizon of SIBs is increasing in different and several fields.

So, social impact bonds represent the possibility to surpass segmentation sectors to collaborate and organize together for cities like commons and for new economy that can rebalance market and ethic approach. It is important to know these new instruments to re draw urban development, public spaces, homogeneous quarters making of economic crises a new opportunity of reorganization.

#### **4. Can a simple idea be applied for many cities? Cooking with what's in the fridge and with a bit of creativity**

The Richmond social impact bond case is very interested for another aspect, different by economic o social valuation in strict sense. In particular, this important aspect regards the new trend in town planning developments: many city administrations are considering in their town planning dispositions the urgent objective of housing development at km 0<sup>8</sup>.

In other words, city administrations want to reduce new building projects in town planning planes, valorizing the transformation

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<sup>8</sup> The article 12 of Italian Development Decree 2012, about building measures, titled National Plane for cities provides that: "The Ministry of Infrastructure and Transport prepares a national plan for the cities, dedicated to the regeneration of urban areas with particular reference to those degraded. To this end, by decree of the Ministry of Infrastructure and Transport, is established, without new or increased burdens on public finances, the control room of the floor, consisting of two representatives of the Ministry of Infrastructure and Transport, one of which acting as chairman, two representatives from the Conference of Regions and Autonomous Provinces, with a representative of the Ministry of Economy and Finance, the Ministry of Economic Development, Ministry of Education, University 'and research, Ministry of the Environment, Land and Sea, the Ministry of Heritage and Activities' cultural, the Ministry of Interior, of the Departments of the Presidency of the Council of Ministers for development and economic cohesion, for international cooperation and integration and to territorial cohesion, of the Agency of state property, the Deposits and Loans Fund, the National Association of Italian Municipalities and, as observers, a representative of the Investment Facility for Living (FIA) to CDP Investments SGR and a representative of investment funds established by the company asset management of the Ministry of Economy and Finance established pursuant to Article 33 of the Decree-Law of 6 July 2011, converted in the lay n. 111 of 2015, with the same decree shall establish the mode of operation control room".

of degraded or dismissed areas and limited more possible the use of new souls<sup>9</sup>.

The facilitation of building patrimony recuperation, existed yet, has several advantages. It permits the respect of environmental standards, the requalification of existed area dismissed, avoiding new constructions that not permit homogeneity within the city and, finally, an intelligent urban development. Future trends in urban development is to learn “cooking with what’s in the fridge”.

Moreover, we must consider that in many cities dismissed areas and abandoned habitations are often in historic city centre and not only in suburb areas<sup>10</sup>. Obviously, urban requalification is important for historic city center and for suburb areas in the same mood and in the same measure. But it is clear that dismissed or abandoned historic city centers represents a priority for town planning planes. For several reasons. Generally, in historic city center there are significant places and institutions with a historic, social and artistic value: like churches, monasteries, theaters, museums, artistic operas, places and statues, historical bars and castle, or private garden in old elegant block of flats. Decay of historic center and abandoned flats or habitations in central and historical areas represents a problem for the utilization and enjoyment of all this beautiful by citizens. In the same time, this beautiful that it is not possible to reproduce in other areas, because it is historical and derived by artistic moods and conception not more existent. So, historical and artistic heritage, included private habitations in historic city centers, requires clearly of renovation operations. In this case, it

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<sup>9</sup> There are also other aims prearranged in new town planning of many cities (as Florence city for example) like, green system valorization, with the prevision of many green places, public gardens, public green squares and parks, in every quarters or green transportation that provided the use of new form for energy compatible with environment protection.

<sup>10</sup> In Italy there are many cities with historic city center abandoned, as, for example, in South Italy, Cosenza city.

is evident that historic city center needs to be designed like common resources. Every citizen must have the possibility to know and to live the historic places in the city. Repopulation of these areas is a priority in the renovation of the city.

For these reasons, the Richmond case is a good chance to join these new needs and the trends of town planning planes with efficient tools, with also economic value, to permit designing and governing the city like common good without lose the participation of private forces, citizens, capital investor, common people that live day by day these spaces.

If it is necessary to development building planes at km 0, the Richmond example of social impact bonds use can be a good point of departure. A creative mood to renovation dismissed and avoided beautiful of your cities, with an economic approach that can give modernity and desirably to social projects for private investors. It also is a intelligent mood to permit public intervention in city reorganization.

To this aim, it is important to remember that the article 12, titled: "National plane for cities", of the Italian Development Decree 2015, also establishes at point 2 that: " In order to prepare the plan referred to in paragraph 1<sup>11</sup>, the Commons address to the Control room contracts enhancement Urban proposed consisted of a set of coordinated actions with reference to decay urban areas, indicating: a) the description, the characteristics and the urban subject of transformation and enhancement; b) investment and necessary funding, both public and private, including the possible co-financing of the Common proponent; c) stakeholders; d) any rewarding; e) the time schedule of actions to be initiated; f) the feasibility technical and administrative.

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<sup>11</sup> Carried in extensive mood at note number 8 of this paper (p. 18).

The point 3 of article 12 provides that: “ The control room selects proposals based on the following criteria:

- a) immediate realization of yard interventions;
- b) the capacity and the mood of individuals and public and private funding involvement and the activation of a multiplier effect of public funding towards private investment;
- c) **the reduction of phenomena of housing pressure, marginalization and social degradation;**
- d) the improvement of infrastructures including regarding the efficiency of urban transport systems;
- e) **improving the urban quality of social and environmental tissue with the containment of new soul no edified consumption.**

So, Richmond case is not only a good proposal, but it is very opportune initiative, almost necessary in the future perspectives.

## **5.Conclusion and/or new beginnings**

It is no possible to think uniform prescriptions, because there are many different situations, several types of cities and countries, traditions and cultures that must be respected to avoid every standardization. But it is true also that a good practices is a richness for all, and every city administration can use it conforming this good example with the limits and the possibility of single city and keeping a personal and subjective approach. The basic point in urban development today is that every city, like complex system, needs of order and long perspectives: environmental respect, good transports, artistic and historic heritage valorization, green places and common spaces to live free time together. As every project with a long

view, this type of urban development provides intelligent and brave choices. One of these is remembering that in every limit there is a possible beautiful. Dismissed quarters, abandoned habitations and common places are forgotten beautiful contexts for all. To create a project of city like a common resource. In the same time, market and ethics must walk together collaborating for common good. In this sense the social impact bonds could be an important tool.

For these reasons, the Richmond case represents a very good point of beginnings. An open point within a series of needs and opportunities to designing every city as common resource.