

**REACTING TO THE INVESTMENT WITHDRAWAL
PLANNING WITHIN SCARCITY IN THE NORTHWEST OF PORTUGAL.**

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Abstract

The recent economic crisis is amplifying disparities and installing declining dynamics in vast areas of the Portuguese territory, and, by doing so, it is deepening the fragmentation of its urban fabric – social and physical – and threatening the needed territorial cohesion.

Private investment in real estate – the main engine of the fast urban growth of the last decades – has mostly stopped. Public investment – until now devoted to the creation of the main networks that support urbanization – is suffering severe cuts.

The apparent result is the disappearance of all investment from numerous urban areas leading to declining dynamics, intensified by several factors: unemployment, emigration, mobility costs. What we are witnessing is a broad redesign of urbanization structures, processes, actors and dynamics, with no evaluation of the possible consequences. Figueiredo (2011) has referred to this withdrawal of investment as a retreat with no apparent strategy: a desertion.

It is, therefore, urgent to rethink spatial planning practices, in order to adapt them to the new conditions of scarcity. This paper aims to contribute to this discussion at two levels:

- Understanding the urbanization processes and actors through a critical analysis of the different urban policies implemented in Portugal during the last decades, and their impacts, underlining the existing mismatch between the formal planning system and the undergone urbanization processes.
- Understanding the present context through an analysis of the structural changes we are now witnessing, identifying the different dynamics installed on the territories of the Portuguese Northwest and recognizing the new frameworks – actors, dynamics, resources, processes – which are emerging and will be the support of future planning practices.

These analyses will lead us to discuss a set of general guidelines towards a more adequate planning culture for the emerging context.

Keywords: economic crisis, urbanization processes, investment, declining dynamics, Portugal.

1. INTRODUCTION

Urban space is a direct result of the context that determines its production. In Portugal, the present economic crisis is transforming profoundly such context. The withdrawal of the investment that was the steam source of the urbanization process is installing declining dynamics in wide areas of the country and threatening the necessary territorial cohesion. The need is for a clear reading of the emerging conditions and their impacts, as a basis to develop planning practices suitable to the new situation. This paper aims to contribute to such discussion.

The argument is divided in three parts. First, we seek to understand the urbanization processes and actors through an analysis of the different urban policies implemented in Portugal during the last decades. Secondly, we present a reading of the present context, by examining how dynamics, actors, processes and resources are reorganizing themselves, creating a completely new setting for future action. Finally, based on the previous analysis, we discuss a set of general guidelines towards a more adequate planning culture for the emerging context.

This analysis is set within a wider research on the North-western area of Portugal that gathers a wider team¹, and has been written along with the paper “The struggle of the ‘invisibles’: social policies and the urban poor. Planning within scarcity in the Northwest of Portugal” for this same conference, aiming at simultaneously discussing shifts and orientations: on the one hand, of investment dynamics in the built environment and spatial planning practices, on the other hand, of the social policies to support the ones who cannot find answers to their needs in the liberal market.

Both papers aim is to set the general point of view that will inform the on-going research. The presented arguments and conclusions are based both on the referenced authors and on the evidence gathered so far through extensive statistic data mapping and analysis, interviews to key-actors, detailed analysis of licencing procedures dossiers, and continuous surveys and field trips to the case-study areas.

1.1. A laboratory

The Northwest of Portugal is characterized by a vast urban system, that includes Porto (the second largest Portuguese city) but also a multiplicity of settlement patterns with consolidated urban cores, urban peripheral areas, diffused occupation and rural areas (Figure 1). This territory forms thus a *laboratory* and a *toolbox* (Ferrão, 2014) to help discuss means for action.

2. UNDERSTANDING THE URBANIZATION PROCESSES

How has a complex set of factors – such as demographic dynamics, political conditions, legal framework, urbanization procedures, market trends and stakeholders with their own claims, goals and culture – determined the urbanization processes and shaped our urban landscape? Six short stories on the urban policies of the last decades seek to illustrate such relations. The stories are presented in chronologic order, but they do not correspond to successive limited periods: instead, each one adds to the previous. It is the overlapping of these policies that has created the conditions that, until recently, determined the production of our urban space. The aim of this analysis is to gather tools for a better reading of the present context.

1. The ‘Orientações Estratégicas de Coerência Territorial - Arco Metropolitano Norte’ (‘Strategic orientations for territorial cohesion – Northern Metropolitan Arch’) was commissioned to CEAU-FAUP by the CCDR-N (Commission for the Coordination and Development of the Northern Region). Recognizing the present condition of uncertainty and scarcity, the research aims to contribute to the construction of guidelines for equity and cohesion of the North-western region of Portugal. The authors of this paper are part of this research team.

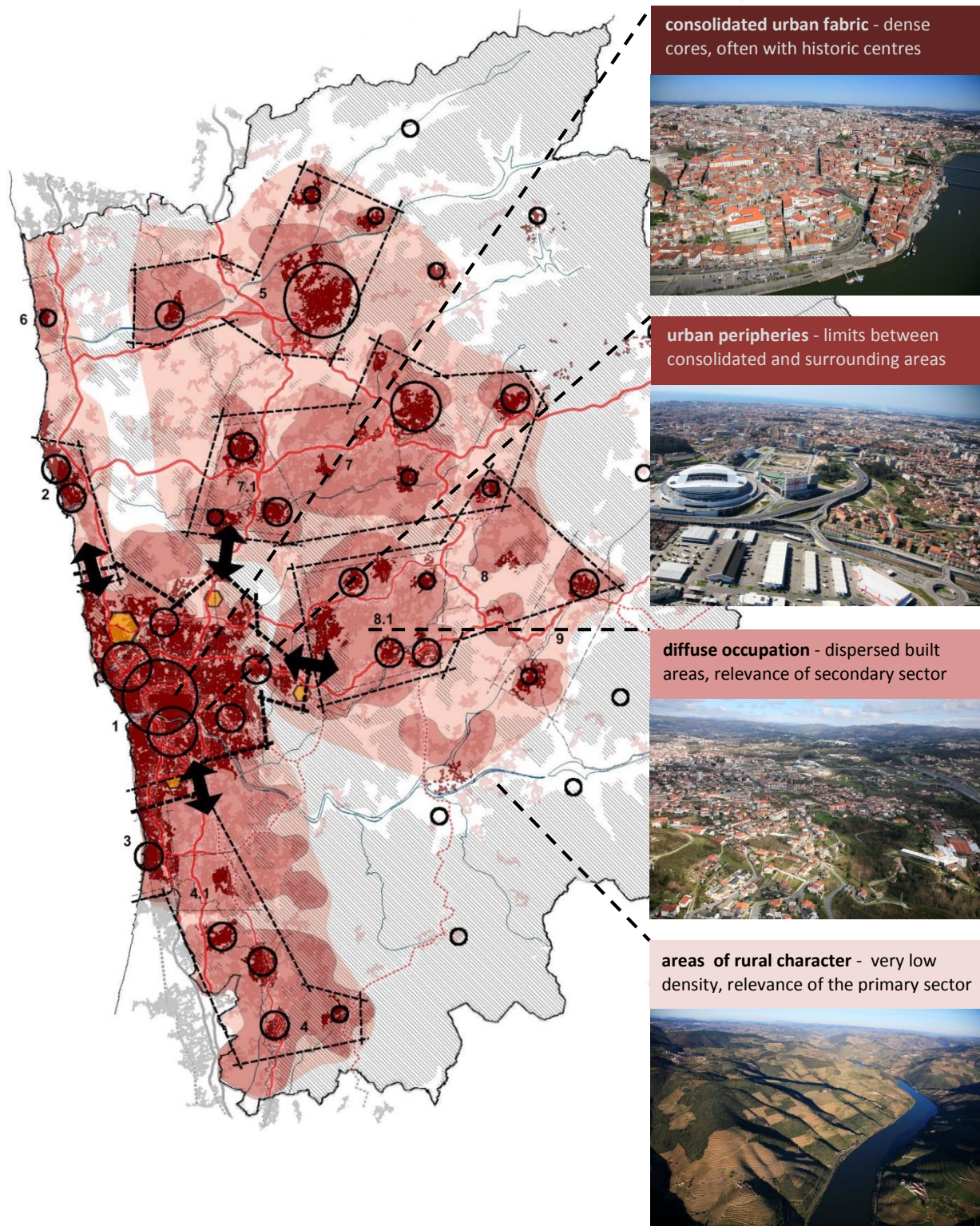


Figure 1. Diagram of territorial occupation in the Northwest of Portugal.

Diagram of the territorial model for the North-western Metropolitan Arch developed by the MDT-CEAU for the Regional Plan for the Northern Area of Portugal (PROT-N).

2.1. Planning system

The Portuguese planning system is a by-product of the Great Depression: aiming to control unemployment growth, the government launched a broad program of public works (Decreto nr. 19502, 1931; Decreto nr. 21697, 1932). In 1934, municipal urban plans became mandatory in order to justify and coordinate such works (Decreto-Lei nr. 24802). Since then, the planning system has evolved profoundly – from simple urban design projects defining public interventions (Lôbo, 1995), to a complex chain of planning documents ranging from the whole national territory to the Detail Plan.

Nevertheless, the basic logic beneath the system seems to have kept the same: the notion that urban growth should be based on programed expansion areas designed and, partially, built by the public administration. In this sense, the final goal of the system would be to define and give form to such expansion areas.² Here Urban Plans and Detail Plans would have a major role, seen as the keystone of all the chain.

However, the urbanization process did not follow the expected model, and Urban Plans and Detail Plans have always been the exception (Portas *et al.*, 1998). In fact, local authorities didn't have the resources to plan all the needed areas; the procedures, rigidity and requirements of such plans, together with the lack of public investment in their execution, made them less attractive to developers; and the diffuse urban pattern, characteristic of the major part of the North-western territory, made it impossible to create the urban pressure needed to guide developers to the planned areas.

In this way, the urbanization of the last decades has been regulated, on the one hand by abstract and generic Municipal Master Plans, and on the other hand by the existing detailed building regulations. Between the two scales – *i.e.* at the urban design scale – there has been basically nothing.

2.2. Private investment 1: *loteamentos*

The fast population growth of the main urban areas of the country on the post-war period led to the proliferation of private urban development projects held outside any planning or legal framework. Seeking to control such interventions, the government created the *loteamento*³ in 1965 (Decreto-Lei nr. 46673). It is a legal framework for privately held urban development projects, which until then were exclusively public. The procedure is simple and the effects are similar to Detail Plans. In this way, *loteamentos* came to substitute the more detailed planning instruments, becoming the main mechanism of the urbanization process (Cavaco, 2009).

Nevertheless, *loteamentos* are not recognized as part of the planning system. According to the government, all urban structure should be determined by public urban plans and *loteamentos* should only be understood as a mechanism for their execution, such as any other private intervention. This is why the same law now regulates both *loteamentos* and individual building operations (RJUE). In this sense, the role of local planning authorities during the approval procedure of *loteamentos* should

2. This reading of the model beneath the Portuguese planning system is a direct conclusion from the texts of the main laws that have regulated the system during the last eight decades.

3. In legal terms, *loteamento* is an urban operation that implies the division of the land in lots to be subsequently built (art. 2nd i), RJUE). However, despite being a legal procedure, the term *loteamento* became associated to a certain urban typology. In the Northwest, *loteamentos* are rather small and autonomous development projects. Though sometimes *loteamentos* are limited to the creation of lots along the existing roads, they normally create new road schemes to access the lots. Most of the times, these are restricted to the minimum necessary and with little connection to the existing network. Usually, *loteamentos* are exclusively residential, presenting detached, semi-detached or terraced houses (Casas Valle and Travasso, 2014).

be limited to verifying its compliance to the existing plans and regulations, and they are not expected to actively guide or affect the design of each development.

Consequently, urban growth is shaped by the sum of autonomous fragments with little relation to each other or to their surroundings, due to the absence of any mechanism able to integrate them in a wider coherent structure (Portas, 2007).

2.3. Private investment 2: private house policy

The Portuguese housing policy was mainly based on the incentive of private house acquisition. A set of public programmes, lasting from 1976 to 2002, financed directly the buyers through a system of bank credits and savings. And if, in a first stage after the Carnation Revolution⁴, such policy could be seen as an answer to housing shortage⁵, it must be mainly understood as a major piece of a broader redefinition of the Portuguese economic and financial system (Travasso, 2014; Santos *et al.*, 2014). This redefinition followed the neoliberal policies of the Washington Consensus introduced in Portugal by the IMF programmes of 1978 and 1983-85 (Nunes, 2010), by the EEC accession process (started in 1977) and, later, by the Economic and Monetary Union (EMU), all of them imposing important structural reforms.

Entering the EEC would bring trade liberalization and higher wages, menacing the commercial balance. The private housing policy was designed to redirect an important share of the disposable income towards the construction sector, which was seen as highly resistant to external competition and a major employer (Decreto-Lei nr. 35/86). At the same time, this system financed and reinforced banks – which were being privatized during this period⁶ and were expected to be strong enough to adapt to the reforms imposed by the EMU. This led to a national development model based on construction, real estate and finance (diminishing the importance of agriculture and industry). Also, this policy promoted the “*wide distribution of individual private property*” (Thatcher, 1975), following the principles of Thatcher’s *popular capitalism* (Lawson, 1992).

The result was an explosion of credit – mainly after 1995, due to the decrease of interest rates resulting from the creation of the EMU – directly corresponding to the period of the most intense urban growth of the main Portuguese urban areas⁷.

2.4. Public investment: infrastructuring the country

Entering the EEC in 1986 gave Portugal access to structural and cohesion funds destined to reduce disparities between European regions. These funds became the basis and engine of all public investment policy⁸. The main part was destined to infrastructures (roads, energy, water supply,

4. In the 25th April 1974, a revolution – known as Carnation Revolution – ended a 48 years dictatorship, opening the route for the installation of the existing democratic regime.

5. In 1974, Portugal was facing an enormous housing shortage, which became even more dramatic after the decolonization. The first reaction to the problem, right after the Carnation Revolution, was a broad public housing program. However, in 1976 the policy changed from financing the construction of public housing to financing the buyers of private houses. This new policy was an answer to the housing scarcity. But it was also an answer to the pressures of the construction and real estate sector, which was the main economic sector of the country, and was facing a serious crisis at the time. (Ferreira, 2013; Decreto-Lei nr 117-E/76)

6. After the carnation revolution, all banks and financial entities were privatized. Private banking was only allowed in 1984 (by imposition of the EEC) and the privatization of the nationalized banks lasted from 1989 to 1997.

7. Due to the progressive end of the incentives programme, and the number of housing units already built, construction dynamics started fading since the year 2000. Nevertheless, the associated credit system kept growing as it was based on ever more complex and refined financial mechanisms (Santos *et al.*, 2014) – the same mechanisms that came to trigger the international crisis in 2008.

8. From 1989 to 2013, European funds destined to Portugal overpassed €96 thousand million. Adding the mandatory Portuguese share of

sewage, IT) and public facilities, aiming to give to national territories competitive and wealth conditions of European standards⁹ (Mateus, 2013). These interventions promoted and gave support to the fast urban expansion and, once again, they were highly beneficial to the construction sector.

European funds shaped planning strategy and the role of public administration on the urbanization process. Infrastructures and public facilities became the main elements of planning practices and basically the only ones to be financed by public funds. Their definition and location were mainly determined by central government agencies, and decisions were highly centralized and sectorial, with little connection to local context, local needs, and local planning strategies.

2.5. Special programmes

As stated, planning instruments at the urban design scale have proven to be ineffective, or at least incapable of establishing themselves as standard mechanisms. The exceptions are some public urban development projects, resulting from individual programmes associated to specific and sectorial funding, normally corresponding to European funds or to major events such as Expo '98, Euro '2004 or European Capitals of Culture of 2001 and 2012.

It is possible to divide these operations in three types:

- New expansions or profound urban regenerations of abandoned or declining areas of great potential (often waterfronts). These operations sought to lure private investment of real estate companies, following the model created by the English Urban Development Corporations.
- Renewal interventions on historic urban cores.
- Regeneration actions on specific declining areas with particular social problems, such as problematic public housing projects or informal settlements.

These operations have been presented as examples to be followed and as catalysts for wider regeneration dynamics. However, they cannot be seen as a standard to replicate. They are exceptional in nature: they operate in areas of exceptional characteristics, with exceptional financial resources. Moreover, they often use exceptional planning instruments guided by autonomous agencies, which override local planning instruments and authorities.

2.6. Informal planning

Local authorities have little capability to directly transform their territory. Their main role is focused on the regulation and management of private urban operations. And yet, they find themselves with little power to do so: on the one hand the existing planning instruments have shown to be too rigid to adapt to the uncertainty of urbanization dynamics; on the other, the existing legislation does not consider negotiation mechanisms between public authorities and developers in order to better guide private investment.

Aiming to overpass such obstacles, several local authorities have developed informal planning practices. These are mainly based in two instruments (Morais, 2006):

the investment, it amounts to €178 thousand million, more than the Portuguese GDP (Mateus, 2013).

9. Portugal had a huge deficit in infrastructures due to the lack of financial resources and to the investment restriction policy of the dictatorship period.



Figure 2. Urban Plan for Santo Tirso, 1945.
Rogério Marques. Source: DGT historical archive.



Figure 3. *Loteamento*.
Loteamento in Gondomar. Photo: Filipe Jorge



Figure 4. Urban expansion based on private investment.
Diffuse urban occupation. Vale do Sousa.



Figure 5. Main infrastructures.
Road interchange and airport, Matosinhos. Photo: Filipe Jorge.



Figure 6. Special programmes.
POLIS Vila do Conde. Photo: Filipe Jorge.

- Urban plans drafts, which are never finished or approved. These may have different scales and detail levels. They function as guidance for both urban management technicians and developers, but at the same time they have great flexibility, being able to adapt to momentary requests, circumstances and opportunities.
- A proactive management, in which local authorities negotiate the presented urban scheme with the developer in a more active way (guiding the design, making specific suggestions) during the approval procedure in exchange for easing and speeding the process.

These practices have presented some positive results. Nevertheless they are fragile, as they have no legal value nor established procedures. They rest on the good will, common sense and competence of all actors involved, and their legitimacy is sometimes questioned. Moreover, even if they have been used for decades in many municipalities, they are still seen as individual and experimental attempts, which occasionally fail.

2.7. Reading from national urban policies

Programmed expansion areas – which, according to the legislation, are the model in which all the Portuguese planning system is based – have faced serious difficulties to be implemented due to the existing urbanization conditions, and became the exception. Public investment has been limited to the main strategic elements that structure urbanization, determined by highly centralized and sectorial decisions, with little relation to local contexts. Private investment has been the driving force of the urbanization process, shaping urban growth according to individual needs and market trends. However, private developers have shown to easily accept local authorities' demands and proposals, as long as their investments stay profitable; and in this sense they may be seen as compliant partners. Local public authorities' role has been restricted to the guidance and management of private investment, for which they have limited power or instruments. Other actors seem to be absent from the process and their potentials are not clear.

This brief summary serves only to emphasize that it is not possible to understand the existing urban form without analysing the processes that shape it. Therefore, it is important to examine three main factors:

- *Dynamics*. From the presented short stories it is possible to grasp that the urbanization processes are highly determined by broader dynamics, such as demographic evolution (and all its causes), international economic crisis, geopolitics and foreign politics pressures, macroeconomic trends and choices.
- *Actors*. The urbanization process is guided by different actors – central government agencies, planners, urban management technicians, developers, architects, inhabitants – each of them with its own logics, claims, needs, reading of the territory, and culture of action, all of which must be understood.
- *Procedures*. The urbanization process follows precise and highly regulated procedures that guide and justify the majority of the actions.

A closer analysis of these three factors enables the identification of a *triple mismatch* that has accompanied the urbanization process of the Northwest of Portugal of the last decades:

- *A mismatch between different policies*. For instance, the fact that planning legislation states that all new urban areas must be determined by an urban plan is not consistent with the *loteamentos* regime. Similarly, strategic planning policies standing for the restraint and

confinement of urban growth are not consistent with an economic policy based on the incentive of the construction and real estate sector.

- *A mismatch between established models and current urbanization processes.* For instance, the growth model exclusively based on programmed expansion areas is not consistent either with the existing extensive diffuse urban pattern, or with the Portuguese land property culture, or even with an urbanization process mainly based on private investment (more than half of which does not rely on real estate companies but on small land owners developing their plots to build houses for themselves or their families).
- *A mismatch between actors' planning culture and the existing context and needs.* For instance, the claim – apparently consensual at all levels of the administration¹⁰ – for more reflexive, procedural, flexible and negotiated planning practices is not consistent with the existing planning culture of all actors surrounding the approval procedures. For example, urban management technicians have little autonomy or authority and are restrained to strictly follow approved regulations and plans – any discretionary decision is immediately pointed out as a sign of corruption.

The closer one looks the more examples one will find of this *triple mismatch*. It is normal for any complex system to have incongruences. However, it is important to be aware of them and their effects when working with or proposing changes to the existing planning system.

3. THE NEW CONTEXT

The international crisis is deeply transforming the context that determines the urbanization process. In order to develop new planning procedures adapted to the present situation, it is then necessary to understand the new dynamics and the way in which actors are rearranging themselves,

3.1. New narratives

From the Academy to the daily news, we are now witnessing a widespread censure of the policies of the previous decades of growth, and their material results, presented as symbols of irresponsible overspending. Past public investment in oversized infrastructures and facilities is severely criticized; as well as the national economic development model based on non-tradable goods, mainly on the construction sector (Figueiredo, 2012). The most common discourse – namely from politics belonging to different ideological areas – is that the major part of the existing investment should be destined for the production of tradable goods. Similarly, urban growth and extensive urban areas are harshly censured, and pointed out as predatory and unsustainable. The regeneration of old urban cores is presented as the only accepted urban intervention.

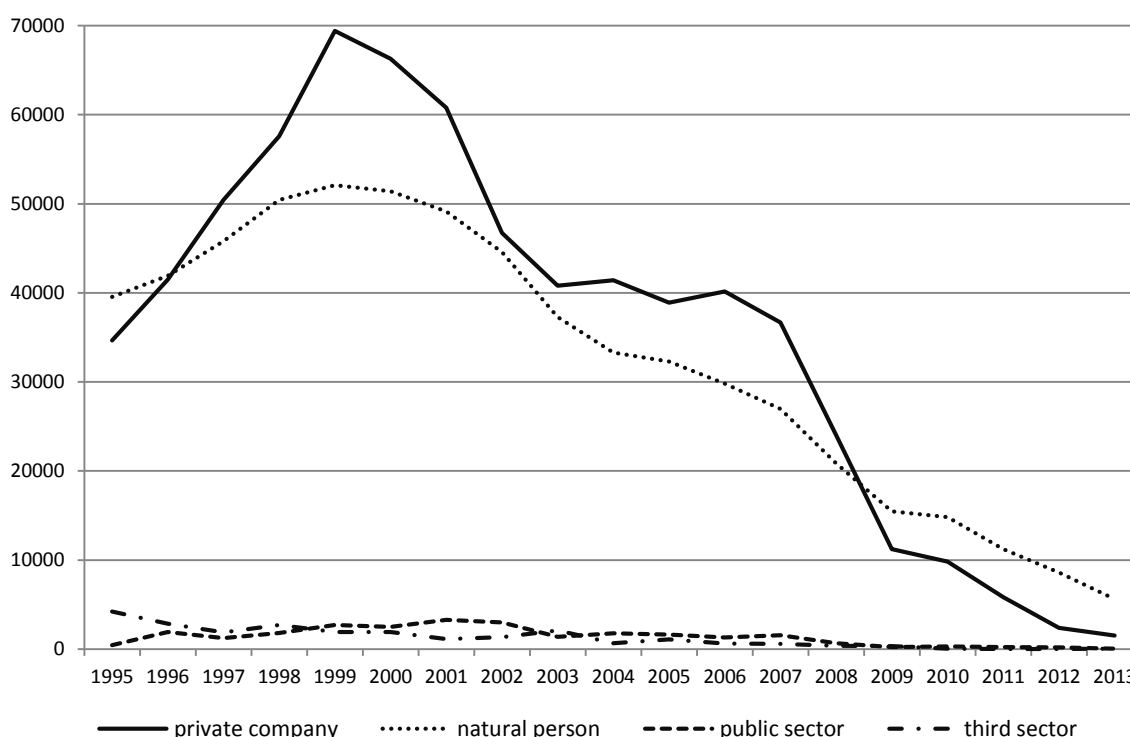
In fact, the present crisis is not only an economic one. It is associated to a wider paradigm shift (Latour, 2010; Caraça, 2012). The ideas of growth and progress that have driven society for the past decades are now condemned. A certain feel of fear of the future is spreading (Innerarity, 2009), and the reaction is to look back to the past in search for references for new (old) practices and lifestyles (Boeri, 2012)

10. The National Programme for the Spatial Planning Policy (PNPOT), which is the strategic document that establishes the framework for all the planning system, clearly states that Municipal Master Plans should have a strategic and flexible character, able to follow and react to the different dynamics. However, that is not the established practice.

3.2. Double investment withdrawal

The present international crisis arose from within the mortgage system. In Portugal, it profoundly affected both banks – cutting out the credit flow – and the construction sector – closing nearly one third of the existing companies¹¹. The remaining construction companies are shifting their business models: the bigger ones are now working overseas, namely in African countries and in Brazil; the others are redirecting towards building renewal. Between 2006 and 2013 the number of housing units licensed by private companies dropped more than 96% (Chart 1).

Chart 1. Number of new housing units licensed in Portugal per developer type. Data: INE



The sovereign debt crisis led to the IMF-EU bailout programme (2011-2014), which has imposed severe cuts on public spending. In three years, public investment dropped 63%¹², and the running cost budgets of the different State sectors have been harshly diminished. It is now presented as impossible not only to continue to invest in new infrastructures and public facilities, but also to maintain the already existing ones. Consequently, an important share of such infrastructures and facilities is being closed or privatized, in a process exclusively based on sectorial decisions, which tends to close the less used and more fragile nodes of the networks, without considering possible relations between them. Welfare state is gradually retreating from the territory.

The remaining public investment capacity – namely the European funding programme 2014-2020 – will be redirected mainly to the tradable-goods sectors¹³ and to urban regeneration programmes of

11. The total number of companies from the construction sector went from 128.832 in 2004 to 88.797 in 2012 (data: PORDATA).

12. Public gross fixed capital formation dropped from €6496,5 million in 2010 to €2375,8 million in 2013 (data: PORDATA).

13. “One of the main priorities is shifting the investment from infrastructures, in which Portugal is above the European average, to companies’ competitiveness and internationalization, which is the main deficit of the country and the fundamental reason for why we have

few exceptional areas, through mechanisms based on incentives to private companies, instead of direct public investments (Portuguese Government, 2014b).

What we are witnessing is, then, a profound transformation of the two main engines of the urbanization process – public and private investment. Besides the dramatic reduction of its total volume, it is also possible to recognize the rearrangement of investment dynamics. The tendency is for a concentration of the available resources in a few exceptional areas, namely for the regeneration of historic centres. This choice follows the recent narratives developed against the growth decades, and is backed up both by political discourses and by the construction sector. On the other hand, the more devalued, unconsolidated and vulnerable territories seem to be simply abandoned, which is leading to dangerous declining dynamics with no evaluation of the possible consequences. António Figueiredo (2011) has referred to this withdrawal of investment as a retreat with no apparent strategy: a desertion.

3.3. Mapping recent dynamics

In order to better understand how recent dynamics are redistributing themselves and transforming the territory, several statistical data were mapped. From those, the more determining were:

- The demographic variation between censuses – 1991/2001 and 2001/2011 – in order to understand growth trends in a wider period. After several decades of intense growth, the 2001/2011 interval presents a visible population decrease in several wide areas. However, it did not correspond to a decrease of the global population of the North-western territory, but to a concentration movement towards the more active industrial axis and the first rings of main centres.
- A series of indexes trying to grasp the effect of the crisis on private investment mainly based on the numbers of constructions and building permits, for both new buildings and renewal interventions, comparing different moments of the last 14 years. These analyses show an investment contraction throughout, often a deep reduction, after 2007.
- Some data related to social vulnerabilities, such as unemployment, average income, public social assistance to poverty – namely, minimum income (Rendimento Social de Inserção) – and ageing.

A series of synthesis were then produced in order to reach a final diagram of recent dynamics, divided in seven different grades:

- *Regeneration* – Areas that after a long declining period, are now presenting relevant positive dynamics, mainly based on renewal interventions. They correspond to some specific old urban cores, where regeneration processes are now starting, namely Porto, Matosinhos and Espinho.
- *Growth* – Areas where post-crisis investment data are higher than pre-crisis. In general, these are areas that were already undergoing long-term growth processes, according to previous census. They correspond to some small dynamic areas.
- *Resilience* – Areas undergoing growth processes according to previous census, and where crisis effects on private investment seem to be minor.

entered in the past with great frequency in situations of financial unsustainability.” (Miguel Poiates Maduro, Minister for the Development and responsible for the European funding programme in Portugal *apud* Portuguese Government 2014a)

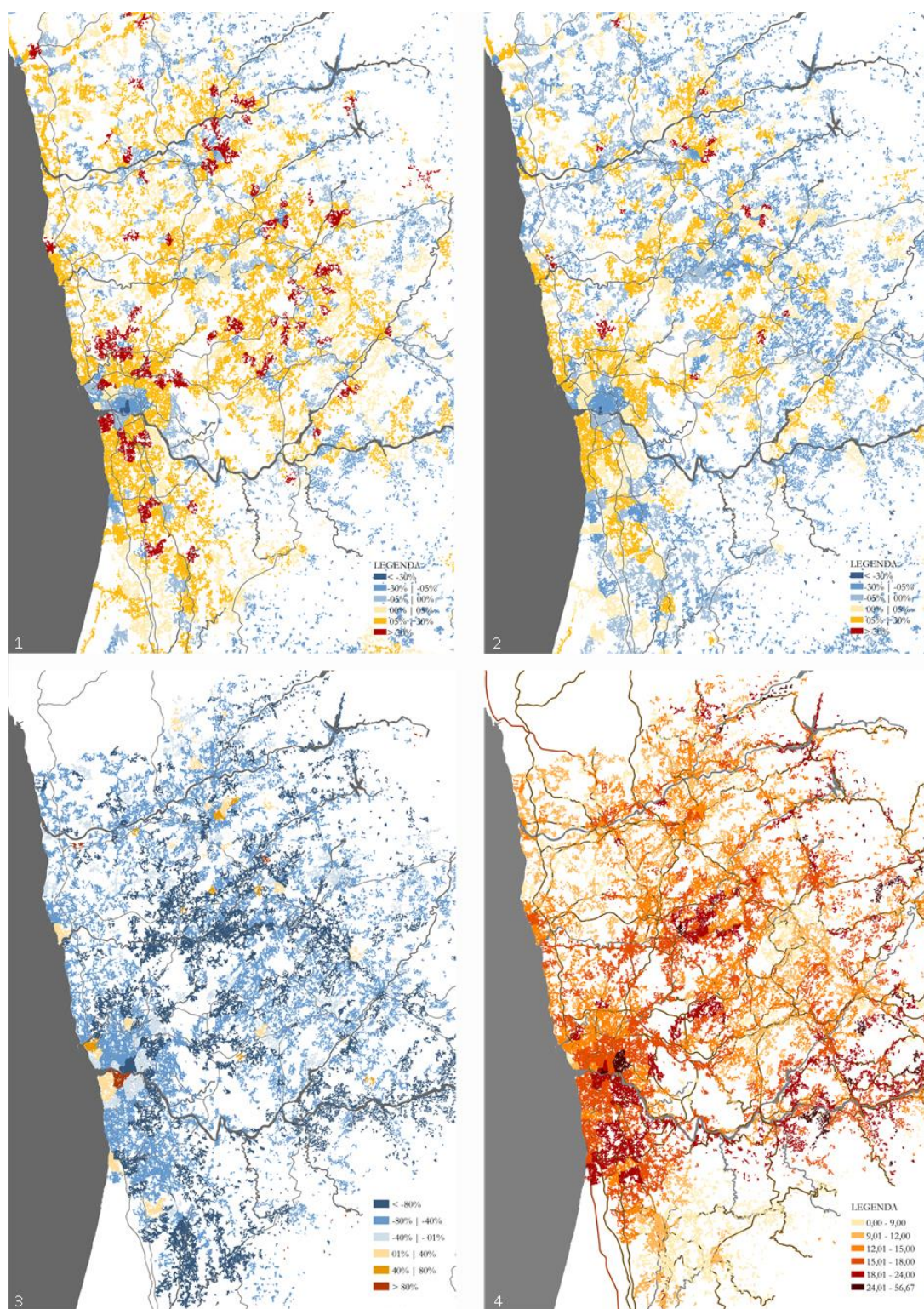


Figure 7. Mapping statistical data, Northwest of Portugal.

These maps represent statistical data over the contiguous built areas obtained through a 'buffer' of 50 meters around the existing buildings. 1- Demographic variation 1991-2001, according to Censuses. 2- Demographic variation 2001-2011, according to Censuses. 3- Variation of the number of new housing units licensed, between 2000/2003 and 2010/2013. 4- Unemployment 2011, according to Censuses. Data: INE.

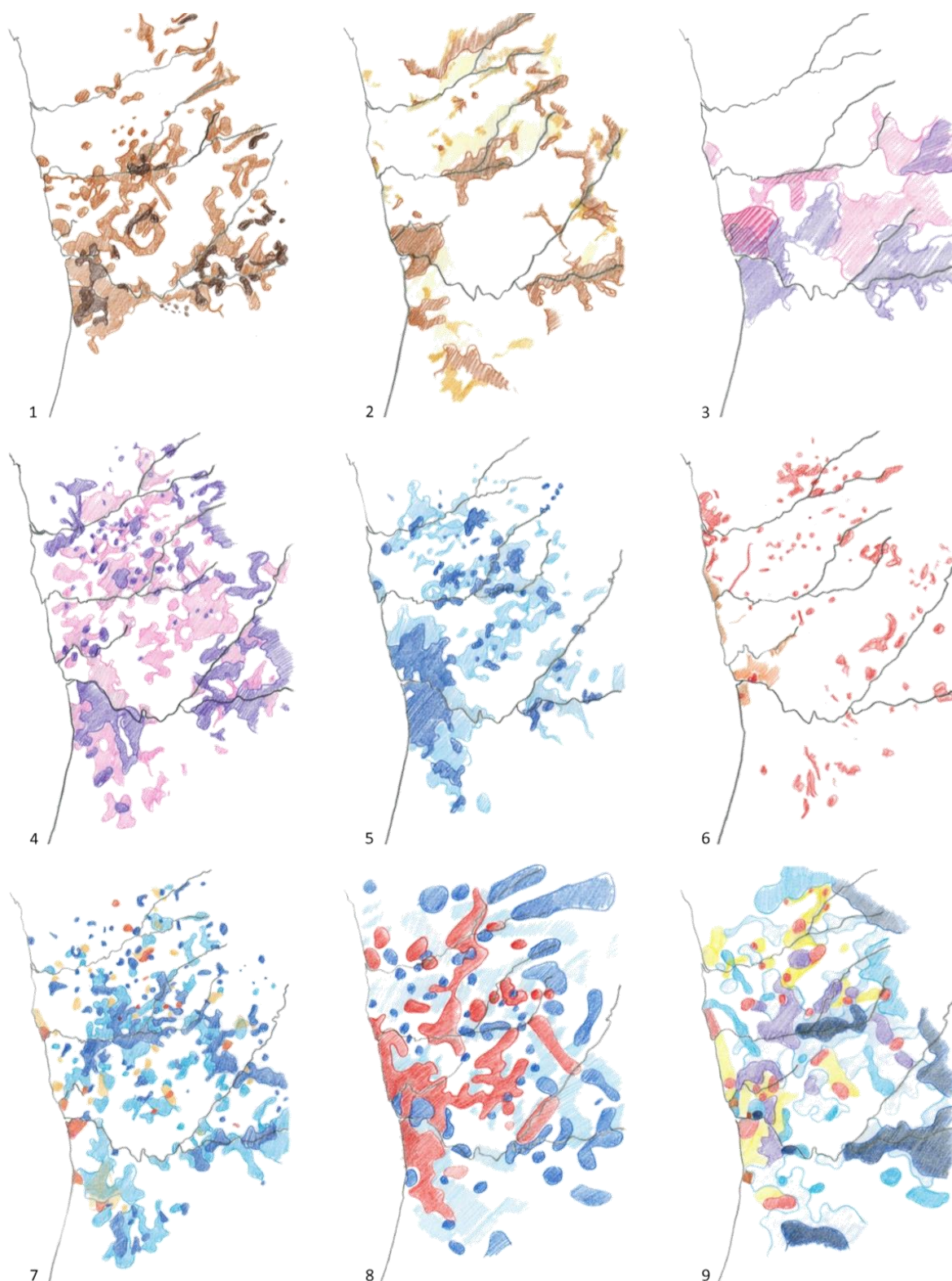


Figure 8. Mapping recent dynamics (MDT-CEAU).

Series of synthesis based on statistical data towards a diagram of recent dynamics: 1- unemployment; 2- ageing; 3- poverty; 4- housing permits per area; 5- housing permits per inhabitant; 6- growth dynamics; 7- investment withdrawal; 8- demographic dynamics according to the last censuses; 9- diagram of recent dynamics.

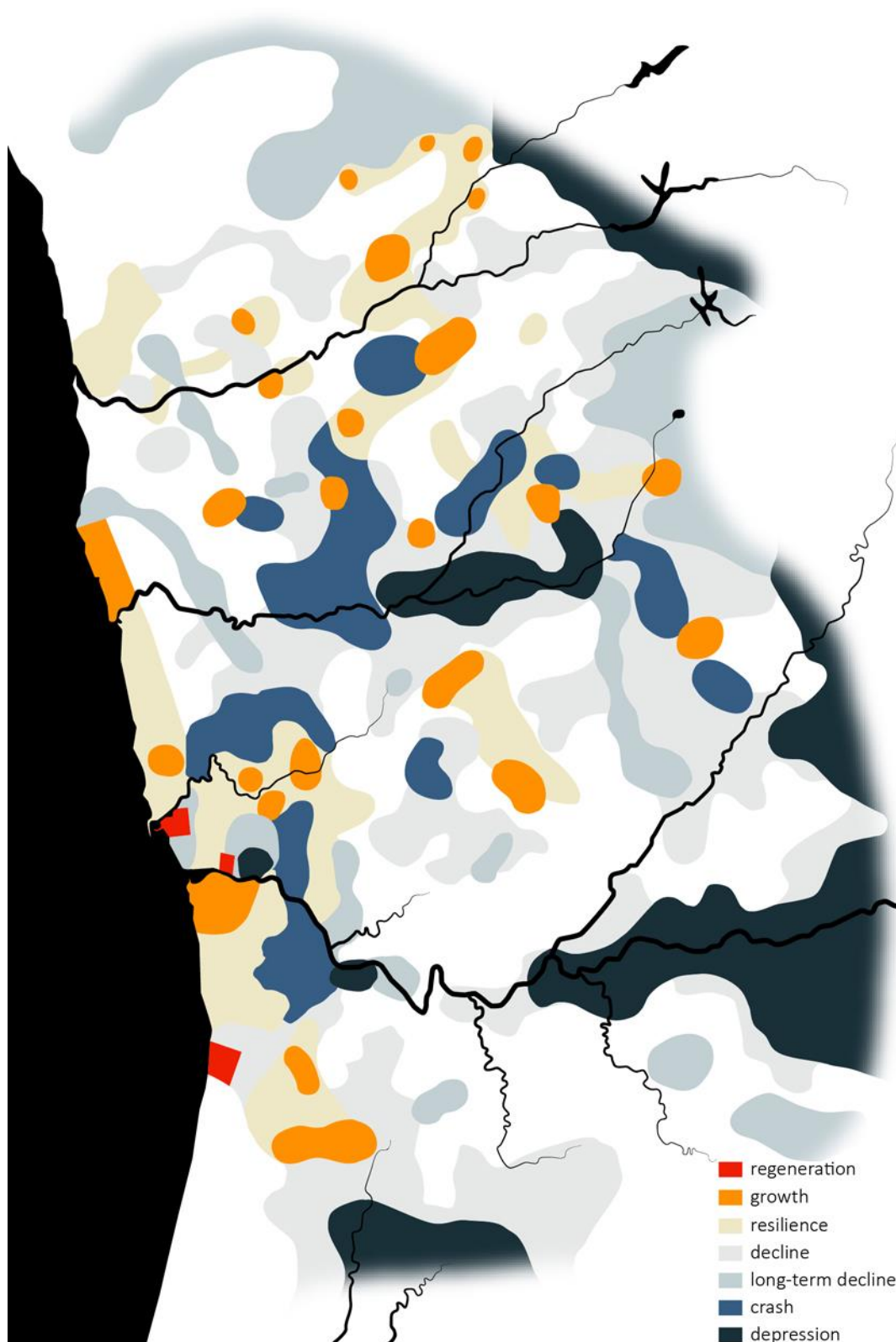


Figure 9. Diagram of recent dynamics.

Diagram resulting from the overlapping of previously produced synthesis.

- *Decline* – Areas already decreasing according to the last census (2001-2011), where private investment has diminished after the crisis.
- *Deeper decline* – Areas undergoing a long-term decreasing process according to the last two censuses (1991-2001 and 2001-2011), where private investment has diminished after the crisis.
- *Crash* – Areas presenting a clear growth dynamic according to the previous censuses which have suffered a significant decrease on private investment after the crisis.
- *Depression* - Areas undergoing a long-term decreasing process according to the last two censuses (1991-2001 and 2001-2011), which have suffered a significant decrease on private investment after the crisis. These areas also present the worst values related to social vulnerabilities such as unemployment, ageing and poverty.

It is not possible to directly extract general conclusions from this diagram. It represents different situations that must be studied in detail. However, it highlights the widespread declining dynamic and the harsh crisis consequences. It also points out the different processes beneath the general tendency, which may inform future policies that need to be specifically designed for each case.

3.4. Declining dynamics

Facing such widespread declining dynamics, it is important to consider both its causes and consequences.

Due to the lowest fertility rate of the EU and the inversion of the migration balance, Portuguese population is decreasing since 2010¹⁴. Also, internal migrations tend to concentrate population in some specific more active areas. Vacant and underoccupied spaces start to multiply; along with the brand new ruins that have remained from the numerous unfinished development projects caught by the crisis (Sousa, 2012).

This dynamic is intensified by the double investment withdrawal, which is particularly affecting the less valued areas, namely the diffusely occupied regions. For these, there are no resources to consolidate or even maintain the existing buildings, public spaces, facilities and infrastructures. These are fairly recent – resulting from the growth of the last four decades – and many times of poor quality construction.

João Ferrão (2012) emphasizes the importance of evaluating the *costs of inaction*. In fact, if nothing is to be done, we will probably assist to a progressive deterioration process of massive proportions.

Other crisis consequences contribute to aggravate this process, by amplifying the vulnerabilities of the less valued territories. Accompanying the sudden unemployment growth and the generalized income decrease, the ability to access *urban resources* (Bourdin, 2010) is becoming more unequal, not only because several infrastructures and facilities are being closed and privatized, but also because mobility costs have increased significantly (oil price, public transportation tickets, tolls), which is particularly relevant in the diffusely urbanized areas. Moreover, access to housing will become harder due to credit shortage and the new renting regime¹⁵ (Santos et al., 2014).

14. Data: PORDATA

15. The renting regime has been recently changed, liberalizing rent values and making it more attractive to landlords, in order to activate the renting market. This market has been stagnant for many years, due to the incentives for private house acquisition, on the one side, and the highly regulated rent values on the other side. Consequently, 73% of the existing houses are owned by their dwellers (data: Censos 2011).



Figure 9. New ruins.

Images of unfinished development projects. First photo by Hélder Sousa; others by Nuno Travasso

These factors are deepening social disparities. The result is the probable disconnection of a relevant number of people from the urban and social systems they live in. Paradoxically, in a moment when these systems are organized in highly complex and interconnected networks, such disconnection seems to happen in increasingly unnoticeable ways, seriously threatening social cohesion.

This context contributes to intensify the degeneration of the existing urban space and deepen its devaluation, making it even harder to promote any kind of reactivation process, at least through normal market-led mechanisms.

3.5. Deepening the triple mismatch

The new context pressures the existing system in different ways in each of the areas of the North-western territory. The generalized declining dynamic seems to pose the bigger challenges to the planning system and all established practices surrounding it, deepening the mismatch between them and the present dynamics and needs.

As stated, the existing planning system has essentially two functions: to determine public action, essentially focused on the main infrastructures; and to control, regulate and steer the urban pressure created by private developers.

With the double investment withdrawal, both public and private investments tend to disappear, and all the system becomes dysfunctional:

- There is neither the steam nor the tools to implement the needed actions.
- Local administration urban departments are designed to answer to the constant arrival of applications for building licenses. Suddenly they have no apparent function.
- There seems to be no ability to involve in the process other actors or other ways of acting on the territory, besides the very limited practices that have shaped the urbanization process for the past decades.
- Previous strategic visions for the future of these territories become inadequate, as growth appears to have been the only idea determining planning thought.

The general feel is that everything is to be done and no one really knows what to do or how to do it¹⁶.

4. MANAGING SCARCITY

In order to add value and activate the decreasing areas with significant potential, seeking to halt the on-going degeneration movement, a *reurbanization* process is needed (Portas *et al.*, 2011). An action able to complete, reinforce and give new meaning to the vast networks that support and structure the extensively urbanized areas of the Northwest of Portugal.

Big strategic gestures or intensive investment programmes are now unfeasible. The process will necessarily be based on small independent operations, which will probably reuse the already existing resources and take advantage of momentary conditions – a *bricoleur* attitude (Lèvi-Strauss, 1962; Labastida, 2013)

Such challenge necessarily implies new planning practices, more suitable to the present situation.

¹⁶. This description is essentially based on the contacts established with some key-actors of different levels of public administration, during the on-going research project.

4.1. Scarcity as a condition

The most common discourse is that, after decades of growth we are now passing through a needed period of *austerity*. Opposing this idea, Jeremy Till suggests the notion of *scarcity*. Contrary to *austerity* – which presents itself as a temporary policy, promising the arrival of a new growth period – *scarcity* must be understood as a structural condition, based on the acknowledgment of the *real* limits of the existing resources. However, *scarcity* must be also understood as a *social construct*, as it doesn't simply describes the lack or rarity of something, but the relation between the need for a certain resource and the supply of that same resource, both of which are socially determined.

Therefore, while *austerity* points towards a temporary reduction, *scarcity* suggests new long-term ways of acting; and “*where austerity leads to a solution of continuing to build, but doing it with less or less often, scarcity thinking leads not to adding, but redistributing what is already there*” (Till, 2012: p.11). The understanding that an intervention on the territory is never an adding operation, but always an action of redistributing existing resources – local or not; material or not – changes the way one looks at such interventions and shifts the focus from the resulting objects to the processes themselves.

4.2. From planning to management

As stated, the existing planning system seems to be inoperative in the present situation. In fact, the modern planning tradition, based on the principles of predictability and common good, has shown to be incapable of adapting to the uncertainty that determines the urbanization process and to the multiplicity and complexity of legit needs, visions and objectives that characterize contemporary society. This leads to a profound change on public administration's role, as it loses the ability and the authority to decide and design by itself how the future urban space should be.

Accordingly, the traditional idea of a plan – as a fixed design of the future to accomplish – is not suitable, as future conditions are inscrutable. Several authors have contributed to the search for planning mechanisms able to incorporate complexity and uncertainty, suggesting a continuous and reflexive planning process, able to promptly react to context changes, and to redirect itself according to its own results, in a trial and error movement (Ascher, 1995). In this manner, the *plan* is not as much a fixed set of regulating documents, as it is the design of the process itself and the procedures that ensure its daily functioning.

Also, public administration cannot decide by itself what common good is. The legitimacy of the decision will result from the way the planning process is able to involve different stakeholders and consider their visions. Public entities are then seen as one amidst many different actors with the ability to act on their territory, contradicting the divide between space producers and consumers presented by Certeau (1980). Public authorities' role should then be to steer the process and act as facilitators, moderators, mediators (Forester, 2008) and – mainly in a time of lack of dynamics – as catalysts between all actors, seeking to combine their needs, claims and actions. More than designing a plan, its role would be to manage its progressive materialization and redefinition, by guiding each individual operation in order to make it a meaningful part of a wider urban structure.

4.3. A new role for public administration

The presented perspective leads towards a major shift: from *planning growth* to *managing scarcity*.

In times of scarcity, the need is for an action able to incite, mobilize and recombine all available dynamics, actors and resources, in a collective action towards shared goals.

As Stefano Boeri (2012) underlines, today, public entities are not able to guarantee by themselves the supply of the needed *urban resources*, not only because they have not the means to do so, but also because they do not know what the citizen's needs really are, nor do they know what answers are already being provided by civil society. Accordingly, Boeri argues that local authorities' main task should be to *organize the demand and mobilize the supply*.

Therefore, the first action should be to map the existing needs, requirements, claims and desires. And, at the same time, also map the corresponding supplies, as well as all available dynamics, actors and resources. Understanding this set of elements as the basis for a supplying network, would enable both public and private actors to rearrange these components in a more suitable way, and provide the missing parts and links. Next step would be to enhance the connection between demand and supply.

4.4. For a new planning culture

The suggested planning attitude would imply a profound shift on planning and urban management practices. However, as João Ferrão (2011) clarifies, this is not a legal question. Existing regulations enable for a much more open, flexible, reflexive and collaborative attitude. It is mainly a matter of the culture of all actors involved that determines their daily practices.

Therefore, new planning guidelines should not be determined by a new legal framework. Sanderson (2009) suggests setting a long-term learning path based on experimental trial and error practices pointing towards the formation of a collective *intelligence*¹⁷ – a way of acting and solving problems, more than a set of rules and procedures. This should be a bottom-up process, based on the daily experience of frontline practitioners, counting with their accumulated knowledge and involvement.

However, as Cels *et al.* (2012) explain, public administration discourages experimental and innovative behaviour, and censures individual and risky decisions. Introducing new practices in this milieu is not easy. They must present results proving they are better than previous alternatives, and they must be officially legitimized.

Accordingly, the experience of *informal planning* of the last decades could be seen as a starting point, as they have already gathered sufficient evidence to be evaluated. Besides, these were developed by the frontline practitioners themselves. They support such practices; they know their logics, potentialities and weaknesses.

4.5. Inventing a common ground

Despite the lack of resources and the inadequacy of established planning practices, the on-going research is showing that the problem is not only how to do things, but also what do we want to do.

A shared goal seems to be missing. And if in some areas – such as the historic centres undergoing regeneration processes – we recognize limited disagreements (type of participation of public entities, scale of intervention, level of rigidity related to the maintenance of built heritage and traditional building technologies); in other areas – such as the vast diffusely urbanized ones – we witness the total absence of any common vision for the future of such territories. Here, we can even notice the inexistence of a minimum understanding between the readings different actors make of the territory

17. Following Dewey, Sanderson defines *intelligence* as “a capacity to apply knowledge to guide us in taking appropriate action in an ethical-moral context where values and ends must be explicitly considered”. And, quoting Dewey, he adds: “A pragmatic intelligence is a creative intelligence not a routine mechanic” (Sanderson, 2009: p.710)

in which they operate. Hence the difficulty to create a shared view that could work as a common ground to enable dialogue negotiation.

An urbanization process comprising multiple agents in one collective and comprehensive action must be grounded on a common view of what that territory is and what it should be. And that implies a collective construct based on the definition of shared goals and of a shared vision of a future to pursuit – a broad, open, continuous, multi-level and multi-platform discussion involving all citizens in order to think what the place they live in really is.

Such a collective invention of a common ground would ease the reduction of the existing mismatches and thus contribute to redirect and tune up the planning practices and clarify the role of all actors involved.

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