

Title

EFFICACY OF THE PROCESSES IN THE ITALIAN MUNICIPALITIES: A LEVER FOR LAND DEVELOPMENT

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Abstract

Globalisation has generated remarkable effects on the public administration (PAs). Today, PAs play a decisive role in urban redevelopment and transformation. Since public administrators are the decision-makers and project-planners, they influence project feasibility from many viewpoints (architectural, environmental, economic-financial).

In such a competitive system, typical of the global market, the aspects related to efficiency of Public Administrations' licence-issuing procedures plays a key role for the realization of a property investment. The Paper deals with this topic by showing a survey's results which - since 2008 - involved the main Italian Local Public Administration and which analyzed processes and actions put in place to promote the attraction of real estate investments.

Keywords

Bureaucratic efficiency, Development, Public administration, Real estate investment, licence-issuing

Article

1. Introduction

The rapid growth of *globalisation* has forced each country, city and region to compete with all their counterparts in attracting their share of consumers, tourists, investors, students, entrepreneurs, international sports and cultural events, and to gain the attention and the respect of the large mass media, of other governments and of the peoples residing in other countries (Anholt, 2007). Operating in this renewed global context requires a remarkable effort of versatility by all the subjects involved. This is not merely doing things or making decisions; the issue is to be able to think differently, and to accept the methodological cosmopolitanism mentioned by U. Beck. Beck writes that you cannot analyse and act in a local reality any longer, but you must consider the variables and the interdependences that shape the global environment. Those who are able to digest the new cultural trends rapidly, are the winners; on the contrary, those who remain tied to old-fashioned categories, are doomed to fail (Magatti, 2005).

More and more often today, territorial competition is played on two levels, which look different but are actually complementary; one is global, the other is local. To those organizations that apply a competitive strategy, the first level offers a worldwide horizon in the search of the best suppliers and of new market segments for their products or services. The second level, on the contrary, forces organizations to adapt to the *local* context – be it the city, the region or the country they operate in – those typical, specialization traits that prevent them from homologating their business with the activity performed elsewhere in the world. The two planes of the competitive territorial strategy – i.e. the global dimension and the local – are not one alternative to the other, but rather fully complementary. Hence the term *glocalism* that points to that double level where an organization is now forced to play its future (Senn, 2007).

In its preface to the Italian edition of S. Anholt's book "Competitive Identity: The New Brand Management for Nations, Cities and Regions", Lanfranco Senn introduces the concept of *glocalism*

with reference to enterprises in general, with no particular distinctions. If we assume that the Public Administration and Local and Territorial Agencies are comparable to organizations - since an enterprise is any economic activity established to manufacture or trade goods or services - the natural conclusion is that the public organizations that are to govern the territory should become part of this radical change. During the shift from a *local* vision to the *glocal* vision, the local public agency can play an even more strategic role in its ability to *govern* the development of the territory, pursuing the twofold objective of not falling behind the benchmarks of the global community, and not losing its identity by falling into standardization.

2. The role played by the Public Administration in attracting investment

Public institutions nurture a huge interest in the enhancement of the value of the territory they govern. To this aim they have designed some tools that communicate their objectives and opportunities to the world of investors. This process is a basic step to pool together the resources of a territory, create shared expectations, a strong identity matrix, and to inform first and stimulate later direct domestic and international investment. To implement urban development policies means to start a long, complex process that requires preliminary considerations by the Local Administrations, in order to define a medium-long term strategy and maximise all the factors for success.

In the recent years the management approach to the public sector has gradually changed. This new approach called "New Public Management", began its development in the 1990's. It consists in implementing the typical management principles and techniques of the private sector by the public administrations, and in the management of all the realities that revolve around PAs, territory included (Lane, 2000).

The role played by local and territorial agencies is regarded as strategic when planning the development and the re-development of the territory, for two basic reasons:

- they have the task of implementing those territorial marketing tools that may communicate their goals and opportunities to the world of investors, in the right way and places (Latusi, 2002);
- they are the reference agency for investors in their efforts to carry out their investment and determine the feasibility conditions of the same.

In other words, in order to truly implement a local development project, public institutions must create the conditions necessary for a real estate investment that proves useful for territory development purposes. This can be achieved by defining actions that streamline bureaucratic processes, and cancel all uncertainties in the procedures aimed at determining investment feasibility. Investing in real estate, be it vacant areas for new buildings or redevelopment projects, be it buildings suitable for renovation or changeover to new destination of use, signifies the start of a permission-issuance procedure with the local agencies that may prove extremely complex, costly and time-consuming in some cases.

Public Administrations' ability in responding to investors in a short time by preparing all the required authorization documents is a prerequisite for investment attraction. The processes and times leading to project approval are an important efficiency parameter for the Public Administration, and one of the major context requirements specified by would-be investors. This is based on the consideration that economy requires perfect synchronicity between the decision-making time and the figures that the calculation is based on; while uncertainty concerning the outcome of PA bureaucratic procedures sharpens the risks taken into account during the decision-making process. The risk run in these cases is to see investors allocate their capitals to other areas on the domestic territory or abroad, and see the likely opportunities for economic and social development and growth vanish.

3. The efficiency of the licence-issuing procedures: Italy in the International scenario

Many studies related with territorial competitiveness issue showed that Italy is less attractiveness than other countries because of Public Administration's bureaucratic inefficiency.

They also highlighted LPA efficiency heavily weighs on the choice to invest or not in a country and how, in Italy, it's too often discouraged because of our slow and complex bureaucratic procedures.

The extremely time-consuming and uncertain procedures followed by the LPAs in Italy, as compared to other countries, is a well-known burden since in the list prepared by the World Bank every year on the "openness to business" item Italy ranks much lower than we would expect considering that its development stage allows it to be part of the G8. The latest list (published in the Doing Business Report 2010) even reports a remarkable worsening, with Italy being moved down from the already non-gratifying 65th ranking in the 2007 to the 68th in the 2009 on 183 countries assessed (1).

The same issue has been analyzed by Confindustria (2) that, using results of "*Global Competitive Index 2009-2010*" a survey carried out by *World Economic Forum*, highlighted that in Italy one of the aspects that adversely affects economical activities is precisely the bureaucratic inefficiency. According to the research, this element has been ranked first by the 18,2% of companies who had to choose the five most critical factors to doing business between 15 aspects.

The comparison between countries shows how, despite Italian public spending is higher than others, the level of its quality is not as many adequate and indeed it's lower than European average: performance's index of our public sector is 0,83 against an average UE-15 of 0,94 (3).

What aforementioned underlines that conditions of Italian Public Administration is a problem strongly felt. Italian Government is now working to make efficiency and simplification main objectives of Public Administrations. Efficiency as "ratio's improvement between results and resources used by LPA" and that should be considered in terms of "input/output" in order to achieve the final purpose by minimizing used resources (Urbani, 2012).

4. Permanent Observatory on Local Public Administrations (OPPAL): a monitoring tool on the efficiency of concession processes

The Permanent Observatory on Local Public Administrations (OPPAL), set up within the Architecture, Built environment and Construction engineering Department (ABC) of Politecnico di Milano deals with the efficiency of the licence-issuing procedures applied by the Local Public Administration (LPA) in Italy to attract investment. The relevance of this industry in the Italian scenario and its repercussions on the territory impose an adequate insight of LPA's ability to support this system and make it competitive internationally.

The research had two goals:

- to offer an opportunity to promote the territory by promoting transparency about and disseminating the practices adopted for tourism investment licensing procedures;
- to provide valuable support in defining the strategic investment choices of real estate operators (both domestic and international) who operate in the tourism industry.

The research work was based on the answers to a questionnaire administered to 110 Italian Municipal Authorities that govern a chief town of a province. These cities have homogeneous features, they are comparable and representative of the wide scenario of local administrative bodies ruling this specific industry in Italy.

The survey analysed the town-planning and building procedures implemented in the largest Italian Municipalities, and it studied the issue of the efficiency of permit-granting procedures by analyzing:

- the time requirement and the method applied to issue town-planning and building permits;
- the charges for primary and secondary urbanization works;
- the monetization of standards;
- the possibility to retrieve the necessary documents to define a project (web site, paper documentation, digilt tables, etc.)

The survey studied two different aspects that influence the real estate development process:

- Town planning: i.e. the information on the methods and the time requirement to issue town-planning licences (certificate of town-planning destination - CDU, town-planning implementation tools, alterations) and on their relevant quantities, i.e. the amount of town-planning files managed in the year of reference of the survey.
- Building activities: they are assessed to determine the methods and the time requirements to approve building applications (building permit, the commencement notice – D.I.A., the commencement certified reporting – S.C.I.A., the cost of primary and second urbanization charges, the amount of charges as compared to the cost of building, monetization of the standards), and to assess the possibility for the operators to retrieve the useful information documents in the interviewed Municipality (the PRG – Town-Planning Scheme, the NTA - Technical Implementation Rules). In Italy, the technical implementation rules (NTA) regulate how the General Town-Planning Scheme is to be implemented over the whole municipal territory in compliance with the regional and national legislation in force. NTA were defined in Law no. 1150/1942, supplemented by Law no. 1187/1968 (the Tampono act) (4).

In order to outline an exhaustive overview of Italian LPA's efficiency and its growth during the years, a ranking have been made to reassume the survey's results. It shows positions and scores (expressed in hundredths) achieved by LPA joined.

5. Results of the survey

Over the Observatory's activity, the 110 LPA have demonstrated a good interest and have actively joined to the survey

After 2008, when the survey started, LPA participating were 24 (5), 2009 and 2010 were the years with the highest adhesion (58 LPA joined in the 2009 and 55 in the 2010).

During 2011 and 2012 the number of LPA decreased, but is growing again in the current year (more than 50 LPA in the 2013) (6). (Fig. 1)

Generally, LPA from North Italy have demonstrated a higher level of participation and constancy for the survey.

The reduction of urban and building practices' number –urban practices in 2008 were 450 and in 2012 dropped to 160, and building practices decreased from 1.400 in 2008 to 257 in 2011 – goes parallel to a reduction of response times. (Tab. 1) (Tab. 2)

Regarding charges which must to be paid to realize a real estate investment, the survey shows Italy divided in two parts: both costs for primary and secondary urbanization are more expensive in the North rather than in South Italy. (Fig. 2)

The comparison between annual rankings drawn up by the Observatory (it considers only LPA which at least joined the survey twice) illustrates a negative trend. In fact, from 2009 to 2012, only the 36% of the sample improved its performance against a 15% that shows an unchanged score and a 49% that worsened its performances.

Despite this, average score achieved is positive (65/100): just 8 LPA on 33 do not achieve the minimum level of 60/100. (Tab. 3)

Conclusions

In conclusion, the survey results point to both positive indicators and some negative aspects which local public administration authorities need to overcome in order to re-launch Italy in the field of competitive global tourism.

However the analysis also revealed that in many cases administrative procedure times are very long because of operators' submitting incomplete documents and, more specifically:

- omissions or wanting documents concerning the figures, the data or the instructions specified in the town-planning regulations in force;

- documents not complying with the town-planning regulations in force, e.g. with design volume exceeding the one allowed for by the law.

Of course these elements force the public officers receiving the applications to reject the project, thus deferring approval times; the responsibility for this should be ascribed to the operator and to the professionals who drafted the project.

Note

- (1) CONFINDUSTRIA, (2010), *Italia 2015. Le imprese per la modernizzazione del Paese*, [p. 18];
- (2) Ibidem, [pp. 22-23].
- (3) Ibidem [pp. 22-23].
- (4) The implementing technical standards governing the implementation of the General Plan of the municipality in accordance with the regional and national laws in force. The NTA are covered by L. n. 1150/1942, as supplemented by L. n. 1187/1968 (the Tampone act).
- (5) During the first edition of the survey (2008) the number of involved LPA was 28; the selection concerned only LPA that are seat of a Regional Administrative Court.
- (6) 2013 data are relate to the current edition.

Captions

Fig. 1 - Partecipation in the research of LPA: 2008 – 2013, Source: data by the Authors

Tab. 1 - City Planning (o Urbanism): number of practices and their release times. National and local (North, South and Centre) trend, Source: data by the Authors

Tab. 2 - Building: number of practices and release times. National and local (North, South and Centre) trend, Source: data by the Authors

Fig. 2 - Charges of primary and secondary urbanisation from 2008 to nowadays, in the North, South and Central Italy, Source: data by the Authors

Tab. 3 - Marks obtained by each LPA that joined to the survey from 2009 to 2012, Source: data by the Authors

* LPA that didn't join with the research in that year

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