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Public land as leverage for urban projects
Luca Gaeta

The process of revision regarding methods of local financing in Italy dates back to the passing a law (no. 142/1990) that ratified the financial independence of the communes (municipal councils) and the provincial authorities (Marongiu 2001). The new law entitled these bodies to apply their own local taxes. A later bill endorsed the rechannelling of levies from the State in favour of the local bodies, introducing the ICI (*imposta comunale sugli immobili*), a local duty on property, like the British 'poll tax'.
The gathering of funds for current expenses and investments came increasingly from the local communities, and was the outcome of distinct economic policies with preset margins of autonomy, stipulated in a new clause to Article no. 119 of the Italian Constitution, approved in 2001. This reduction of central tax transfers did not leave all the local communities stranded, however; its impact varied according to the geographical situation and the relative community's demographic level, and not least on local tax input.
Depending on investment expenditure, the regular financial sources are boosted by inflow deriving from various types of debt liability, from traditional mortgages to the issue of shares or bonds. At any event, the terms of internal stability tightened the onus of the local authorities' debt liability (Bellesia 2004).
Further sources of revenue include the local body's property resources, including buildings and terrain. In the year 1987 the government commission of inquiry into public real estate, chaired by Sabino Cassese, finally arrived at an overall estimate of the extent and value of the nation's public real estate. The results show that the local municipal councils are by far the dominant landholders in the country. It is estimated that, excluding cultural assets, the realestate value of local bodies' property totalled around 120 billion euros. This immense patrimony nevertheless offers a low average yield when compared with the outgoing costs of management. Its real potential therefore is largely unexploited, and it could feasibly finance urban spending as an alternative to local taxes.
Public properties could accordingly provide a valid financial resource for actuating urban renewal programmes. The land is therefore a resource from which the local authorities should be benefiting in line with the economy of the market, without thereby having in any way to renounce on the safeguard of public interest, which is intrinsic to the national welfare.

The financial shift of the real estate market

The so-called financial shift generally affects the more evolved realestate markets, and consists in the concentration of realestate assets in the portfolios of financial institutions, which consequently assume control of the production and management processes. Owing to the very nature of these actors, the profitability of such assets takes priority over their actual fruition as property. By this system, what was originally a physical asset becomes a financial one.
The financial shift in Italy is a recent phenomenon, and to some extent atypical. Banks and insurance companies have disposed of large portions of their property, while retaining control, due to loopholes in the relatively backward Italian realestate financing tools; this trend is particularly noticeable in the Milanese area, where a discontinuity can be observed toward the end of the 1990s, following the Tangentopoli graft scandal. The main factor in the upturn has been the low cost of money, which has consequently affected mortgage rates. From 1997 on, foreign interest in the country's landholding giants increased, focusing largely on the main urban areas. The spinoff operations affected insurance companies, banks and the utility sector. Such unprecedented operations put Italy on the map of international investors.
The new decade opened with the introduction of the Euro, which reduced the risks of fluctuating exchange rates, and facilitated direct comparisons of profitability. Fuelled by a sluggish stock market, the cycle of investments in real estate turned from premises to the redevelopment of dismantled industrial sites. This acceleration had repercussions on the home buying market, in which sales values rocketed, laying the way for rife short-term speculation.

Why should public landholders remain on the sidelines?

As noted above, the reduction of transfers of tax funds from central government, plus the growth of the realestate market, puts the onus on local councils to accurately deploy their income from local real estate, which duly provides them with a steady inflow of funds for use on urban renewal policies and projects.
The planning policies of the local bodies largely contribute to increase land value (Beckerich 2001). However, when seen in this light, those policies are geared to curbing inequalities among private subjects, or with the aim of retrieving a part of the private benefits generated by public actions. Rarely are proper forecasts made of what impact new planning measures might have on public land assets.
Essentially, public bodies are both regulators and landholders. They hold the power to regulate the use of the land, while at the same time they are owners of the land subject to the said regulations. A dilemma appears to arise regarding the legitimacy of the actions of a subject that gains financial advantages from a regulatory power exercised in the general public interest. Actually these advantages benefit the local communities themselves, and are in no way to the detriment of legitimate private interests.
One could argue that a policy favouring the upgrading of public land might however increase the overall burden of land rent weighing on families and businesses. That would be a perverse result. In actual fact, it is unlikely that a single actor, however important, would be capable of influencing the total revenue of a given city's land market. It is more probable that the revenue from public land could equally be generated by an alternative allocation of the factors that determine it, with the difference being that those benefiting in this case would be private landowners.
This topic brings us to consider the types of leverage at the disposal of the local bodies. I have already mentioned the regulation of land use. If applied bearing in mind the reasonable expectation of the market, the assignation of end-uses will guarantee immediate and substantial advantages irrespective of any eventual building processes. One must therefore ask whether it is always preferable to assign less remunerative end-uses to public areas, when the

local bodies have the means to appropriate private land for providing gardens or parking space, with due compensation for those who are penalised. In the case of transport infrastructures, largely at the expense of the public authorities, the problem remains of a "strategic management of infrastructural investments and the portfolio of public domain so as to absorb part of the land value created by the new access conditions" (Curti 2006).
Regrettably, the local bodies are not adequately equipped to handle such strategic investment management, in terms of active realestate policy. Often their knowledge of the true potential of their real estate is patchy. Added to this hazy picture is the problem of mentality, namely, the ingrained attitude that public domain is perforce unproductive, except where it can be utilised for political bargaining purposes.
It must be understood therefore that this underutilisation of public assets goes against the collective good. The expertise required for a proper assessment and correct evaluation of the sum of assets must be assumed by the local authorities, in direct cooperation with professional town planners (Shaw 1991).

What strategies should be adopted after land up-grading?

Once the value of public realestate has been successfully enhanced, the problem now lies in how to transform an asset that is immobilised into financial capital. The main alternative is between selling the assets or keeping them as property but ceding their use to third parties for a fixed term. The choice should be motivated principally by the objectives of investment in light of which the land value itself has been pursued. The link between land up-grading and the financing of urban projects plays a significant role in legitimising the actions of the public authorities, and so this option is preferable.
But selling is not always the most apt solution, given that the public bodies themselves are invested with the longterm management of these land assets. Furthermore, public land performs certain irreplaceable functions: it guarantees a stable and capillary grid for the provision of public services; it contributes to safeguarding the affordable housing demand; it is also a solid financial guarantee; and it is a source of steady revenue over time.
A policy of longterm rental contracts for public land is in widespread practice in several European countries, particularly in the north. Such policies have not taken root on Italian soil, though there are some legal institutions (Canessa, Colonna 2001; Paglia 2004) linked on the whole to policies for social housing. The experiences abroad have proved appealing, particularly in countries with efficient town-planning systems. In fact the policy of public leaseholding is known among planners as a means of reining in the landed interests. It is nevertheless a flexible policy, and can be tailored to suit different ends (Bourassa, Hong 2002).
It is not, however, simple to take advantage of the local government's role as landholder. The classic image of the landlord who merely pockets the hardearned cash of the workers does not take into account the complex set of overheads and other costs incumbent upon the public landholder, who must pursue coherent, proactive management policies in order to achieve the expected goals. In a democratic regime, the public landholder must also contend with the renters, who are also his electorate.

Conclusions

The issues discussed here are not entirely new to traditional planning theory. In his pioneering attempt to make a financial and economic assessment of his project for a garden city of 32,000 inhabitants, Ebenezer Howard organised the city's layout and the development process in such a way as to turn a profit from the management of the land purchased by the project's backers (Howard 1902).
The development of farmland, the parcelling of land into specific lots, and the concession of building leases, were so devised to generate the financial revenue needed for the subsequent maintenance and enhancement of those amenities that make the garden city so appealing.
The topic of the development of public real estate has continued to attract increasing attention among the evaluators in Italy as abroad (Ferrante 1999; Panassidi 2003; Paglia 2004). Planners can contribute to strengthening the range of tools for intervention by working on the system of landuse regulation, and by planning infrastructures and utilities, all factors in the land development process.
Basically, it is an opportunity to make available to the public what planners have learned from their long battle against the ploys of speculation.