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MADRID'S URBAN PLANNING BACKGROUND. SOME ANTI- SPECULATIVE MEASURES. THE 1985 MASTER PLAN

INTRODUCTION: THE NEED OF BACKGROUND REFERENCES

The European Urban Summer School deal mainly with the consequences of the latest Madrid dealt planning decisions. Their consequences are what B. Ynzenga calls the “nightmare”. The students took a trip around the no-man’s land to see them. The EUSS course worked on what may be done with them. The situation will be difficult to mend. Those decisions were taken in the Madrid 1997 Plan. They were more than a “dream”, more properly a delirium.

Those decisions emerged as a result of a previous evolution. Madrid, in respect to other major European metropolises is perhaps the youngest one. It has grown at the rate of developing countries, what Spain was, in fact, in the middle of the 20th century. It is therefore convenient to have at least some glimpses at the history of Madrid or, in a more colloquial sense, Madrid’s Story.

Some flashes on Madrid’s previous story

At present, Madrid is simultaneously a city with around 3 million inhabitants and a Region within the Spanish decentralised State of some less than 6 million people. At both levels, as the Central Municipality or at the Metropolitan/Regional level, Madrid is becoming a consolidated, established, metropolis, reaching a point of no more population growth. In fact, in 2013 it is losing population at both levels.

At the end of the Spanish Civil War in the 1940’s, the city of Madrid had just about 1 million people. Franco’s Regime pushed for Greater Madrid as the capital city. Industries were promoted, even public ones, and an immigrant flux from the countryside was in fact induced. In the 1950s a large number of the smaller

municipalities adjacent to the Madrid one were aggregated into the Central one, to become bigger. The size made a difference. At that time, the area of Madrid Municipality became quite large, with almost 7000 has. It was going to be important later on. We will come back to this.

Madrid attracted population very fast. It reached 1.5 million by 1950. It was the result of the late, but much accelerated Spanish process of industrialisation. Spain did in 15 years what France had done over more than 100 years.

The volume and speed of the transfer of population from the countryside to cities reached rates similar to the ones that surprise us now, years later, in China and India. With just 1 million in 1940, Madrid reached 1.5 million in 1950, then 2.2 million in 1960 and 3.1 million in 1970. The 3.3 million of 1975 constituted the zenith. Afterwards, what was becoming the Central City of a rising Metropolitan Area, started to lose population, as always occurs in such central cities.

An extraordinary need for new shelter: there was a housing shortage

There was no way of accommodating the new population captured so fast by Madrid. Subtle mechanisms (with the right to use the kitchen or not), increasing urban density in the central areas, and shanty towns, in the first peripheries of a very concentrated city, were the spontaneous answers. Population stacked up in an insufficient “urban built fabric” was the result. Very fast, it was going to become an explosive situation.

The Regime’s response in the 1950s: public housing

Franco’s Regime reacts. A huge public housing programme is undertaken in the late 1950s and the 1960s. Thousands of new houses are built around the centre of Madrid, in the immediate peripheries, at times competing with and next to shanty towns.

The quality and size of the homes was low, as was, at the moment, the level of the country’s industry. Conversely, the urban quality of the new neighbourhoods was, most of the time, much better. The best top professionals, not necessarily related to the Regime, but committed with people’s needs, made the difference.

A different feature on housing offer emerges: ownership as a target

To convert proletarians into home owners is an odd target of Franco’s Regime. The flats, in the majority collective typologies of public housing, start to be sold. What Margaret Thatcher did in the 1970s, selling public housing, started in Spain almost 20 years before.

Decades later, along that trend, Spain is the European country with the largest proportion of home ownership at the beginning of the 21th century, reaching almost 90% of the total amount of dwellings in the last years.

The 1960s: private real estate promotions

The private real estate industry saw the opportunities and breaks out, directing a huge investment to housing. Two targets influence that investment: new housing (it was necessary to increase the stock) and ownership. A rudimentary mortgage system and extraordinarily shorts periods of repayment of homes are the common features of the private development in the 1960s and the 1970s. At the time the effort to pay the homes is really extreme. People made that effort and, years later, once they had already paid the home where they live they were able to buy a new one or to invest in buying other dwellings. These are the conditions causing the real estate bubble of the last years, before the financial crisis.

The explosion of housing demand in Madrid, at the end of the 1960s, is not able to

find appropriate supply within the city. This creates the basis for building up a Metropolitan Area. Real estate developers look for small villages (not more than 5000 inhabitants at the time) close to Madrid, at 10 or even 20 km distance from the centre, which created the accepted “leap frog jump” way of growth.

The banks did not provide finance to buy an existing house and all conditions induced to buy are oriented towards buying a new house.

With thousands of new homes built, the Metropolitan Area was formed in a very short period of time, but had to rely on in precarious transportation bus system. In Spain in the 1970s, we were building yearly 14 new dwellings per 1000 inhabitants, what amounts to almost a Guinness record. However, at the beginning of the 1980s, 90% of the households at constituted in Madrid had to “migrate” to the metropolitan periphery, being expelled from the central city by the markets forces.

In less than 20 years the seven South West municipalities of the Madrid Metropolitan Area accumulated more than 1.2 million inhabitants.

An unusual operation of an anti-speculative city: 50.000 new houses built in the places “gained” by the shantytown citizens in Madrid city.

Linked to the political struggle for freedom, the Neighbours Associations play an important collective role of claiming. Residents in different shanty towns in the first peripheries, relatively close to the centre, demanded new housing. The new claim in the 1970s is that they ask for new homes “now and here”. This means, in the same place where they were, in the same location as the previous shanty towns. They claimed a new right: the right to the place. This clearly is an anti-speculative claim. In fact, most of these claiming movements were initially defensive

ones. Land owners, with the support of the Municipal Authorities, made plans to eliminate the different shanty towns. That meant expelling residents from there, even if new housing could be built for them further away. They occupied, it was considered, a place “too good” for them, that they could not afford in a market economy. The answer of the residents was: we have the right to the place, we “made” it, we conquer the right to stay, but we want new housing and now. They won.

Even though the claiming processes had started before, the actual building of new public housing took place after Franco’s death, with the first democratic government. 50,000 new homes were built. This is probably the largest anti-speculative action that has ever developed in a large European city.

The reason for that unusual public action has much to do with the special moment of the transition to democracy. It was an unrepeatable moment.

I directly participated in a couple of those processes (Orcasitas and Cornisa de Orcasitas) because a very interesting collaborative mechanism was built up. Technical teams were formed that worked together with Neighbours Associations, as a model example of “Advocacy Planning”. In the Agreement signed in each case with the Public Works Ministry the technical team of the Association was accepted and the projects were developed with the direct participation of residents. This was a very interesting process in itself which could be the object of a separate discussion.

The basic chronology of Transition. Steps to the first Madrid Master Plan in Democracy.

Franco died in 1975. Two years later, in 1977, the first general elections took place within the framework of the world oil crisis. Local

elections to elect new mayors, took two more years. They were completed in 1979.

Madrid's new democratic administration was led by mayor Tierno, perhaps the best mayor that the city has ever had. He led a coalition of the Socialist and the Communist Parties. Brand new democracy transmitted enthusiasm. New people, new ideas, the need and willingness for change built up the ambience. The target was to improve everything in the city.

From the outset, the new administration did not pretend to change the former Madrid Master Plan which had been approved in 1963. Very soon, during 1980, the day to day problems and the need for new answers required a New Master Plan. It had to be new in many things, with alternative objectives and providing tools for new ways of managing urban problems. At the end of 1980 the decision was taken. I was nominated for directing the Plan.

A new public Company was created, the "Oficina Municipal del Plan". We were aside but not inside the Municipality Civil Servants organisation. Afterwards, many public-single purpose companies have been constituted in Madrid and elsewhere. At that time, in 1981, our Office was a landmark.

Some other background information: our Land Laws

Before entering in the description and discussion on the 1985 Madrid Master Plan, it is convenient to say a few words on the land law and the planning system in Spain.

The area of land to be urbanised has to be first fixed in the Master Plan, what we call the General Plan. This applies to the whole city, considering the complete territory of the Municipality at the same time.

All landlords have to know what they will be able to build on their land in the future. We call it legal guarantee. In Spain, this requirement

reinforces the general condition of the land market as a dependent market, conditioned by what is possible to build and where. Here, more than in other countries (with a different legal framework), the land market is not at all an autonomous market as opposed to the raw materials market.

When cities were growing and growing very fast, as occurred during the accelerated industrialisation process above mentioned, the land chosen for new urbanisation was considered the basic content of a General Plan. Accordingly, the pattern - amount, location and distribution on the territory- of land for new urbanisation was called the "city model".

How much and where to grow was supposed to be the decisions of the basic General Plan. It was so up to the 1980s when there was no doubt that any city, large or medium sized, was going to grow indefinitely in Spain.

The amount of land "needed" was the result of applying target densities to the estimated demographic growth (natural and mainly immigrants). The density rates were progressively lower towards the periphery, starting from the intense and historically overcrowded central areas of our cities. The obsession to increase the "standards" of areas of public realm has been a constant in our history of urbanism since the first Land Law in 1956 during Franco's Regime. Those standards set the rate of green space, or other public realm spaces, per person or per new dwelling. They were increasing in the different new law reforms since the 1970s.

Tension was induced once the General Plan had fixed the dividing "line" between the area designated for development and land not available for urban growth. Land outside areas of urbanisation tried to be inside, Land "inside" the line could wait, in a most speculative way, as there was a guarantee that such land would become development land some day.

During some years, based on the 1975 Law, a difference was established between “programmed land” and not programmed land. The former was supposed to have priority for the next 4 years as well as further 4 years in the 8 year Programme that all the Plans had to introduce. That procedure was in force when we conceived the Madrid Plan. Later on, it was eliminated. Programming (and planning itself) was increasingly becoming out of fashion.

THE 1985 MADRID MASTER PLAN. SOME FEATURES

The 1985 Madrid Master Plan was a very innovative Plan, in its contents as well as in the way it was produced.

A full general diagnosis was undertaken. A very detailed analysis of every part of the built up city and of vacant land completed the analytical basis for decisions. For the first time, the Plan was focused on the built consolidated urban fabric, designed to complete it, to link up existing fractures and to remodel degraded areas. It was a Plan for urban transformation ahead of its time. Urban growth was considered in a secondary role, more in the sense of completing the existing city.

It as a participatory Plan, in which, for the first time publicity campaigns were used to mobilise and enable citizens participation. Teams of first class architects outside Madrid were called in to produce quickly projected solutions for 50 enclaves within the whole city to be remodelled. We called it the “50 ideas to Recuperate Madrid”.

The 1985 Plan deserved the merit of the National Urbanism Award with which it was awarded. It was however a polemic Plan, acclaimed as well as criticised.

The treatment of urban growth: an anti-speculative approach.

Albeit with less prominence than in other plans, a certain amount of urban growth was proposed. For the first time in the recent history of Spanish cities, Madrid was not growing any more at the beginning of the 1980s. On the contrary, it was losing population.

The reason for the decreasing population was normal, not the product of a crisis. It occurred in all central cities of Metropolitan Areas around the World. The market was expelling new households to the Metropolitan Area and beyond it. As above mentioned, 90% of central city households were going out. Just a small percentage was able to make a voluntary decision and look for individual houses in the best part (the NW) of the Metropolitan Area. The majority was forced out by house prices generated by the buoyant housing market.

The previous conceptual approach to planning directed forecast demographic growth to areas of new land already designated to be urbanised. There was no need therefore to allocate further land to new urbanisation. The only new land required was to complete the already consolidated built area and for the purpose of substituting degraded housing.

Subsequently, we introduced a voluntary measure, as a metropolitan strategy: to try to retain in Madrid at least 25% of the new households generated in the city. We were criticised by being against growth. In reality, trying to reduce the continuing population decrease our proposal implied a growth target.

We put a new question on the table which made the difference. The question was, growth for whom? It was perhaps the first time that such a question was put. It was not something that planning used to deal with.

Once the question was raised, we had to figure out the measure to achieve the social and urban target of retaining population in Madrid. It was necessary to introduce regulations which

required to build the majority of the new dwellings as social housing, with fixed price, on the new land declared available for growth.

With that target on the table, we called the land owners of the new potential land that could be assigned to urban growth. We explained the target, we calculated with them the feasibility (costs and income) of the conditions we proposed, we negotiated and, finally, we signed agreements with almost 100% of land owners. Subsequently, the Plan was agreed with them. That was another of its unusual features.

Once established the amount of land area that would be able to be urbanised, we “closed” the potential further growth with the same instrument that Abercrombie used in London, for its post second world war Plan: the Green Belt. This is, a series of void spaces, assigned exclusively to parks, agricultural or forest uses.

To enforce fixed price housing in the metropolitan central city was of course an anti-speculative measure. After its approval, when the Plan was passed in 1985, the Court declared it illegal. Although the plan had been previously accepted by them, the land owners celebrated that they could now do much bigger business.

The situation in the first years of the Plan’s enforcement: 1985-1989. The first Real Estate boom

After the Plan’s approval economic conditions improved much and fast. In 1986, Spain joined the European Union. The general framework ameliorates a lot. With interest rates decreasing, the first explosion of “financial” housing demand took place.

The Plan’s focus on the built city as a whole had eliminated the blockade on a series of areas in a relatively central position. They offered the opportunities of infill operations within the city where profitability was even larger than in the periphery. Offices in rehabilitated old buildings

along the Madrid historical Axis reached prices higher than the brand new skyscraper built on that same Axis, further away from the traditional centre.

Meanwhile, during the first four years of the implementation of the Plan, (which were also the first 4 years of the Plan’s Programme) not a single hectare of land “programmed” for growth was developed. Forces opposing the Plan and pressure for larger assignation of land for new growth requested a new plan, imputing to the 1985 Plan the responsibility of fast price increases for not having designated enough land for new growth, according the traditional approach of continuously growing cities.

There was no land shortage and the price increase was due to the overwhelming demand supported by available finance. The Plan had made available the actual plots of land, within the consolidated city, which allowed infill operations that could be developed in a shorter period of time, responding to the exploding demand increase. They didn’t need long planning and new urbanisation processes. It was in fact very functional. Even though, the 1985 Plan was criticised for the shortage of land for new house building.

Pressure by opposing forces and their insistence on land shortage (and related price increases) managed to generate a perception in the public opinion that a new plan was needed. As soon as a change of the political profile in the Municipality occurred in 1987, new planning is envisaged. It responds to the obsession to generate a vehicle to enlarge development land when it would be possible in reality to increase urban development within Madrid.

THE 1997 PLAN: THE PLAN FOR THE REAL STATE BUBBLE

It took some years to start but in the early 1990s the new Plan for Madrid was being drawn up.

It was approved in 1997, just 12 years after the previous Plan of 1985.

Beyond elements which are similar to those in the 1985 Plan, the New Plan was considered to “correct” its deficiencies, namely to increase land declared available for new urban growth. The above mentioned first Real Estate boom of the late 1980s had transmitted an “illusion” of continuing growth. Even the relative crisis of the early 1990s (with house prices dropping) was not taken into account. From today’s perspective, it was just a step back towards speculative momentum.

For a Plan that aims to enlarge the growth possibilities, it is perhaps coherent to minimise the limits to such possibilities. As we had said at the outset, the territory of Madrid Municipality is quite large. In the 1990s it still comprised a lot of vacant land which was basically “protected” as such by the previous 1985 Plan. The New Plan declares the whole territory as available for urbanisation, included most parts of the Green Belt. The authors of the Plan explain that they did so, in case development would take place.

Far from reducing prices, these overwhelming development possibilities generated speculative tensions, especially in the context of a “bubble” that transmits a sense of continuous price increase... with annual increases of 18%.

To declare the Green Belt as land that could be developed was not done correctly, in legal terms. It is not just a matter of declaring it as such. The Spanish Supreme Court has ruled twice against that declaration, and it is in legal litigation still today.

Two different types of optimism

In a very simplistic way, the two opposing views on growth and the radically different approach to urban growth in the two Plans tended to qualify the 1985 Plan as pessimistic and the 1997 Plan as optimistic.

I would say that both approaches have been very optimistic. However, they responded to two different types of optimism.

The last Plan responded to the optimism of considering urban growth continuous and unlimited. This is the “delirium”, as we have called it at the beginning.

Conversely, the 85’s Plan made the hypothesis that the productive model of the Spanish economy could not depend that much anymore on the real estate - construction agglomerate.

Both optimisms were wrong. Reality overcame them both.

SOME CONCLUSIONS ON THE GOOD PLANNING PRACTICE TO CONTROL THE LAND AREA ASSIGNED TO NEW GROWTH AS AN ANTI-SPECULATIVE CRITERION

Since 1985, Madrid’s urban growth has occupied less than the new 3500 hectares declared for that purpose in the 1985 Plan. It means an approximate average rate of 100 has of ‘new’ city per year, which it is a high rate for a consolidated metropolitan central city. That average was achieved by adding the above mentioned years at the beginning of the period, with no new urbanisation, and the years when the “bubble” was inexhaustibly growing.

House prices followed in fact another path. They responded to the continuously growing financially induced demand, only interrupted during the early 1990s. Exploding prices are a consequence of higher supply, and not the opposite. The same occurs with new occupied-urbanised land. In this peculiar market, the crazy race of simultaneously increasing the three variables - housing demand and supply and building land - is only interrupted when the bubble bursts.

Planning for increased land available for new growth does not achieved reduction of

house prices at all. Quite the opposite, the overwhelming declaration of available land for urbanisation simply contributes to increase speculative tensions.

This is why we think that the measures introduced in the 1985 Plan were genuine anti-speculative measures.