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MODIFICATION OF LAW, BLOCKING RENTS APR., MAY 1944

FILE CLOSED 3 May 1944

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HEADQUARTERS
ALLIED CONTROL COMMISSION
ECONOMIC SECTION

GMS/sem

68)

ES/34

2 May 1944

SUBJECT; Modification of Law Blocking Rents.

TO : R.C. & M.G. Section

Ref 300/13/CA, 28 April 44.

- 1. After due consideration, proposals made by the Italian Government for permitting increases in rents on urban and rural property were rejected by a letter dated 17 March 44 from the Office of the Vice President of the Economic Section.
- 2. It is not considered that any exception should be made in the interests of the real estate proprietors of Naples.
- 3. It is agreed that various Sub-Commissions of the Economic Section are interested in the effects of increased rents and it is not understood why the Administrative Section should be asked to refer the matter to the Italian Government for consideration.

D.S. ADAMS Colonel, C.E. Executive Officer Economic Section.

Declaratied E.O. 12356 Section 3.3/NND No. HEADQUARTERS ES/HJW/adv D CONTROL COMMISSION ECONOMIC SECTION Office of the Vice-President 17 March 1944. APO 394 ES/34 His Excellency, Col. Guido Jung, Minister of Finance, Salerno. Your Excellency, Consideration has been given to a proposed law which would increase rents on urban rural property, transmitted to the Allied Control Commission in outline form. While some of the details of the provisions in the outline are not fully clear, it is the view of the Allied Control Commission that an increase in rents on urban real property is undesirable at the present time. The working population in the urban areas lives very largely in rented dwellings. This group is hard pressed by the high cost of living in particular the prices on the black markets in which the population still finds it necessary to buy a significant part of its food consumption Any increase in rents of sufficiently substantial magnitude to bring rents into line with the general increase in prices would greatly raise the cost of living. In general it is the view of the Allied Control Commis-

sion that prices, rates and other charges which effect the cost of living should be increased under present conditions only if such increase would stimilate production of importance, either directly or indirectly, to the war effort. If materials were available in considerable quantities for the repair or construction of dwelling houses, an increase of rents might conceivably be desirable in order to stimulate such repair construction. At present, however, building materials are not available in significant quantities for residential use.

Hence it is desirable to postpone consideration of adjustment of rents until the general economic situation, and particularly the food situation, has become more nearly normal. In this connection, permit me to point out that the Italian Government itself is in a position to play a decisive role through the efforts which I am confident that it will make, in cooperation with the Allied Control Commission, to ensure the marketing of this year's crop through the proper official channels. If these efforts should be successful, resulting in a substantial improvement of the food situation in the cities after the harvest, a reconsi deration of the rent question would then be appropriate.

In the case of relestate used for non-residual purposes, similar considerations apply in some degree. Moreover, in order to maintain a uniform policy and to avoid discrimination between different categories of real estate owners, it is desirable to postpone condideration of this matter until the time is ripe for a reexamination of the entire urban rent situation.

As regards agricultural rents, with which Article 8 of the outline deals, it is undesirable to take any action until the 'talian Government has given this Commission the results of a careful investigation of the situation and an analysis of the facts supporting its proposals. Such proposals would need to be discussed in detail between the officials of the Ministry of Agriculture and those of the Agriculture Subcommission of this Commission, in order to determine wheter any adjustement of agricultural rents could be of assistance in improving the present unsatisfactory food situation.

For Lieut. General MASON MACFARLANE

D.S. ADAMS, Colonel, C.E., Executive Officer, Economic Section.

Declassified E.O. 12356 Section 3.3/NND No. 785016 Rigal 4062 HEADQUARTERS ALLIED CONTROL COLMISSION R.O. & M.G. SECTION APO 394 3 May 1944 Ref/300/16/CA Modification of Law Blocking Rents. : R.O. Region III. 1. Reference is made to your letter JWC/mo of 15 April 1944 addressed to Legal Sub-Commission. 2. The matter has been taken up with the Economic Section who advise that after due consideration proposals made by the Italian Goverment for permitting increases in rents on urban and rural property were rejected by a letter dated 17 March 1944. It is not considered that any exception should be made in the interests of the real estate proprietors of Naples. 3. The attached applications from the Association of Real Estate Omners, Naples, are returned to you. MORMAN R. FISKE Colonel Deputy Executive Comissioner Copy to: Legal Sub-Comm. (your A00/4125/L of 20 April refers.) LEGAL SUB COMMISION Admin. Section Chief Counsel CIO Italian Section ÇL RKS

- c. Copy of letter by Chief Legal Officer to . Executive Commissioner dated 20 April 1944.
- night have numerous repercussions both economic and social. It is a matter which will ultimately have to be considered by the Italian Government before there is any modification of the existing law. Any precedent made for the Province of Naples will have wide repercussions. While the applications purport to set out the law as it exists, this should be verified by the Legal Bubcommission.
- 3. The matter of increase of rents is referred to you for consideration by the various Subcommissions interested.
- 4. The matter has also teen referred to the Economic Section for consideration by the Subcommissions interested. Please submit the matter also to the Italian Government for their consideration and views.

Miseul Reales May.

Deputy Executive Commissioner

Copy to:

R.C., Region III

(Lef. your Jw/so of 15 April 44)

REAR HEADQUARTERS
LIED CONTROL COMMISSION
LEGAL SUB-COMMISSION
APO 394

u.B

20 April 1944

ACC/4125/L

SUBJECT: Modification of Law Blocking Rents.

TO : Executive Commissioner.

- 1. Enclosed is copy of letter of Regional Legal Officer, Region III (JWC/mo) together with application of Association of Real Estate Proprietors in the Province of Naples, therein refferred to.
- 2. We are of the opinion that the subject is one which should receive the careful study of several Sub-Commissions before any action is taken since an increase in rentals might have numerous repercussions both economic and social.
- 3. After discussing the situation with the Regional Legal Officer, Region 3, it was therefore concluded that the matter should be referred to you for you consideration. In order to conserve time, the file is being submitted to you directly herewith rather than through the medium of the R.C., Region III.
- 4. The partecipation of the Legal Sub-Commission would not appear to be indicated unless and until the interested Sub-Commissions after a study of the proposal have recommended legislative action.

RICHARD H. WILMER Lt. Col. C.A.C. For Chief Legal Officer. / 1658

REGION ALLIED CONTROL COMMISSION
LEGAL DIVSION
APO 394, U.S. ARMY

uC.

15 April 1944

JWC/mo

Subject: Modification of Law Blocking Rents.

To : C.L.O. Legal Sub-Commission, A.C.C.

- 1. Reference is to the attached application from the Association of Real Estate Owners.
- 2. It would seem that building proprietors have justifiable cause for complaint and that immediate steps should be taken to afford them some relief. It apparently is a matter to be considered by the Italian government as it would involve a modification of existing law.
- 3. If anything can be done it should be done immediately as tenants contract must be renewed by May 4.

John W. Chapman, Lt. Col., J.A.G.D. Reg. Legal Officer.



ASSOCIATION OF REAL ESTATE PROPRIETORS FO. HE PROVINCE OF NAPLES μD

66.00

To: the Prefect for the Province

NAPLES

In continuation of the statement dated January 25th ult. in which was clearly stated the damaging and no longer sustainable situation of Real Estate property at the present time, and setting apart the reserve contained in the last part of the same, regarding further burdens relating to the increase of costs for lighting and drinking water, we have the honomer to observe that according to the news lately published the tarif for electric lighting has suffered an increase of an average of 130% and that for drinking water an increase of 140%

Moreover, and keeping in account that previous to the increases we speak of, the expense for drinking water absorbed 1.50% and that for electric lighting 0.76% of the original gross revenue, it followed that in consequence of the increases in question, the expense for water absorbs 3.60% and that for lighting 1.75% of the gross revenue, and therefore, as was demonstrated in the preceding statement of January 25th ult. the gross revenue from Real Estate, by reason of the reduction of rents ordered by the Fascist Government suffered a diminution of 34%, thence it follows that the percentage of the expenses for furnishing water and electric lighting, in relation to the gross revenue, as above diminished (viz. at 66% of the original gross revenue), has been raised by 3.60% and 1.75% respectively to 5.40 and 2.60%.

2. By adding these details to the two tables demonstrating the net revenue from Real Estate shown on page 6 of the aforesaid preceding statement, the tables themselves must consequently be modified as follows:

3. Revenue interior to July 1st 1927

Gross revenue		£.	100.00
to be deducted: Door Keeper	£ 4.50%		
Tax on bulldings and accessories (added to the gross revenue) Water Electric lighting	"22.20%		
	" 1.50% " 0.76%	n	33.965
	Net Revenue	"	66.04

Present Revenue.

Gross revenue to be deducted: Door keeper 10% on £ 100.=£15% on £ 66. Ordinary maintenance on £ 100.= " 30.70% on £ 66.

HD tax on buildings and accessories (added to the gross revenue) £ 25.64% New tributary burdens (Patrimony, tax on Real Estate, " 13.00% etc.) Water 3.60% on £ 100 5.40% on 66 Lightinh 1.75% on £ 100 " 2.62% " 66 " 92.36% " 66 € 60.96 5,04 Net revenue

Meantime a rent which gave L. 100.00 gross revenue and L. 66.04 net revenue in 1927, today gives L. 66.00 gross revenue and L. 5,04 net revenue. So that, wishing to bring the income of such a rent to that of 1927 the present rent in L. 66.00 ought to be raised by L.61.00 increasing it by 92,42%.

In the above percentage, as has already been hinted, no account has been held of the always increasing cost of materials necessary for maintenance nor for the wages and allowances which the Boor kee-pers insist on being increased by 70% already conceded to employees and work men.

Taking into account also the details of Such an increase, it follows that the above noted net revenue of L. 5.04, is almost entirely absorbed; or may be substituted by the term "nil".

From all that has been stated the result is reached that the request to double present gents, made in the aforesaid statement, is more than giustified, and is in agreement with a great sense of moderation, bearing in mind what has already been said, what by so doubling the gents nothing is granted to Real Estate proprietors for the reduction in value of the Lira, and the net revenue which remains to them is only arithmetically the same as that of 1927, but economically it represent a notably less amount.

Very respectfully

PRESIDENT

Naples February 1944.

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20 April 1944

AGQ/4125/1.

SUBJECT : Modification of Law Blocking Rents .

TG : Executive Commissioner.

- 1. Enclosed is copy of letter of Regional Legal Officer. Region III (JNG/mo) together with application of Association of Real Estate Proprietors in the Province of Maples, therein referred to .
- 2. We are of the opinion that the subject is one which should receive the careful study of several Sub-Johnissions before any action is taken since an increase in rentals might have numerous repercussions both economic and social.
- 3. After discussing the mituation with the Regional Legal Officer, Region 3 it was therefore concluded that the matter should be referred to you for your consideration. In order to conserve time, the file is being submitted to you directly herewith rather than through the medium of the R. J., Region III.
- 4. The participation of the Legal sub_Commission would not appear to be indicated unless and until the interested sub-Commissions after a study of the proposal have recommended legislative action.

RICHARD H. WILLER Lt.Col. C.A.C. for Thief -egal Officer.

dopy to : Regional Legal Officer, Region III .

REAR HEADQUARTERS
ALLIED CONTROL COMMISSION
Legal Subcommission
APO 394

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ACC/4125/L

1662

17th April 1944

Wobject, Modification of Law Plocking Rents

To : R.L.O. (thru RC) Region 3

Reference your JWC/mo of 15 April 1944 subject as above, application from the Association of Real Estate Owners was not attached thereto.

May this please be forwarded.

RICHARD H. WILMER. Lt. Col. CAC Deputy Chief Legal Officer. Declaratified E.O. 12356 Section 3.3/NND No. 785016

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HEADQUARTERS
REGION 3, ALLIED CONTROL COMMISSION
LEGAL DIVISION
APO 394, U.S. Army

JWC/mo

15 April 1944

Subject: Modification of Law Blocking Rents.

To : C.L.O. Legal Sub-Commission, A.C.C.

- 1. Reference is to the attached application from the Association of Real Estate Owners.
- 2. It would seem that building proprietors have justifiable cause for complaint and that immediate steps should be taken to afford them some relief. It apparently is a matter to be considered by the Italian government as it would involve a modification of existing law.

3. If anything can be done it should be done immediately as tenants contracts must be renewed by May 4.

JOHN W. CHAPMAN, Lt.Col., J.A.G.D. Reg.Legal Officer.

