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The instrument employed to express any value appraisal is our intellect that, by its very nature, given the invariability of objective data, cannot but express a single judgement, and never multiple judgements amongst which some are more or less probably closer to the truth, an objectively existing postulate or identified with a certain average. Thus Valuation, in its existence, remains a method of analysis, valid in all cases, independent of their nature, and requires phases of a general character. Even if the valuer, in exercising his profession, has become a profound expert in relation to the objects and situations he is called upon to appraise. With respect to the past, within the field of Valuation there now emerge new problems connected to the social changes, from a rural society to an industrial or, possibly, post-industrial one. The effect of this social modification provoked the articulation of the discipline into specialised branches: this process, to which Urban Valuation owes its genesis and its autonomy, is a result of the specialisation typical of the particularly modern sciences.

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**Value Appraisals**

There are hints - Nino Famularo has justly affirmed – within Valuation research, focused on the formulation of appraisals of the probable economic aspects of an asset, as to the legitimacy of investigating the probability that a judgment expressed has or has not hit the mark.

It must be remembered that here we are not dealing with the probability we can call *external*, inherent to any appraisal dependent upon the immanent character of the prediction, but instead the *internal* probability, dependent upon the use of the tool employed to complete the estimate. The question raised thus attains to the internal mechanism that presides over the expression of the appraisal. In my opinion it is no longer correct to insist upon the concept that estimating means expressing a value judgement, in the wake of the consolidated critical analyses to which value appraisal has been subjected; thus it remains to be seen whether we are dealing with a more or less exact judgement depending upon the instrument employed, in turn more or less perfect, or more or less diligently utilised.

The instrument – Famularo continues – employed to express any value appraisal is our intellect that, by its very nature, given the invariability of objective data, cannot but express a single judgement, and never multiple judgements amongst which some are more or less probably closer to the truth, an objectively existing postulate or identified with a certain average. When we measure a distance between two points using a given instrument, we may obtain different re-

sults each time we repeat the measurement, and this may draw into action concepts of probability, margins, the distribution of errors, etc. This is not possible when, instead of measurements, we are dealing with judgments that, even if repeated, cannot but be the same, given the invariance of all of the data of the problem of appraisal<sup>1</sup>.

It should thus be repeated that the term 'valuation' is generically used to intend a social activity, historically interrelated by natural necessity with other global activities, which are the diverse methods of utilizing and programming the use of resources.

From a logical-evaluative point of view, and which connects with the prediction of *iustum pretium*, evaluating signifies expressing judgements of equivalency between two things employed for the same use<sup>2</sup>.

Valuation, as Giuseppe Medici claims, must be considered a '*science of method*'. When making an appraisal, given the current state of our understanding, calculation plays a secondary role (effectively supported once again by Medici). In fact, appraisal does not consist of a calculation, and Valuation cannot seek justification in the fact that in particular problems it is necessary to make recourse to calculation. Calculation is a means employed by the *perito* [specialist], after, as a judge, he has selected the scale within which to make his calculations: calculation is merely an instrument. In some cases, however, it occurs that simple arithmetical procedures become, in a more or less conscious manner, the object of many estimative treatments. Rather than considering the case of valuation in its reality, allowing it to exist with all of its ties to economics, there is a tendency to simplify, as in texts on geometry and algebra. The very formulation of the question is often dominated by calculation and ignores or leaves ignored the fundamental part, which is the discussion of the case<sup>3</sup>.

Valuation – as fully explained below – above all for the determination of how and how many resources to employ, plays a decisive role in the resolution of valuation problems, which require the instrumental application of different techniques.

Consolidated literature assigns at least two meanings to the term valuation:

- one relative to the determination of the monetary value of an asset;
- the other pertinent to the determination of the value to be ascribed to objects, subjects and facts in order to assign them to a category, via the relationship between two or more concepts.

It thus consists of the attribution to an asset of a quantity of money requested or offered, for market exchange. It represents a forecast according to which, under determinant circumstances, the object of appraisal and a certain quantity of money, may be judged substantially equivalent and, thus, exchanged for one an-

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<sup>1</sup> N. Famularo, 'Tariffe d'estimo, minimi quadrati e costi congiunti dei prodotti agricoli', *Rivista di Estimo Agrario e Genio Rurale*, Vol. XI, March 1948, n. 2.

<sup>2</sup> N. Famularo, *La stima dei fabbricati*, Calderini, Bologna, 1959, p. 3.

<sup>3</sup> G. Medici, *Principi di Estimo*, Edizioni Agricole, Bologna, 1962, p. 27.

other. In the second definition, the valuation does not require a monetary value, but may be substituted by a quantitative or qualitative value even in the absence of any nexus with market exchange<sup>4</sup>.

The most complex problem of valuation regards *public assets*; it cannot be fully resolved using the approaches of valuation, that is, fundamentally inherent to decisions of public investment. In fact, in this case the final objective of valuation is not the 'correct price', but a numéraire specifically prepared for the diverse aims of the analysis.

Appraisal cannot but accept that the 'spectrum' of valuations is increasingly vaster, to the point of interesting assets and/or resources with a strong *qualitative characterisation*, for which it is necessary to express a value from the point of view of society, and outside of the logic of trade. What is more, the society developed in the wake of the Second World War asks not only to evaluate assets not directly comparable to market prices, but also to evaluate situations created by the incidence of new economic initiatives, and more frequently by the intervention of the legislator. In fact, the expansion of State intervention in economics raises problems ignored in the past (not included in the traditions of valuation), such as:

- the administration and management of State-owned immobile assets and other public assets;
- feasibility judgements of public works and other investments;
- the valuation and management of protected works;
- the valuation of urban planning interventions, etc.

It has been observed that over the past fifty years, many appraisals have been born of needs of public interest and the greater uncertainty, often provoked by some of these valuations, is that of expressing in monetary terms assets or situations that at the current state of our understanding, are only susceptible to being described and not to being measured. In fact, while for private assets the problems of valuation are circumscribed by market value (the field of classical Valuation), for public assets, given the lack of a market value, the themes of valuation are confronted from the point of view of society and belong to a disciplinary configuration of public interest.

Perhaps, when we are capable of assigning a 'weight' to particular 'qualities', we can render compatible appraisals that often are not currently so, precisely because there does not yet exist the possibility to express the object appraised in numerical terms; and thus we are unable to refer to a market that represents the principal reality from which to draw indispensable data for expressing value appraisals.

The disorientation in expressing negative judgements on the utility of the traditional method of Valuation, in reference to the problems of a new society, resides in the fact that the process remains unchanged: there is a procedure of analysis, with the necessary surveys and descriptions, intended to define the ob-

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<sup>4</sup> M. Simonotti, 'La teoria estimativa nella valutazione dei progetti', *Atti e rassegna tecnica Società Ingegneri e Architetti di Torino*, n. 5-6, May-June 1990.

jective for which the estimate is requested; it is necessary to be familiar with the economic and social reality of the world in which the valuer operates; the phase of analysis requires a particularly technical commitment, in order to describe and measure the objects to be estimated (an elevated degree of specialised technical competence in the field in which one operates) to be able to express a conclusive value appraisal.

Thus Valuation, in its existence, remains a method of analysis, valid in all cases, independent of their nature, and requires phases of a general character. Even if the valuer, in exercising his profession, has become a profound expert in relation to the objects and situations he is called upon to appraise.

There are valuers of raw goods, of water rights and of urban real estate, as there are valuers of damages caused by fire or hailstorms, and even specialists in the valuation of deteriorated lots of wheat and coffee. To these cases we can add the numerous appraisals necessary when the realisation of a public work requires (and is the rule) expropriations for reasons of public utility. This latter case comports the analysis of the rights of the law that authorise it, in continuous transformation. In addition to the valuation of expropriation indemnity, in many cases the realisation of the work requires an appraisal of the resulting damages, which comports above all the exact identification of the technical data that the damage has caused to the economic entity affected.

### The Dynamics of Valuation Processes

*'It is the very rhythm of economic dynamics that for now, impedes the formation of equilibriums to be used as the base for the expression of trustworthy appraisal values'*<sup>5</sup>.

During the eighteenth and nineteenth centuries, the substantial stability of economic structures, founded on a slowly evolving agricultural base, permitted the formulation of treatises on Valuation that responded in a satisfactory manner to the needs of their work. Today, the same practice of estimating land value appraisal, which constitutes much of the traditional doctrine to the point of forming the backbone of the discipline, has already been the object of elaborations that have resulted in diverse conclusions from those so solidly established by classical teachings.

The new reality of our society has substantially modified the position of real assets within the general economy, so much so that at present the added value of national agriculture accounts for little more than 4% of the total value. Thus, while at the beginning of the twentieth century land income constituted a relevant share of national revenue, today it has been reduced to a paltry percentage, as confirmed by its insignificant contribution to internal revenue.

The binomial relationship between the appraisal and the market represents, as we know, the foundation of the process of valuation; valuation procedures must certainly be the object of adaptations to the changing realities of the market. Hence

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<sup>5</sup> G. Medici, 'Introduzione', *Genio Rurale*, n.1, 1991

the problem is less that of verifying the existence of a value, and more concerned with 'how' to determine it.

Quantitative monetary input remains the most explicit indicator and above all the most transparent, perceived by society and decision-makers in a familiar language. Valuation, as observed by Medici '*must provide the capacity to teach [how] to attribute a sum of money to assets for which there exists no formation of market prices*'<sup>6</sup>.

Thus, given the possibility, it is best to place on the monetary scale everything that, case-by-case, will not lead to 'forced' and improbable hypotheses; also because a qualitative appraisal may remain the privilege of 'specialists', while those who must judge the work of the valuer (decision-makers, politicians, society, etc.), have no other choice but to 'take it or leave it', as they are unable to insert themselves within the logical process that generated the result. As Grittani affirms, the valuer must '*initially set himself the objective of expressing his appraisal in monetary terms, reserving models of multi-dimensional valuation to only those cases in which no reference to the market is possible*'<sup>7</sup>.

Summing up, the sense of this text is intended to be the following:

- shedding light on the fundamental question that regards the valuations and problems that have arisen with the new demands and necessities of society, with respect to the optimal allocation of resources;
- considering the two great procedural 'nodes' related to the field of Valuation, which are:
  1. at the level of micro-valuation, a series of market trends and new opportunities that should lead towards a preference for models of comparative appraisal, while appraisals based on the capitalisation of income, if aimed at reconstructing market value, must be adopted with extreme caution and only in cases of *force majeure*;
  2. at the level of macro-valuation, representing the fact the Valuation naturally tends to amplify its 'spectrum' of examples, inserting itself within that segment of *qualitative valuations* that to date it has (in part) ignored.

The true problem thus consists of the monetary dimensioning of qualitative services. The problem of using families of procedures of qualitative valuations remains open, partially because while it can be said to be gaining ground, available examples remain limited. The certainties are related to the opportunity of attributing value to public assets however, regarding the correct procedure to follow, above all at the scale of the appraisal, the uncertainties are numerous. Yet this does not mean that we can escape from the conditions of 'turbulence', to use Grittani's definition <sup>8</sup>, in the near future, perhaps by making a contemporary adaptation of the 'scientific statute' inherited from our predecessors.

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<sup>6</sup> G. Medici, Chapter VIII of the Introduction to *Perizie e pareri*, Edizioni Agricole, Bologna, 1954.

<sup>7</sup> G. Grittani, *op. cit.*

<sup>8</sup> J.A. Schumpeter, *Storia dell'analisi economica*, Boringhieri, Turin, 1972, p. 26 and following.

## Valuation in the Present

With respect to the past, within the field of Valuation there now emerge new problems connected to the social changes defined by Medici, describing the Italian nation's epochal passage from a rural society, to an industrial or, possibly, post-industrial one. The effect of this social modification provoked the articulation of the discipline into specialised branches: this process, to which Urban Valuation owes its genesis and its autonomy, is a result of the specialisation typical of the particularly modern sciences (in economic science the division of work has produced, as observed by Schumpeter, *'an infinite number of specialisations, commonly referred to as fields of application'*).

Urban themes emerged in the field of Valuation some time ago, as demonstrated by literature from the early 1960s, with the work of new figures with a keen interest, for the most part architects and engineers, professionally open to the problems of the city. Above all the new themes of urban Valuation, related to urban planning, introduced the necessity of updating the discipline's interests. There is a need to consider criteria of feasibility, so that the [Urban Master] Plan and related projects do not remain on paper, and purely intentional. Vice versa there are also aspects regarding the recovery of built and urban heritage, valuations of environmental impact, and real estate appraisals. The philosophy of *sustainable development*, in lieu of development at all costs, is gaining in strength; in reality it has assumed significant importance. *'The figure of the 'perito' [specialist] has progressively changed and his professional responsibilities are rapidly embracing themes, territorial contexts, both physical and productive, that are highly complex (urban, rural, environmental)'*<sup>8</sup>.

We must support the creation of new professional and scientific developments, considering the utility of an investigation of these issues using the skills acquired in the field of appraisal. In fact, the methods and instruments of Valuation may offer a particularly qualified professional practice, more seasoned and more attentive towards such delicate valuations.

## The 'Appraisals' Convention in November 2011, and Contemporary Research

In a recent interview Maurizio D'Amato claimed: *'Real estate appraisals were at the heart of the greatest and most serious crisis that the global economic system has known since 1929. While it is unclear whether the effects of the 2007-2009 crisis will linger, it is certain that we cannot survive a "third crisis". We are obliged to update the "standards" of valuation, favouring processes of virtuous lending; we must secure and securitize the market of European loans. These latter are based on a solid foundation, guaranteeing Banks and Investment Companies involved in processes of loan securitization. Within this perspective, there are hopes for a significantly robust growth of processes aimed at the automation of businesses. In the United States and also in Europe things are moving forward according to "mixed processes" that integrate real estate appraisal with automatic processes. It is clear, to the degree we will be capable of offering clients professional, rigorous, organised, accessible*

*and participative services, to the degree in which we will be able to present clear and transparent evaluations, that the figure of the valuer will never be substituted. So long as the valuer demonstrates the essence of his authority and qualities of competence and rigour<sup>9</sup>.*

The Conference 'Appraisals, Evolving Proceedings in Global Change', held on the 14-15 November 2011 at the CNR [*Consiglio Nazionale delle Ricerche*, or, National Research Council], and curated by Saverio Miccoli, offered precious suggestions. Together with ideas for investigations and research that were truly convincing. There was also talk, amongst the many issues examined, of the International Valuation Standards produced and, in part, utilised by experts around the globe (USA, China, Canada, Spain, New Zealand, etc.), with the final objective – as known – of rendering valuations as solid as possible: 'real estate appraisals' above all. Since November 2009 the 'Codice per la valutazione degli immobili in garanzia delle esposizioni creditizie' [Code for the Valuation of Immobile Assets as Guarantees Against Credit Exposure] (ABI – *Associazione Bancaria Italiana*, or, Italian Banker's Association) has also come into use.

The principal novelties of the IVS are:

- 'standard' procedures that are (precisely) repeatable, recognisable, transparent and equal for all operators;
- maximum objectivity based on calculation, but not on financial mathematics;
- arrayal and statistic calculation.

This is probably a step forward, though many are asking the question – in my opinion more than legitimate, given that these Standards are inapplicable – of how to integrate the IVS within the doctrine of Italian tradition. Provided that the full and unconditional scientific nature of Valuation remains unaltered. If one of the postulates of the discipline is its 'maximum objectivity' as valuations begin with real data provided by the market (not from lists, or real estate sources with a non-univocal interpretation), the second, new and diverse question is thus: *Is the appraisal still a judgment or has it become a measurement?* Truth be told, a similar question is nothing new (it was asked approximately fifty-odd year ago by Giuseppe Medici).

Let us try to distinguish the assonances and critical elements of the *Italian tradition of Valuation* and the HBU (Highest and Best Use) of the International Standards. From a logical point of view, for real estate assets there exists a unique method of valuation: the 'comparative' or indirect method or the relative appraisal founded on a comparison of the asset be evaluated with other similar assets<sup>10</sup>.

The objective of the comparison – as known – is that of capturing the appreciation of those who trade and those who produce in relation to a given asset. For public assets this objective may be achieved by simulating a hypothetical judg-

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<sup>9</sup> Maurizio D'Amato, interview granted during the Conference "*Cosa cambia nelle valutazioni immobiliari con gli Standard Internazionali di Valutazione Immobiliare*", 13 May 2011, Hotel Datini in Prato (FI), Italy.

<sup>10</sup> N. Famularo, *La stima dei fabbricati*, cit., p. 11 and following.

ment on the part of those interested in the asset to be valued, as beneficiaries or those sensible to its valorisation and its safeguarding. That is, in relation to the objectives of valuating a public asset there is a tendency to recognise society's *willingness to pay* or *willingness to accept*. Under similar conditions of valuation [...] *comparison may be considered a 'guiding' principle: in fact with the 'willingness to pay' the objective is that of understanding, through an investigation of samples, the average price assigned by various members of society to the assets to be evaluated. This cannot but strengthen the principle of comparison given that also for those assets (for example public) for which it would initially appear inapplicable, even in hypothetical terms when attributing value, it is impossible to avoid utilising comparison with the same logic underlying the valuation private assets*<sup>11</sup>.

The Italian school forecasts economic criteria or aspects or types of value, fundamentally linked to:

1. market value;
2. cost value;
3. methods of income capitalisation.

This approach, from the outset with the *practical aim of appraisal*, links the methods and/or criteria to the expression of the *most probable market value*. The value appraisals are 'mono-parametric', but may be pondered using an analysis of qualitative characteristics (coefficients of differentiation) and thus also 'multi-parametric'. As known, and as longstanding operative practices demonstrate, for the Italian school there are two distinct and admissible paths of valuation: the first, through the synthetic procedure, or, according to data elaborated in lists and from direct sources; the second, via the analytical procedure, selecting elementary data (prices and parameters of analogous assets in statistically significant quantities).

With respect to these postulates, the *International Valuation Standards* (IVS) favour and propose three methods that could be considered *integrative*:

- market comparison approach (MCA);
- cost approach (CA);
- income approach (IA).

The values of transformation, complementary and of subrogation, are the 'values derived' from the cost 'approaches' (CA) and income capitalisation (IA).

The IVS pins the HBU (Highest and Best Use) to a technical, juridical and financial restriction, which represents the principal 'economic criteria'. It may reasonably construct not a value, but *the most remunerative of values*, 'that maximum between the values of transformation or of the market, for the possible alternative uses of an immobile asset, considered as a function of their probability'. Following a logical set of steps, thus, the IVS is thus an analytical procedure (a single standard procedure) based on elementary data, in some cases very few, no more than

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<sup>11</sup> M. Grillenzoni, G. Grittani, *ESTIMO teoria, procedure di valutazione e casi applicativi*, 1994, p. 43 and following.



1-3, though provided by real market data. Hence, for itself, multi-parametric. From this it derives that calculation, often complex, is of fundamental importance for two distinct reasons and via operative instruments such as those described below:

1. quantitative parameters, selected based on marginal prices (which represent the true 'imperfection', even if elaborated using dedicated software)<sup>12</sup>;
2. qualitative parameters, developed in systems of equations and using arrayal calculation (once again elaborated by dedicated software).

The practical difficulties and the uncertainties regarding the results of a similar application are obvious, when, for example, making the so-called *adjustments*. Let us try to list some of the most important difficulties. The first regards the calculation to be entrusted to software, anything but easily accessible, above in professional practice. The second has to do instead with the cognition of the procedure (elaboration and practical implementation). The third, the possession of suitable equipment, undoubtedly highly sophisticated. These are difficulties that affect professionals, almost never in possession of real data, as well as the academic world. There is thus reason to hope for an articulated system, to be utilised in more complex cases of valuation (for example, the valuation of monumental assets) and not for ordinary real estate appraisals, which can be resolved using traditional criteria.

Hence, Valuation varies notably between *traditional empirical procedures*, which are simple and inexpensive (trustworthy only in the hands of experts), and *rational procedures*, which are lengthy, costly and complex<sup>13</sup>.

### The Distinction between Subjects and Decision-Makers in Valuations

The processes of valuation contain those evaluations of feasibility that precede the phase of approval of a given project or investment. Investments for works and projects (assets and services that belong not only to the private sec-

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<sup>12</sup> The type of procedure proposed by the IVS is – as mentioned – a multi-parameter procedure based on *quantitative* and *qualitative* characteristics in a precise segment of the real estate market. The precision of the procedure should lay in the surveying of effective market data (a few contractions known to those working on the appraisal) and the mathematical elaboration of these data relative to each characteristic of the building (including arrayal calculation). As part of these mathematical steps importance is given to the *marginal price* (MP), given the relationship between the variation in price (P) and the variation in the characteristic (or parameter p in relation to traditional terminology). The *marginal prices* are used to make *adjustments* to the market prices of analogous assets that, we can say, are thus 'normalised' in a 'table of data'. The adjustment is obtained by multiplying the variation of the characteristics by the relative marginal price (p1-p2) MP. The 'normalised' prices are then used to calculate the value of the building being appraised. And the uncertainty of the data resides precisely in these '*adjustments*'!

<sup>13</sup> An attentive description of the two alternatives was produced by Stefano Amicabile in occasion of the *1st Convegno Nazionale degli Insegnanti di Estimo*, Conegliano Veneto, 25 March 2011.

tor, but also and increasingly more often, involve all of society) require valuations with the capacity to adapt the general interests of society to the rights acquired by individual citizens. The techniques of valuation may thus assist in deciding which project, plan or strategy is preferable over others, bringing the conceivable various effects consequent to individual interventions to the attention of operators and decision-makers. This means valuing, through decision-making processes, the choices amongst those hypothesised that prove most coherent with pre-established objectives.

The incumbent threat related to the scarcity of choices, is represented today by the phenomenon that sociologists refer to as 'presentism'<sup>14</sup>. That is, the necessity of working exclusively in the present, *substituting the project with the announcement*. Without the past, which signifies roots and continuity, and without the future, or, the perspective of something we cannot yet see but which we require, even as an expectation. Unfortunately, what counts is today, and only today. As Alexis de Tocqueville stated: 'The present takes shape and grows, overshadowing the future which is annulled'. This formula is well suited to the Italian situation, where the political class is crushed by the present and the agenda of public debate (even and above all the 'cultural') overlaps problems one atop the other, day-by-day, and independent of their content and the nexuses that link the one to the other. It is a sort of 'zoom effect', whose objective is set on a theme on a daily basis, only to abandon it, without identifying a solution that is anything other than a simple response to an emergency, in the presence of a new topic. As the film director Wim Wenders observed: 'Being immersed in the present signifies stagnating in a false movement, such that we are always moving in the same direction'.

Certainly, today we ask above all to 'govern contingency' and to offer answers, in real time, to those phenomena that, case-by-case, present themselves as the most urgent. In modern society, much more than in the past, it is necessary to confront in a timely, and often lightning-rapid manner, processes that pour in from the outside, creating uncertainties and fears and presenting entirely new challenges. One of the effects of globalisation, in fact, is that of accelerating in time and space the diffusion of related phenomena, from the explosion of migratory flows to the control of public finances and the fibrillations of financial markets, to mention only a few examples. However, the primacy of contingency does not exclude the necessity to also possess broader and less fragmented horizons.

*'Presentism' pushes the country to live outside of history, scared of the transformations and clinging to its ways of life... From 1990 to 2010 [Italy's] consumption levels grew by 22 percent, with constant prices, while investments grew by only 12 percent, and this trend has only been reinforced during the past decade when consumer activity increased by 7 percent and investments by only 1 percent. The wager on the future, individual and collective, is clouding over, and a society that does not advance is destined to wander aimlessly, regularly collapsing back onto itself*<sup>15</sup>.

<sup>14</sup> G. De Rita, A. Galdo, *L'eclissi della borghesia*, Edizioni Laterza, 2011, pp. 21-22.

<sup>15</sup> G. De Rita, A. Galdo, *op. cit.*

Even the scenario of *real estate assets* has radically changed <sup>16</sup>. The discrete rules of *values* have rapidly been substituted by approaches to mechanical valuation, easily transferable with a simple act of *copy and paste* that does no honour to the discipline. A degenerating habit that moves hand in hand with the degradation, carelessness and lack of interest in *quality*. In the world of design, and not only.

Another factor that slows Italian growth has to deal with the scarce development of infrastructures, where the relationship between investments and GNP is forecast to remain in free-fall in the coming years: 1.6 percent in 2012, compared to 2.3 percent in 2000-2009. The costs of these works are too elevated, also in comparison with European standards; they exceed estimates by 40 percent and the times necessary for their realisation are often biblical. Weighing on these delays are the *shortcomings of design* (56 percent of cases), the jungle of authorisations and conflicts between public entities (36.7 percent), the frequency of litigations (36.6 percent), the delays in transferring payments from the public administration to the business sector (53.7 percent) <sup>17</sup>.

"*Case, città e incubi. L'Italia è una villettopoli*" [Homes, Cities and Nightmares. Italy is a Country of Little Homes]. The expression is by Francesco Ermani, from the title of an old newspaper article <sup>18</sup>.

'Urbanism was once the realm of rationality. And urbanists were demiurges, an intellectual concentration of architecture, sociology, and economics. And also literature. Today this is no longer the case, Pier Luigi Cervellati writes'. I consider these phrases the linguistic expression and locution of an expressive unity amongst the most beautiful

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<sup>16</sup> Of particular interest is the 'report' published in *MicroMega* n. 1/2011, pp. 125-127, entitled "Berlusconi l'amerikano" by Marco D'Eramo, which highlights 'the three axes of the American way of life':

The three cardinal axes of the American way of life, as it was configured during the twentieth century, were the automobile, the TV commercial and suburban life. In Italy, the 1960s were witness to the capillary penetration of the automobile, while the TV commercial and suburbs marked the difference, the first for legislative reasons (the monopoly of public TV), the second for a concrete problem of population density (if the USA boasted the same density as Italy, its population would be 1.8 billion rather than the current figure of 300 million) which renders inconceivable the endless expansions of single-family homes that instead fill the view prior to any landing in the United States. The availability of vast spaces permits the spreading out of the suburbs and thus consents the social homogeneity of each suburb... Given the social homogeneity (we could say the self-segregation of each group) of the suburb, American developers no longer construct simple homes, or only skyscrapers, and not even residential complexes, but true cities: a prototype of this form of new development is Levittown (from the surname of the developer Levitt who built it in 1947) in the State of New York that, once completed, contained 17,400 single-family homes and 82,000 residents (K. Jackson, *Crabgrass Frontier. The Suburbanization of the United States*, Oxford University Press, Oxford 1985, pp. 234-238... Private cities are widespread across the United States: (cf. E. McKenzie, *Privatopia; Homeowner Association and the Rise of Residential Private Government*, Yale University Press, Yale 1994) some are fenced off, others fortified and with controlled access gates, known as *gated communities*, while others are 'open to the public'.

<sup>17</sup> G. De Rita, A. Galdo, *op. cit.*, p. 75 and following.

<sup>18</sup> *La Repubblica*, p. 41 'Cultura' section, 17 August 2000.

and the most suitable to what was once a true 'profession', that is now truly facing a crisis '... if [it has] not entirely disappeared (it is once again Erbani who writes) in its traditional forms, scrambled and crushed in a corner, dragged beneath the stairs, the usual resting place for books of dreams... Cervellati is part of a squad of architects-urbanists-scholars of the city that includes Italo Insolera, Leonardo Benevolo, Giuseppe Campos Venuti, Vezio De Lucia, Edoardo Salzano and a few others, who attempted to imagine a destiny for Italian cities different than that which has come to pass. They damned their souls in the universities, in their offices and municipal councils. They swam against the tide, while the river of construction – the highways, the interchanges, the ring roads – flooded Italy and its large and small cities were surrounded by peripheries and suburbs that extended even into historic centres. Many battles were won. But not the war. They are a defeated army, but it could have been worse, given that there was no shortage of the desire to repair the damages'. A few proposals for starting over: the protection and restoration of historic centres, interventions of rehabilitation in the peripheries under assault by eight million single-family homes. A criteria? Beauty.

Another signal for the 'decision-makers': 'Thousands of building projects, small and medium-sized, have been blocked for months while awaiting credit from the banks which was to be reactivated thanks to the important assistance provided to these same banks by the European Union and the Italian State, financed by the taxes of Italian citizens and professionals. The time has come to invest once again – in order not to remain immobile during a period of recession – in healthy building initiatives, to return to providing credit to architectural and professional offices, individual or associated, at a time when they are improperly accused of belonging to castes'. This is the Press Release issued by the *Consiglio Nazionale Architetti Paesaggisti Pianificatori Conservatori* [National Council of Architects, Landscape Architects, Urban Planners and Conservators] on 4 February 2012.

At this point it is possible to trace out a few conclusive considerations.

## Processes of Valorisation and a Few Conclusive Considerations

Processes of valorisation<sup>19</sup> are now a standard practice that suffers from inadequate preparation, above all on the part of those operating in this sector. While, on the contrary, the attitude to exalt the value of assets (real estate, in particular) must be configured as a cultural obligation and as an extraordinary vector of the economy. Above all in a country such as Italy, so rich with resources to be understood, studied and passed on to future generations. For this virtuous process there already exist, in reality, structures dedicated to a similar activity. Yet they are often considered marginal or of little effect. Public Administrations prefer to favour

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<sup>19</sup> With regards to the theme of 'valorisation' (all too often improperly discussed), cf. *Processi di valorizzazione dei patrimoni pubblici nell'area Ostiense di Roma*, edited by the author of this text, pp. 381–435. The essay is published in Saverio Miccoli (ed.), 'Progetti di valorizzazione e misura di fattibilità. Aspetti della nuova governance dei territori', *Valori e progetto, valutazioni per l'architettura*, n. 6, Edizioni Aracne, Rome, 2005.

flashier economic and, to some degree, more immediate activities, such as – for example – those related to the alienation of public heritage (divestments). They induce one to believe that this decision is a true work of *valorisation*. If the objective of valuation must be that offering ‘convincing assistance to decision-making’, then it is not improper to imagine *new models for the conduction of initiatives in the field of culture that include valorisation (non-profit, in particular)*. These models in turn do not at all lead to decommissioning, but vice versa towards recovering, to successively reconvert and readmit within the productive cycle those assets subject to *valorisation* (and, earlier still, of *safeguarding*).

Processes of valorisation belong to Italy’s important cultural inheritance. They may find a field of application and determine diverse and multiple *values* such as the value of use, the value of option, the value of inheritance and, finally, the value of existence/tradition. Structures such as ‘Fondazione di Partecipazione’ and ‘Real Estate Funds’ have been operating in Italy for a decade now. Both are *juridical subjects governed by public-private law* that, for their elasticity and ductility in adapting to specific situations, comprise Institutes that can be joined by bringing economic resources, material or immaterial assets, professional skills and/or services. In fact, the valuations of projects focused on valorisation may be witness to an overlap of multiple objectives and economic coexistences, even conflicting, and the differing expectations of users. One of the aims of the valuation of these projects may consist, for example, in selecting between competing design alternatives.

With a strong references to the Anglo-Saxon world, Foundations guarantee results in terms of at least three aspects: *managerial* (functional to design, duration and operative efficiency), *substantial* (particularly suitable to public utility without lucrative overtones), *operative leanness* (in order to operate with coherent and relevant results, as well as to achieve the final objective). It is evident that the Foundation must also perform the activities of a business, though not directly.

The Real Estate Fund (which must be viewed with particular attention for processes of true valorisation) is, instead, a financial instrument that consents investors to participate directly in the economic results of initiatives assumed in the real estate sector, utilising not only the typical scheme of participation in a share company, but the organisational model of heritage managed by a professional intermediary, in other words, an SGR - *Società di Gestione del Risparmio* [Investment Management Company], authorised by the Bank of Italy and monitored by CONSOB [*Commissione Nazionale per le Società e la Borsa*, or, Italian Securities and Exchange Commission]. ‘Real Estate Funds’ were created to progressively reduce the assets (almost always in the negative) held by public finances. Publicly owned real estate is transferred to the Fund to which the Public Entity is the initial and primary subscriber, with the contextual creation of financing from a pool of banks. The valuation focused on the appraisal of real estate assets must play a primary role within this process. Precisely with the aims, and as per the methods presented above and to achieve the expected results that, if virtuously controlled, cannot fall short of the mark.

