

## **1963-2013: Fifty years as hostage to ground rent and land consumption. Isn't it time to change course?**

Paolo Pileri\*

### **Abstract**

Fifty years ago a proposal of urban reform in Italy by Aldo Natoli focused very well paradoxes and risks of an urban planning held hostage to the ground rent. Now the very high rate of land consumptions in Italy, combined with a few structural problems in administrative asset and competences in land use, demonstrates 1963 Natoli's prophecy and suggests us some crucial lessons. Italian urban planning needs to be hugely reformed by some courageous and severe actions able to work towards different aspects, upset some routines and involve all the actors of urban decision-making processes.

### **Key words**

Ground rent, Urban planning reform, Land consumption, Land use changes

### **The starting point: Aldo Natoli's attempt of urban reform, 1963**

“If this matter is not resolved, it is completely useless to talk about planning. The only plans will be those imposed

---

\* DASTU, Politecnico di Milano

on us by the most powerful economic interests”. These words are taken from the first reading of Bill 296 of 26 July 1963 (Acts of Parliament, Chamber of Deputies, p. 2.) introduced by members of the Italian Chamber of Deputies, Natoli, Ingrao, Barca, *et al.* (Fig. 1). They leave no room for doubt and point straight to the crux of the problem: ground rent<sup>1</sup> in urban development. Ground rent can only be generated without the effort of an owner, thanks to generous public infrastructure investments and with a simple political act to transform the land use of an area. Natoli is generous in saying that these gains are classified as “undeserved” and are generated in a way that is so consistently easy to become powerful engines of economic speculation and political distortion in the face of which “public authorities are almost always powerless.”(Astengo, 1968) Such considerations are sadly as relevant now as they were fifty years ago.

### **Urban lessons from the past**

July 26, 1963 was a hot Friday but the assembly of the Chamber of Deputies, Fourth Legislature (First Cabinet of Giovanni Leone) was in full swing and in addition to the Natoli bill, had on its agenda thirty-five other legislative initiatives ranging from the regulation of fisheries to evictions to the establishment of various towns, to education measures, and so on (see <http://storia.camera.it/lavori/sedute/26-luglio-1963-s04-7610>). Natoli’s proposal on urban planning was eighteenth on the Order Paper. It was a particularly ‘hot’ topic since just a few months earlier, another initiative to reform urban planning (also strongly committed to the reduction of ground rent) introduced by then Minister of Public Works, Fiorentino Sullo, had failed. Natoli’s attempt at reform would meet a similar fate.



Figure 1 - Title page of the Natoli, Ingrao, Barca *et al.*, bill of July 26, 1963

That July 26 preceded the opening of Francesco Rosi's *Hands over the City* (which won the 1963 Golden Lion award

at the Venice Film Festival) by about two months. It was and remains a cinematic masterpiece that pitilessly lays bare the interplay between economic power and political power, both allies to speculative public and private development that reaps the benefits of rent by pulverizing every good intention of planning. The words with which Edoardo Nottola, the politician-developer in *Hands over the City*, who wants to build in an agricultural area by convincing the mayor to persuade the government to give special funds to construct primary services (so that the burden of developing these basic services would not be the builder's responsibility) totally hamstringing a regulatory land-use plan, could almost be taken verbatim from the prologue of the Natoli bill. The land-use plan remains a paper tiger, as Giovanni Astengo defined it in 1968 (Astengo, 1968). After more than fifty years of many governments and parliaments of every stripe and colour, the land-use plan is still unable to oppose the power of the ground rent and the perverse mechanism by which it generates revenue. One could say, unfortunately, that ground rent is something that brings politicians together – and perversely – has defined the history of the Italian Republic.

After fifty years, we not only find ourselves where we began but perhaps in an even worse situation because in all these years, the speculative gamble and use of political power to place economic gain in the pockets of a few has truly become part and parcel of political culture and praxis; a foregone conclusion that for some has even become a necessary act to stimulate private investment and local economic development based on “an economy of bricks”, a supply chain of construction that involves a chain of workers and of vested interests. It is, however, a chain that seems untouchable and eternal. The prophecies, then, of Natoli, Sullo, Cederna, and today of De Lucia, Settis, Salzano and a few others have truly come to pass. This is the failure of urban planning that Natoli once called “a

phenomenon organically intertwined with the failure of certain economic structures” (Bill 296 of 26 July 1963, p. 3) and that Francesco Rosi’s Nottola more famously indicated to be the futility of investing in “the industrial future of Southern Italy” in the face of “nothing to lose and everything to gain.” The award-winning “firm” of trowel-mayor-minister-rent is able to guarantee its own interests, which we find magnified and well-served today in the form of a layer of cement that has changed the face of this country producing distortions and debt from which we will need more than a stroke of genius to extricate ourselves. It continues to condemn future generations to pay the price of the undeserved gains that some of their fathers and grandfathers have pocketed.

Our first act cannot be to trust with naivety that the end of the production of ground rent will come about through the decisions of the thousands of uncoordinated municipal executives with the muted opposition of municipal councils ever more weak and indifferent to the proposals of the majority. Unfortunately, this so-called opposition is too often implicated in and benefits from ground rent. Moreover, the contradiction of this mechanism based on ground rent and its effects in making disorder in our landscape was known since beginning as stated in the first speech of Prime Minister Aldo Moro in December of 1963 (Sitting of 12 December 1963, Acts of Parliament, Chamber of Deputies, p. 3958). Indeed, in the same speech Moro noted with caution that administrative processes were becoming evermore varied region to region, contorted, and uncoordinated inter-regionally and across sectors. Today, urban and territorial planning is an entanglement of rules, processes, interpretations, exceptions, repeals, subsections in fiscal documents, and hundreds of pieces of legislation scattered here and there among dozens of regional acts uncoordinated to the point where the same planning document has twenty different

names. It takes a legal huckster of incredible skill to stack the deck “to permit the ongoing thoughtless urban settlement that is beholden to private interests, has no regard for the public good, and can only be characterized as the irrational and inhuman overdevelopment of our cities,”(Sitting of 12 December 1963, Acts of Parliament, Chamber of Deputies, p. 3958) the tragically evident consequence of which is the degradation of civilized life.

The situation that we now face is descended from the cultural failings that in 1963 were already being denounced but whose benefactors continued this pattern of abuse. So, what could be the future role of urban planning? (Pileri, 2013) Surely, it should stop playing the smarmy role of lobbyist for ethically questionable but profitable private interests and act to carry the flag for the less lucrative but much more honourable public good. Or, to quote Natoli again, it should be indifferent to private interests that always exert great pressure on both the planner and politician, who can zone land in a way to make it more or less *resistant* to speculative agendas.

### **Today’s situation of land consumption: paradoxes and reforms to carry out.**

Today’s metric of eight square meters of land consumption per second (Munafò, 2013) is not simply an indicator of territorial degradation but more so of the incapacity of urban planning not to abdicate the critical spirit needed to observe and react to such a state of the field. Can our universities really remain silent on the issue of urban degradation that is irreparably compromising the environment and landscape? This is, however, not only the failing of the planning establishment but also of a political class that continues to disregard, delay and dilute every act of urban reform capable of resetting the agenda of ground

rent and preventing further land consumption. Nowadays not a single bill limiting land consumption is passed even if there are several legislative attempts (some of which are contradictory and others inconclusive or even deleterious). It has been much ado about nothing: high rhetoric, good intentions, and even promises but no binding act to stop abusive land development. Instead, our levers of public policymaking continue to permit the unabated and insatiable consumption of land, even given the crisis in which we find ourselves, which does in fact proffer some sort of respite from this territorial degradation (but then again paradoxically causes many other problems instead). In this pantomime of good intentions and legislative proposals that foster the most tiring and inconclusive of debates, there continue to survive several disastrous norms that in the last ten years have reinforced the notion that land is a commodity and not an environmental resource and a common good (Pileri, 2009a). Here, I am referring to a 2004 measure (L. 311/2004) that made it possible to use the proceeds from the costs of urbanization to sustain ongoing operating expenditures. That continues to be the current practice notwithstanding that every government has declared that it will repeal this policy but then instead proceeds to maintain it (most recently in June of 2013. See: L. 64/2013, art. 10, comma 4 ter). This was a terribly grave act because a) it continues to make land consumption for urbanization a blank check that a municipality can use for its day-to-day expenditures (paradoxically, this includes expenditures for the political apparatus) and b) it further reduces the already perilous impartiality that politicians ought to demonstrate towards decisions regarding changes in land use. It is obvious that municipal authorities, when finding themselves in a tight budgetary situation, will have a very difficult time relinquishing the power to extract money from land consumption that can be put towards expenditures with which a municipal council can proceed

posthaste. The paradox of the recent and exhausting debate first on local property taxes (*imposta comunale sugli immobili - ICI*) and since 2012 on council taxes (*imposta municipale unica - IMU*) is that no one has found the time to explain clearly and publicly to citizens the crucial links between council taxes and land development, thus leading to contradictory situations where people oppose both property taxes and land consumption. But the two are in fact part and parcel of the same issue: if council taxes were to disappear, the risk of land consumption would only increase trying to catch here the loss of proceeds from IMU.

This fiscal question remains a key reason for the delay of urban reform, but it is not the only issue, even if it is often the focus of the conversation. For years now, those studying land consumption have lamented the total absence of a system of coordinated monitoring for land-use changes amongst the regions founded on consistent methodology and evaluation protocols (Pileri, 2009b). For years, data has been published demonstrating that the per-capita consumption of farmland for every new inhabitant is about eight times higher in municipalities of one-thousand inhabitants than in those with ten-thousand inhabitants and roughly three times higher than in municipalities with two-thousand inhabitants (Fig. 2) (Di Simone *et al.*, 2013). This tells us that our frameworks and processes of public administration, fragmented amongst thousands of municipalities (large and small) and ever more autonomous and uncoordinated, are inadequate in making decisions about land use. That scheme no longer works or, at least, is incapable of effectively considering land as an environmental resource (and therefore not confined to the administrative boundaries of a municipality). This scenario seems to be more problematic if we recognize that twenty-eight percent of Italy is composed of municipalities of under two-thousand inhabitants (equal to forty-three percent of Italian municipalities) and seventy percent of all



Italian municipalities have less than five-thousand inhabitants. The latter administrate more than half the nation's territory suggesting to us that the effects of this spatial-population distortion are severe and widespread. Land dissipation is extremely difficult to manage because it has become culturally engrained in local politics, administration, and popular belief. Therefore, according to this popular notion, everyone is expected to partake in the worship of ground rent. This vulnerability is expected to be higher in small municipalities where there is more likely to exist political-administrative parochialism. This study in absurdity creates the perfect conditions in which sooner or later every family and/or interest group is able not only to possess but also to govern its own land in the most self-advantageous of ways (Pileri and Granata, 2012). This is not just a tax issue, then, but rather a much broader problem concerning the administrative and territorial structures in which tax and urban policy are found.

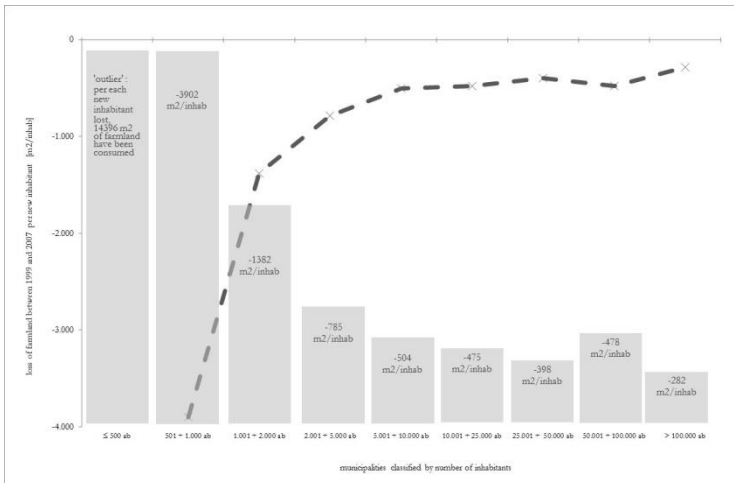


Figure 2 – Loss of farmland per every new inhabitant – Region of Lombardy, Italy – between 1999 and 2007

To all this is added a cultural habit that feeds into the atavistic insensibility towards the environment and landscape, into a certain lifestyle based on the ridiculous notion that energy resources are inexhaustible<sup>2</sup> and into a near total irresponsibility towards the production of food. Urban planning has never really considered or thought of considering this last topic, categorizing it as “outside” the scope of the discipline. Instead, new residents need to eat before inhabiting or circulating in the city. This demonstrates that every new decision about urbanization that consumes land inevitably affects local capacity for food production. Factoring in all the municipalities in this country, these decisions gravely affect the national capacity to produce food, which, unsurprisingly, in the past few years has contracted at an alarming rate in Italy (less than 80% as stated by Ministry of Agriculture, Food, and Forests, 2012<sup>3</sup>) amidst the total indifference of planners and politicians. How many local development plans address the problem of agricultural productive capacity in relation to local need? I do not believe that there are any such plans or there are so few relative to all the towns and cities in this country that there may as well be none. As I have already written on several occasions, urban planning is almost totally missing an interdisciplinary mindset powerful and effective enough to oppose this recurrent pattern of development. This may have constricted the ability of urban planning to propose an alternative vision that persuasively brings to light the problems and themes that these “forces of speculation” would rather not see raised (this juxtaposition of economic versus environmental considerations is discussed well in Luigi Sertorio’s *Storia dell’abbondanza* – Sertorio, 2002).

We can once again conclude that we need to reinforce our civic culture without which it will be near impossible to pass long-awaited urban reforms, and even if reforms were to take place, without a shift in civic consciousness, they

would once again find themselves facing incredible pushback if not total repeal. Natoli's prophecy that public authorities would become evermore powerless is revealed today to be dramatically prescient. Moreover, the situation is further exacerbated by the weakness demonstrated by most of the scientific community which, by its very mission, ought to think and act in a critical way that resists capture by private interests in urban planning. Given today's muddled administrative environment, citizens and policymakers demand and need *super partes* actors.

### **Proposals as conclusion**

So, what is the conclusion? Certainly, urban planning is a mirror of the country, much more than one might think, and in our case, where after seventy years we are still unable to pass a new urban reform law, we cannot but realize that we are now up against a culture (or lack thereof) that can only be brought down by courageous and perhaps painful acts. After all these years in which there was space for gradual reforms (that we failed to pursue), we now need to act radically and quickly and to reorganize our priorities and agendas to follow a completely new path where we can break free from the "economy of bricks and mortar" that for decades has monopolized urban policymaking. We instead need to start by focusing anew on issues such as energy efficiency and sustainability and overhauling the institutional-political architecture that created administrative fragmentation as an irrefutable theorem. On the contrary, it *must be refuted* starting with the revision of municipal planning and zoning powers concerning land use and/or the amalgamation of municipalities (starting from the smallest ones). This approach would acknowledge that environmental issues do not follow man-made administrative boundaries (as land-

use planning does) and do not just selectively affect a single municipality within its own borders but rather an entire territory. It therefore calls for inter-municipal and intergovernmental collaboration to address shared environmental questions, failing which, amalgamation ought to be an option to safeguard the environment, effectively placing its wellbeing above the petty administrative squabbles of man.

So I believe that the urban planning of tomorrow will simultaneously be urban regeneration and the protection of non-urbanized land. It will be sustainable mobility (first and foremost, in the form of bicycles for urban and peri-urban mobility as well as tourism) and public transportation focusing on the design and realization of light infrastructures. It will be cultural tourism such as enogastronomic (food and wine) itineraries. It will value and enhance natural and agricultural open spaces. It will have such a profound respect for the environment and biodiversity that it will propose limits on urbanization that inspire a paradigm shift towards a new urban lifestyle (as for in<sup>4</sup>stance, Copenhagen has been successfully attempting for years now). It will nurture widespread and community-focused commerce no longer concentrated in large shopping centres. It will encourage multifunctional spaces and places of hospitality that foster interaction, tourism, and cultural exchange. It will reset ground rent and restore the common good as a strategy. It will address shared cultural heritage. Urbanism in the future will come to understand that the problems it confronts have less and less to do with cement and ground rent. Fifty years ago, many already understood this but took too little action to improve matters. Now, however, is the time to act.

---

<sup>1</sup> The meaning of ground rent refers to the economic (estate) value generated when farmland is transformed/urbanized due to

---

a decision undertaken according to an urban regulatory plan. In Italy, this decision strongly depends on political power at the municipal level, which is the level of government for land-use plans. Ground rent may vary from five to more than fifty times the initial value of the land. Usually, a private developer internalizes most of that value.

<sup>2</sup> We cannot forget the available data illustrating that in small towns, the most common type of residence is the single-family home that continues to survive because of its perverse symbiosis with the private car, which in turn paradoxically survives only by consuming non-renewable energy resources such as petrol and diesel.

<sup>3</sup> Thanks to this report, a proposal of national law to contain land consumption has been submitted by Ministry of Environment (dec. 3<sup>rd</sup>, 2013)

The author is pleased to thank Sean Yam for his appreciated collaboration in translating this work.

## References

- Astengo G. (1968), Le nostre tigri di carta: La battaglia urbanistica, un clamoroso fallimento [Our paper tigers: The urban battle, a clamorous failure ], *Il Ponte*, 11-12, pp. 1493-1510.
- Di Simine D., Pileri P., Ronchi S. (2013), Consumo di suolo e questioni ambientali [Land consumption and environmental matters], *Ilprogettostenibile*, 33, pp. 14-23.
- Rondinone A. (ed.) (2012), *Costruire il Futuro: Difendere l'Agricoltura dalla Cementificazione* [Building the Future: Protect Agriculture from Overbuilding], Rome, Ministry of Agriculture, Food, and Forests
- Munafò M. (2013), La misurazione del consumo di suolo a scala nazionale [Land take measurement at national level], *Ilprogettostenibile*, 33, pp. 32-41.
- Pileri P. (2009a), Suolo, oneri di urbanizzazione e spesa corrente. Una storia controversa che attende una riforma fiscale ecologica [Land, infrastructure costs and ordinary public expenditures. A controversial issue waiting for an ecological reform], *Territorio*, 51, pp. 88-92.
- Pileri P. (2009b), Perché un osservatorio sui consumi dei suoli oggi in Italia [Why a land consumption observatory in Italy, today], in Osservatorio Nazionale sui Consumi di Suolo, *Primo Rapporto 2009*, Milano, Maggioli, pp. 7-9
- Pileri P., Granata E. (2012), *Amor Loci. Suolo, Ambiente e Cultura Civile* [Amor Loci. Land, Environment and Civic Culture], Milano, Raffaello Cortina Edizioni.
- Pileri P. (2013), Cambiare per ripartire. L'occasione del nuovo governo metropolitano per sciogliere cinque nodi cruciali dell'urbanistica [Changing to start again. The occasion of the new metropolitan government to unravel five crucial urban tangles], in Testa P. (ed.), *Rapporto Cittalia 2013. Le città metropolitane* [Cittalia report

2013. *The metropolitan cities*], Roma, Cittalia Fondazione Anci Ricerche, pp. 256-262.
- Sertorio L. (2002), *Storia dell'Abbondanza* [*Story of Abundance*], Torino, Bollati Boringhieri Editore.