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# URBAN POLICIES AND GENTRIFICATION TRENDS IN MADRID'S INNER CITY<sup>1</sup>

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## 1 Introduction

The research on gentrification processes as a new form of residential segregation already has a certain tradition within the Anglo-American social sciences community. This field of study started there in the 70s, and in time spread to other European countries such as the Netherlands and Germany. During this period, scarcely 20 years, an abundant bibliography has been published, reflecting the different theoretical trends that approached the problem from several disciplines and schools of thought (Smith and Williams 1986). At the same time, the studies dealing with this subject, have developed from the initial descriptions to attempts at explanation of the gentrification processes (Smith 1979, Ley 1980), leading to the more complex theories of demand and supply-side behaviour characteristic of gentrification (Hamnett 1991, Van Weesep and Wiegiersma 1991).

There have been several approaches to research on gentrification within contemporary urban geography. Among these, the policy and political debates over gentrification-related displacement stands out. "Whereas gentrification has been seen by some as the saviour of the inner cities, heralding a halt to decades of white middle-class flight and residential offering a rising tax base ... others regard it as a threat to inner-city working-class abandonment and areas..." (Hamnett 1991, p. 30). Another explanation is that gentrification constitutes one of the 'leading edges' of metropolitan restructuring in the 70s and 80s, reversing partially the previous trends of inner-city middle-class population loss and housing decay. And moreover:

"(gentrification) represents one of key theoretical and ideological battlegrounds in urban geography between the liberal humanists who stress the key role of choice, culture, consumption and consumer demand, and the structural marxists, who stress the role of capital, class, production and supply" (Hamnett 1991, p. 31).

Two of the main theoreticians engaged in complex debates during the last years are David Ley and Neil Smith. Ley's research emphasizes the changes in the social and spatial division of labour, and the concentration in a limited number of 'post-industrial' cities, where the service sector predominates. In the same way he accords an important role to the changes in patterns of culture and consumption and to the housing requirements of the new elite. Ley's thesis characterizes the type of city in which gentrification is likely to occur and the features of the gentrifiers. For Smith, the key lies in the relationship between land value and property value. When depreciation of the existing structures has proceeded far enough, the point is reached where the capitalized ground rent of site is less than its potential ground rent in its 'highest and best use'. This is the rent gap; "when this gap grows sufficiently large, rehabilitation (or for that matter, renewal) can begin" (Smith 1979, p. 546). However, this thesis doesn't say anything about who the gentrifiers are and where they come from, why some go to the suburbs and others choose the inner city to live in. Although gentrification involves capital flows, it also involves people.

Hamnett has tried to integrate the two theories. He argued that both are partial attempts to explain gentrification. In his view, a comprehensive explanation must integrate "the explanation of where gentrifiers come from and why they gentrify, how the areas and properties to be gentrified are produced and how the two are linked" (Hamnett 1991, p. 49).

Likewise, the above-mentioned general economic reorganization in a post-industrial city has led some authors (for instance Bourdieu his "theory of capitals") to use the concepts of lifestyle, social milieu and social position, instead of the classic terms of classes and social strata. All that has borne upon the more recent theories within the sociological studies. Dangschat (1991b) summarizes, for the German case, the three main topics of theoretical and empirical studies. One is the distinction between two different invading groups in the gentrification process: 'pioneers' and 'gentrifiers'. This leads to the topic of differences between social groups in terms of their social structure and their attitudes towards gentrification processes. It also leads to the third topic, the formulation of a dual invasion-succession model as a base for classification of stages in the gentrification process and the construction of a multi-level theory of gentrification.

The degree of complexity reached by the theoretical 'corpus' on gentrification is already considerable. In contrast, there is a lack of studies on the Spanish case. In Spain, research on gentrification processes is just starting, due to the delay of urban development as compared to the rest of Western Europe. Numerous questions arise in regard to the above-mentioned processes. First, we don't know to what extent the general theories and experiences from others countries can be applied to the Spanish case, with its different socio-spatial contexts, housing policies, tenures, urban policies, real estate markets, etc. Also, empirical work must first be carried out in order to define and identify the gentrification trends in our cities. Perhaps then the results can make a contribution to existing theories.

In this article we will sketch the situation of Madrid within the context of the evolving planning policies, the economic restructuring, the urban process and the dynamics of the real estate market. All these factors together have determined the Spanish inner city development, especially in Madrid. This paper will continue with an analysis of the specifically urban rehabilitation programs undertaken by the municipal council for the urban core. We focus on a case study, where we can assess the initial aims and the improvements achieved. We'll try to outline the groups of gentrifiers, within the limits imposed by the research (which is only in the first stage of its development) and the available data. We will then consider the timing and the spatial gentrification process within the inner city of Madrid.

## 2 Housing policy and real estate development: the general context

During the last ten years, housing policy and the real estate market have largely determined the goals of a socially mixed urban policy in Madrid. First, housing policy in Spain has always differed from that of the rest of Europe due to its support for ownership and the marginal role of the private rental sector. This sector has been stigmatized by the rent stagnation over a period of decades. This is a widespread situation, especially in the inner city housing stock. In Spain, housing policies have always been market-related (see Table 1). The publicly subsidized owner-occupied sector (VPO: Viviendas de Protección Oficial) and the sectors that is 100% financed by public funds (VPP: Viviendas de Promoción Pública) have diminished since the early 80s. The possibilities to improve the housing situation depend increasingly on an individual's ability to pay. The social rented sector doesn't exist in Spain, except for a symbolic number of buildings owned by the municipal council. Nor do individual rent subsidies exist.

**Table 1 Allocation of subsidies in 1987**

	% total subsidies promoting ownership	% GNP promoting ownership	% of ownership
France	47.0	0.93	52.0
Germany (FRG)	50.0	0.74	42.0
United Kingdom	69.0	1.94	64.0
Spain	95.0	0.47	75.0
The Netherlands	39.0	1.24	43.7
Denmark	72.0	2.59	55.5
USA	81.0	1.18	63.5

GNP: Gross National Product

Source: De La Morvonnais (1990)

**Table 2** Range of increase in average dwelling price per m<sup>2</sup> by housing subsector in Madrid and the whole country for two fiscal years (percentages)

Type of dwelling	Spain		Madrid	
	87/86 %	88/87 %	87/86 %	88/87 %
<b>Free market dwellings</b>				
New, modest	6-12	15-38	18-45	22-40
New, ordinary	10-30	25-40	30-60	20-38
New, de luxe	15-40	25-45	40-65	20-32
Other	15-40	15-45	40-80	20-45
<b>Private rehabilitation in inner city</b>	15-45	20-45	35-60	25-35
<b>Publicly subsidized owner-occupied dwellings</b>	<5	<3	5	3

Source: Transacciones Hipotecarias S.A.; Narbona (1990)

Keeping in mind the Spanish tenure system, we can better understand why, after the recession of the 70s, the real estate boom started in the 80s. By then, the economic recovery was felt throughout country and especially in Madrid, where the value of land and housing rose rapidly (see Table 2).

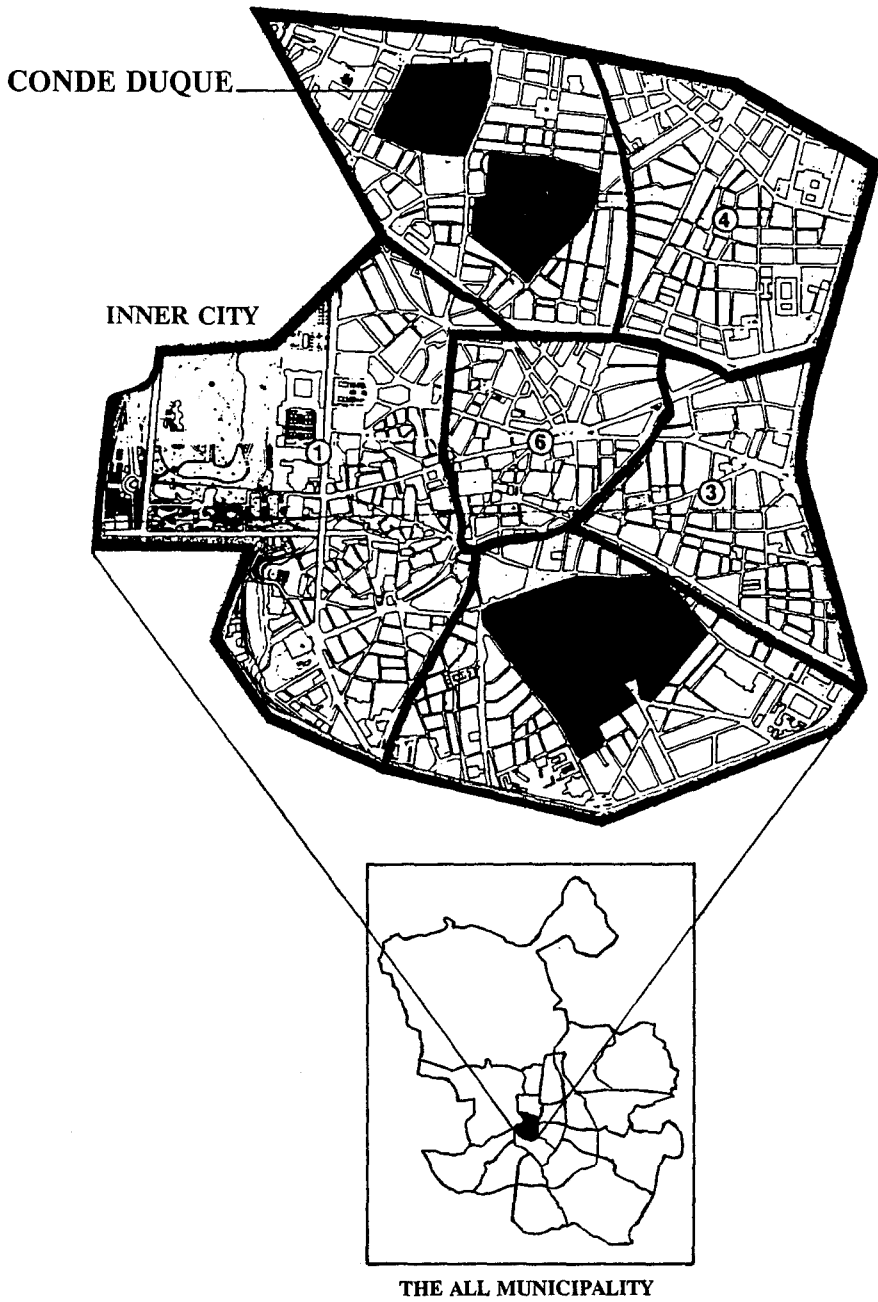
As Table 2 shows the increasing percentages of the average prices per sq m of new housing put up since the mid-80s, chiefly in Madrid. The reasons for the boom are complex. Economists talk about supply and demand diverging, speculation and black money investments, foreign capital influx after the Spanish entry to the EC, etc. Other authors say that "this market shows a cash flow and uses relocation in the space. That is to say, a redistribution of the social capital assets accumulated in the inner city and an appreciation through its rehabilitation" (Roch 1989).

Also, in this context, there was a reservoir of urban plans waiting to be put into practice in Madrid. We'll deal below with those concerning the inner city and its specific processes.

### 3 Planning in Madrid: the legal framework

After the municipal democratization at the end of the 70s, urban policy in Spain underwent an important process of change. This is reflected specifically in the intervention policy within the inner city. There, a process of population decline appeared along with a blighted urban environment. The inner city tended to become the central space of the deprived groups, especially old people. At the

Figure 1 Inner city rehabilitation programme preferential intervention areas



same time, some economic functions left these areas. Meanwhile, the trends of substitution and specialization became more and more dominant.

In 1987 the municipality approved the "Plan de Rehabilitación del Centro Histórico" (rehabilitation plan for the inner city), after several attempts to preserve and revitalize the urban core, as the "Plan Especial Villa de Madrid" (historic area protection plan) (Ayuntamiento de Madrid 1982b). The rehabilitation plan provides a collection of tools to achieve the municipal aims: the inner city recovery by means of urban programmes with a strong social content, that is to say keeping the traditional inhabitants in the inner city and improving their housing conditions.

Some of the more important tools are the "Programas de Intervención Preferente" (Preferential intervention programmes), that try to attain four basic goals:

- 1 to promote public and private intervention in order to rehabilitate the housing heritage, eradicating the blighted areas;
- 2 to solve the development deficiencies and to improve the use opportunities of the urban space;
- 3 to modernize the infrastructure and urban services network;
- 4 to revitalize outstanding buildings, using them again and adapting them for new activities.

To make the programmes efficient, it's necessary to adjust them to the limitations posed by the city's homogeneous social, architectural and historical problems. So, a collection of areas of an appropriate size are selected to be aggregated into an operative management unit. It's a question of combining public and private rehabilitation. In this way, the public sector takes over the interventions that, due to social and physical decay, do not provide the profit required by private investors. Public intervention thus plays a symbolic and exemplary role but these areas are shown in terms of quantity. As regards housing rehabilitation, the preferential intervention programmes are based on improvement grants directed to private-sector development.

As a result of these programmes five areas of preferential intervention have been designated plus one more as the first pilot project; the output is negligible in Figure 1. Nowadays, only the pilot area is finished. The success of these municipal programmes has been limited for numerous reasons. The low impact of these programmes has repercussions on the incipient gentrification, which will be described later on.

#### **4 General characteristics and problems of the inner city**

In spite of the general problems, the inner city does not consist of homogeneous areas. There are at least two kinds of areas with divergent problems:

- areas that, due to strategic location, have undergone reform during the 19th and 20th centuries; basically this has meant invasion by the tertiary sector and

- major use and morphological changes;
- areas keeping their residential character.

We'll deal here with the second kind of area. These are the object of the preferential intervention programmes.

Residential neighbourhoods predominate in these areas. They suffer from a variety of problems, whose origin can be traced to the housing policies specific to Spain, the tenure system, and the housing history in our country, certain ones since the civil war. Among the above-mentioned problems, particularly stand out:

- an old population (see Table 3);
- increasing numbers of socially deprived people;
- housing ageing and decay, with pathologies that are hard to handle;
- blighted areas because of a shortage of inhabitable surface, poor living conditions and sanitary deficiencies;
- basic infrastructure and site preparation in deficient condition.

The delay in Spain's rehabilitation policy in relation to the rest of Europe (Cervellatti and Scannavini 1976, Council of Europe 1981) has helped to intensify the general problems. Despite everything, the inner city has lately become one of the preferred places to live for the upper-middle classes.

**Table 3 Basic demographic variables for Madrid as a whole and the inner city (1986)**

Variables	Madrid	Inner City
<b>Demographic structure</b>	%	%
- Population change 1975-1986	-5.3	-26.1
- Males	47	43.6
- Males >65 as % of total males	10.2	18.2
- Females	53	56.3
- Females >65 as % of total females	15.3	29
- % arrived in district since 1975 until 1986 over the whole population	9.1	10.2
<b>Foreigners</b>		
- % of total population	1	1.8
- % of total males	1	1.9
- % of total females	1	1.6
<b>Unemployment</b>		
- % of total active population	20.8	22
- % of total active males	17.7	20.92
- % of total active females	26.6	23.5

Source: Census data 1986

## 5 Provisional evaluation of the rehabilitation policy

As we can see in Table 4, the estimated implementation of the four-year programme (1988-1991) has been only partial until 1990.

The number of rehabilitated dwellings exceeding the estimates has been 57.5% in the public rehabilitation sector, due to the housing purchases by the municipality, and 61.3% for subsidized private rehabilitation. However, the investment amount fulfilled the estimates for 70% in the public sector, and 113% (of which 75.5% of municipal investment) for the promoted private sector.

A gap emerges between the number of dwellings and the estimated investment amount. The municipal management departments attribute this gap to the excessive increase in costs of the rehabilitation works, up to 200% in the three last years. In 1988 the initial documents of the preferential intervention plans showed as average cost 6,000-16,000 pts/m<sup>2</sup>, depending on the building maintenance conditions. These costs reached 24,000 pts/m<sup>2</sup> in one of the latest managed plans. Also, the management teams talk about difficulties in getting estimates, because the contractor is interested in another kind of job, and the inability of the owners' association to study the pros and cons of obtaining a bank credit. The market mechanism is becoming increasingly professionalized and housing costs are becoming unbearable. A general increase in the demand for inner-city sites raises the sales prices and the rents.

Figure 2 shows the amount of municipal investment in inner-city rehabilitation. The economic support for private rehabilitation grows every year, even though this does not seem to, ameliorate the effects of market forces. The rehabilitated housing stock in the hands of the municipal council amounted to 839 dwellings in 1990, a meagre number, this does not seem to, and the investment in municipalization of housing tends to remain at this low level or diminish.

**Table 4 Housing rehabilitation in Madrid's inner city**

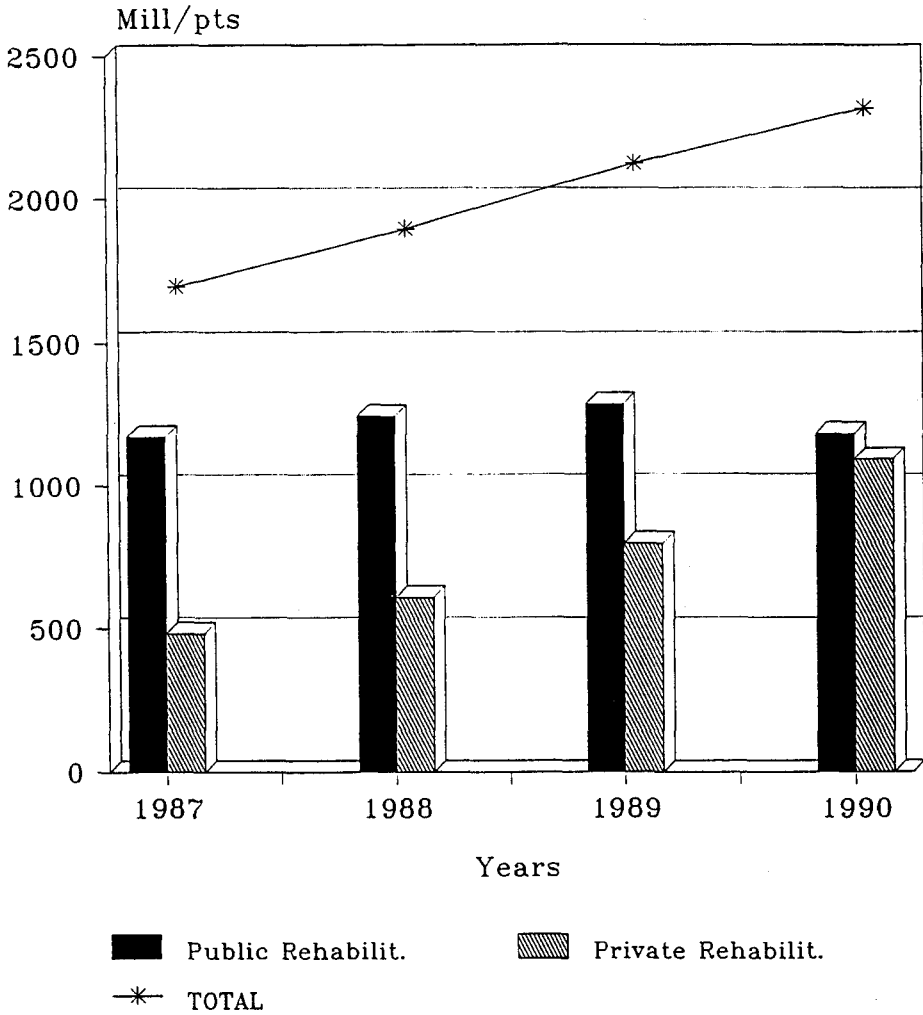
	Publicly financed		Privately financed and subsidized		
	Dwellings	Investment*	Dwellings	Investment* Total	Municipal
- Till 1989	623	4,323	14,572	8,764	2,583
- 1990	216	1,185.8	2,877	2,976	726
Total	839	5,508.8	17,449	11,740	3,309
<b>Four-year programme estimate</b>	1,460	7,867	28,467	10,417	4,384
<b>% accomplished over the estimates</b>	57.5%	70%	61.3%	113%	75.5%

\* in millions of pesetas

Source: Empresa Municipal de la Vivienda (1991)



**Figure 2 Inner-city rehabilitation investment**



Source: Empresa Municipal de la Vivienda (1991)

At any rate, the plans develop slowly. The high rehabilitation needs would justify a bigger effort on the part of the public powers.

## 6 The preferential intervention programme for the Conde-Duque area

The Conde-Duque area is a pilot project where the management techniques were put into practice, with the expectation that these would subsequently spread to other areas. The neighbourhood is located in the north-west of the historic core. This district occupies a surface of 519,10 ha. within the municipality. An area of 20 blocks is delimited with 169 buildings and 2,370 dwellings, housing 3,653 inhabitants. Of these dwellings, 83% are principal residences and 15% are empty. The tenure is distributed between 40.5% rented and 50.5% owner-occupied (see Table 5.1). The size of dwellings is in the main small; 64% are below 60 m<sup>2</sup> (see Table 5.2).

The composition of the households and the population structure is described in Tables 5.3 and 5.4.

As showed in the cesus data, the population has aged, but groups of young people with specific socio-economic and cultural characteristics have recently arrived too. The cohorts of 20-29 and 30-39 years old reflect this process, which we'll describe later on.

**Table 5.1 Tenure of the dwellings**

	%
Private rented	40.5
Owner-occupied	50.5
Other	9.0

**Table 5.2 Area/size of the dwellings**

	%
Up to 40m <sup>2</sup>	39
41-60m <sup>2</sup>	25
61-90m <sup>2</sup>	27
Above 90m <sup>2</sup>	10

**Table 5.3 Age**

	%
<15	11.0
15-19	7.2
20-29	19.0
30-39	11.3
40-49	8.2
50-59	13.0
60-64	7.0
65+	23.4

**Table 5.4 Size of households**

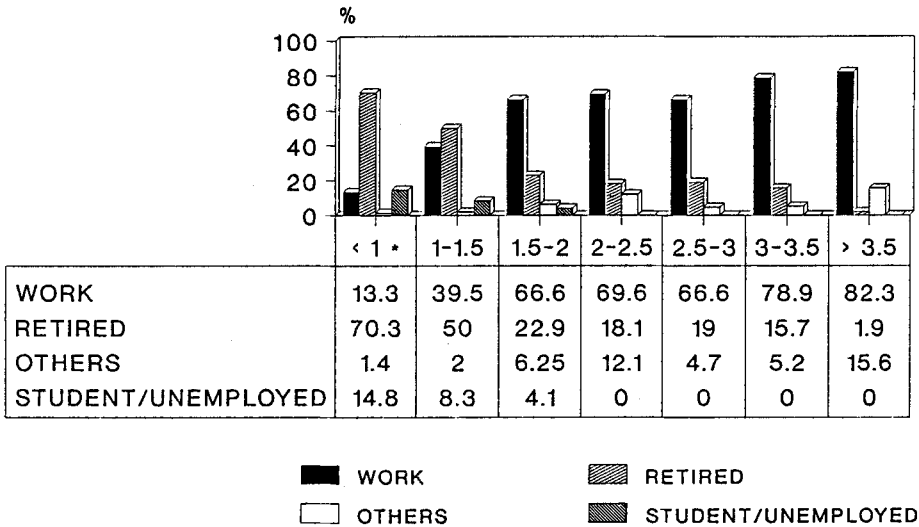
	%
Single person	31
2	30
3	16
4	12
5	6
6	3
7	1
7+	1

The programme started in 1986 when the municipality assigned a team the task of making an inventory of the area. The first studies revealed the poor housing conditions in the neighbourhood; 34% of the dwellings were substandard in terms of size, inadequate facilities or sanitary deficiencies. The team took over the contact with the inhabitants, owners or tenants, informing them about the programme and the possibilities to obtain subsidies for building rehabilitation. The programme development has two stages, concluding with the subsidized rehabilitation of 32 buildings, containing 368 dwellings and 53 commercial spaces. The rehabilitation promotion without subsidies included other buildings.

The inhabitants of the subsidized rehabilitated buildings have very low income levels (see Table 6); 84% are below 3.5 SMI (SMI: basic wage). The remaining 16% includes a group of affluent people, suggesting a trend toward gentrification in the neighbourhood.

Figure 3 provides a profile of the economic status of people living in dwellings that were rehabilitated with subsidy in the area of Conde-Duque. The vast majority of households with an income below SMI consisted of retired persons (70.3%), usually one or two people. Few of the households in this group included working people, in contrast, students and unemployed persons form a significant part of this category. The following group (1-1.5 SMI) has a more balanced household's occupational status, although the share of retired people is still high (50%). As expected, the groups in the categories 1.5-2 SMI and >3.5 SMI tend to have an occupational status in which only one person is employed, respectively more than one person is employed. Especially in the last group, >3.5 SMI, the social-class distribution is skewed towards better-paid occupations. White-collar workers and non-manual workers are the most significant categories, and there are very few unskilled workers. In order to complete the socio-economic profile of the neighbourhood, Table 7 shows the distribution of household income level according to the household composition. The most determining feature is the percentage of singles with low incomes (71.1 %). This reflects the concentration of elderly persons living on a pension, especially women. Only because of the decades-long rent stagnation have these economically deprived groups been able to stay in the inner city. At the same time, this lack of mobility in the housing careers history has crystallized into a problematic

**Figure 3 Household income level according to occupational status in the area of Conde-Duque**



Source: EMV and Survey Data  
 \* SMI: Basic wage

population structure in which the elderly cohorts are overrepresented. But the most striking feature of change in this situation is that a significant part of the free market purchasers in the inner city are much more likely to have incomes over 3.5 SMI. These "typical" affluent, employed, young households comprise the middle to high-income groups.

These findings are confirmed by the census information divided into census tracts. The maps (Figures 4 and 5) show that the population arriving between 1981 and 1986<sup>2</sup> has a higher cultural level than the traditional inhabitants. The share of university graduates is between 10.1% and 35% of the invading population. They tend to have white-collar jobs, particularly in the professional, managerial, administrative and technical occupations. The share of high-level occupations in the population lies between 20% and 64.5%, depending on the area.

This case corresponds partly to one of the two types of gentrification, ideally described as gentrification following:

"renewal programs and modernization strategies after repayment of the subsidies or in adjacent areas (what in some case is the house next door). This type is characterized by revitalization by the pioneers, before the area is up-

Figure 4 Percentage of University graduates among immigrants, 1981-1986

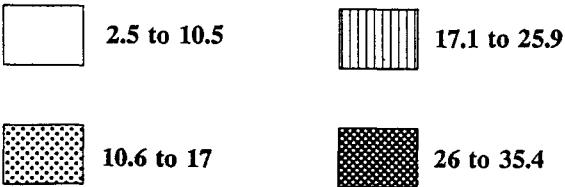
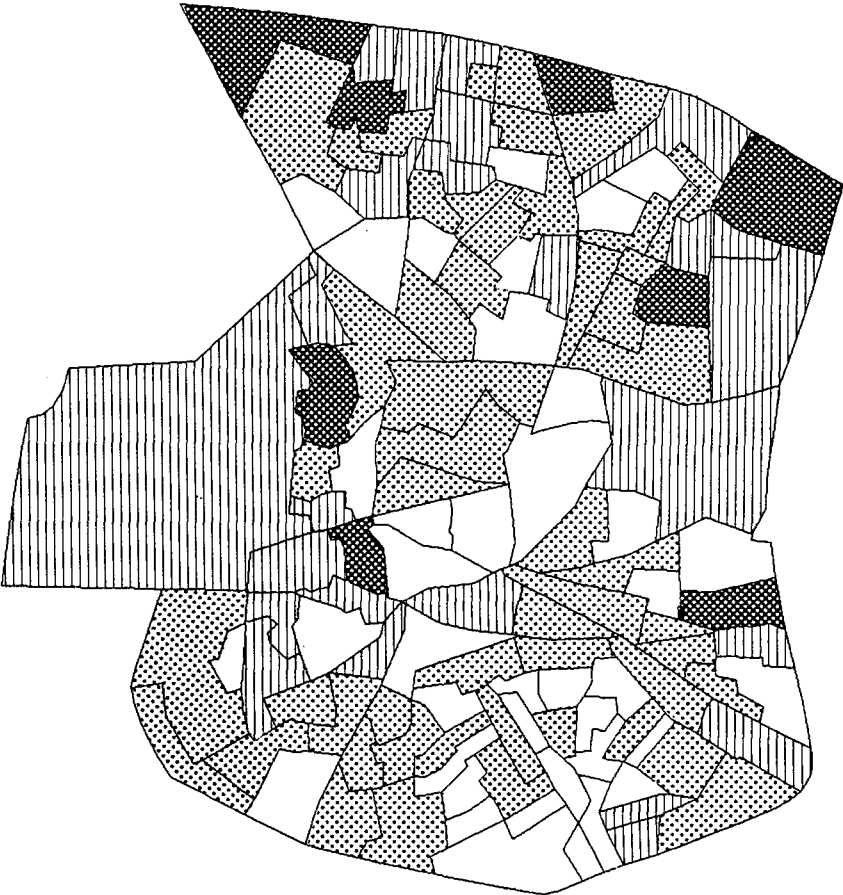
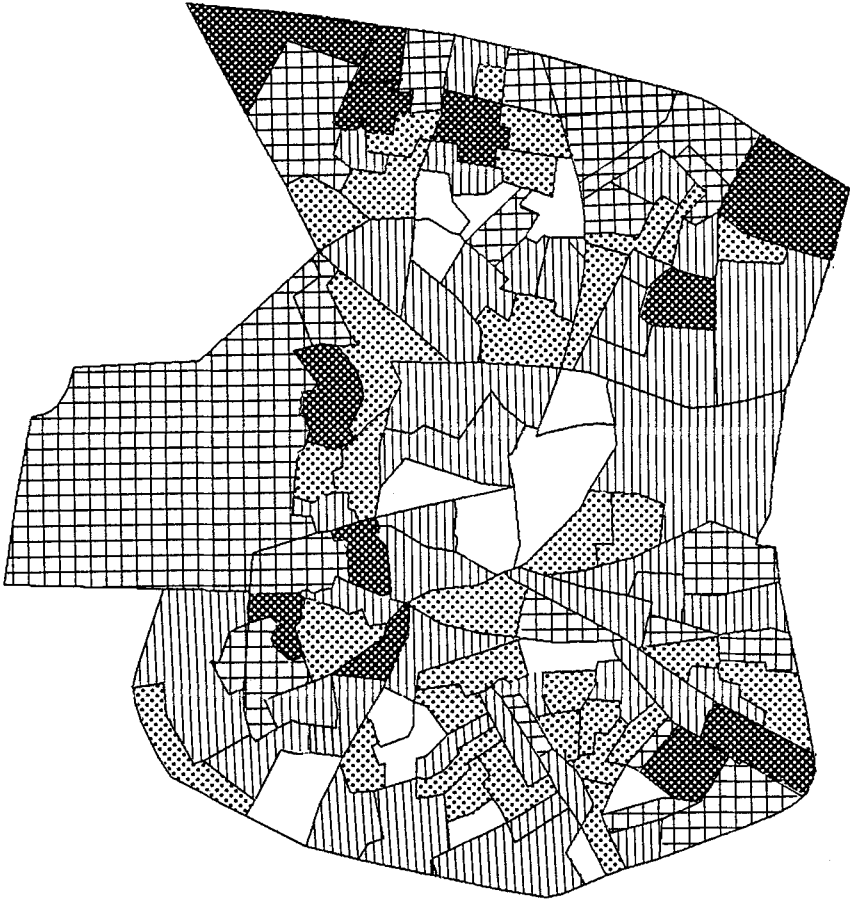


Figure 5 Percentage of White-collar workers among immigrants, 1981-1986



0 to 18.9



27.9 to 36.5



19 to 27.8



36.6 to 46



46.1 to 63.6

**Table 6 Household income level**

	%
<1 SMI	37
1-1.5 SMI	13
1.5-2 SMI	13
2-2.5 SMI	10
2.5-3 SMI	6
3-3.5 SMI	5
> 3.5 SMI	16

SMI: basic wage

**Table 7 Household income level according to household composition in the Conde-Duque area**

	<1 SMI*	1-1.5	1.5-2	2-2.5	2.5-3	3-3.5	>3.5
Single person	71.1	66.6	47.9	48.4	42.8	47.3	41.1
2	18.5	12.5	25.0	18.1	19.0	36.8	27.4
3	3.7	8.3	10.4	12.1	9.5	0	13.7
4	4.4	8.3	10.4	12.1	9.5	10.5	11.7
5	0.7	0	4.1	9.0	9.5	5.2	0
6	0.7	4.1	2.0	0	4.7	0	3.9
7 or more	0.7	0	0	0	4.7	0	1.9
Total	100	100	100	100	100	100	100

\*SMI: Basic wage

Source: EMV and survey data

graded by the gentrifiers... It is often a way to locate in the city's adjacent zone of transition within former lower-class housing areas. It is best, but not exclusively, described by the rent-gap theory" (Dangschat 1991, p. 71).

As shown on the map of preferential intervention areas, (Figure 1), the Conde-Duque area is situated in a transition sector of the inner city, close to areas that have undergone a process of renewal (demolition and rebuilding) in the 60s and 70s (Alvarez Mora 1978). It is an old and attractive site, well located with respect to the city centre. The neighbourhood does not have a negative image; the absence of specific delinquency or drug problems is also very important.

Looking at the maps of social indicators, (Figure 4 and 5), we see that the social features generally associated with a gentrification process are not equally distributed. In a city with a high level of housing segregation, such as Madrid, the present character of the immediate surroundings plays an important role. A negative image of the neighbourhood because of severely dilapidated buildings, delinquency or prostitution problems and a specific social mixture can discourage gentrification. These factors explain the low degree of gentrification characteris-

tics around the southern preferential intervention areas. These are situated in the old working-class neighbourhoods that, now house a relatively high proportion of foreign immigrants (ethnic minorities).

Apart from the housing rehabilitation interventions in the inner city, the municipality has promoted turning the otherwise useless but architecturally outstanding buildings into cultural facilities for the city as a whole. Their restoration becomes a key element in the revitalization policy for the inner city. The Conde-Duque quarter, a listed monument lying close to the area of the pilot project, has been rehabilitated and now accommodates a variety of cultural uses. It functions as a quality element for the whole area.

Bearing in mind that all these data pertain to the situation prior to the rehabilitation process promoted by the municipality, it is likely that the substitution processes have continued to evolve parallel to the trends within the real estate market. Those trends have determined the increasing rehabilitation costs and the housing prices. The research underway will try to analyse the process of evolution in future stages.

## 7 Gentrification: a rising trend?

Dangschat poses that households, whether searching for a new dwelling or remaining as sitting tenants, use not only their economic capital but also their social and cultural capital (Dangschat and Zum Felde 1991). In the same vein, we must admit that the competing social groups are defined, by the different amount of each of these capital forms (see Figure 6).

**Figure 6** Housing classes of inner-city neighbourhoods by the three capital forms

	Economic capital	Social capital	Cultural capital
Lower social strata	--	-/o	--/-
(Old) incumbents	-/o	-/o	--/-/o
Constant pioneers	--/	o/+	-/o/+
Dynamic pioneers	o	+ / ++	+ / ++
Middle-aged	o/+	+ / ++	o / + / ++
Gentrifiers	+ / ++	o / + / ++	o / + / ++

-- very low  
 - low  
 o mean  
 + high  
 ++ very high

Source: Dangschat & Zum Felde (1992)



Coming back to the Conde-Duque area and following the above-mentioned classification, the investigation sketches several of the social groups, i.e. the old incumbents and the lower social strata, and the incipient invasion by a little group of gentrifiers, perhaps preceded by the group of dynamic pioneers. The variable values have not been set up yet. We are waiting for the detailed economic information for the whole population area. That information will allow us to clearly define the "pioneers" and "gentrifiers" and the remaining heterogeneous group among the invaders. On that basis, we will try to relate them to different social and housing conditions. At any rate, the high percentage of university graduates and white-collar workers among the invaders demonstrates that the inhabitants change. Despite the lack of economic information within the general census data, the study carried out for the rehabilitated buildings in the pilot area of Conde-Duque reveals that the number of affluent people is still limited. It's clear that the gentrification process had already started by the time the municipality participated in the rehabilitation programmes in the inner city.

We now face the problem of determining when and why the gentrification process starts in Madrid. The process began in the early 80s after the period of democratic transition and economic restructuring. The studies for the "Plan General de Ordenación Urbana de Madrid" (Ayuntamiento de Madrid 1982a) noted that "a starting movement of coming back to the inner city by younger strata appears, perhaps not so much looking for the centrality advantages as looking for a memory of the life in the city that is lacking the suburbs. At present the movement live on almost marginal cultural strata or elite strata." Since then, the situation has developed, involving wider and more affluent groups.

Although the data are limited, our analysis of the urban agents permits some generalizations about the people who will live in the rehabilitated inner city. The first applies to the public rehabilitation undertaken by the municipality that initially purchases the buildings. This kind of rehabilitation is insignificant in quantity; its object is to retain the traditional inner city inhabitants, which tends to be an old and poor population. The second generalization applies to the private rehabilitation with or without municipal subsidies. This type of agent includes two different social groups: the traditional inhabitants and those who buy an old dwelling and then rehabilitate it. The third generalization refers to a mixed type of agent combining aspects of rehabilitation by owners and private developers. This type is epitomized by "the owners' associations," which aim at a social group of people 35 and 50 years old without economic problems and generally one or two-person households. And the fourth generalization denotes a fairly recent, though quantitatively more important category, the private developers. This type aim at upper-middle class people who appreciate the advantages of the inner city as a place to live.

In short, gentrification is a rising trend in the inner city of Madrid. Although a general time scale can be established, it's not possible to define exactly the gentrifiers reasons. So we can't determine how the economic, cultural and life-style changes would affect this trend. Gentrification is part of a more general

change. It only can be understood within the spatial and social restructuring emanating from the economic changes and capital shifts. The increased competition between cities for central places has affected Madrid as well. As showed in the "Plan Estratégico de Madrid" (Strategic Plan for Madrid) (Promadrid 1989), the city is looking for its place under the sun.

## 8 Conclusions

This contribution has dealt with the gentrification trends in Madrid inner city, which are related to the development of the urban policy and the general economic restructuring. Starting from the socially mixed goals of the urban policy through the rehabilitation plans for the inner city, we have tried to determine the consequences of the economic reorganization for the real estate market development and the constitution of a specific social group: the gentrifiers. Moreover, we wondered if the role of public powers has been correct (keeping in mind the socially mixed goals) or if they have indirectly promoted the substitution process in the intervention areas through the improvement of public space and the housing stock and the rehabilitation of buildings with symbolic value which revitalize the neighbourhood.

The role of economic restructuring in both the constitution of new social groups and the real estate market development seems to have been decisive. Not only has it caused a disproportionate increase in land and housing prices but it has also spoiled the budgetary estimates of the municipal programmes. At the same time, new social groups are emerging as a consequence of labour-market shifts. Their new housing requirements have introduced changes in the socio-economic profile of the inner city residents.

In this framework, the debate about the explanation of gentrification, in the case of Madrid's inner city, seems to fit to a great extent the supply-side theory. However, the importance of demographic, economic, lifestyle and other factors can't be denied. The housing market does not respond to such changes immediately. Especially in the Spanish case, with its support for ownership and a marginal rental sector stigmatized by unfavourable legislation, state policies play a leading part.

As for the role of public policies on rehabilitation, it can be said that, despite the improvements, it would be necessary to set up bigger programmes. These should stipulate more public intervention in housing provision and provide enough temporal continuity. Otherwise the upgrading processes will continue into and around the municipal intervention areas. They will not attempt to preserve the vindication of the inner city for its traditional residents. Despite the municipal policy of urban renewal, the upgrading processes will lead to a new appropriation on the part of dominant uses and social classes. Only a housing policy avoiding the negative effects of gentrification and allowing the transformations in designated locations can help revitalize the city.

## Notes

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- <sup>2</sup> The latest census data available is 1986; the 1991 census results are not ready yet.

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