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Preserving the past to strengthen the future:

**Can the introduction of a common European cultural heritage policy
enhance the socio-economic contributions of privately-owned heritage
houses?**

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Introduction

Abstract

Privately-owned heritage buildings represent a hidden face of cultural heritage. Nonetheless, their contributions to the European society generates socio-economic impacts that help to strengthen the European identity and add economic value to the European society. Cultural heritage protection policies are still a direct competence of national government, which have developed complex and strict normative frameworks to best safeguard their heritage, such as in Italy and France. However, national legal systems can turn into challenges for private owners in the maintenance and preservation of historic buildings. The European Union is already strongly committed to cultural heritage, providing support programs and tools to help owners in their activities. Further developments of a common European framework on cultural heritage policy can contribute to strengthen the resilience of the sector and to foster its socio-economic contributions within the European society.

Key words: Cultural heritage; Privately-owned historic houses; Socio-economic contributions; European Union.

Structure of the research, methodology and limitation

The concept of “cultural heritage” brings together a multitude of definitions since it refers to different concept, objects and approaches towards the theme. In Europe, cultural heritage plays a fundamental role in shaping cultural identity and contributing the socio-economic life of the territories where heritage sites are placed. Among the European Member States, a vast share of the tangible cultural heritage is owned by private individuals or families. These private owned heritage houses represent real repositories of the European heritage as they embody numerous features of the historical, artistic and architectural development which has shaped the whole continent throughout the time. Nonetheless, privately owned heritage houses represent a hidden face of the European cultural heritage mainly because of their private nature. In fact, differently from the cultural heritage that is under public control, privately owned heritage houses cannot rely on the same types of legal provisions that helps public sites to sustain the cost of maintenance and preservation; in addition, there is also a difficulty to study private historic houses as a whole since lots of them are not even

inscribed, and therefore represented, in national associations of stakeholders and interest groups. This is not only the case of those countries where heritage policies are underdeveloped (also due to their historical development, this is the case of Eastern European countries), but also in those countries where the heritage capital is higher and more monitored (such as Italy and France). Hence, there is the need to create a comprehensive framework for the privately owned heritage houses to fully comprehend their socio-economic contribution to the societies and the local territories where they are placed, to map and sum up the best practices that can stem out from single countries and to start developing a comprehensive approach towards a European Cultural policy.

This work is aimed at answering a main research question: Can the introduction of a common "European cultural heritage policy" enhance the socio-economic contributions of privately-owned heritage houses? To do so, this work will provide a study of the landscape of privately-owned heritage buildings at both national and European level. The comparison between national systems will serve to highlight the heterogeneity that characterizes cultural heritage policies among States, whereas the analysis at the European level will highlight which contributions privately-owned historic sites make to the European society and which programs are deployed to support them.

The main hypothesis is based on the assumption that privately-owned heritage buildings contribute to the European society by both fostering social values and creating economic added value. Nonetheless, the heterogeneity and complexity that characterizes national legal systems often create challenges for private parties. In fact, owners of heritage building among Europe have to comply with strict and sometimes contradictory national normative frameworks. In addition, although economic and fiscal incentives are provided to ease owners' expenditures, States face limitations regarding the allocation of resources towards cultural heritage protection policies mainly because of their budget's constraints. In this sense, the development of a common European cultural heritage policy could lay the foundation of a renewed comprehensive approach towards the subject. A common European cultural policy could generate benefits for owners: firstly, the creation of a holistic framework with a unique point of view could help owners to follow the same regulations, share knowledge and improve their voices within institutional arenas; secondly, given the different scale at which the EU and Member States are located, owners could benefit from EU support programs with more ease and by obtaining more resources than national tools; lastly, the EU could strengthen even more the contributions that cultural heritage provide within the European economy, which already can be considered one of the "heavyweight" of the EU GDP.

A series of literature contributions have been taken into account to advance this research.

The first chapter has been developed by taking into account different pieces of literature. The book *Heritage: critical approach*, written by the Australian heritage studies' professor *Rodney Harrison* in 2013, will be utilized to give an overview of the various definitions of "heritage" that have been formulated throughout the last decades in both national and supranational arenas. It will serve to set the stage by giving a general definition of the concept of cultural heritage.

In relation to the first part, where the Italian and the French legal frameworks will be compared, academic articles by the Professor Mark Thatcher will be used to trace the historical development of both France and Italy towards cultural heritage policy. Finally, a report (*Osservatorio patrimonio culturale privato 2020*) and academic contributions (*Vademecum ADSI 2019*) by the Italian associations of privately-owned historic houses (*ADSI*) will be used in order to give an overview of the present normative frameworks to which private owners have to commit at both Italian and French level.

The second chapter will mainly focus on the analysis of the seminal research "Study of heritage houses for Europe" conducted by the European Historic Houses Association (*EHHA*), which is the support organization for private owners of historic buildings at the European level. The research maps and analyze the characteristics of private historic houses in Europe, giving an overview of their socio-economic contribution within the European society.

The last chapter will both address the main findings of the abovementioned study focusing on what can be done to further strengthen the role of privately-owned historic buildings. Furthermore, the chapter will try to describe the impacts that the Covid-19 pandemic has carried within the Creative and Cultural Sector (CCS) and which kind of measures national and European institutions have deployed to overcome the economic crisis.

In the end, the conclusion will wrap up the main takes that have emerged from the study.

This thesis is carried on with the aim of answering the research question and to contribute to shed lights on the contributions that privately-owned historic houses create within the European society.

The methodology applied to the research is mainly analytical, focused on the study of different literature contributions on the subject. The analytical approach will help to delineate qualitative findings about the contributions that privately-owned historic buildings create and to define which will be future actions that can be made to further develop the sector. Nonetheless, a comparative approach will be used in the first chapter to sketch out the similarities and differences that the Italian and French legal systems on cultural heritage protection policy present.

The literature that has been used is mainly constituted by primary sources (e.g. "Study of Heritage Houses for Europe") which will help to better understand the trends and characteristics that define

the private historic houses within the European context. In addition, secondary sources will be used as well to fine-tune the research.

The subject of this analysis are the privately-owned historic houses in Europe. The topic has been analyzed mainly by tracing the general characteristics and trends that describe the landscape of private heritage buildings among Europe, with a particular focus for the Italian and French systems. Hence, analysis on other European legal systems have not been explored. Moreover, given the novelty of the context in which Covid-19 has brought the European economy, it has not been possible to focus particularly on private cultural heritage. Here, the analysis is conducted by focusing on the Creative and Cultural Sector which encompasses privately-owned historic buildings, but also includes a broad variety of different sectors and activities. Further researches on the subject can take into account different countries when analyzing the legal system that bind private owners of historic buildings, due to the fact that the European landscape on the matter is characterized by a high degree of heterogeneity and different historical development. In addition, it can also be addressed a more precise assessment of the impacts that the Covid-19 pandemic has caused within the sector of private heritage houses.

Chapter 1

The Italian and French legal protection of privately-owned historic buildings

Introduction

In this chapter, I will try to delineate and compare the Italian and French legal systems in relation with the protection of privately-owned heritage buildings. Hence, an overview of the main fiscal and economic benefits will be given in order to observe similarities or differences between the two systems

Before that, I will try to give a general overview of the concept of heritage and to summarize the historical development of the State's approach towards heritage protection in both countries. References to some literature will help in the purpose. Giving an historic overview could help to better understand the interest of the States in relation to their cultural capital.

Today, the concept of heritage encompasses a broad variety of definitions and fields of application. As Harrison (2013) states "heritage today is a broad and slippery term". The author stresses that the concept of heritage has seen a constant development throughout history, from the start of Modern times until the present days. The concept has also been expanded to different level, both national and international, and has experienced a broadening of its aims, varying between political, social or economic spheres. In general terms, "heritage is not a thing or a historical or political movement but refers to a set of attitudes to and relationships with the past" (Harrison, 2013). The approaches by which heritage has been treated derive from the different ways to identify the world that have started being developed from the time of Modernity. In fact, it is possible to distinguish the development of the concept of heritage between three historic phases: the first one is linked to the enlightenment concept of the public sphere which had a concern related to the preservation of the natural and cultural environment; the second phase is connected to the rise and development of the nation-states during the 19th and the first half of the 20th century, where heritage was linked to the characteristic of the nation; finally, the third phase is characterized by the emergence of international actors, such as UNESCO and the European Union, within the discourse about heritage as new forms of late-modern capitalist societies have been developed. (Harrison, 2013)

The protection of historic buildings and the creation of a legislative framework around them can be linked with the phase of the creation and development of European nation-states during the 19th and

the first half of the 20th century. (Harrison, 2013) During that time, national political elites started developing a set of legislations aimed at protecting historic buildings and sites in order to link them to the newborn concept of nation-state and to foster nationalistic values and principles.

1.1 – The historical development of cultural heritage policy in France

Since the aftermath of the 1789 Revolution, French political elites took a direct and active part in creating a legislative framework on the protection of historic monuments. As Thatcher states, “the flexibility in the uses of historic buildings allows policymakers to select and adapt them as part of current political strategies and struggles” (2017a). In this case, French officials sought to link historic buildings to create and promote the set of ideas, values and principles of the newborn nation-state and connecting them to the past of the State, and also to reinforce the legitimacy of the State

Until the birth of the Third Republic in 1870, the French system of protection of historic building was strategically used to maintain the nation united and to overcome the local and private interests that could create fragmentation within the state. During this time, officials started posing the question of the need to protect historic buildings to the King Louis Philippe. The outcome was the establishment of the *Inspecteur General Des Monuments Historiques*, a professional figure designated to list all the major historic building among the nation. In addition, the *Inspecteur* had to control local authorities preventing them to destroy or modify historic buildings Thanks to this, it was possible to sketch up the very first list of buildings that needed protection, counting more than 3.000 buildings in 1849. However, regulations about listed buildings and their protection did not have the necessary strength to bind private owners or local interests¹ (Thatcher, 2017b).

A major shift in the legislation came after the birth of the Third Republic. This shift was aimed at further reinforcing the national identity and, consequently, to put the nation in competition within the European scenario on the eve of WWI. Two major pieces of legislation were carried out during that time. The first one was the Law of 30 March 1887 on “the preservation of historic monuments and artistic objects”. This law created an additional layer of protection for those listed buildings. In fact, differently from the past, the law of 1887 added the obligation to not destroy, repair or modify listed buildings without the consent of the Minister. However, this reinforcement was only applicable to public buildings, leaving privates full control over their historic buildings. The buildings could only be listed after the consent of the owner. The rationale has to be searched in the will from French

¹ For example, private owners of historic buildings did not have any obligation to fulfil in order to maintain and protect their buildings. Furthermore, the protection scheme was strongly dependent on contingent circumstances; since it was carried out by policymakers, their influence and their attention to the argument depended on the actors involved.

policymakers to defend and promote the right of private property, which was celebrated and promoted since the 1789 revolution. Nonetheless, officials that recognized the lack of control over privately-owned buildings and started discussing about the development of a new normative scheme which would have allowed officials to have more control over privately-owned buildings. The next piece of legislation was carried out in 1913 with the law of 31 December on “historic monuments” (*Loi Monuments Historiques*). By invoking the protection of French heritage capital against foreign interests, the law extended the powers of the central government even over private buildings. In fact, the ministers and local authorities had the power to expropriate listed buildings in the name of the public interest. In the case of private buildings, the owners had the right to get a compensation from the expropriation. However, this new measure envisaged a massive amount of economic resources that the State had to grant to private owners. Hence, in order to keep the interested building protected even before the real expropriation, the law introduced a new category of listed buildings, the so-called *Monuments Inscrit*, which allowed officials to bind a building within a 3 years protection scheme. During that time, the State could find the necessary resources to expropriate the building without fearing any modification to the building.

The period between the two World Wars led almost all of the European countries to serious economic, social and political crises. For the sake of French historic buildings, this was translated in an extension of the period of time for those *Monuments Inscrits*. In fact, the law of 23 July 1927 extended from 3 to 5 years the protection scheme and significantly reduced the compensation provided to private owners. Also, an addition was made with the law of 1927 since it introduced the concept of the protection not only of the historic building but also of its surrounding area. However, this first attempt at protecting the surroundings of historic buildings revealed its weaknesses, due to the fact that in order to create the zones to protect, long consultations were required, and different officials had to be involved. Finally, these limitations were reduced by the law of 25 February 1943 on “the surrounds of historic buildings” which allowed buildings within the area of an historic site to be listed as *Monuments Inscrit*. (Thatcher, 2017b)

In the aftermath of WWII, most European countries (at least those on the western side) faced a period of broadening of regulations about cultural heritage and its protection. However, the main rationales for the French officials in the proposal for further legislation were still linked to the principles of the central control over the local and private interests and of the modernization of the State. The most important changes came with the advent of the Fifth Republic in 1958, when the President De Gaulle created the Ministry of Culture and appointed André Malraux as its minister. The Malraux ministry adopted the “*Loi Malraux*” in the 4th August 1962. The law was the first important piece of legislation

about heritage policies after the WWII. It sought to create sectors in those part of the State that were degraded by the war in order to reconstruct and modernize them. (Thatcher, 2017b)

Since then, the debate around the protection of cultural heritage revolved around the contraposition between central government's interest and local ones. Multiple tries have been done from local policymakers in order to get some power over cultural policy. However, the central government still retains the majority of powers.

1.2 – The historical development of cultural heritage policy in Italy

Similarly to the case of France, Italian political officials started debating and structuring a normative framework immediately after the unification of the various territories, which occurred in 1861. However, although the Italian peninsula had never been united before (except for ancient times), legislation about protection of cultural heritage already existed in almost all individual states, provinces or municipalities that occupied the territory. Since Italy has always been a territory very rich in heritage and cultural resources, the philosophy of cultural nationalism existed well before the birth of the State. The sentiment of caring about national cultural resources was strictly linked with the fear that political fragmentation and administrative discrepancies could have led to an extensive export of heritage, a phenomenon which existed well before the unification of the Italian kingdom. In particular, the legislation adopted by the Papacy were the most important and they had been taken as example for the new normative framework. (Thatcher, 2017b).

During the very early years of the Italian kingdom, since political elites had to confront more incumbent issues such as the completion of territorial unity, political officials decided to keep in force pre-unitary legislation until a new law would be discussed. In addition, given the severe lack of economic resources, politicians and intellectuals divided themselves into two separate groups: on the one hand, the “preservationist” side argued that the Italian kingdom had to protect cultural and heritage resources in order to reinforce the nationalistic ideas and to modernize the State; on the other hand, there was the part of those that were interested in the commerce of cultural objects, such as art merchants and rich bourgeois. The conflict between these two groups lasted until the beginning of WWI, when a series of normative acts were introduced that finally settled the dispute. (Thatcher, 2017b)

During the first years of the 1900, the contraposition between the two groups seemed to be balanced in favor of the liberal group. In 1902 a law was passed which declared that the Ministries involved in the protection of cultural heritage (namely those of Education and Interior) had to draw up a list

containing all of these buildings, monuments or sites that had the characteristic of national interest and therefore had to be preserved. Everything that was not present in the list would have been open to sale, but the State would have been the pre-emptive right of purchase by financing it on export taxes. Nonetheless, a set of problems led to the non-application of the law: the lack of economic resources from the State and the limited administrative capacity in producing a wide list of protection made impossible the application of the law. However, even if the law was never applied, its liberal characteristics fostered the preservationist coalition to grow up. Intellectuals, officials and major public figures raised the public awareness over the need for the State to protect and control its national heritage, focusing on the need for a new normative act that would create a more stringent framework for private owners of historic buildings. Finally, in 1909 a compromise in the name of the national interest was made and the Italian Parliament passed on 20 June the law n.354 “for antiquities and the fine arts”. The law of 1909 signed a significant development of the State powers towards the protection of heritage objects. It represented the foundation of the Italian legal protection on material cultural heritage until the present days and it introduced new and innovative elements in comparison with the laws of the other European states, such as France. Not only, the law of 1909 created different stratification of functions and responsibilities at both central and local level and between different actors, but also included a wider range of protection, since both buildings and movable objects were included into the protection scheme. Private individuals faced significant restriction over their arbitrariness, since listed buildings faced limitation on their alteration. In addition, the government had the right to buy the object at the contract price and expropriation schemes were introduced and they were carried out by both central and local authorities. (Thatcher, 2017b)

Between the two World Wars the protection of heritage was further extended during the 1930s under the Mussolini’s dictatorship. Following the principle of national interest, additional layers of actor and sources were involved in the protection of cultural heritage: on the one hand, an extension to surroundings, landscapes and urban planning were made to control the advent of modernization; on the other hand, additional actors involved caused the strengthening of the system. (Thatcher, 2017b)

After the end of WWII, the Constituent assembly gave particular attention to the theme of cultural heritage and its protection. Its recognition in the Constitution represented the first case of such legal status. Furthermore, since the 1960s, a series of laws related to urban planning and environment came into force. These laws inherited the principles of the past, namely the decentralization of powers and competences and the involvement of multiple actors in the process. However, given this fragmentation the establishment of the Ministry of the Cultural Heritage (MIBAC) in 1974 was a necessary consequence in order to avoid administrative weaknesses and malpractices. In fact, the principles of decentralization of actors and competences could create a strong system that is difficult

to alter, but they can also weaken the role of the State and create opportunities for clientelism and illegality. Another consequence of the layering of the system was the creation of “codes” for cultural heritage, in 1999 and 2004, which are a sum of all of the pieces of legislation that have been passed throughout the decades.

1.3 – Modern legal protection of privately-owned historic buildings in France

As seen on the part of the French historic development of cultural heritage protection, the valorization and protection of cultural heritage respond to principles of citizenship building and national values. As of today, those building that are characterized by the public interest can be classified as historic monuments following two different types of protection: on the one hand there are “classified” buildings, which is a national level of protection; on the other hand, historic buildings can be listed in the *Inventaire Supplémentaire des Monuments historiques* (I.S.M.H). These levels of protections are determined after consultation and studies on the buildings from both national and local officials. The buildings that classified as historic buildings are bounded by special rules in relation to their conservation or modification. In fact, in order to alter the state of the building, a specific procedure has to be activated. The procedure is provided by the *Code du Patrimoine*, which is a set of laws that protect cultural and heritage objects. As stated by the Code, private owners cannot start any type of structural work without authorization, which is conceded by the regional prefect. The types of works that require the authorization range from the redevelopment, the restoration or the complete renovation of the building. To start one of the abovementioned activities on a historic building, there is a special procedure which involves a plurality of actors. Firstly, the private owner or the person delegated to follow the works have to inform the *Conservation Régionale des Monuments Historiques* (C.R.M.H.), which is a section of the *Direction Régionale des Affaires Culturelles* (D.R.A.C.) and part of the Ministry of Culture. The involvement of the D.R.A.C. allows the works to be analyzed and supervised by a team of technicians and experts, whose have to verify the compliance with the project and therefore grant an authorization. Once obtained the authorization from the D.R.A.C., the owner has to obtain a *déclaration d’ouverture*, which is an official declaration that states the start of the operations. At the end of the works, the owner has to send the dossier which contains the list of operations that have been made to the technicians that have been involved. This procedure is mandatory to allow the D.R.A.C. to state the conformity of the works, which let owners to benefit from public subsidies (if present). (Monti, *eds.*, 2020)

In relation to operations that have to be made on a building listed in the I.S.M.H., the procedure follows a different path. Private owners have to ask for an *authorization d'urbanisme*, which is a building or renovation permit, before starting any type of operation. Differently from those buildings that are classified, the *authorization d'urbanisme* for listed buildings is the same as those requested for common buildings. However, in order to obtain the authorization, the regional prefect has to accept the workplan. Once obtained the authorization, the owner has to inform the mayor and the C.R.M.H. Hence, the operations are supervised by the scientific and technical officials of the D.R.A.C. Similarly to the classified buildings, at the end of the process there is the need to officially declare the completion of the work and the D.R.A.C. has to verify the conformity of the operations in order to allow owners to benefit from particular fiscal subsidies. (Monti, *eds.*, 2020)

Not only classified and listed buildings have to follow particular procedures in order to be maintained, modified or renovated, also those buildings situated in the surroundings have to face particular step. In fact, these buildings have to request the *authorization d'ouverture* under certain conditions, which are related to the dependency of the building to the listed or classified one. However, for those cases that the authorization is not required, it is still mandatory to obtain the permit from the regional prefect. (Monti, *eds.*, 2020)

In conclusion, it is possible to say that the French system gives particular attention to the specific procedure that historic buildings have to follow in order to be modified. The procedure is aimed at avoiding any kind of damage or loss of historic, artistic or cultural value.

1.4 – Economic and fiscal profiles for private heritage houses in France

The French fiscal system, based on the principles of equality and proportionality, is made up on both national and local taxes, depending on the destination of the tax and on tax revenues, and on direct and indirect taxation.

Starting from the direct taxation, there is the the income tax (*Impôt sur le Revenu*). It is important to say that it is not directed to individuals, but to the *foyer fiscal* which is the household considered for tax purposes. Hence, the tax base of the income tax is composed by the sum of the revenues of the people that compose the *foyer fiscale*. There are different categories that make up the net global income, which can vary from enterprise incomes, agricultural incomes, employment incomes, self-employment incomes or real estate incomes. (Monti, *eds.*, 2020)

Private owners of historic buildings are subjected to the ordinary tax scheme (so-called *Régime réel*) and can obtain benefits only from particular fiscal regimes, namely those provided by the *Loi Monuments Historiques*, which is one of the laws that define fiscal measures for heritage buildings.

The direct taxation scheme on French building is composed by 4 types of levies: the housing tax (*taxe d'habitation*), the property tax (*taxe foncière*), the domestic refuse collection tax (*taxe d'enlèvement des ordures ménagères*) and, finally, the tax on real estate property (*impôt sur la fortune immobilière*). The *taxe d'habitation* is an annual local contribution directed to owners, tenant or occupants of buildings. There are conditions that exempt certain categories from the payment of the tax, such as elder people, those who live below a certain economic condition and those that assist people with disabilities. The tax rate varies in relations both to the characteristic of the real estate (i.e. dimension) and to the economic conditions of the *foyer fiscal*. The second category of tax that composes the French direct taxation scheme on buildings is the *taxe foncière*, which is a local tax on the property of immovable objects. Differently from the *taxe d'habitation*, the *taxe foncière* is solely applied to the owner of the immovable object, since it is a tax on the property and not on the occupants of habitable buildings. The amount of the *taxe foncière* is composed by the sum of the net cadastral income, which corresponds to the 50% of the cadastral value in the 1st January of the fiscal year, with a fixed rate that is defined by the municipalities where the buildings are located. Similarly to the *taxe d'habitation*, there are certain conditions that exempt from the payment of the tax, such as particular cases on the use of the buildings (i.e. public utility or social purposes). Private owners of historic buildings are required to pay the *taxe foncière*, but they can deduct the gross total revenue of the *foyer fiscale*. Furthermore, the *taxe d'enlèvement des ordures ménagères*, which is the tax on the production of solid garbage, is applied to the owner based on the property and not on the volume of garbage produced. The amount of the tax is based on the same elements that compose the *taxe foncière*. Finally, the *impôt sur la fortune immobilière*, which is the tax on real estate property, is a national tax that is directed only to citizens that owns property assets valued more than 1,3 € millions. Hence, it is particularly important in relations to historic buildings, since most of the time these houses have high values. The tax is calculated using the net value of property assets at the 1st January of the fiscal year. The net value of property assets corresponds to the difference between the values of all assets owned, the total of the costs incurred in renovation, maintenance or improvement of the property and the *taxe foncière*. All of the abovementioned taxed, except for the last, are based on the rental value of the buildings. Notwithstanding, in relations to the specific category of “buildings with exceptional characteristics” which is mainly composed by historic buildings, policymakers have envisaged a particular feature: the rental value has to be determined depending on the market value of the asset at which an 8% rate is applied. (Monti, *eds.*, 2020)

In relations to the indirect taxation, it is important to mention the tax on the sale of real estate or change of ownership (*droits de mutation*), which applies to both free and paid transfers. Private owners

of historic houses can benefit of a more favorable system, since it allows the exemption of the payment for those transfers that are free of charges.

Historic houses are buildings with high connected costs. This is due to the importance given in the preservation of the historic, artistic and architectural beauty which characterize them. As seen before in this section, private owners have to follow strict and particular procedures to upkeep their buildings. Hence, without specific public support measures, private historic buildings could be threatened by the impossibility from the owner to pay for the operations that have to be done to preserve their houses. The French legal system has put in place a series of fiscal and economic measures: the *Loi Monuments Historiques*, the *Loi Malraux* and the *Loi Aillagon*.

The *Loi Monuments Historiques* was introduced in 1913 and was integrated into the *Code du Patrimoine* in 2004. It provides fiscal benefits for those privates that own classified, listed, labeled² buildings that are open to the public. However, in order to enjoy the benefits, a condition has to be fulfilled, namely that the owner has to preserve the building for at least 15 years. If the requirement is satisfied, there are multiple deductions that the owner can ask for, such as maintenance, insurance or business costs. Nonetheless, not every historic building has a running business around it. In that sense, in order to determine which deductions privates can enjoy, the law lists three possible schemes. The first one includes houses that do not create revenues and are occupied by the owners; in this case, the owners can deduct conservation costs from the net total revenue of their *foyer fiscal*. If the house is open to the public, the deduction does not have any limit, whereas if it is not open to the public, the maximum reduction is capped at 50% in relation to maintenance costs. The second case is related to those houses that do create revenues but are not occupied by the owners; here, not only can owners deduct the same costs of the first scenario, but also they can subtract those expenses that are related to opening the house to the public, such as personnel costs. In addition, there are some flat-rate deductions from the revenue of the owner if the house has a garden or it has not. The last case covers those houses that do create revenues and are occupied by the owners. In this case it is necessary to distinguish between the part of the house that is open to the public and the part that serves ad private house. In relation to the part opened to the public, the owner can deduct all the costs that are encompassed in the previous cases, whereas in the part used as private house the deductions are connected with the occupation from the owners from their net total revenue. The law also provides deduction for indirect taxes, such as succession and donation ones. The condition to enjoy the benefits is that the successors has to sign an agreement with the Ministries of Culture and Finance where they

² The label is assigned by the *Fondation du Patrimoine*, which is a private entity with the aim of promoting the conservation of historic building. The label allows historic building to enjoy fiscal and economic benefits.

commit themselves to upkeep the house following the procedures that have been explained in these sections and to open the house to the public for a minimum period during the year. (Monti, *eds.*, 2020)

Another piece of legislation that envisages fiscal benefits for private owners of historic houses is the *Loi Malraux* of 1962. The law has the aim of requalifying urban areas that are of national interest from the degradation. It allows private owners to enjoy benefits on modification or requalification works. However, since the scope of the law is to requalify degraded zones, the building for which benefits are requested must be located in neighborhoods that are indicated in a decree as degraded. In addition, the operations on the house have to lead to a complete renovation of the building in the name of public utility. Deductions are allowed only if required after having obtained the building permit from the administrative officials. There is also a cap of the deductible costs that is fixed. Notwithstanding, in order to obtain the deductions, the contributor has the duty to locate the building for at least 9 years. If the requirement is not fulfilled within this period of time, the contributor loses the benefit. (Monti, *eds.*, 2020)

The last legislative measure that provides fiscal benefits to private owners of historic building is the *Loi Aillagon* of 2003. Differently from the other two laws that are focused on maintenance or preservation works to the house, the *Loi Aillagon* envisages fiscal benefits for those action of patronage or sponsorship. In that sense, the law introduces a favorable fiscal regime towards those, private individuals or enterprises that support sites of national interest. Hence, the law is not directed at giving benefits directly to the owners. The fiscal benefits that are provided with the law vary in their nature depending on the type of support given to the historic building. The most common form of support is the financial one but there are other types of support, such as the supply of services or skilled human capital. The benefit consists of a tax reduction which varies in its calculation in relation to the nature of the recipient: on the one hand, if the recipient is a private individual then the tax reduction can be up to 66% of the amount of the donation, if the taxable income does not overcome the 20%. Contrarily, if the taxable income overcome the threshold of 20%, the tax reduction can be amortized in a 5-year span. On the other hand, if the recipient is an organization or an enterprise then the tax reduction is equal to the 60% of the donation if it less than 2 € millions, whereas it is equal to 40% if the donation overcomes 2 € millions. In the end, the benefit is allocated only if the owner of the building issue a fiscal receipt that demonstrate the transaction. (Monti, *eds.*, 2020)

1.5 – Modern legal protection of privately-owned historic buildings in Italy

The interest of the State towards cultural heritage has its root in the Constitutional chart. The article 9, which forms part of the section of the fundamental principles, states that “the State shall promote the development of culture and scientific research. The State shall protect the landscape and the historical and artistic heritage of the nation”³. Historic houses are encompassed within this scheme of protection. However, their conservation is not only entrusted to public authorities, but also to private owners. The latter have the duty to grant the conservation of the building, in accordance with the Code of cultural heritage of 2004⁴. Nonetheless, the Italian legal system still lacks a comprehensive normative set to support private owners in their role of protectors of the historic building. (Monti, *eds.*, 2020)

As of today, private owners are bound by the duty of preservation and by a fixed procedure in the case of modification of the building. Historic buildings have to be recognized as objects of national interest, either if they are publicly or privately-owned. For publicly owned building, or for those that are private but do not generate any revenue, there is a procedure aimed at declaring the cultural interest that the building can generate (“*procedura di verifica dell’interesse culturale*”). This procedure is done if the object has more than 70 years or if the author of the object is no longer alive. There is a board of officials that has to verify the compliance of the building with the guidelines provided by the Ministry of Culture. In relation to privately-owned buildings that are not part of the first category, there is another procedure aimed at verifying its cultural interest (“*dichiarazione dell’interesse culturale*”). Similarly to the first procedure, there are officials issued by local authorities with the duty to declare if the building can be considered of cultural interest or not. The official has to communicate to the owner the different phases of the procedure. The communication needs also to be sent to the local municipality where the building is located. At the end of the process, the Ministry of Culture adopts the procedure and notify the results to the owner. If the procedure passes, it causes the impossibility for private owners to demolish or modify the building without the authorization of the Ministry or the officials, depending on the nature of the buildings and the planned works. Hence, private owners of listed buildings have to bear the costs of maintenance and protection. Notwithstanding, there are the possibility for the Ministry to declare buildings as restricted if these are in the surroundings of an area of national interest. Those owners, however, although they are bounded by strict measures, cannot benefit from tax deductions. (Monti, *eds.*, 2020)

³ Art. 9 Italian Constitution

⁴ D. lgs. N. 42/2004

1.6 – Economic and fiscal profiles for private heritage houses in Italy

The Italian system requires citizens to pay both direct and indirect taxes on the property of assets. There are three categories of taxes: those related to the income, those related to the capital and those related to the transfer of the building. (Martino, 2019)

Starting with the taxation scheme on the income, the law n.44 of 26 April 2012 outlines the tax profiles that citizens are required to pay in relation to income taxes. Firstly, there is the tax on personal income derived from any source (*I.R.P.E.F.*). Private owners of historic buildings can require a flat-rate deduction from the taxable income, which is determined as the 35% of the latter. In addition, the law recognizes a 19% rate deduction on the costs of maintenance and protection of the listed building. There is a correspondent tax also for those building which are owned by companies or commercial entities, which is the tax on corporate income (*I.R.E.S.*). The tax varies depending on the utilization of the building: on the one hand, if the building is rented, the tax follows the same scheme of reduction as the *I.R.P.E.F.*; on the other hand, if the building is not rented, the company has to pay the tax. The tax base is determined by a 5% revaluation of the cadastral income which is reduced by 50%; hence, to the tax base will be applied the *I.R.E.S.* rate which is 24% as of today. These measures do not apply for citizens which own historic buildings that are not located. In this case, it is needed to distinguish if the building is considered as primary house or not. If it is considered as primary house, the owner does not have to pay the *I.R.P.E.F.*, whereas if the building is not the primary house the owner will have to pay the tax depending on the location of the building. In fact, if the building is located in the same municipality where the owner has the residence, the amount is absorbed by another tax on capital (*I.M.U.* as it will be discussed below). Differently, if the building is located in the same municipality where the owner has the residence, the tax base is determined by a 5% revaluation of the cadastral income which will be increased by 30% and, in the case of historic houses, reduced by 50%; this will be the capital to which progressive tax rates will be applied. (Martino, 2019)

In relation to the taxes on capital, owners of buildings have to face the *I.M.U.* The tax base for private owners of historic buildings face a tax that corresponds to a 5% revaluation of the cadastral income which is multiplied for a coefficient that is based on the cadastral category of the building, reduced by 50%. Hence, a flat rate of 0,76% is applied to the tax base in order to discover the amount of the tax. A similar procedure is also applied to owners of non-listed buildings, with the exception that they cannot enjoy the 50% reduction of the tax base. However, owners of common building can enjoy the condition that exclude them from the payment if the interested building is their first house. This condition does not apply to owners of historic house: they still have to pay the tax even if it is applied

on the first house, but yet they can enjoy a flat rate of 0,4% instead the normal 0,76% and 200 € reduction from the total of the tax. (Martino, 2019).

Finally, there are taxes on the transfer of the building. The tax scheme for private owners is the same as the one for all the rest of the population. In the case of transfer, the parties have to pay the registration fee (*Imposta di registro*), which is determined by the 9% of the market value. In addition, during transfers there are also mortgage and cadastral taxes, fixed at 50 €. (Martino, 2019).

Apart from the abovementioned tax reduction for privately-owned historic buildings, there are also other benefits related to different types of duties. The municipal tax on services (*T.A.S.I.*) is applied to everyone that owns buildings or assets. the tax base is the same that is provided for the tax on capital (*I.M.U.*). Hence, private owners of historic buildings can enjoy from a 50% reduction of the tax base during the calculation of the latter. In the case where the historic building is rented, the tax will face another reduction by 25%, to be added to the abovementioned 50%. (Bellini, 2019) However, the 2020 budget law has abolished the tax, which is brought together with the *I.M.U.* (Monti, *eds.*, 2020)

Another municipal duty is the tax on domestic refuses (*T.A.R.I.*). It serves to finance the costs related to the collection and disposal of waste. Hence, it is applied to every owner of assets or buildings. The tax consists of a fixed fee, which is calculated multiplying the square footage of the building, and of a variable fee, which is defined by each municipality based on the quantity of waste produced. However, some municipalities can allow concessional measures for listed buildings. (Bellini, 2019) From the shock derived from the Covid-19 pandemic, further measures have been put into force in order to overcome the economic crisis that is infuriating almost worldwide. Private owners of historic houses can benefit from the so-called *Superbonus 110%*, introduced in the law n. 77/2020. Owners can benefit from a 110% deduction on the costs for improving the energetic efficiency of the building. The deduction has to be distributed within 5 annual allocation within the limits of the applicant's tax capacity. Alternatively, the applicant can opt to transfer the credit to financial institutes or to the enterprises that would execute the operations. However, the measure excludes from the fruition certain cadastral category, such as villas, luxury buildings or castles. This has caused that the vast majority of privately-owned historic houses are excluded from the benefits. (Monti, *eds.*, 2020)

After having analyzed the set of fiscal measures that applies to private owners and allow tax reliefs, economic measures will be taken into account. The Code of 2004 provides that the State can participate into the renovation or maintenance costs of privately historic buildings. In order to benefit from these deductions, owners have to specifically request them during the phase of project's authorization. The State official decides whether the project fulfills the necessary conditions and, if it so, it can concede contributes. These deductions take form of capital grants, which are straight

grants calculated as percentage of the eligible amount, which consists in the expenditure that the owners have to face to execute the conservative intervention. In general, this amount cannot exceed the half of the total expenditure; however, in certain cases when there is particular public attention towards the historic building, those benefits can cover the whole amount. The owner, once having obtained one of the abovementioned economic measures, has the duty to open the building to the public in compliance with the agreement defined between the owner itself and the Ministry. (Monti, *eds.*, 2020)

Conclusion

This chapter has tried to focus the theme of heritage buildings and, in particular, that of privately-owned heritage buildings. Some definitions of heritage have been given in order sketch out the idea of heritage. Then, an overview of the French and Italian historical development of cultural policies has traced the principal moments of development towards the legal framework that is into force in the present days. In the end, a description of the principal protection policies and tax deduction has been depicted. What emerges is that both systems have tried to create a framework that imposes duties to the owners, but also provides tax deduction and fiscal measures to help in their activities. Furthermore, both systems have shown that the State is still very attached to its heritage and seeks to protect them in the more procedural way in order to not allow mistakes or different treatments among the nation itself. In France, this approach has been more prominent since the central government sought to monopolize the role of the protector, whereas in Italy the legislation has moved towards the creation of layers of interconnected actors and public authorities. In France the actual system provides numerous fiscal and economic measures for private owners of historic houses, whereas in Italy the support is more meager. The comparison between the two models allows to observe how cultural policies differs from State to State, even in the case of neighbor countries such as Italy and France. This can introduce the discourse at the European level, where this differentiation between legal systems has created a confused framework that can put private owners in jeopardy in relation to their activities.

Chapter 2

Analysis on the landscape of privately-owned heritage houses in Europe

Introduction

The previous chapter tried to give an overview of the legal system about the protection of privately-owned historic buildings in both Italy and France. This chapter tries to describe the framework at the European level. Although policies in this area are a responsibility of Member States, the EU is strongly committed at safeguarding and promoting cultural heritage throughout different programs. The reasons for this commitment are mainly based on the fact that cultural heritage policies can generate two types of impacts: The first set refers to those impacts that have a social value, whereas the second is related to economic impacts. European countries count centuries-old history and traditions that have been inherited by generations from both tangible and intangible sources of heritage. Although the discourse is still valid for intangible heritage, the tangible part strongly participates in the creation of a common European identity. Not only does cultural heritage bind together local communities and strengthen social cohesion, but also it creates the value of the memory that are connected with the piece of heritage itself. The heritage itself carries aesthetic, spiritual, social, symbolic and historical values that contribute to build up a sense of belonging to the same roots for those populations that live where the heritage site is. The second set of impacts are related to the economic effects that heritage produces by itself and for the territory in which is located. By accounting at EU-28 level, the Cultural and Creative Sector (CCS), has generated a turnover of 643 € Bn at the end of 2019 and employed more than 7.6 Mn people from both direct and indirect markets within the European Union (EY, “Rebuilding Europe”, 2021). Of course, these results include sectors and activities that are different and separated from the very precise tangible cultural heritage; however, these figures help to grasp the relevance of the sector within the EU. Nonetheless, not only cultural heritage generates added value at supranational level, it also participates in the promotion of value at local level. It has been demonstrated that the presence of historic buildings or heritage sites contribute to the development of the local territories where they are located. (Monti and Cerroni, 2019)

These considerations serve to highlight the importance that cultural heritage plays at both national and European level. During the last decades, with the shift to a post-industrial society, new drivers for economic development have been risen. These are strictly connected with digital technologies, sustainability and creative entrepreneurship. The protection and promotion of cultural heritage at

European level can develop those drivers in order to foster the competitiveness of both the Region as a whole and Member States. The importance of cultural heritage lays in its very own characteristic: since cultural sites are located in specific places, they can foster the abovementioned drivers starting from the very local level. In addition, they can create a network with each other in order to develop a form of organic but capillary development among the EU.

However, this context brings with itself difficulties and challenges. Cultural heritage protection is a field with great disputes between policymakers, and public support schemes are still secondary and strongly linked to the economic cycles of the country. In that sense, it is worth to observe the case of Italy: sectors as education, culture and youth – namely what should represent the future of a country – are facing diffused reductions of public expenses since the financial crisis of 2008. Of course not every Member State have taken this direction. However, the duo Italy and cultural heritage serves as example on how these sectors are often neglected and misunderstood. Italy has the highest concentration of cultural world heritage sites, according to UNESCO, and still cannot fully recognize their importance and either take real advantage from them. At the European level the situation is – if possible – more complicated. Since the EU does not have direct competences towards cultural policy, it has to face a framework that is composed by many national regulations, which sometime directly conflict with each other. For what is the focus of this thesis, namely privately-owned cultural heritage, the challenges are even greater. Not only have private heritage sites to face the same challenges that are abovementioned, but also they cannot always rely on public support or aid. In addition, it is difficult to have a full and complete vision of the context within Members States, because not every private heritage house is connected with national associations of stakeholders. This generates greater difficulties if the focus is at the European level, where a comprehensive framework could better ensure protection, support and funding.

This chapter will try to give an overview EU's actions toward cultural heritage policies. To do so, the chapter will be divided into two main parts. The first part serves as context and includes all the types of regulations that have been taken by the political bodies of the EU to protect the cultural heritage. Then, the second part will give an overview of the framework of privately-owned historic houses at European level. The seminal report "Study of Heritage Houses for Europe" will help in the purpose. The report is the first study on private heritage houses that has been made at European level. It aims at highlighting the socio-economic contributions and the value added of privately-owned historic buildings within the European society, but also describes challenges and difficulties that the private owners have to face. From this, policy recommendations are sketched out in order to create a

discourse around the development and support of privately-owned heritage houses at the European level.

2.1 – The European approach towards cultural heritage: normative frameworks and main actions

Although cultural and heritage policies are unique responsibilities of Member States, the European Union has to assist and complement the actions taken by the latter. The protection of cultural heritage at the European level seeks its roots in the founding treaties of the EU. The article 3 of the Treaty of the European Union (TEU, 2012) defines the objective of the Union; within its scope of action, the third comma declares that the Union “shall promote economic, social and territorial cohesion and solidarity among Member States. It shall respect its rich cultural and linguistic diversity and shall ensure that Europe’s cultural heritage is safeguarded and enhanced”. (TEU, 2012) Furthermore, the article 167 of the Treaty on the Functioning of the European Union states that the “Union shall contribute to the flowering of the cultures of the Members States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore.” (TFEU, 2012) The article stresses the point that the Union has to promote the respect and protection of cultural aspects in order to keep the European cultural landscape rich, diverse, attractive and competitive for the Union as a whole. To contribute to these points, the Article 167 also describes that the European Parliament, together with the Council, can adopt incentive measures to promote cultural preservation. Finally, the article 107 of the TFEU (2012) encompasses state aids that promote culture and heritage conservation within the category of public aid that do not clash with the rules of the internal market. Since the 1970s, the conception towards cultural heritage started changing. The approach switched from a more conservative mindset towards a value-led principle to manage heritage. In those years the EU’s political institutions started increasing their attention to the preservation of the cultural richness that characterizes the European continent. (Pasikowska-Schnass, 2018) During the first decade of the 2000s, further inspiration for the development of cultural heritage policies came from international arenas. The Faro Convention represents a pillar in this sense. Adopted by the Council of Europe in 2005, the convention emphasizes the aspects of heritage in relation with human rights. The shift towards a more inclusive perspective on cultural heritage is emphasized by the fact that the convention stresses the importance of heritage not for the sake of preserving historic buildings, but rather for the meanings and uses that people attach to them and the values that stem out from heritage objects (Council of Europe, Faro Convention, 2005). Furthermore, the Hangzhou Declaration of 2013 is another cornerstone of newer approaches towards cultural heritage policies. The convention,

adopted by UNESCO, recognizes the value of cultural heritage as driver for sustainable development (UNESCO, Hangzhou Declaration, 2013). These documents fostered the interest of policymakers at all level, including those operating within the European Union. The EU was already active in promoting policies in favor of cultural heritage. During the 1990s and the first decade of the 2000s, EU programs were already into force.

As of today, the EU's strategic framework for cultural heritage is constituted by 4 main normative documents. There is the European Commission's (EC) communication "toward an integrated approach to cultural heritage for Europe" of 2004, which is a report aimed at strengthening the cooperation at the EU for all of the actors involved in the protection and development of cultural heritage policies. New global trends such as globalization and technological changes can become threats for cultural heritage protection, but the report insists on the fact that, by mixing governance methods, innovative tools and cooperation among Member States, these threats can become opportunities for innovative models of cultural heritage protection. (COM/2014/0477). The second pillar of the EU's framework for cultural heritage is represented by the "New European Agenda for Culture". The EC's communication aims at fostering actions towards cultural heritage in order to increase cultural participation. The agenda has the objective to create new forms of synergies between culture, education and other policy areas to allow these sectors to better overcome the challenge and opportunities of new global trends, such as the digital shift. (COM/2018/267) Furthermore, the "European framework for action on cultural heritage", by capturing the success of the European Year of Cultural Heritage in 2018, proposes a common set-up for cultural heritage activities at European level and defines a number of actions to be implemented between 2019 and 2020 based on five main themes: inclusive participation, sustainability, safeguard of heritage, innovation and international cooperation (EC, DG for Education, Youth, Sport and Culture, 2019). Finally, there is the "European Council 2019-2022 Work Plan for Culture" of 2018, which not only acknowledges the contents of the "New European Agenda for Culture 2018", but also sets out different priorities for the future of cultural heritage policies at EU level based on international cooperation and horizontal and vertical involvement of actors. (EUCO/2018/560)

From this normative framework, several EU funding programs support cultural heritage. Among the main initiatives there is the European Year of Cultural Heritage, established in 2017 by the Decision "on a European Year of Cultural Heritage" (Decision 2017/864). This program has the aim to strengthen the sense of belonging to a common European identity by promoting activities, campaigns and events at European, national, regional and local levels. (EC, 2017) Moreover, another important program is represented by Creative Europe. The program seeks to promote cultural diversity and foster the competitiveness of the cultural and creative sectors. It has replaced the Culture program that

was into force during the 2007-2013 Multiannual Financial Framework with the aim of offering opportunities to cultural heritage projects. With a budget of 1.46 € Bn for the period 2014 – 2020, the Creative Europe program supports projects in all fields of culture. Other important projects that have been developed within the cultural sector of the EU are the European Heritage Label, the European Capitals of Culture and the European Heritage Days. (EC, 2017) Nevertheless, the programs that offer opportunities to the cultural sector come also from other sectors of the EU's action. Within the education sector, the Erasmus+ programs seek to boost skills and employability for European citizens by allowing students and workers to travel around Europe in order to acquire academic or professional skills and share knowledge. Last but not least, a great part of the funding programs that stem out from the EU are those related to the Cohesion Policy. The European Structural and Investment Funds (ESIF) has the objective to invest in job creation and foster sustainable economy throughout the European territory. Within the ESIF there are different programs directed to different sectors from which cultural activities can benefit. These are the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). These programs cover a wide spectrum of actors and activities in both public and private sector, particularly benefitting small and medium-sized enterprises (SMEs). With a massive budget of 325 € Bn for the period 2014 – 2020, Cohesion Policy has represented a great opportunity also for private cultural enterprises.

2.2 – The “study of heritage houses for Europe”

In 2018 a consortium of the main European stakeholder association of private owners of historic buildings published the first study on the socio-economic impact that private historic houses bring within Member States and the EU as a whole. The study is focused on “family-owned heritage houses”, which are officially protected buildings and are privately-owned in the Member States' territories. The definition itself carries doubts and troubles, since there is not a clear-cut definition for privately-owned heritage buildings. As evidenced in the first chapter, and also mentioned in the first part of this section, since Member States are the main actors in regulating heritage protection – and consequently private heritage protection – there is not a commonly shared definition for heritage and buildings with historic values. Hence, the study decided to take “a number of elements that are commonly stressed across Member States” (Study of Heritage Houses for Europe, 2019, p.17) in order to encompass the highest number of interested subjects. These elements are referred to the characteristics of the buildings, which vary from historical to aesthetic significance. In addition, the

study highlights also the problem of the inclusion by private historic houses in national registers or associations. By taking into considerations only those buildings that are part of the European Historic Houses Association (EHHA)⁵, the focus can be more precise but still there are numerous issues, namely the facts that not all Member States have associations that encompass private owners of historic buildings, and, where there are associations, not every historic building within the country is inscribed in the list. These differences in the definition are only one part of the vast heterogeneity that characterizes Member States policies towards heritage protection. Historical background plays an important role in shaping the action of the State towards heritage; in Europe, there is a clear-cut division between the Western Countries and the Eastern ones. Since the latter have faced the direct influence of the USSR during the second part of the 20th century, heritage protection is not even a matter of policy. In fact, the communist regime used to expropriate the entirety of historic buildings of a country, both public and private. Hence, eastern European countries today face multiple problems in relation to their heritage capital, varying from lack of regulation, absence of public funding and decadence of historic buildings. Furthermore, regulations about the protection of heritage also vary among Member States. Each country has developed its own scheme of protection, based on direct or indirect control of the public authorities, different conservation agents and rules about the preservation and restoration of historic buildings. (Study of Heritage Houses for Europe, 2019) Taking as example France and Italy, which are two of the countries with the highest gradient of historic buildings and more complex regulation schemes, it is possible to observe those differences: whereas France has a centralized system where administrative officials are appointed to assess if historic buildings are preserved in accordance with the law, Italy presents a system in which powers are diffused and dispersed between central and local authorities, administrative and scientific officials and where the conservation is supervised by multiple actors. Another aspect linked with the regulatory framework that generates heterogeneity on heritage policies among Member States are taxation schemes and public support schemes. Since there is not a common fiscal scheme among Europe, owners of heritage buildings have to comply with national taxes, such as wealth, income, property or value-added taxes. Many countries also provide tax advantages for owners of historic buildings, such as in France and Italy. In addition, the majority of Western Member States have support schemes that serve to economically or financially assist owners in the processes of renovation or protection of their buildings. However, state aids are often subjected to different criteria and different programs of support. (Study of Heritage Houses for Europe, 2019) For example, French and Italian schemes of public support are both conditioned by specific criteria to be met by the owners in order for them to access tax deduction or compensation schemes. Not only are exogenous elements

⁵ <http://www.europeanhistorichouses.eu>

of heterogeneity when referring to privately-owned historic buildings, but also endogenous variables impact on their existence. The size, the presence of land or the location of the historic building are important elements that have to be accounted in order to better shape their condition and their future perspectives.

2.3 – Assessing the socio-economic impacts of privately-owned heritage houses in Europe

The heterogeneity that characterizes both regulation schemes and heritage buildings themselves contributes to generate different outcomes from the houses. As it has been discussed above, not only normative frameworks make privately-owned historic houses different from country to country, but also different elements that composes the houses grant differentiations. In fact, privately-owned historic buildings vary their business models in relation to the intrinsic characteristics that contribute to make the house a piece of heritage. Starting from these inherent characteristics, owners can develop activities and effects that have impacts in the society. The study describes different intrinsic characteristics that determine the impacts that privately-owned historic houses can generate. The most prominent element is represented by historic values; historic houses are repository of the past of the local territory where they are located and serve to spread the identity of a specific place or country. Linked with historic values are social values. Since historic houses are often considered as landmarks for their territories, they serve to create a sense of belonging and to create the possibility for citizens to foster social connections and different types of interactions. Furthermore, historic houses also are characterized to be repositories of cultural values, since themselves are considered something from the past that have to be preserved because of their history and their role that have had in the past. Some buildings are also characterized to be carrier of national values. Buildings that are surrounded by lands hold some environmental values which is getting ever more attention due to the rising awareness around sustainability or nature-related topics from the public opinion. (Study of Heritage Houses for Europe, 2019)

From the abovementioned characteristics, privately-owned heritage houses can contribute to the society with different socio-economic impacts, depending on the type of property and the use that it has. Cultural contributions are the most direct impacts of heritage houses. Buildings that offer cultural activities to their public helps to make culture the more diffuse as possible, enabling local communities to benefit from it. Also, they foster cultural participation and engagement with art and history. The very own building, since it has to follow strict procedures for being maintained, can offer a place where artisans and craftsmen create a network and keep old working traditions alive. The

study takes as example the Villa Reale di Marlia, which is a privately-owned historic houses located in the province of Lucca, in the heart of Tuscany.⁶ Thanks to the activities that owners put in place, the house has become a place of aggregation for both professionals and visitors. The estate arranges a range of activities, from private events to art performances, which in turn generates flux of visitors and the possibility for professionals, such as art or architecture students, to work directly with a piece of history. (Study of Heritage Houses for Europe, 2019) Heritage houses also generate social impacts from their activities within the local territory. The involvement of local volunteers in the process of preservation of the estate, the organization of activities that are open to the public and the possibility for artisans to work directly with it contribute to build and enhance social capital of the territory. Strong social capital translates into more inclusiveness, better quality of people's life and higher attraction for economic activities. The example here is the Château de Septème in France, which is a historic building located in the region of Auvergne-Rhône-Alpes⁷. Here, owners have developed an inclusive model that involves different strata of the society and it has become a center of aggregation for the local population. In particular, given the power of the estate to strengthen the community building, the local population has created a volunteering association called "Friends of the Castle" which organize groups of volunteers that help owners in maintaining the beauty of the castle. Thanks to this cooperation, owners can afford the high costs of maintenance whilst create a sense of belonging around their estate. (Study of Heritage Houses for Europe, 2019) These types of events generate also educational contributions within the society. Taking the abovementioned examples, each one generates knowledge in its own. Whereas the Italian Castle of Marlia let art students to develop their scholastic knowledges directly in the building, the French Château de Sèpteme keeps alive artisanal knowledges that would have been obliged. However, educational contributions are not only related to activities that are organized by owners; in fact, the possibility to visit the estate is itself a mean to increase the awareness and to educate citizens. Furthermore, public and private cooperation can foster this educational outcome. The Italian Ministry of culture has signed a collaboration with the Italian association of privately-owned historic houses (ADSI) to let students the possibility to do an internship in some private estate. In fact, historic houses that organize activities can accommodate students from different type of schools, due to the transversal characteristics that every historic house have. (Monti *et al.*, 2020) In France there is a similar example in Auvergne, where students from technical institutes are allowed to directly apply their knowledges in privately-owned castle. (Study of Heritage Houses for Europe, 2019) As it has been stressed above, historic houses that have lands can also generate environmental impacts. Lands and historic gardens are repositories of past traditions

⁶ <https://villarealedimarlia.it>

⁷ <https://www.chateau-septeme.com/secrets>

and techniques, and they also preserve the biodiversity and both local flora and fauna. In addition, opening the lands to the public helps to increase the sense of wellbeing of visitors. (Study of Heritage Houses for Europe, 2019) Last but not least there are economic contributions that historic houses give to the local territory. All of the abovementioned activities generate economic returns and also indirect economic effects. The entirety of historic houses that run economic activities and are associated with the EHHA generate a yearly turnover of 2.2 € Bn in 2018 (Study of Heritage Houses for Europe, 2019). However, the distribution of this figure is very heterogenous, since bigger estates can run important business, whereas smaller houses have to face limited resources. As it will be discussed later, also the business model of the house also have a great impact on the turnover. However, historic houses can generate direct economic effect also by employing people, depending on the type of activities that historic houses run. Furthermore, historic houses create indirect economic effects. These effects are visible also where the estate does not run a business activity, since the restoration and the maintenance involve specialized actors. This is particularly important because often these indirect economic effects are generated within the local territory where estates are. In addition, historic houses increase the land value of the surroundings, making the local territory more competitive and attractive, which is especially important for rural areas and provinces that are being abandoned as effect of the urbanization. Houses that run a business generate also other types of impacts, such the one on the visitor economy. By opening the estate to tourists, historic houses directly contribute to the touristic offer of Europe and enables tourists to generate economic impact also in the local territories where buildings are located. (Study of Heritage Houses for Europe, 2019)

2.4 – Challenges and opportunities for heritage houses

The Study of Heritage Houses for Europe (2019) provides a SWOT analysis in order to analyze all the types of impacts that historic houses have. The SWOT is an acronym that stands for Strengths, Weaknesses, Opportunities and Threats and is a management tool that serves to identify both internal and external elements that characterize the environment where the business takes places. The first two part – Strengths and Weaknesses – are related to those internal factors that characterize the business, whereas the latter part, namely Opportunities and Threats, analyze external characteristics that can influence the activity. Although parts of these elements have already been described above and in the previous chapter, this section will wrap them up in order to give a more systematic view of the context for historic houses in Europe.

The Strengths section includes all of the core values that heritage houses embody, from historic to environmental ones. As a consequence, also all of the socio-economic effects are encompassed in this section. In fact, as it has been highlighted before in this chapter, historic houses build from core values their business models and the range of activities to offer. (Study of Heritage Houses for Europe, 2019) Within the Weaknesses part there are elements that both have already been discussed and new elements. It has been stressed that privately-owned historic houses have to face huge amount of resources in order to be preserved and maintained. As demonstrated by the analysis on the yearly economic turnovers that estate generate, maintenance costs are often higher than the economic returns. This is more evident in relation to the size of the estate: bigger estates, which can run multiple activities, generates more incomes than smaller estates, which have to adapt themselves to the most feasible type of activities for their size and business model. Furthermore, the scarce visibility that historic houses have often does not allow them to be known by tourists, especially for those estates that are located in rural areas. Historic houses are similar to little islands, in the sense that they have difficulties to enter in tourism's networks also because they are not connected with associations that promote their activities. To overcome this issues, national associations have started creating digital hubs where associated historic houses are promoted and sponsored. This is both the case of Italy, where ADSI has created the website "Dimore Storiche Italiane"⁸ and France with "La Demeure Historique"⁹. (Study of Heritage Houses for Europe, 2019) Further weaknesses are connected with the characteristic of those buildings, namely that they are being controlled by families. However, these families often show lack of adequate skills to promote business activities or there are family dynamics which interfere with the economic model of the house. Both weaknesses can threat the future of the historic house: on the one hand, the lack of competences can contribute to further loss in visibility; on the other hand, families running business models can have difficulties to generate shared objectives and outcomes, and newer generations may not be interested in managing the estate. (Study of Heritage Houses for Europe, 2019)

Regarding the external characteristics that influences heritage houses, there are the Opportunities and Threats sections. Within the Opportunities are encompassed all of the trends that may help historic houses to foster their economic activities in the future and to build on their strengths. Evolution of policies regarding the importance of cultural heritage can create the possibility for family owners to benefit from more public support schemes, tax reductions and state aids. In this sense different EU programs are notable; as it has been described earlier in this chapter, initiatives such as the European Year of Cultural Heritage, the European Framework for action on Cultural Heritage and the New

⁸ <https://www.dimorestoricheitaliane.it>

⁹ <https://www.demeure-historique.org>

European Agenda for the Culture are directed in this sense. The reasons that lay down to this shift from policymakers towards an increasing importance on the protection of cultural heritage are directly linked by different trends that have been developing during the last decades. It has been observed by the Eurobarometer that there is a growing attention towards new forms of tourism, which are based on sustainability, culture, and wellbeing. All of these trends can fit the characteristics of historic houses. However, not only are favorable trends only connected to policymakers, but also new forms of private support are being developed. Activities such as crowdfunding, impact investing and philanthropy can contribute to a better future for historic houses. These activities often mix together both financial and social ends, creating measures that not only economically supports owners in their work of maintenance, but also contribute to community buildings and to create social impacts. Within this discourse, the French crowdfunding platform “Dartagnans”¹⁰ serves as perfect example. The platform is dedicated to cultural heritage in France and allows private citizens or organizations to financially support historic buildings. It also serves as communication tool, offering promotional campaigns to historic houses. (Study of Heritage Houses for Europe, 2019) The last part of the SWOT analysis is related to the external Threats that historic buildings have to face in the future. As already discussed, one of the main threats is the diversity of regulatory framework among Member States of the EU. Not only do cross-national differences represent a threat, also internal regulations generate difficulties and lack of support. Historic houses are often subjected by a variety of law that differ for the scope and the range. For example, if a heritage house runs has lands and runs business activities, it has to face different regulations about the protection of the heritage, natural conservation schemes and health and safety regulations. In addition, these regulations often contradict each other, making the implementation a serious issue for owners. Here there is a lack of a general vision from policymakers towards the subject, which could seriously harm owners that are already in difficulty. In addition, national policymakers do not often seek to promote public investment on culture or heritage, since they are one of the first items on the State’s budget to be cut when the country faces economic downturns. Lastly, normative frameworks often create a sort of negative competition between public and private cultural sites. Whereas public properties can benefit from special treatment as they are publicly funded, private owners have to face the costs of maintenance and restoration; even if there are incentives, there would not be a real competition since public places are not subjected to market rules. There are also general trends that can be a threat for privately-owned historic houses. As mentioned above, the depopulation of rural areas can lead to a loss of attractivity for those houses that are in the countryside. In addition, the evolution of tourism as a mass

¹⁰ <https://dartagnans.fr>

phenomenon could put in serious jeopardy the integrity of historic buildings. (Study of Heritage Houses for Europe, 2019)

2.5 – Overview of historic houses' business models

Historic Houses often run economic activities that are related to the characteristic of the estate. In order to map the existing business models that historic houses present the Study of Heritage Houses for Europe (2019) conducted a survey directed to owners in order to identify the characteristics of the business models that heritage houses have. A total of 1.084 owners responded to the survey, which roughly the 60% of them responded that their estate runs some sort of business activity (Study of Heritage Houses for Europe, 2019, p.136) The variables that allow different business propositions depend on the characteristic of historic house. When studying business models in historic houses the starting point is the house itself. In fact, the estate and its characteristics represents the key element of the business model. The size is an important variable in relation with economic activities: it has been demonstrated that the share of houses that run business models increase with an increase in the size of the estate. 40% of the houses with a size that is between 0 and 500 sqm runs a business activity in comparison with the 74% that is connected to larger houses with dimensions over than 2.500 sqm. (Study of Heritage Houses for Europe, 2019) This is mainly caused by the fact that, since historic houses have both more available activities, they also face greater costs of maintenance. Hence, the consequence is that larger estates often run business models to cover the costs that are associated to their day-to-day management. If the estate presents surrounding lands, the share of estates that runs economic activities again rise with the size of the lands. However, different land sizes cause different types of land usage; for example, middle sized estates (51 – 250 ha.) run agricultural activities, whereas bigger estates (over 250 ha.) has activities related to the natural conservation. The size also has great importance in relation with the value of the estate. In this sense, smaller estates without land are cheaper than bigger ones with land. (Study of Heritage Houses for Europe, 2019) Historic houses that have economic activities determine their offer in relation with the characteristics of the estate. As mentioned above, the characteristics of the house and its core values generate strengths from which owners can develop businesses. Similarly to the previous elements, the size and the presence of surrounding lands plays an important role also with regards to the economic activities that owners can develop. The best players among those estates that do not have surrounding lands and are medium sized ones (500 - 2.500 sqm.), which generate the largest number of economic activities. This is mainly due to the fact that middle sized houses can benefits of more economic possibilities without

being limited by the size of the estate. Differently, the best performers among estates with surrounding lands are smaller players (0 – 51 ha.) because they can focus on perfecting the developed activities. However, bigger estates (over 250 ha.) generates more differentiation within their business activities, because of their possibility to have sufficient personnel. (Study of Heritage Houses for Europe, 2019)

In relation with the financial fluxes that historic estates generate, the main variables are the presence of investments within the estate, the costs taken by owners to maintain the house and the public subsidies that they receive, alongside with the turnover that business activities generate. (Study of Heritage Houses for Europe, 2019) When running business activities, historic estates create employment: 75% of the owners responded that they hire personnel to run the business, although the 30% of them declared that they employed only one person. Employment also depends on the size of the house, because bigger estates can develop multiple activities, and on the type of business model that the house has adopted. All of these economic activities are deployed to attract visitors and generate incomes. The distribution of the income greatly depends again on the size and on the number of activities that the house puts in place. the majority of the respondents declared to have a turnover lower than 100.000 €/year, whereas only the 30% responded to have bigger turnovers. Taking as example France and Italy, it is possible to see that in the French side the vast majority of historic houses generates small yearly turnovers (1 – 25.000 €) whereas Italian estates generate slightly higher turnovers (25.000 – 100.000 €). (Study of Heritage Houses for Europe, 2019) One of the main challenges that owners have to face are related to the fact that often the yearly turnover cannot cover the costs that have been incurred. Investments and maintenance represent the main item of this category. Generally speaking, slightly less than half of the respondents (45%) declared that incomes do not cover costs and owners have to add personal money for the sake of their economic activities. (Study of Heritage Houses for Europe, 2019)

This section helped to have a better understanding of the reality of historic houses among Europe and to better analyze existing business models. In fact, owners shape their business strategies in relations to the characteristics of the estate. There are three different strategies that can be applied to privately-owned historic houses. The first one is related to the so-called “operational excellence”, which is a strategy that aims to accomplish the cost leadership. This is possible for those estates that can deploy automatic manufacturing processes that reduces the costs and generate standardized products that in turn produces higher volumes of transactions. This strategy fits better for those estates that have bigger size and surrounding lands, where are in place activities such as forestry or agriculture. (Study of Heritage Houses for Europe, 2019) Furthermore, another strategy is the one connected with the attention to customers. Estates that seek to offer unique services to visitors aim at reaching customer

intimacy by personalizing the experiences offered and meeting customer demands. The strategy makes the business to being shaped in order to better respond to the needs of the customers. However, it is more expensive than the others and does not present innovative aspects, allowing only a small part of estates to generate incomes. An example within this strategy is the Monsignor della Casa Country Resort & Spa¹¹, a private historic estate in the province of Florence in Italy. Here, the management has opted to seek offering the best accommodation possible to visitors by gathering personal information and developing tailor-made activities and offers. (Study of Heritage Houses for Europe, 2019) The last business strategy is focused at reaching the product leadership. By bringing superior products to the market, estates that opt with this strategy seek to achieve premium market prices and offer unique and luxury experiences to visitors. This strategy is the most innovative compared to the others and it is also the most expensive, since market leadership is reached only if there is a complex and organized structure that run business activities. The strategy of product leadership is also connected with accommodation services. In both France and Italy this strategy is the most common, due to the characteristics of historic houses in the countries. Since there are more smaller estates than bigger ones, French and Italian owners can seek to maximize and fine-tune their activities and the services offered. (Study of Heritage Houses for Europe, 2019)

The SWOT analysis and the observation of existing business models allow to generate innovative ideas that privately-owned historic houses can use to develop their activities. These ideas are both connected to the characteristics of the house and to the general societal trends that can create opportunities for historic buildings. As discussed above, the core values of the estate can be used to build business models. Estates that are located in rural areas could generate a positive spillover effect if they manage to create a connection with the local communities. By allowing volunteers and active participation of the local communities within the activities of the estate, historic buildings can generate a bond with their territory which would benefit both the estate and the local economy. Moreover, historic houses often embody unique elements and are repository of particular histories and traditions of the past. Owners can use these elements to develop activities based on the uniqueness of the place. A remarkable example in this case is the Château de la Ferté-Saint-Aubin¹² in the Centre-Val de Loire region in France. The castle has developed interactive activities to narrate the story of the place using both traditional means as guided visits and digital tools to make visitors feel like they are being transported in the past. (Study of Heritage Houses for Europe, 2019) The use of digital tools is one of the innovative practices that are linked with greater societal trends that will shape the future. Focus on sustainability is another element that could present opportunities for private historic estates:

¹¹ <https://www.monsignordellacasa.com/it/>

¹² <https://www.chateau-ferte.com/fr/>

using sustainable materials and installing sustainable energy sources can attract new segments of customers. Furthermore, since tourists seek ever more unique and tailor-made experiences, focusing on a business that is service-oriented can foster economic activities of historic houses. In the end, new forms of financing, such as crowdfunding and philanthropy, can become drivers of economic sustainability for owners of historic buildings. (Study of Heritage Houses for Europe, 2019)

In conclusion, this part served to highlight the fact that historic houses are often not financially sustainable. This could become a serious threat for future generations of owners. Hence, innovative business models and support tools from both the civil and political sectors can help at overcoming this threat.

2.4 – Conclusion

This chapter tried to describe the approach of the European Union towards cultural heritage policy and privately-owned historic houses. The first section gave an overview of the EU's normative framework on cultural heritage as well as the main programs that are directed to cultural activities. The European agenda has increased its focus towards cultural heritage policy during the last decades, also thanks to the impulse of important international treaties such as the Faro Convention of 2005 and the Hangzhou Declaration of 2013. As of today, the EU counts numerous programs and activities that are directed to the support and protection of cultural heritage and cultural activities.

The second part of the chapter focused on privately-owned historic houses. The seminal document “Study of Heritage Houses for Europe” was used to describe the vast landscape of private historic houses in Europe. It analyzed the different socio-economic impacts that historic houses can generate in relation to their characteristics and core values. Then, it focused on existing business model to assess the different activities that owners put in place in their estates and analyzed which trends are influencing historic houses. The results showed that privately-owned historic houses lay in a difficult context, where national regulations, social trends and conservative business models can lead to the impossibility for the owners to upkeep their estates. This tendency can be exacerbated by the economic crisis that the Covid-19 pandemic has created in almost every Member State. Hence, new business models and normative harmonization are needed in order to keep historic buildings alive.

The next chapter will try to sketch out policy recommendations that stem out from both literature review and empirical evidences that can make the sector of privately-owned heritage houses more resilient in the future. Moreover, the impacts of the Covid-19 pandemic in the Creative and Cultural Sector will be highlighted, trying to assess the consequences for private owners of historic buildings.

Chapter 3

Which future for private heritage houses?

Introduction

The aim of this thesis is to give an overview of the context in which privately-owned historic buildings are located at both national and European level. As it was described, private heritage buildings make a multi-dimensional contribution to today's European society, not only by preserving the identity and the past of the place where they are situated, but also generating multiple socio-economics impacts. However, privately-owned historic buildings risk to end up in the shadow side of cultural heritage protection, especially because of their private nature. In fact, intricate and reductive national normative frameworks, lack of holistic approach towards cultural heritage policy and absence of comprehensive sector support organizations at both national and European level can mine the future of the private side of heritage buildings. In addition, 2020 has been the year signed by the Covid-19 pandemic which, given the consequences of national lockdowns and restrictive measures, has generated a global economic crisis that has the capacity to create diffused failures and bankruptcies in different sectors. Although privately-owned heritage houses can put in place different activities depending on the characteristics of the building, the Covid-19 pandemic further increased the need for innovative political actions in order to make the sector more resilient and ready for the times to come.

This chapter will try to sketch out some possible advancements that can be made at both national and European level that can boost the contribution of privately-owned historic building within the society. The literature review will help to define the sets of actions that can be taken into account by national and European policymakers to foster innovation and competitiveness within the sector. In addition, this chapter will also try to give an overview of the consequences of the Covid-19 pandemic in the sector. This latter part will focus on the Creative and Cultural Sector, where private historic buildings are included, due to the fact that there are not precise studies on the matter. Moreover, the novelty of the pandemic and the uncertainty of its evolution make forecasts difficult to predict.

3.1 – Taking stocks from national evidences

The first chapter analyzed the Italian and the French normative frameworks on the protection of cultural heritage. The aim of the analysis was to give a better understanding of the legal system of protection in both States and to highlight the fact that there is a vast fragmentation of cultural heritage protection policies among European states. In fact, starting from the study on the historical development that both France and Italy put in place towards cultural heritage policy, a clear-cut differentiation was evident: whereas French policymakers tried to maintain the control at the most central level as possible in order to strengthen the centrality of the State against local and private interests, Italy moved in a different direction, developing ever more layered regulations. In fact, Italian laws involved different actors (central government, Ministries, local authorities) at different level (national, regional, local).

As of today, legislations inherited some of the characteristics of the abovementioned historic regulations: French legal system seek to maximize the control at the central level whereas Italy has developed a more intricate and interconnected system that link together different actors. The protection of historic buildings in the two systems carries several types of duties to owners: they have to follow strict procedures to advance structural works in their buildings and they are bound by different legislations about conservation and maintenance. However, both systems provide tax deductions and benefits to help owners in their activities. France and Italy, also due to the fact that have some of the highest concentration of historic buildings or heritage sites in Europe, demonstrated to be very attached to their heritage and seek to create procedural frameworks in order to protect heritage from harming practices and to avoid different treatments among different sites of the State. (Monti *et al.*, 2020) Nonetheless, structural reforms are needed at national level in order to create a more systematic framework of protection, including actors at every level and developing a holistic approach in order to give hearing to all of the voices represented.

3.2 – Privately-owned historic houses in Europe: a diverse landscape

Privately-owned historic houses represent a hidden treasure in the European society. Their very own existence not only does make them repositories of the past and carriers of values, principles and traditions that contribute to shape a European common identity, but also are fully-fledged strategic resources for creating a more competitive and sustainable European society. Nonetheless, the attention given to the sector is still low and the fragmentation of normative systems among Member States can put in jeopardy their subsistence and possible future development. Private heritage houses are often not financially sustainable, leading to ever more difficulties for the future. In order to overcome this, there is the need to involve all of the actors that participate in the protection, the maintenance and the activities of these buildings. With the support of all of the categories of stakeholders, a comprehensive framework can be advanced in order to boost the socio-economic contribution that private historic houses bring to European society. (Study of Heritage Houses for Europe, 2019)

The previous chapter tried to give an overview on the challenges that privately-owned historic houses face among Europe. Hence, are there possible solutions to these challenges? There are three main set of actions that can help private owners to overcome the present difficulties that they constantly face. These actions represent the main weaknesses for the sector, and are related to the financial aspect, the normative aspect and the information aspect. As it has been described in the previous chapters, granting owners feasible access to finance is generally difficult at both national and European level. This is due to the fact that at national level owners have to comply with intricate regulations and generally the allocation of resources to heritage is contingent to the financial situation of the State. Taking as example the comparison between Italy and France, it is possible to highlight that the latter has established a more inclusive framework which deploy different possibilities for owners to access to financial instruments, whereas in Italy the complex normative system generate more limited instruments of financial support for owners. However, given the socio-economic impacts that stem out from the activities put in place by historic houses, a wider set of public funding can foster these effects, enabling owners to put in place multiple projects and activities and hence fully develop their business models. The issue is also applicable to the European level. Although the EU has put in place a vast set of programs that can financially support owners in their activities, the complexity around their obtainment represent an important obstacle for private owners. (Study of Heritage Houses for Europe, 2019) Nonetheless, improving access to finance does not mean that resources should be given at a fixed rate to every owner. There is still the need for procedures and conditions that bind owners to certain criteria of conservation and maintenance. Hence, tools for measuring the impacts of historic

houses and instruments that allow the monitoring of the socio-economic contributions to the society should be included alongside the improved financial framework (Cultural Heritage Counts for Europe, 2013) Another opportunity that can improve the financial availability for private owners is the one related to innovative complementary sources of finance, such as crowdfunding and sponsorship. National policymakers should stimulate the access to these different forms of finance by simplifying the normative framework that regulates them and by allowing tax benefits for privates that decide to invest in private cultural heritage. This can both alleviate public finances by allowing different sources of economic streams and can further strengthen the participation of the civil society towards cultural heritage. (Study of Heritage Houses for Europe, 2019) Furthermore, the establishment of specific monitoring mechanisms at the European level, such as observatories, can also add an extra tool to assess the contributions that historic houses generate and hence another instrument to better determine the need and to verify the worthiness of financial supports. (Cultural Heritage Counts for Europe, 2013)

The second set of actions that can be advanced to improve the sustainability and the development of private historic houses is related to the normative framework to which owners must commit. As discussed above, owners have to face multiple regulations and conditions that bind them in their action. In addition, although private historic houses contribute to the whole European society and economy, heterogeneity between national legal systems create confusion, differences and sometimes also contradictions in the management of private heritage. National policymakers at every administrative level should redesign the system in order to create an inclusive and coherent vision and communication on the regulatory framework for the sector. In Italy, for example, the actual system involves different actors at different level of governance and in certain cases these complexities create paradoxes and inconsistencies. By streamlining the communication between different level of governance it would be possible to establish a more coherent framework for private owners. In addition, policymakers should make the system more consistent and straight forwarded by regulating the matter as a whole with a coherent vision and common ends. (Study of Heritage Houses for Europe, 2019) In this sense, support organizations should be involved as principal actors in this process of normative redesign. It would be beneficial for both policymakers, which would have a direct representative of the sector, and for support associations, making them the official voice of private owners. This can also develop a more consistent framework at the European level, where European support associations can become more organic by involving actors at different levels.

The last array of actions that can better develop the sector is related to social and educational themes. As of today, private owners still face difficulties in creating networks that connect them. Although national associations have helped in this process, there is still the lack of total coverage over the

territory, even in countries as Italy or France where the attention given to cultural heritage is high. First of all, owners often can be represented as islands of an archipelago. This figure serves to describe the difficulties that owners face in relation to the creation of networks that would make possible to confront similar experiences and take stocks from the best practices that stem out from innovative business models. Owners that are not able to adapt to future trends will face serious challenges related to the sustainability of their estates and activities. Hence, improving the creation of networks of owners at both national and European level could benefit owners in their management activities. At national level, a higher inclusion of policymakers and private parties at all level could improve the conditions for owners by disseminating best practices and giving more visibility to the sector, especially at local level where the great part of impacts happen. Within the EU, a strong organization would make possible to production of more precise and meaningful assessments on the impacts and the contribution of private historic buildings, as well as monitor and share of best practices among Europe. (Study of Heritage Houses for Europe, 2019) Another kind of social development that could bring benefit to the sector is the one related to the establishment of partnerships with private actors or education institutions. On the one hand, structuring partnerships with private actors would allow the creation and support of specific skills related to the artistic and architectural characteristics of the buildings for local workers, granting the continuity of particular skills and providing local enterprises direct and unique links with the buildings. On the other hand, supporting agreements with education institutions would allow the development of specific courses and trainings with a specific focus on the sector, enabling future generations to obtain the knowledge to fully comprehend the framework of historic building, varying from management to legal systems of protections. (Study of Heritage Houses for Europe, 2019). A seminal example in this case is the French national support association “La Demeure Historique”, which has established a partnership with the University of Paris for the creation of a course program on “the management of a historic monument”, which provides the complete set of theoretical instruments to better face the context of heritage policies. In addition, European institutions can further offer training schemes or education opportunities via Erasmus+ or other programs in order to allow knowledge sharing and best practices diffusion among the continent.

3.3 – The impact of the Covid-19 pandemic on the Cultural and Creative Sector

During the first weeks of 2020, after the warning made by the Chinese government about a cluster of people affected by an unknown disease in the city of Wuhan, the World Health Organization (WHO) declared the public health emergency of international interest. After few weeks, the disease spread outside China towards outer countries one by one and eventually ended up spreading all around the world. The virus in question has been identified as a new type of Coronavirus, and it has been called Sars-Covid-19 (Covid-19). In March 2020, the WHO classified Covid-19 as a carrier of global pandemic, given the velocity of its development and the uncertainty around the nature and the characteristics of the virus itself. Although some governments already deployed policies on the containment of the Covid-19, given the high mortality rates of these people that were affected by the virus, the declaration of the WHO triggered strong policy reactions among States in the whole world. Since then, exceptional measures have been taken and the world has come to a stop. Countries' borders have been closed, periods of lockdown have been issued where the virus hit harder, and all of the attentions shifted towards the fight against the pandemic. In turn, this almost complete isolation within and between States have generated an economic crisis with unprecedented strength. Almost every state faced a reduction in its production output and consequently a negative plunge of GDP. The Euro area's GDP reached its peak of a negative growth of -11,4% in the middle of the pandemic (Eurostat, 2021)

The economic crisis caused by the Covid-19 pandemic is characterized by the fact that it has generated differentiated effects among economic sectors. Whereas some activity has benefitted from the pandemic, such as innovative services related to digital tools and traditional services related to healthcare and biotechnologies, other categories are witnessing profound crisis. This latter category includes sectors such as hospitality, catering, tourism and, the most important for the sake of this research, cultural and creative ones. The Covid-19 pandemic has halted any possibility to bring people together, which is the main elements that give strength to the Cultural and Creative Sector (CCS). In Fact, the CCS is defined as “all the sectors whose activities are based on cultural values, or artistic, creative expression, market or non-market oriented”. (KEA, 2020) Within this sector are included also historic houses and the activities that they offer. Apart from its immaterial contributions, the CCS is a strategic part of the European economy. At the end of 2019, CCS' activities generated a total added value of 253 € Bn, with a turnover around 643 € Bn and employing 7.6 Mn people in the EU. (EY, 2021) The industry has also faced a steady growth during last years. From 2013 to 2019, its economic volume grew by 2.6% every year and generated an average EU's GDP growth of 2%.

(EY, 2021) the Covid-19 pandemic has impacted the sector in a severe way. It has been estimated (EY, 2021) that in 2020 the economy of CCS has lost around 30% of its revenues, decreasing from 643 € Bn to 444 € Bn. Together with the Air transportation industry, it is the sector where the crisis had the worst impacts. (EY, 2021) In addition, the crisis generated by the Covid-19 hit European countries in different ways: Eastern European countries faced the hardest consequences on the CCS. It has been mentioned in the second chapter that Eastern countries are still developing fully comprehensive cultural policies due to their historic developments. Hence, these countries risk also to face difficulties for the recovery of the sector. In other EU countries, the impact was less severe thanks to the possibility to deploy digital tools that served to compensate the loss of physical visitors. However, every EU country has to face important challenges and none of them will emerge from the crisis intact.

3.4 – European responses supporting the Cultural and Creative Sector

European institutions headed by the European Commission (EC) have proposed a vast array of measures in order to overcome the impact of the Covid-19 within the Union. The most important advancements are the “Next Generation EU” (NGEU) program, which is a European Recovery Instrument, and a reinforced Multiannual Financial Framework (MFF) for the period 2021-2027. The two programs will allocate around 1.750 € Bn, divided between 750 € Bn for the program “NGEU” and 1.073,3 € Bn for the MFF. Given the importance of the CCS within the European society and economy and the huge impact that the pandemic causes to the sector, it has been declared that CCS has to be included in the EU-funded National Recovery Plans. (KEA, 2020) The NGEU is composed by different instruments which can be viable by the CCS to overcome the crisis. First of all, there is the “Recovery and Resilience Facility” which is directly aimed at States’ recovery. National governments can benefit from financial supports for structural reforms. However, in order to access the plan, Member States have to submit national Recovery and Resilience plans included in their National Reform Programs. Here, national policymakers can include the CCS in order to allocate resources to the sector. Secondly, there is the “React-EU” program, consisting of 55 € Bn to be added to the Cohesion Policy which supports workers and Small and Medium Enterprises (SME) among Europe. Thirdly, the “Invest-EU” section serves to support enterprises in the phase of recovery. The different items that compose the program can be linked to the CCS, since they refer to research and innovation, SMEs, digitization and education. The last part of the NGEU is constituted by the “Solvency Support Instrument”, which is a program implemented by the European Investment Bank

within the framework of the European Fund for Strategic Investments (EFSI). (KEA, 2020) The year 2021 will sign the start of a new Multiannual Financial Framework (MFF) which will cover the period 2021 – 2027. The Covid-19 pandemic redesigned the discussions around the allocation of the resources. In September 2020, the European Parliament passed a resolution¹³ that proposed to reinforce the “Creative Europe” program which is directly dedicated to the CCS. In addition, a proposition to create a European common framework to harmonize the working conditions in the CCS was advanced in the same resolution (KEA, 2020) In the same September 2020, during the State of The Union 2020 (SOTEU 2020) the president of the European Commission Ursula Von der Leyen proposed the establishment of a “new European Bauhaus Movement”. The program, which takes the name from the famous design school of the first decades of 1900, will be part of the NGEU and aim at mobilizing the CCS’ activities towards the principles of sustainability that lay in the “European Green Deal”. The program will contribute to give relevance to the CCS within different sectors and activities in the EU. However, this program remains a proposition only, since no resource have been allocated yet and its implementation is still under discussion. (KEA, 2020)

In conclusion, the European institutions have proposed a wide set of measures that would be able to overcome the crisis faced by the CCS. Many instruments have been proposed and a significant amount of economic resources have been allocated. However, the real challenge will be the implementation of these measures by national governments. The historical development of the EU shows how difficult are these types of advancement, since Member States act individually and there is a lack of a harmonized point of view which contributes to foster the heterogeneity that the European CCS has to face.

3.5 – National measures to overcome the economic crisis of the Cultural and Creative Sector

Regarding the policy measures that national government have adopted to give support to the CCS, the heterogeneity that characterizes the actions of Member States makes difficult to define the actions that governments have taken to help CCS facing the economic crisis. In addition, given the unprecedented impact that the Covid-19 pandemic has provoked, national measures have been characterized by a confusion around both the themes and the moments of implementation. The following section will try to give a general overview of the main measures that Italian and French governments has adopted since the outbreak of the pandemic.

¹³ European Parliament resolution on the cultural recovery of Europe (2020/2708(RSP))

As of today, the Italian government has deployed a set of measures to support the CCS with an allocation of around 11 € Mn (MiBACT, 2021). These resources are allocated among the whole CCS and vary between tax benefits or exemptions, straight grants for workers, economic bonuses to encourage spending, the institution of special funds to help workers and owners and measures to ease the access to finance from privates. In relation to the inclusion of the CCS within the National Recovery Plan, the government has proposed an allocation of around 600 € Mn. However, the National Recovery Plan is still in development and may change in the allocation of resources. Generally speaking, the amount of resources that have been deployed result limited if it is considered the concentration of Cultural sites and activities – both public and private – in Italy. The government has opted for short-term economic benefits instead of long-term structural reforms. This scenario can help alleviating the stress caused by the initial shock of the pandemic, but it results a set of policies without a long-term vision. In France, the resources allocated by the government toward the CCS are around 5 € Bn. The actions taken are multiple and vary between a range of support mechanisms, solidarity funds, state-guaranteed loans, additional credits, tax deductions and exemptions. Additionally, the CCS has been included into the National Recovery Plan which was announced in September 2020 with an allocation of 2 € Bn to the CCS. The government has already described the measures that will cover heritage restoration, consolidation of strategic sectors and investments for the future evolution of the CCS. (The Compendium of Cultural Policies & Trends, 2020) A comparison between the two countries clearly show how the Italian government is lacking a comprehensive and future-oriented view towards CCS in relation to the French propositions. French measures demonstrate a vision that is directed to strengthen the CCS for the times to come. Given the importance of the CCS in Italy and the socio-economic impact that it has within the national territory, stronger and more strategic measures should be advanced in order to make the sector resilient and ready to face future challenges.

3.4 – Conclusion

In conclusion, the Covid-19 pandemic has generated an unprecedented economic crisis among Europe. Restrictive measures and national or local lockdowns have harmed some sectors and benefitted others. The CCS is one of the sectors that faced major crisis and a plunge in its turnover. Given the importance of culture for both the EU and Member States, normative measures have been adopted and proposed directly aimed at providing support to the sector. At the EU level, ambitious programs have been advanced, allocating the unprecedented amount over 1.500 € Bn that is

distributed among different programs. Of these programs, special mentions have been done towards the CCS, ensuring it specific support measures. Even Member States have provided financial measures supporting the CCS. However, given the heterogeneity that characterizes Member States' normative systems, States have allocated different amount of resources to different ends. Italian policymakers have provided around 11 € Mn to be allocated in tax deduction or exemptions and mainly short-term measures, whereas the French government has put in place around € 5 Bn to both give short-term benefits and define long-term reforms.

The crisis generated by the Covid-19 pandemic has further increased the threats for the CCS. The sector will face massive and lasting impacts on its value chain. In relation to the subject of this thesis, the Covid-19 pandemic has exacerbated the already existing challenges for private owners of historic buildings, reinforcing the need of structural reforms at both national and European level. If the abovementioned recommendations for increasing the resilience of private historic houses were true before the pandemic, they are even more necessary in the present. At this time, private cultural heritage is facing a crossroad and its direction only depends on the vision of policymakers: on the one hand, meager reforms can generate diffused failures among private owners, with the consequence of a deterioration of heritage buildings and loss of the socio-economic contributions that they generate within the society; on the other hand, structural reforms can allow private historic buildings to become more resilient in the future and to further develop their contribution within national and European societies.

Conclusion

This research tried to answer to the research question: can the introduction of a common "European cultural heritage policy" enhance the socio-economic contributions of privately-owned heritage houses? In order to support this argument, this research firstly focused on the comparison between the Italian and French legal systems on cultural heritage protection; secondly, it highlighted the activities and values that characterizes privately-owned historic houses at the European level; in the end, it tried to propose further advancements to be done within the EU to strengthen the resilience of private historic houses and to foster their socio-economic contributions.

The comparison between the Italian and French legal systems of protection has helped to highlight the heterogeneity that characterizes cultural heritage policies among States of the European Union. As it was described, part of the differences comes from the different historical paths that State have followed since their unification. As of today, what emerges from the comparison between the Italian and French systems is that both states have tried to create normative frameworks that bind private owners to follow strict procedures in the case of maintenance and preservation of historic buildings. This is related to the fact that both States are strongly attached to their heritage and seek to protect them in the more procedural way in order to not allow mistakes or different treatments within the national territory itself. In addition, both states provide tax deduction or fiscal benefits to support private owners in their activities. However, whereas the normative development in France has created a system that provide different sources of economic support, the Italian framework is characterized to have less support schemes. The limitation of resources that can be allocated towards the support and the protection of private heritage can put owners in jeopardy and lead to diffused failures and constraints.

The European Union, although does not have direct competence towards cultural heritage policy, has developed a strong interest towards the subject. The European agenda has seemed to increase its focus towards cultural heritage during the last decades, also thanks to the impulse given by important international treaties on the matter. As of today, a multitude of support programs and tools have been developed which are directly addressed to support the activities that the sector carries within the European society. Privately-owned historic houses generate beneficial socio-economic outputs in relation to their activities that contribute to the development of both a common European identity and the European economy, depending on the business model that they have adopted. However, the

mapping of these different contributions and activities highlighted that privately-owned historic houses lay in a difficult context, where national regulations, new social trends and conservative business models can make them not financially sustainable.

In order to overcome this threat, this research described three aspects that need to be advanced. The first aspect is related to the financial difficulties in which private owners often lay. There is the need to ease the procedures related to the access to finance at both national and European level. In addition, creating tools for measuring the impacts of historic houses and developing instruments that allow the monitoring of their socio-economic contribution can facilitate the access to economic resources but still binding recipients to qualitative and quantitative evidences. Furthermore, national and European authorities can stimulate the inclusion of innovative complementary sources of finance, such as crowdfunding or philanthropy, which can both alleviate public expenditures and strengthen the participation of the civil society towards private cultural heritage. The second aspect is connected to the rationalization and harmonization of normative systems. Policymakers can redesign these systems in order to create an inclusive and coherent vision and communication on the regulatory framework for the sector. This can be better achieved by including support organization within the process to have specific insights and to make the sector more consistent. The last challenge that was described is related to the capacity by private owners to create networks and multi-dimensional association. Improving the creation of networks of owners at both national and European level can benefit owners in their management activities throughout the share of knowledge and best practices among the European landscape. Moreover, the creation of networks that include different actors, such as education institutions or private enterprises can allow future owners to have a solid and complete understanding of their realities.

The redesignation of the context in which private heritage houses are became more urgent since the economic crisis generated by the Covid-19 pandemic. The Cultural and Creative Sector, where private historic houses are located, is one of the economic sectors that has suffered the most from the restrictions that States have put in place to fight the pandemic. This has exacerbated the already existing challenges for private owners, reinforcing the need of structural reforms. Nonetheless, this exceptional critical moment can lay the foundations for a massive reform at European level. The measures that the EU will put in place to overcome the economic crisis clearly show the “firepower” of the Union. In this sense, the development of a common European cultural heritage policy can foster the resilience of the sector and enhance the contribution that private historic houses bring to the society.

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Summary

This research is aimed at answering the question: can the introduction of a common European cultural heritage policy enhance the socio-economic contributions of privately-owned heritage houses among the European society? The main hypothesis is based on the assumption that privately-owned heritage buildings contribute to the European society by fostering social values and creating economic added value. Nonetheless, the heterogeneity and complexity that characterizes cultural heritage policies among States often create challenges for private owners of heritage buildings. In addition, although economic incentives are provided to ease owners' expenditures, States face limitations regarding the allocation of resources towards cultural heritage protection policies mainly because of their budget's constraints. In this sense, the development of a common European cultural policy can help to strengthen the sector and make it more resilient for the times to come. The creation of a holistic framework at European level could help in the harmonization of rules and procedures that owners have to comply with. Furthermore, given the different scope of the EU with respect to Member States, privately-owned heritage houses could benefit from EU support programs with more ease and obtaining more resources. In addition, the EU could even more strengthen the contributions that cultural heritage provides within the European economy, which already can be considered one of the "heavyweights" of the EU's GDP.

In order to argument my hypothesis, this research is divided into three parts: the first chapter tries to compare the Italian and French legal system of protection in order to give an overview of the heterogeneity that characterizes the European landscape. France and Italy are examples of countries where cultural heritage policy has been developed since their unification, also because of the high rates of cultural capital that characterize both states. The second chapter tries to describe the landscape of privately-owned heritage houses at the European level by both mapping the activities that private owners carry out and identifying the business models that lay under private heritage buildings. Furthermore, it is described which kind of socio-economic contributions private heritage buildings bring within the European society by also analyzing future challenges for the sector. The third chapter tries to delineate which actions can be done at both national and European level to strengthen the resilience of private historic houses and to foster their socio-economic contributions. Moreover, the chapter also tries to give an assessment on the consequences of the Covid-19 pandemic has created within the Cultural and Creative Sector. This serves both at trying to describe an exceptional phenomenon as the Covid-19 pandemic and giving more arguments to the need to develop a common European cultural heritage policy. In the end, the conclusion wraps up the evidences that came from the previous chapters and tries to answer the research question.

The limitations that are present in the research are mainly related to the fact that only the Italian and French systems have been analyzed to argue the heterogeneity that characterizes the European landscape. Hence, analysis on other European legal systems have not been explored in this research. In addition, given the novelty and the exceptionality of the Covid-19 pandemic, it has not been possible to focus particularly on private cultural heritage. Here, the analysis is conducted by assessing the impacts of the pandemic to the Cultural and Creative Sector (CCS), which not only encompasses privately-owned heritage houses, but also include a broad variety of different sectors and activities. Further researches on the subject could focus on a more precise assessment of the impacts of Covid-19 within the sector.

The concept of heritage encompasses a broad variety of definitions and fields of application. The concept has seen a constant development throughout history. In fact, it is possible to distinguish the development of the concept of heritage between three historic phases: the first one is linked to the enlightenment concept of the public sphere which had a concern related to the preservation of the natural and cultural environment; the second phase is connected to the rise and development of the nation-states during the 19th and the first half of the 20th century, where heritage was linked to the characteristic of the nation; finally, the third phase is characterized by the emergence of international actors, such as UNESCO and the European Union, within the discourse about heritage as new forms of late-modern capitalist societies have been developed. The protection of historic buildings and the creation of a legislative framework around them can be linked with the phase of creation and development of European nation-states during the 19th and the first half of the 20th century. During that times, national political elites started developing a set of legislations aimed at protecting historic buildings in order to link them to the newborn concept of nation-state and to foster nationalistic values.

The historical development of cultural heritage protection policies in France highlights how French policymakers has always seen in the protection of cultural heritage a way to reinforce the central power over local and private interests. The dualism between central and local powers that characterizes France is an element related also to the development of cultural heritage policy. Multiple tries have been carried out from local policymakers in order to retain some power over cultural policy. However, the central government still retains the majority of powers. The situation in Italy has been different. Although some trend has followed a similar path to the French one, namely the development of cultural heritage policy to strengthen the power of the state and promote nationalistic values, the Italian legal system of protection has developed a less centralized system than the French one. In fact, Italy has established a system of protection that involves different actors

at different level. The analysis of the actual systems of protection demonstrates that both States are very attached to their heritage and seek to protect them in the more procedural way in order to not allow mistakes or different treatments among the country. Hence, both systems have deployed complex legal systems of protection that bind owners to follow strict duties, but also provide them tax benefits and financial support measures to help private owners in their activities. In relation to this latter element, the French system provides numerous fiscal and economic measures for private owners, whereas in Italy the support is more meager. The comparison allows to observe how cultural policies differ from state to state, contributing to the creation of a confuse landscape at the European level.

Although policies in this area are a responsibility of Member States, the EU is strongly committed at safeguarding and promoting cultural heritage throughout different programs. The reasons for this commitment are mainly based on the fact that cultural heritage policies can generate two types of impacts: the first set refers to those impacts that have a social value, whereas the second is related to economic impacts. The protection of cultural heritage at the European level seeks its roots in the founding treaties of the EU. The article 3 of the Treaty of the European Union defines the objective of the Union; within its scope of action, the third comma declares that the Union “shall promote economic, social and territorial cohesion and solidarity among Member States. It shall respect its rich cultural and linguistic diversity and shall ensure that Europe’s cultural heritage is safeguarded and enhanced”. Furthermore, the article 167 of the Treaty on the Functioning of the European Union states that the “Union shall contribute to the flowering of the cultures of the Members States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore.” The article stresses the point that the Union has to promote the respect and protection of cultural aspects in order to keep the European cultural landscape rich, diverse, attractive and competitive for the Union as a whole. To contribute to these points, the Article 167 also describes that the European Parliament, together with the Council, can adopt incentive measures to promote cultural preservation. Finally, the article 107 of the TFEU encompasses state aids that promote culture and heritage conservation within the category of public aid that do not clash with the rules of the internal market. During the first decade of the 2000s, further inspiration for the development of cultural heritage policies came from international arenas. The Faro Convention and the Hangzhou Declaration represent fundamental pillars in this sense. Both documents stress the importance of cultural heritage by arguing that its preservation can become driver of social cohesion and sustainable development. As of today, the EU’s strategic framework for cultural heritage is constituted by 4 main normative documents. There is the European Commission’s (EC) communication “toward an

integrated approach to cultural heritage for Europe” of 2004, which is a report aimed at strengthening the cooperation at the EU for all of the actors involved in the protection and development of cultural heritage policies. Then, the second pillar of the EU’s framework for cultural heritage is represented by the “New European Agenda for Culture”. The EC’s communication aims at fostering actions towards cultural heritage in order to increase cultural participation. Furthermore, the “European framework for action on cultural heritage”, by capturing the success of the European Year of Cultural Heritage in 2018, proposes a common set-up for cultural heritage activities at European level and defines a number of actions to be implemented between 2019 and 2020 based on five main themes: inclusive participation, sustainability, safeguard of heritage, innovation and international cooperation. Finally, there is the “European Council 2019-2022 Work Plan for Culture” of 2018, which not only acknowledges the contents of the “New European Agenda for Culture 2018”, but also sets out different priorities for the future of cultural heritage policies at EU level based on international cooperation and horizontal and vertical involvement of actors. From this normative framework, several EU funding programs support cultural heritage. Hence, what is the context of privately-owned heritage buildings at the European level? The heterogeneity that characterizes both regulation systems and heritage buildings themselves contributes to generate different outcomes. However, not only normative frameworks make privately-owned historic houses different from country to country, but also different elements that composes the houses allow differentiations among heritage houses. Privately-owned historic buildings vary their business models in relation to the intrinsic characteristics that contribute to make the house a piece of heritage. Starting from these inherent characteristics, owners can develop activities and effects that have impacts in the society. The most prominent element is represented by historic values; historic houses are repository of the past of the local territory where they are located and serve to spread the identity of a specific place or country. Linked with historic values are social values. Since historic houses are often considered as landmarks for their territories, they serve to create a sense of belonging and to create the possibility for citizens to foster social connections and different types of interactions. Furthermore, historic houses also are characterized to be repositories of cultural values, since themselves are something from the past that have to be preserved because of their history and their role that have had during history. From the abovementioned characteristics, privately-owned heritage houses can contribute to the society with different socio-economic impacts, depending on the type of property and the use that it has. Cultural contributions are the most direct impacts of heritage houses. Heritage houses also generate social impacts from their activities within the local territory. The involvement of local volunteers in the process of preservation of the estate, the organization of activities that are open to the public and the possibility for artisans to work directly with it contribute to build and enhance social capital of the

territory. Strong social capital translates into more inclusiveness, better quality of people's life and higher attraction for economic activities. Furthermore, historic buildings carry out also educational contributions: historic houses that organize activities can accommodate students from different type of schools and educational paths, due to the transversal characteristics that every historic house have. Historic houses that have lands can also generate environmental impacts. Lands and historic gardens are repositories of past traditions and techniques, and they also preserve the biodiversity and both local flora and fauna. Last but not least there are economic contributions that historic houses give to the local territory. All of the abovementioned activities generate economic returns and also indirect economic effects. The entirety of historic houses that run economic activities and are associated with the EHHA generate a yearly turnover of 2.2 € Bn in 2018. Historic houses can generate direct economic effect also by employing people, depending on the type of activities that historic houses run. Furthermore, they create indirect economic effects. This is particularly important because these indirect economic effects are often generated within the local territory where estates are located. When studying business models in historic houses the starting point is the house itself. In fact, the estate and its characteristics represents the key element of the business model. The size is an important variable in relation with economic activities: it has been demonstrated that the share of houses that run business models increase with an increase in the size of the estate. However, different land sizes cause different types of land usage. In relation with the financial fluxes that historic estates generate, the main variables are the presence of investments within the estate, the costs taken by owners to maintain the house and the public subsidies that they receive, alongside with the turnover that business activities generate. One of the main challenges that owners have to face are related to the fact that often the yearly turnover cannot cover the costs that have been incurred. Investments and maintenance represent the main items of this category. This section helped to have a better understanding of the reality of historic houses among Europe and to better analyze existing business models. In fact, owners shape their business strategies in relations to the characteristics of the estate. There are three different strategies that can be applied to privately owned historic houses. The first one is related to the so-called "operational excellence", which is a strategy that aims to accomplish the cost leadership. This is possible for those estates that can deploy automatic manufacturing processes that reduces the costs and generate standardized products that in turn produces higher volumes of transactions. another strategy is the one connected with the attention to customers. Estates that seek to offer unique services to visitors aim at reaching customer intimacy by personalizing the experiences offered and meeting customer demands. The strategy makes the business to being shaped in order to better respond to the needs of the customers. However, it is more expensive than the others and does not present innovative aspects, allowing only a small part of estates to generate incomes.

The last business strategy is focused at reaching the product leadership. By bringing superior products to the market, estates that opt with this strategy seek to achieve premium market prices and offer unique and luxury experiences to visitors. This strategy is the most innovative compared to the others and it is also the most expensive, since market leadership is reached only if there is a complex and organized structure that run business activities. Within this context, the literature provided a SWOT analysis for historic houses. “SWOT” is an acronym that stands for Strengths, Weaknesses, Opportunities and Threats and it is a management tool that serves to identify both internal and external elements that characterize the environment where the business takes places. The Strengths section includes all of the core values that heritage houses embody, from historic to environmental ones. As a consequence, also all of the socio-economic effects are encompassed in this section. The part related to the Weaknesses is mainly focused on the financial difficulties that private owners face in relation to the compliance with strict national normative systems. Furthermore, the scarce visibility that historic houses have often does not allow them to be known by tourists, especially for those estates that are located in rural areas. In addition, owners often show lack of adequate skills to promote business activities or there are family dynamics which interfere with the economic model of the house. New social trends can be seen as Opportunities for private owners of heritage houses. It has been observed by the Eurobarometer that there is a growing attention towards new forms of tourism, which are based on sustainability, culture, and wellbeing. All of these trends can fit the characteristics of historic houses. In conclusion, the main Threats that can influence the future of privately-owned heritage houses are related to the diversity that characterizes legal systems among Member States of the EU. In addition, national policymakers do not often seek to promote public investment on culture or heritage, since they are one of the first items on the State’s budget to be cut when the country faces economic downturns. Lastly, normative frameworks often create a sort of negative competition between public and private cultural sites. Whereas public properties can benefit from special treatment as they are publicly funded, private owners have to face the costs of maintenance and restoration; even if there are incentives, there would not be a real competition since public places are not subjected to market rules. There are also general trends that can become threats for privately-owned historic houses, such as the depopulation of rural areas and the evolution of tourism as a mass phenomenon.

As it was described, Private heritage buildings make a multi-dimensional contribution to today’s European society, not only by preserving the identity and the past of the place where they are situated, but also generating multiple socio-economics impacts. However, privately-owned historic buildings risk to end up in the shadow side of cultural heritage protection, especially because of their private nature. In fact, intricate and reductive national normative frameworks, lack of holistic approach

towards cultural heritage policy and absence of comprehensive sector support organizations at both national and European level can mine the future of the private side of heritage buildings. In addition, 2020 has been the year signed by the Covid-19 pandemic which, given the consequences of national lockdowns and restrictive measures, has generated a global economic crisis that has the capacity to create diffused failures and bankruptcies in different sectors. Although privately-owned heritage houses can put in place different activities depending on the characteristics of the building, the Covid-19 pandemic further increased the need for innovative political actions in order to make the sector more resilient and ready for the times to come. Are there opportunities that can be transformed into drivers of change for the sector? There are three main set of actions that can help private owners to overcome the present difficulties that they constantly face. These actions represent the main weaknesses for the sector, and are related to the financial aspect, the normative aspect and the information aspect. Granting owners feasible access to finance is generally difficult at both national and European level. This is due to the fact that at national level owners have to comply with intricate regulations and generally the allocation of resources to heritage is contingent to the financial situation of the State. The issue is also applicable to the European level. Although the EU has put in place a vast set of programs that can financially support owners in their activities, the complexity around their obtainment represent an important obstacle for private owners. However, given the socio-economic impacts that stem out from the activities put in place by historic houses, a wider set of public funding can foster these effects, enabling owners to put in place multiple projects and activities and hence fully develop their business models. Another opportunity that can improve the financial availability for private owners is the one related to innovative complementary sources of finance, such as crowdfunding and sponsorship. National policymakers should stimulate the access to these different forms of finance by simplifying the normative framework that regulates them and by allowing tax benefits for privates that decide to invest in private cultural heritage. This can both alleviate public finances by allowing different sources of economic streams and can further strengthen the participation of the civil society towards cultural heritage. Furthermore, the establishment of specific monitoring mechanisms at the European level, such as observatories, can also add an extra tool to assess the contributions that historic houses generate and hence another instrument to better determine the need and to verify the worthiness of financial supports. The second set of actions that can be advanced to improve the sustainability and the development of private historic houses is related to the normative framework to which owners must commit. Owners have to face multiple regulations and conditions that bind them in their action. In addition, although private historic houses contribute to the whole European society and economy, heterogeneity between national legal systems create confusion, differences and sometimes also contradictions in the management of private heritage.

National policymakers at every administrative level should redesign the system in order to create an inclusive and coherent vision and communication on the regulatory framework for the sector. In this sense, support organizations should be involved as principal actors in this process of normative redesign. It would be beneficial for both policymakers, which would have a direct representative of the sector, and for support associations, making them the official voice of private owners. This can also develop a more consistent framework at the European level, where European support associations can become more organic by involving actors at different levels. The last array of actions that can better develop the sector is related to social and educational themes. As of today, private owners still face difficulties in creating networks that connect them. Although national associations have helped in this process, there is still the lack of total coverage over the territory, even in countries as Italy or France where the attention given to cultural heritage is high. Hence, improving the creation of networks of owners at both national and European level could benefit owners in their management activities. At national level, a higher inclusion of policymakers and private parties at all level could improve the conditions for owners by disseminating best practices and giving more visibility to the sector, especially at local level where the great part of impacts happen. Within the EU, a strong organization would make possible to production of more precise and meaningful assessments on the impacts and the contribution of private historic buildings, as well as monitor and share of best practices among Europe. Another kind of social development that could bring benefit to the sector is the one related to the establishment of partnerships with private actors or education institutions. On the one hand, structuring partnerships with private actors would allow the creation and support of specific skills related to the artistic and architectural characteristics of the buildings for local workers, granting the continuity of particular skills and providing local enterprises direct and unique links with the buildings. On the other hand, supporting agreements with education institutions would allow the development of specific courses and trainings with a specific focus on the sector, enabling future generations to obtain the knowledge to fully comprehend the framework of historic building, varying from management to legal systems of protections.

The need for a structural reform of the framework that regulates privately-owned historic houses is even more urgent after the outbreak of the Covid-19 pandemic and the economic crisis that has caused. The economic crisis caused by the Covid-19 pandemic is characterized by the fact that it has generated differentiated effects among economic sectors. Whereas some activity has benefitted from the pandemic, such as innovative services related to digital tools and traditional services related to healthcare and biotechnologies, other categories are witnessing profound crisis. This latter category includes sectors such as hospitality, catering, tourism and, the most important for the sake of this

research, cultural and creative ones. The Creative and Cultural Sector is a strategic part of the European economy. At the end of 2019, CCS' activities generated a total added value of 253 € Bn, with a turnover around 643 € Bn and employing 7.6 Mn people in the EU. The industry has also faced a steady growth during last years. From 2013 to 2019, its economic volume grew by 2.6% every year and generated an average EU's GDP growth of 2%. The Covid-19 pandemic has impacted the sector in a severe way. In 2020 the economy of CCS has lost around 30% of its revenues, decreasing from 643 € Bn to 444 € Bn. Together with the Air transportation industry, it is the sector where the crisis had the worst impacts.

European institutions headed by the European Commission (EC) have proposed a vast array of measures in order to overcome the impact of the Covid-19 within the Union. The most important advancements are the "Next Generation EU" (NGEU) program, which is a European Recovery Instrument, and a reinforced Multiannual Financial Framework (MFF) for the period 2021-2027. The two programs will allocate around 1.750 € Bn, divided between 750 € Bn for the program "NGEU" and 1.073,3 € Bn for the MFF. Given the importance of the CCS within the European society and economy and the huge impact that the pandemic causes to the sector, it has been declared that CCS has to be included in the EU-funded National Recovery Plans. The NGEU is composed by different instruments which can be viable by the CCS to overcome the crisis. Furthermore, the year 2021 will sign the start of a new Multiannual Financial Framework (MFF) which will cover the period 2021 – 2027. The Covid-19 pandemic redesigned the discussions around the allocation of the resources. In conclusion, the European institutions have proposed a wide set of measures that would be able to overcome the crisis faced by the CCS. Many instruments have been proposed and a significant amount of economic resources have been allocated. However, the real challenge will be the implementation of these measures by national governments. The historical development of the EU shows how difficult are these types of advancement, since Member States act individually and there is a lack of a harmonized point of view which contributes to foster the heterogeneity that the European CCS has to face. Regarding the policy measures that national government have adopted to give support to the CCS, the heterogeneity that characterizes the actions of Member States makes difficult to define the actions that governments have taken to help CCS facing the economic crisis. In addition, given the unprecedented impact that the Covid-19 pandemic has provoked, national measures have been characterized by a confusion around both the themes and the moments of implementation. As of today, the Italian government has deployed a set of measures to support the CCS with an allocation of around 11 € Mn. These resources are allocated among the whole CCS and vary between tax benefits or exemptions, straight grants for workers, economic bonuses to encourage spending, the

institution of special funds to help workers and owners and measures to ease the access to finance from privates. In relation to the inclusion of the CCS within the National Recovery Plan, the government has proposed an allocation of around 600 € Mn. Generally speaking, the amount of resources that have been deployed result limited if it is considered the concentration of Cultural sites and activities – both public and private – in Italy. The government has opted for short-term economic benefits instead of long-term structural reforms. This scenario can help alleviating the stress caused by the initial shock of the pandemic, but it results a set of policies without a long-term vision. In France, the resources allocated by the government toward the CCS are around 5 € Bn. The actions taken are multiple and vary between a range of support mechanisms, solidarity funds, state-guaranteed loans, additional credits, tax deductions and exemptions. Additionally, the CCS has been included into the National Recovery Plan which was announced in September 2020 with an allocation of 2 € Bn to the CCS. A comparison between the two countries clearly show how the Italian government is lacking a comprehensive and future-oriented view towards CCS in relation to the French propositions. French measures demonstrate a vision that is directed to strengthen the CCS for the times to come. Given the importance of the CCS in Italy and the socio-economic impact that it has within the national territory, stronger and more strategic measures should be advanced in order to make the sector resilient and ready to face future challenges.

The redesignation of the context for private heritage buildings has become more urgent since the economic crisis generated by the Covid-19 pandemic. The Cultural and Creative Sector, where private historic houses are located, is one of the economic sectors that has suffered the most from the restrictions that States have put in place to fight the pandemic. This has exacerbated the already existing challenges for private owners, reinforcing the need of structural reforms. Nonetheless, this exceptional critical moment can lay the foundations for a massive reform at European level. The measures that the EU will put in place to overcome the economic crisis clearly show the “firepower” of the Union. In this sense, the development of a common European cultural heritage policy can foster the resilience of the sector and enhance the contribution that private historic houses bring to the society.

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