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Case Report

Proximity and post-COVID-19 urban development: Reflections from Milan, Italy

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ABSTRACT

This paper aims to describe the impact of the COVID-19 pandemic on the socio-economic structure of cities, and discuss the possible responses of a place-based agenda of urban policies built around the concept of "proximity economy". With this objective, the present work provides an interpretative framework for understanding the impact on urban economy with respect to Milan and Italy, by observing the emergence of the perspective of proximity in the debate to respond to the healthcare crisis due to the current pandemic. On this conceptual basis, the paper suggests measures and gives examples for implementing a proximity-based urban development agenda, concluding with a final framework of policy recommendations relating to the implementation of these policies.

1. Introduction: the impact of COVID-19 on urban systems and policies

The pandemic linked to the novel coronavirus 2019 (COVID-19) has exposed the fragile socio-economic and spatial structures of our cities. This has posed a new question about the search for solutions capable of transforming models of urban economic growth and development as a result of rethinking the management of services, production and work activities with particular focus on their spatial configuration (Dodds et al., 2020). As a whole, the effects of the COVID-19 pandemic might further challenge the established principles and practices on urban infrastructure planning and management (Nahiduzzaman & Lai, 2020). Furthermore, the COVID-19 virus is amplifying the pre-existing social, spatial and economic inequalities present across the city that make the virus more harmful in a downward spiral (UN, 2020), which has already led to two "waves" over the course of the 2020. With respect to Italy and Lombardy, COVID-19 has strongly affected the suburban areas of these large urban regions (Biglieri et al., 2020), revealing – as also in other European contexts – a peculiar spread in extensively urbanized areas, raising important reflections on the role of density in the spread of the infection (Hamidi et al., 2020). As already established before the current health crisis, phenomena such as polarization and separation between intensive business capital sectors with small and micro manufacturing, artisanal and commercial enterprises are now exacerbated and risk undermining the stability of the economic and social fabric in many Italian cities.¹ The current crisis needs to be addressed by considering these factors, together with their impacts on the labor market. This stems from the recession and liquidity crisis of companies on one hand, and from the contingent productive reorganization along with the production regimes induced by social

¹ In Milan, as well as in various Italian and European cities and regions (Bigatti, 2016), these criticalities have long determined the localization choices of the main urban functions: mainly concentrated in the financial centers of the metropolis and much rarer in suburban areas (Anselmi & Vicari, 2019).
distancing, on the other. These impacts lead to two overarching aspects (see ILO, 2020; Manpower, 2020):

- **Qualitative aspects**, mainly related to the necessary accelerated digitalization of services and production organization with a subsequent increase in the demand for professional skills related to new technologies.
- **Quantitative**, linked to the physiological decline in the supply of work resulting from the closure of many companies strained by the regimes of activity distorted by social distancing and the impact on the consumption of goods and services.

Today, labor market is even more heavily influenced by technological progress, which reflects in a demand for human capital capable of combining knowledge of technological tools and languages with soft skills and creative inclinations, while at the same time facing the rapid transformations of traditional sectors such as trade, crafts and small manufacturing (cf. Faraoni et al., 2019). As recently discussed by Sikder, the integration between factors steering smart cities, open data, and VGI (volunteered geo-information) may drive towards a ‘new normal’ (Sikder, 2020). Nonetheless, in terms of professional training, in polarized contexts such as the Italian one (see Zuddas, 2020; Fulghesu et al., 2021; Contini et al., 2018; Milan, 2016; Censis, 2018), the difficulties arising from the complex containment of the COVID-19 pandemic aggravate many pre-existing criticalities. These are related to high absolute and relative unemployment rates (especially among young people, women, and non-European citizens) across urban and regional contexts already characterized by significant inequalities (Centro Studi Assolombarda, 2020; Lelo et al., 2019; Fratesi & Rodriguez-Pose, 2016). Along with these persistent fragilities, new forms of exclusion seem to emerge, and these concern not only the commonly understood weaker groups, but also a larger segment of urban communities. Workers with skills at risk of obsolescence, traders and artisans are no longer competitive because they are replaced by emerging technologies. Micro-entrepreneurs operating in the sectors have been most affected by the closure of activities and social distancing, together with social categories such as the female population with intermittent professional paths, first and second generation foreign citizens, young people who are either inactive or in possession of qualifications and skills not in demand for the knowledge-intensive job market2 (ILO, 2020). Policies and projects that characterize the response to this crisis have to guarantee the development of solutions capable of spreading the transition to territorial systems that become connected and resilient (McGill, 2020), and that cooperate to adapt and transform themselves to the urgent changes. With these premises, the present work, presented in the form of a discussion paper, focuses on the possibility of implementing urban recovery policies strongly oriented towards small- and medium-sized enterprises, and local economies as preponderant themes in order to respond to the current crisis. The theoretical discussion focuses on place-based policies and their ability to support companies and workers in the long phase of transition and reorganization that the COVID-19 pandemic imposes. However, it should be emphasized that any forecasting attempt made in the present article are highly susceptible to variations, and related to the unpredictable evolution of the healthcare emergency (also in terms of timing of the vaccination campaign). In addition, the implementation of various economic measures (with respect to the Recovery Fund design and implementation) could facilitate investments, and hopefully stimulate the recovery of the economy in a shorter time span. Further, during the writing of this work, we acknowledge the publication of the new guidelines for the preparation of the Recovery Fund in national contexts3 (January 22, 2021): objectives, coherence, methods of implementation, governance, consultation of civil society, complementarity. Two distinct aspects of implementation are discussed. These are:

1. **Smart, sustainable, and inclusive growth.** The identification of specific measure to foster the so-called proximity economies may influence the policy connected to productivity, competitiveness, macroeconomic stability in line with the priorities indicated in the annual strategy of sustainable growth, highlighting the coherence and the ability to implement the principles of the European Pillar of Social Rights.4 In this context, the topics discussed may represent an opportunity to support reforms and investments in research and innovation in collaboration with other Member States, strengthening the internal market and facilitating particularly the development of SMEs.

2. **Social and territorial cohesion.** The proximity economies framework may represent an unexplored context where to address policies able to tackle the disparities between territories, the urban-rural gap and the inequalities among different social groups.

Therefore, the paper is structured as follows. Section 2 covers the discussion of data with respect to the economic crisis of territories in terms of economic development with particular attention to Italy and the city of Milan. Section 3 describes the context of urban policies and recovery agendas, making explicit the emergence of proximity approaches. Section 4 describes a general framework of interpretation with some specific examples. The final section provides some policy recommendations for an urban recovery agenda aimed at supporting proximity economies.

2 The pandemic has rapidly revealed new complexities and emergencies involving densely populated areas, such as the case of the metropolitan context of Milan, but also in reference to other sub-regional realities with widespread urbanization, characterized by a strong inter-municipal commuting between a variety of municipalities. The latter is the case of Bergamo Province, the most affected by the first wave in terms of mortality across Europe (Saporiti, 2020).

3 https://ec.europa.eu/info/strategy/recovery-plan-europe_it.

4 https://ec.europa.eu/info/european-pillar-social-rights_it.
2020 and 2021, declaring a recession as severe as and worse than the one of 2009. The interruptions in the industrial manufacturing chains and the drop in prices of commodities have jointly disrupted financial markets, and tightened liquidity conditions in many countries, by creating unprecedented capital outflows (UN, 2020a). According to ILO estimates, the ongoing employment crisis will result in the loss of 25 million jobs globally, with wage losses between $ 860 million and $ 3.4 trillion. Small- and medium-sized enterprises, self-employed and informal economy workers are the most affected, with particular impact on equal opportunities for women in the workforce (ILO, 2020). In Italy, ISTAT (National Institute of Statistics) reports a 5.3% decrease of the GDP in the first quarter of 2020, when compared to the first quarter of 2019 (ISTAT, 2020a). Furthermore, compared to March 2020, April 2020 saw a marked decrease of employment (ISTAT, 2020b), accompanied by the decrease of the ‘unemployed looking for work’, which was already visible in March, with a further growth of the inactive population. The decrease in employment (−1.2%, equal to −274,000 units) is generalized: bringing the employment rate to 57.9% (−0.7 points percentages), it involves women (−1.5%, equal to −143,000), men (−1.0%, equal to −131,000), employees (−1.1% equal to −205,000), freelancers (−1.3% equal to −69,000) and all age groups. According to ISTAT’s data on the progress of the Italian economy for March 2020 (2020c), retail sales showed a collapse (−21.3% cyclical variation in volumes), caused by the drop in trade in non-food products (−36.5%), while food products showed substantial stability (−0.4%). Electronic commerce recorded an increase (with a + 27.0% trend variation in volumes). With reference to the urban dimension, the rapid affirmation of ‘working from home’ methods - largely enclosed under the broader ‘remote working’ label - has generated a consequent crisis of commercial services which, until the pandemic, heavily relied on heterogeneous city populations and users, guaranteed by huge flows of home-to-work mobility (Bartik et al., 2020). According to a survey by ‘CISL Lombardia’ (Corriere della Sera, 2020), before the emergency 13% of the employees in Milan (154,000 people) were already working occasionally from home (ibid.). This could affect up to 543,000 more workers by the end of the emergency. According to 2020 Confindustria di Milano’ estimates (Confindustria Milano, Lodi, Monza and Brianza, 2020), retail sales closed due to the block imposed by the COVID-19 healthcare emergency are suffering a loss of 4.9 billion euros in turnover: 40% compared to a normal situation (4.2 billion in Milan and the Metropolitan City alone). The discontinued commercial activities were over 22,700, with approximately 123,000 employees. The situation of smaller companies (up to 9 employees) is particularly critical as these make up 65% of the total commercial activities closed in the Metropolitan City of Milan, and in the Provinces of Lodi, Monza, and Brianza.

With the expected business recovery trend, the risk of definitive cessation of activity (estimated at April 30, 2020) was set at around 25%, equal to approximately 3700 companies. According to a forecast by ‘Dataroom’ from the national newspaper ‘Corriere della Sera’ (2020) (based on ‘Fipe’, ‘Federberghi’ and ‘Federmoda’ data appraisal), Italy is expected to produce 180 billion less this year. Out of those, 23 are due to the lack of contribution of the Milanese metropolitan area, in particular linked to the crisis induced by the pandemic in the service macro sector. The failure to carry out fairs, expos and public events, combined with non-arrivals and cancellations for hotels, and the drastic drop in purchases in the retail sector, results in a loss in turnover that exceeds ten billion euro (estimated between February 2020 and February 2021). These add up to the 11 billion lost by the entertainment sector (ibid.). The AirBnb crisis, for instance, has been certified by a 25% cut in the workforce, a 96% drop in bookings following travel restrictions (Dubois, 2020), and a reconfiguration of its services towards long-term rentals (Calatyud, 2020). As confirmed by ‘Confedilizia’ and Nomisma, the real estate market suffered the effects of lockdown, which affected the short-term rental market in particular (Dezza, 2020; Iorlano, 2020). Within such debate, novel insightful findings of the possible impacts of the pandemic on the real estate sector have been discussed with respect to the Turkish context (Tanrivermis, 2020). In the OECD area (2020), including Italy, the sectors most affected by the direct effects of social distancing are therefore tourism, retail sales of products and services, and small manufacturing. OECD has observed how the operating regimes guaranteed in these sectors, from the phase of gradual reopening following the first phase of lockdown (e.g. take-away; constraints on international and regional mobility), have further contracted the aforementioned sectors. This has compromised the opportunity cost of reopening for many operators, with very important effects on the reduction of investments in space renovations and consequent strong crisis in real estate values for the commercial space market segment†. The impact of COVID-19 is and will be particularly severe for entrepreneurs with leased properties (Ingrasci, 2020). The Cura Italia decree, introduced with the Legislative Decree 18/2020, allocates a tax credit for 60% of the amount of the lease for March 2020 to business operators (retail shops). However, this measure does not provide for depreciation, thus resulting in a temporary tool to alleviate the short-term impacts of a bad loan. The support measures for entrepreneurs’ introduced by both the Cura Italia decree and the subsequent amendments introduced with the ‘Relaunch decree’ (Decreto Rilancio) (Decree 34 May 19, 2020, converted into law on July 17, 2020) only partially cover commercial contracts. This is an analytical framework that still does not consider the effects of the latest Decree of November 32, 020 compared to the differentiated measures and the new restrictions. However, it clearly shows that the long-term trajectory of the post-COVID-19 crisis as regards the economies of cities and neighborhoods that could affect merchants and small entrepreneurs, categories traditionally not considered in the study of urban inequalities (Cave et al., 2020). The risk of desertification of entire urban areas is outlined with a progressive reflection on the increasing gap between categories of people, businesses and neighborhoods both capable

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† After being interpreted as a phenomenon of gentrification and a new urban institution of platform capitalism (Smiegel, 2020), the sphere of the sharing economy with reference to the housing sector is today subjected to further upheavals that will hardly bring these platforms to the state and pre-pandemic profits (Dolnicar and Zare, 2020).

‡ In the face of a general context that, according to the report on the real estate market by Nomisma (2020), will bring an overall reduction of 18% in purchases for the residential real estate market in Italy by the end of this year (from 603,000 transactions in the 2019 to 494,000 in 2020).

§ Bonus affitti negozi 2020 (rental bonus for shops and stores): it cannot be combined with the tax credit foreseen by the Ministerial Decree Cura Italia, and it falls within this range of uncertain and temporary interventions.

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Further information about the Decree of 3 November 2020: [https://www.trovanorme.salute.gov.it/norme/dettaglioAtto?id=76993](https://www.trovanorme.salute.gov.it/norme/dettaglioAtto?id=76993).
and incapable to resist the serious economic and social crisis in progress.

3. The context of urban policies and the emergence of the proximity perspectives

In the Italian context, the attention paid in recent months to temporary urban regeneration interventions is the result of a new institutional sensitivity in respect of intervention in some specific aspects of typically urban livability. COVID-19 has already produced tangible impacts on urban mobility, leading to individuals’ adjustment in daily activities, including in-home and out-of-home activities, as well as long-distance travel (Fatmi, 2020). In Milan, it is possible to observe a tangible administrative decision regarding the use of public spaces with incentives in sustainable mobility through the creation of new cycle paths (accompanied by forms of benefits such as the mobility bonus), as well as with actions to support the catering sector. For cities, the need to rethink planning policies seems to be gaining ground: moving from city planning to urban life planning, acting on the dynamics of space and time with the imposition of the issue of geographical proximity as a factor on which to calibrate the spatial reorganization of services, businesses and management of social dynamics (Evanjelista, 2016). The experience of lockdown, with its limitations to urban mobility, has underlined a new important aspect of the issue of proximity applied to urban everyday life. This is linked to neighborhoods and their ability to respond to the needs of citizens, prompting a reflection on the future of a city that does not develop on a centre-periphery axis, but with a variety of centers, each with its own specificities. In this sense, the ‘15 minutes city’ approach, already relaunched by the mayor of Paris Anne Hidalgo, promotes the idea that every citizen can have access to six fundamental functions within a short perimeter and within 15 min of travel-time: living, working, supplying, caring, learning, enjoying (see Moreno, 2021).

Starting from this paradigm shift, it is possible to imagine that among the orientations of cities in the use of European funds, increasing space will be reserved for experimental measures and pilot-actions that redevelop spaces, through forms of tactical urbanism and paths of active participation of citizens. Within such a scenario, large infrastructural interventions need to be rethought and integrated with the activation of innovation experiences with a strong social impact, experimented in pilot forms on a local and/or neighborhood scale. From the perspective of the economic and social structure of cities and neighborhoods, proximity trade (or local business/trade) undoubtedly represents a fundamental service for citizens and for the improvement of proximity-based services and commercial provisions (Williams & Hipp, 2019). By adopting the definition outlined in the Futureberry research (Futureberry, 2019) – carried out for the Department of Economic Development of the Municipality of Milan – it is possible to consider as ‘proximity trade’ the body of activities mainly aimed at the retail sale of products within a contained area, generally never exceeding 250 square meters. According to the survey, ‘these realities are on one hand particularly involved in the neighborhood’s life, and, on the other, they bring innovative outcomes regarding offer, spaces design, additional services offered, relationship and communication with customers’ (Futureberry 2019: 10). Starting from the new production regimes resulted from social distancing and travel restrictions, ‘neighborhood shops’, easily accessible and capable of offering consumers something more than the mere economic transaction, are now recognized through manifold aspects: the personalization of the service, an informal and ‘trustworthy’ dimension between seller and customer, will contribute to sociality outside the domestic sphere. With these characteristics, local commercial activities at the ‘neighborhood-scale’ are able to distinguish themselves from large-scale distribution and standardized digital commerce.

The acknowledged value10 of these area-based businesses and services links to the functioning of services with important social implications for the construction of community relationships and bonds (Deener, 2007), as they contribute to defining the identity of places and of the urban landscape (see Lynch, 1960), while describing its complex social dynamics (Cachino, 2014; Zukin, 2009, 2012).

At the same time, it is necessary to broaden the horizon on the interpretative framework of ‘proximity economies’ beyond neighborhood shops and beyond ‘15-min’ rationales. In this view, the promotion of a mission-oriented innovation agenda (Mazzucato, 2018) entails, for instance, imagining new investments in the field of technology, facilitating forms of cognitive and organizational proximity between different organizations to generate value, income, and development opportunities on urban neighborhoods. From a taxonomic point of view, the issue of proximity as a factor of economic development was discussed in the context of the geography of innovation (Breschi and Lissoni, 2001), demonstrating how the innovation processes between organizations are ‘geographically close’ (Boschma, 2005). Proximity identifies a space of ‘shared knowledge’ capable of producing norms and routines (Harrison, 1992), facilitating collaboration (Knoben and Oerlemans, 2006), interactive learning, and the transmission of knowledge between the actors (Parrino, 2001). Such concept is widely used in the field of business location studies (Torre and Rallet, 2005), where the geographical proximity “between companies in the same supply chain or related production sectors favors new entrepreneurialisms and exchange of knowledge, especially by those small businesses that would hardly be able to bear the organizational costs of long-distance exchanges” (Staber, 2001). In this phase of necessary technological and organizational transition, the relaunch of territories’ economies will depend on policies capable of supporting the indirect effects of the knowledge economy from a proximity perspective. These should focus on supporting innovation in businesses and workers’ skills, enhancing the intangible content of goods and services, spreading cultural and creative skills in artisanal and commercial services that develop in the urban environment, increasingly intertwined with manufacturing...

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9 Given the emergency of cities and territories reorganization, it is desirable that in the context of the national plans that national governments present in order to access the funds (see PNRR, 2020), the urban dimension of interventions is a priority, together with cities as actors and implementers of the projects. There is a linear and rather shared trend among institutions: strengthening the urban dimension of cohesion policy, identified as one of the areas of action in which the European contribution has revealed a more effective impact.

10 The additional value of these enterprises has been acknowledged as a priority in the French context, where a joint action between Government and Caisse des Dépôts has revealed the risk of closure of tens of thousands local shops (non-grocery stores) and craft activities since the beginning of the pandemic (Livini, 2020).
productions in different and peculiar specializations (Caragliu and Del Bo, 2019; Diez, 2012).

4. Measures and examples for a proximity economy-based urban agenda

Small- and medium-sized commercial activities, as well as craft and manufacturing companies, represent the privileged target of an urban agenda aimed at steering proximity as the key element for an offer calibrated on a neighborhood scale, and as vehicles of systemic innovation in sectors considered at the margins of political agendas for a considerable amount of time. Given the small size of these activities and the difficult economic moment described in the previous paragraphs, the role of urban and local policies becomes decisive in preserving urban economies in their entirety. In this sense, it is therefore necessary to rethink policies and services for traditional innovation and in a place-based perspective.

With these goals in mind, it is necessary to structure the policies on several levels. From an observation of the strategies and policies tested, three possible approaches were selected:

- Support widespread skills to intercept new patterns of consumption and develop place-based methods for analyzing local demand for services;
- Experiment with innovative models and partnerships in the entrepreneurial (and policy) field to support new proximity economies;
- Manage placemaking paths aimed at transforming the spatial dimension of neighborhoods and proximity economies.

4.1. New urban consumption patterns and place-based methods for local demand analysis

The emerging growth of mobile commerce and e-commerce made possible by recent trends in technological innovation in the retail market includes a wide range of self-service and support services for retail and neighborhood services. Digital and ICT tools allow an improvement in performance both on the supply and on the demand of commercial services, as well as their link with craft and manufacturing activities. E-commerce transforms management by stimulating new business models and exchange formats, where new professional figures make these transformations operational (think of the numerous Amazon employees who work shifts in the distribution chain inside the warehouse, before the product enters the ‘last mile’). Consumers are reaping the benefits of increased convenience and price competition through loyalty marketing systems, mobile websites and novel payment platforms, which continue to transform the consumer experience and efficiency of retail businesses (Deloitte, 2015). Digitization and ICT tools, including geo-localization (location tracking for a selected and customized offer of products and services), electronic sales via digital devices, and new customer-adapted delivery and collection services, contribute to a multi-channel shopping experience that allows shoppers to search for retailers that offer a seamless online and offline experience. Therefore, this new vision of services provides for the presence of various modalities of interaction with the consumers by establishing the presence of combined engagement methods: online, in street shops, click and collect, mobile applications, electronic solutions in stores, and a customer service offered through different methods (PWC, 2015).

From a local perspective, whilst these new operating methods represent valuable help in attracting consumers and intercepting new customers for shops and neighborhood businesses, the realization of this “digital visibility” also requires an investment capacity that is often insufficient to support the fixed costs related to the transition (Überbacher et al., 2020). Given the small size of these organizations (in both capital and human capital) and the liquidity crisis resulting from the pandemic, the role that urban and local policies have in preserving and supporting these sectors and related jobs is fundamental (Bouwman et al., 2019).

In a scenario of improvement of the proximity trade services offer, based on the concept of the ‘city of 15 minutes’, it is necessary to support a framework of skills and tools aimed at developing shared analysis services of the local market for companies to turn to. The framework proposed by the Urbact II ‘Retailink’ project paints an interesting picture. Innovative strategies are used to revitalize the retail sector, where place-based analytical tools aimed at framing local consumption patterns focus on:

- Analysis of the population structure,
- Monitoring of consumer behavior,
- Monitoring of preferences and perception of trade.

In this context, the possibility of making useful data available to entrepreneurs and workers in order to analyze the economic structure of the neighborhoods and the socio-economic characteristics of those who live there is particularly relevant. The data derives from information available from official or specially generated sources and statistics: GDP per capita; disposable income and purchasing capacity of residents and the catchment area; local labor market structure. Moreover, it is pivotal for data to be accessible on the destination shares of the retail sector (local products and fresh food, markets, supermarkets, shopping centers, local e-commerce offer, co-working spaces, other services), any tourist offer, and movements concentrated in the neighborhood. On a larger scale, a first survey on the impacts of the pandemic on the transport sector, based on a wealth of data provided by the Facebook tool ‘Data for Good’, has been recently published (Beria, 2020a, 2020b).

With reference to the urban scale, accessibility of data that also includes periodic reports from real estate agents and property owner associations could allow a more efficient monitoring of consumer behavior following post-pandemic contractions. This could be achieved in a variety of ways: the use of Wi-Fi based visit counters that detect mobile IP devices, mobile applications for retail consumption monitoring, and digital tokens to record individual purchases (the customer agrees to use the app and obtains special discounts in
return). Preferences and perception of trade can be monitored using forms of functional, sensorial or symbolic evaluation of the retail experience will be useful. These are promoted through online and offline surveys on customer experience, types of purchase of goods or services with low purchase frequency (for e.g., artisan products) or daily purchases (for e.g., food products).

4.2. Beyond the neighborhood: proximity-based entrepreneurial innovations in the technological field

Among the numerous examples of policies and initiatives tested to support entrepreneurial innovations that consider proximity economies in the broadest sense, two aspects can be mentioned:

- The first concerns community-based organizations and the recently launched energy policies to stimulate investments in energy efficiency
- The second concerns policies capable of introducing protocols of ‘territorialized innovation’ linked to new technologies and the enhancement of proximity networks.

With regards to investments in the energy field, the recent developments on the European energy market recognized by the recent EU RED II directive (directive no. 2018/2001), which have accelerated the definition of ‘renewable energy communities’, should be considered as a priority. This entails a process of progressive legislative and regulatory recognition aimed at guaranteeing the financial sustainability of new initiatives, with particular reference to the renewable energy sector, empowering citizens, mobilizing private capital and guaranteeing local acceptance of new initiatives. In Italy, the regulatory framework of reference is law no. 8 of February 28, 2020 (promulgated by converting the Decree 162 of December 30, 2019, Decreto Milleproroghe 2020). This law introduced the possibility of creating energy communities and activating collective self-consumption projects of energy from renewable sources, generating development opportunities for the local economy and work as described in the ‘Legambiente’ report (2020) dedicated to pioneering initiatives in the sector. In the Italian context, an important example is the cooperative community of Melpignano, an community born from the collaboration between citizens organized in a cooperative form and the municipal administration. The cooperative community aims to manage a solar energy production network using photovoltaic panels positioned on the roofs of public and private buildings in the city, leading to a collective organization and management of community goods and services (Tricarico, 2016, 2017). According to the Statute (Article 5), the cooperative is responsible for the installation and maintenance of the systems, managing the production of energy with metering suited to the needs of users and reselling the surplus on the market. In reality, the organization has the configuration of a potential multi-utility structure, since the distribution and supply of fuel gases and water resources and the management of network services are envisaged as an object of activity. From a legal point of view, it is configured as a traditional mixed cooperative (which simultaneously contemplates production, work and consumption). The construction of the systems was successful thanks to the experience in the promotion of behavioural models focused on the protection of the territory and the development of alternative energy. The acquisition of financial resources for the initial investment took place thanks to a loan provided by ‘Coopfond’ and ‘Banca Etica’, also receiving a small contribution from membership subscriptions. The entrepreneurial capacity of the cooperative has made it possible to obtain sufficient incentives from the Energy Services Manager (GSE). Through these revenues, the cooperative is managing to repay the interest on the financing of the initial investment and to create a fund in its own coffers. The use of the profits is established by the members and can be allocated to interventions aimed at promoting the regeneration of the urban space, such as the improvement of public parks, the refurbishment of road surfaces, school bus services, and school canteens.

With regards to the procedures of territorialized innovation linked to new technologies, the one proposed by the ‘Fab City’ network and specifically the Paris example is of particular interest. The ‘Fab City Grand Paris’ is the Parisian experimentation of a global urban development protocol called ‘Fab city’, a project in which cities aim to develop local productivity structures based on multi-level partnerships between SMEs, public agencies and large enterprises. Paris and the Ile-de-France region characterized the development of the Fab City project by networking the innovation movements linked to new technologies and by making technological partnerships with large companies and public agencies active in the field of digitization policies, urban regeneration and circular economy. Their goal was the production of new local synergies between these actors and the fashion and textile, urban manufacturing and agro-food sectors.

11 Official website: https://coopcomunitamelpignano.it/.
12 The acquisition of organizational resources was the result of the joint work of three partners who signed a memorandum of understanding. The Administration of the Municipality of Melpignano acted as the coordinator of the project. The Creative Workshop of Lecce coordinated the activities, thanks to the experience in the promotion of behavioural models focused on the protection of the territory and the development of alternative technologies with low environmental impact. The University of Salento carried out a feasibility study on the photovoltaic systems spread on the roofs of Melpignano’s houses (certifying that about 180 families had a roof suitable for hosting photovoltaics), planning the planning and operational implementation of the Project (Tricarico, 2015).
13 The various members of the cooperative join the company voluntarily, based on the different tasks performed. Self-employed members provide technical skills and take care of the construction of the plants. User members are divided into ‘host’ members (i.e. citizens who want to host a photovoltaic system on their roof), and ‘simple’ members, who join the project with a membership fee in order to benefit from electricity at favourable conditions. ‘Donor’ members decide to invest in the project by contributing to the capital for its realization.
14 Fab City Network, Paris: http://fabcity.paris/en/home/.
15 Among the cities that joined there are: Barcelona; Zagreb; Shenzhen Georgia Curitiba; Mexico City; Amsterdam; Cambridge; Kerala; Sacramento; Belo-Horizonte; Brest: Boston; Toulouse; Paris; Santiago; Seoul; Detroit.
The operational structure divides into:

- **Fab city research laboratory**: a showroom dedicated to research and training courses for the transition of the city towards a circular production model, supported by infrastructures and local communities, integrated into an international network of cities that work for the same objectives.
- **Fab city store**: support structure for designers, artisans and producers for experimenting with sustainable materials produced through a short supply chain and recycling, combining local manufacturing and global cooperation.
- **Food and urban agriculture laboratory**: for the development of a network of production points (mini urban farms) and processing places (collaborative-shared kitchens) in the Paris area.
- **Fab city prototype**: the general strategy framework of the project that acts as a Proof of concept for the analysis of scenarios of local, circular, and distributed production, the challenges and problems of a viable model at a city or territory scale.

### 4.3. Manage placemaking paths to reshape the spatial dimension of neighborhoods and proximity economies

Placemaking is another topic of great importance: i.e., multifunctional approaches to the planning and management of public spaces and their interaction with private spaces, with particular focus on land use practices (Tricarico et al., 2020). Placemaking approaches have the task of promoting, inspiring and creating spaces that are useful to people in carrying out their daily activities. Further, placemaking can be considered an emerging form of territorial policy for cultural animation, defined as the creation of creative places in which artistic and cultural organizations integrate place-based development initiatives with their work of community revitalization, mixing culture with land use, transport, economic development, education, housing, infrastructure and public safety strategies. Therefore, placemaking can be interpreted both as a process and as a design philosophy capable of directing regeneration initiatives through three distinctive characteristics (Turok, 2005):

1. Change the nature of a place and involve the local community and actors, who have an interest in its future, in the process.
2. Embrace multiple objectives and activities that intersect with the main functional responsibilities of the local government, depending on the particular problems and potential of the area.
3. Develop forms of collaboration between the various stakeholders, which may vary according to the sectors included in the strategies and the public and private resources deployed.

Breaking away from the conceptual debate on placemaking, one examples of particular interest is represented by specific urban regeneration projects for commercial and artisanal spaces.

Pop Up Lab is a relevant example of the proximity-based placemaking urban design approach. It developed from ‘Sociolab’, a cooperative specialized in research and consultancy in the political, social and collaborative planning fields. The Pop Up Lab format was born in 2014 and has been replicated in twelve editions carried out in numerous municipalities (Castelfranco di Sotto, in the Province of Pisa; Empoli, Campi Bisenzio, Cascina, Quarrata, Monteverdi Marittimo, Castelnuovo Magra in the Province of La Spezia; Montecatini Terme, Rosignano Marittimo, up to provincial capitals such as Prato, Livorno and Grosseto). Pop Up Lab is an experimental placemaking approach aimed at the temporary and stable reopening of commercial, cultural, craft and recreational activities that can contribute to the revitalization of the private commercial fabric and the animation of the public space through virtuous interactions between networks of entrepreneurs, associations and local authorities. Since the first edition, the idea from which Pop Up Lab stems is the fostering and the temporary re-use of numerous vacant spaces in order to relaunch them as places of social interactions and economic development. This placemaking approach is as follows. After the identification of the intervention area and the development of a relaunch strategy, the vacant real estate funds in the area are mapped. Subsequently, the Pop Up Lab team contacts the owners to buy-in into temporary use agreements in order to conced the free use of commercial spaces for 3–5 months to the best retail, cultural or craftsmanship projects selected through a call for ideas. Once the spaces have been reopened, the Pop Up Lab team works on building networks between the different urban actors in order to animate the public space with cultural activities. The first beneficiaries in the reopening of vacant spaces are:

- The commercial spaces owners, who have the opportunity to enhance their properties in place-making projects capable of selecting entrepreneurial initiatives that are sustainable in the long term.
- Entrepreneurs, who settle for free for the experimental period (companies, artisans, associations), reducing financial risks in the crucial start-up phase of their businesses, and participating in a placemaking project capable of building a new spatial dimension of the neighborhood. This links to both consumption and generation of trusting relationships between the local community and services of various nature.

Therefore, the communities in which the project is integrated, the residents, the existing commercial fabric, and the city in general are indirect beneficiaries. The success of the Pop Up Lab project has stimulated regional measures aimed at assimilating this approach into public policies’ innovation. In 2018, following the request of Pop Up Lab’s design experience, an article was added to the new trade code of the Tuscany Region (LR 62/2018 art.110). This allows Municipalities to identify particular areas of their territory in which to

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16 **Official PopUp Lab Website:** [http://www.popuplab.it/](http://www.popuplab.it/).
start innovative paths for the promotion and support of economic activities through the reuse, even temporary, of unused spaces for commercial or artisanal purposes, and the possibility of sharing spaces among commercial activities.

5. Conclusions

To conclude, it is important to reiterate some key concepts useful for supporting and implementing urban recovery and development policies based on proximity economies. This is of particular relevance on the eve of the Next Generation EU Plan and the implementation of the National Recovery and Resilience Plan (2020). If healthcare trace and tracking should have played an increasingly important role in epidemiological management, the same principle should apply to the emergence of social and economic needs from a place-based perspective in order to support:

1. A mission-oriented innovation strategy to guide SMEs human capital in this time of crisis. The support of tools to sustain digital transformation processes and the capability to enable place-based analysis on the demand for local services could represent a key factor in guaranteeing the survival and relaunch of their activities.

2. A local agenda for entrepreneurial technological innovation aimed at supporting virtuous relationships between economic actors and SMEs in specific places. Supporting investment opportunities in the energy transition and partnership development among companies and business acceleration services are important examples (e.g., ‘Fab City’). In this sense, a serious reflection must be made on how to integrate spatially blind policies (e.g., incentives to support creation of SMEs and employment, technology tax credit) and local ones (support in local innovation ecosystems) (Beer et al., 2020; Rainnie et al., 2018).

3. The experimentation of placemaking practices in which mediation takes place between real estate interests and social value produced in the processes of urban regeneration. Through the enhancement of local resources and ecosystems of the social and community economy, it supports social infrastructure and integration between commercial services and cultural initiatives (Tricarico & Pacchi, 2018).

The healthcare emergency is not an episodic parenthesis, but rather a training ground for innovation oriented towards places and proximity ties, a ground to nourish the ability to change institutions (North & Wallis, 1994), to redefine the different mechanisms of production, and to re-discuss the dynamics of political decisions and therefore the design of policies (Mazzucato, 2018).

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