



Role of planning mechanisms in affordable housing delivery: Inclusionary zoning

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Abstract

Access to affordable housing is a central urban planning goal, and housing supply and prices are strongly interlinked to land use regulation. Across the world, the past four decades witnessed a fundamental reorientation away from direct public provision of affordable housing, towards a more diversified system in which planning assumes a greater role in ensuring that the urban development process produces sufficient quantities of housing affordable to low- and moderate-income residents. The paper explores the role of planning mechanisms in achieving affordable housing outcomes, and outlines the basic factors influencing effectual affordable housing delivery through the planning system. It focuses upon inclusionary zoning, a land use planning mechanism that is intended to create affordable housing and foster social inclusion by capturing market resources. It presents a synopsis for the approach, and a critical analysis for the controversy it effects, by putting forward advocates' main arguments supported by evidence from previous worldwide experiences, as opposed to critics' arguments against it. The paper hence outlines both its benefits and major challenges for success that should be judiciously considered in designing and implementing inclusionary zoning programs.

Keywords: planning mechanisms; affordable housing; inclusionary zoning

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1. Introduction

Access to affordable housing is a central urban planning goal, and planning constitutes the first stage in the housing delivery system. This was manifested in many studies that concluded that the regulatory role of planning, through zoning restrictions and development control, has the most significant impact on housing prices (White et al., 2003).

Land use planning is a mechanism that is strongly linked to housing provision. Most literature suggests a relationship between housing supply/price and land use zoning regulation, as it governs the availability of residential land, and the location, timing and costs of new residential development (NSW Local Government Housing Kit, 2012; White et al., 2003; Hui et al., 1997). Also, governments impose affordable housing requirements on private developers through land use and planning regulations (Wiener et al., 2013). It is hence one of the mechanisms that can be used effectively to stimulate the provision of affordable housing (Whitehead, 2007; Gurran et al., 2012).

Housing affordability is a term that refers to the relationship between housing cost and a household's total income. It can be applied at the individual dwelling level, but often refers to the conditions of an overall housing market (Western Australian Planning Commission, 2013). Housing is deemed affordable if "households in the low and middle income group spend no more than a specified percentage of their income on rent or mortgage payments" (Read, 2009, p.3). For the purpose of the planning system, affordable housing is "where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing" (Planning Policy Wales, 2006, p.4). It should be noted, however, that different planning mechanisms are effective in different market contexts (Gurran, 2008).

This paper explores the role of planning mechanisms in achieving affordable housing outcomes. It focuses upon inclusionary zoning, a land use planning mechanism that is intended to create affordable housing and foster social inclusion by capturing resources created through the market. The approach, originating in the early 1970s, is an antithesis or a correction for restrictive exclusionary zoning which constitutes a main barrier to the production of affordable housing (Barbara, 2002). The first section of the paper highlights principles for effective use of planning mechanisms to leverage new affordable housing. The second section is a synopsis for inclusionary zoning, its emergence, goals, underlying principles, and basic features. As inclusionary zoning is, to date, a controversial approach, the third section of the paper is an attempt to deduce major findings from this ongoing debate by putting forward advocates' main arguments supported by evidence from successful preceding experiences, as opposed to critics' arguments against the approach.

These are grouped, according to the basic premise of the mechanism, into two major groups;

- (1) Arguments related to housing production (both affordable and market-rate housing), and
- (2) Arguments relevant to social inclusion. The fifth section is a synthesis for potential challenges for success, and the sixth section embodies a validation for this planning mechanism.

2. Rapport between the planning system and affordable housing outcomes

Across the world, the past four decades witnessed a fundamental reorientation away from direct public provision of affordable housing, towards a more diversified system in which planning assumes a greater role in ensuring that the urban development process produces sufficient quantities of housing affordable to low and moderate income residents (Gurran et al., 2008-b). As asserted by Calavita et al. (2010, p.9) “housing provision and land use are inextricably linked”, but the ways in which they intersect vary in different contexts. This is affirmed by Morrison et al. (2013), Whitehead (2011), Monk et al. (2005), and White et al. (2003), among others, who point out that because land use planning’s main role is to ensure

An equitable socially efficient mix and distribution of land uses (including housing), its impact on new housing delivery, location, and affordability is eminent (Figure 1). Monk et al. (2006) assure that it has successfully played that role in varying contexts in many countries. However, as shown on Figure (2), several factors are crucial for enhancing the opportunities to secure affordable housing delivery through the planning system. Based on an analysis for international research and practice, (Gurran et al., 2007) assure that effective delivery of affordable housing through the planning system is enhanced when planning approaches are supported by central government, and well connected to other related government policies, funds and incentives and matched to housing market contexts. Curran et al.(2008) also highlight the inevitability of a local comprehensive affordable housing strategy tailored to the housing market, as well as unmet affordable housing needs, to be fulfilled through well- designed affordable housing programs.

In addition to central government’s commitment and vital supportive role for local authorities, Austin et al. (2013) stress the significance of consistent and enforceable policy articulation, and delivery of an adequate legislative framework. As for market conditions, significant factors include the overall value of the market, the amount and opportunities for housing development, and maturity of the affordable housing sector. emphasized the prominence of strong housing market conditions as achieving affordable housing in an environment of low-market demand requires much subsidy. Other critical market factors include its flexibility, availability of developable land, and clear information about local housing needs. Not less influential are community acceptance and presence of strong non- profit housing associations, which have played an important role in developing and managing affordable housing opportunities through the planning process in many countries like UK, USA and the Netherlands (Gurran et al., 2008- b; Whitehead, 2007).

To recap, “land use planning can either be used to prevent affordable housing through land allocation or high building design standards (exclusionary zoning), or encourage it by imposing conditions on major new

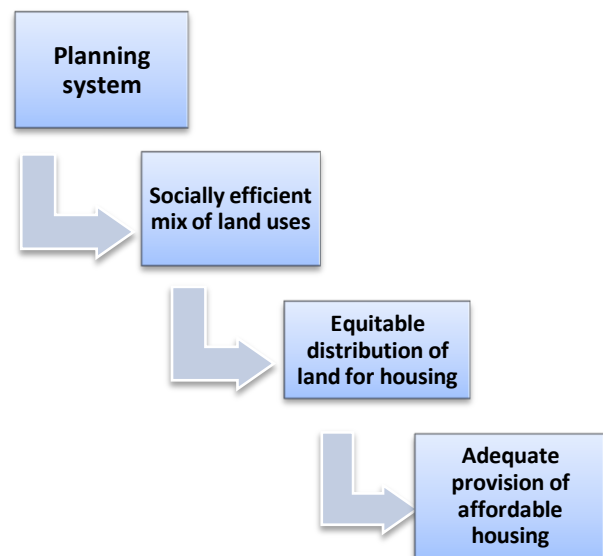


Figure 1. Role of planning system in affordable housing delivery

developments (inclusionary zoning)” (Gilmour et al. ,2011, p.11). As zoning generally regulates uses and provides spatial requirements, it is the primary land use planning mechanism for controlling the pattern of land development, and its regulations are the most effective tool for constraining the amount of land to be used for residential development, and can hence help create affordable housing (Lerman, nd; Gurran et al., 2008-b). Inclusionary zoning is an emerging tool for affordable housing provision through the land use planning system (Calavita et al., 2010). It is among the most effective and commonly employed zoning-based tools by which governments impose affordable housing requirements on private developers through land use and planning regulations (Wiener et al., 2013, JG Consulting Services, 2010).

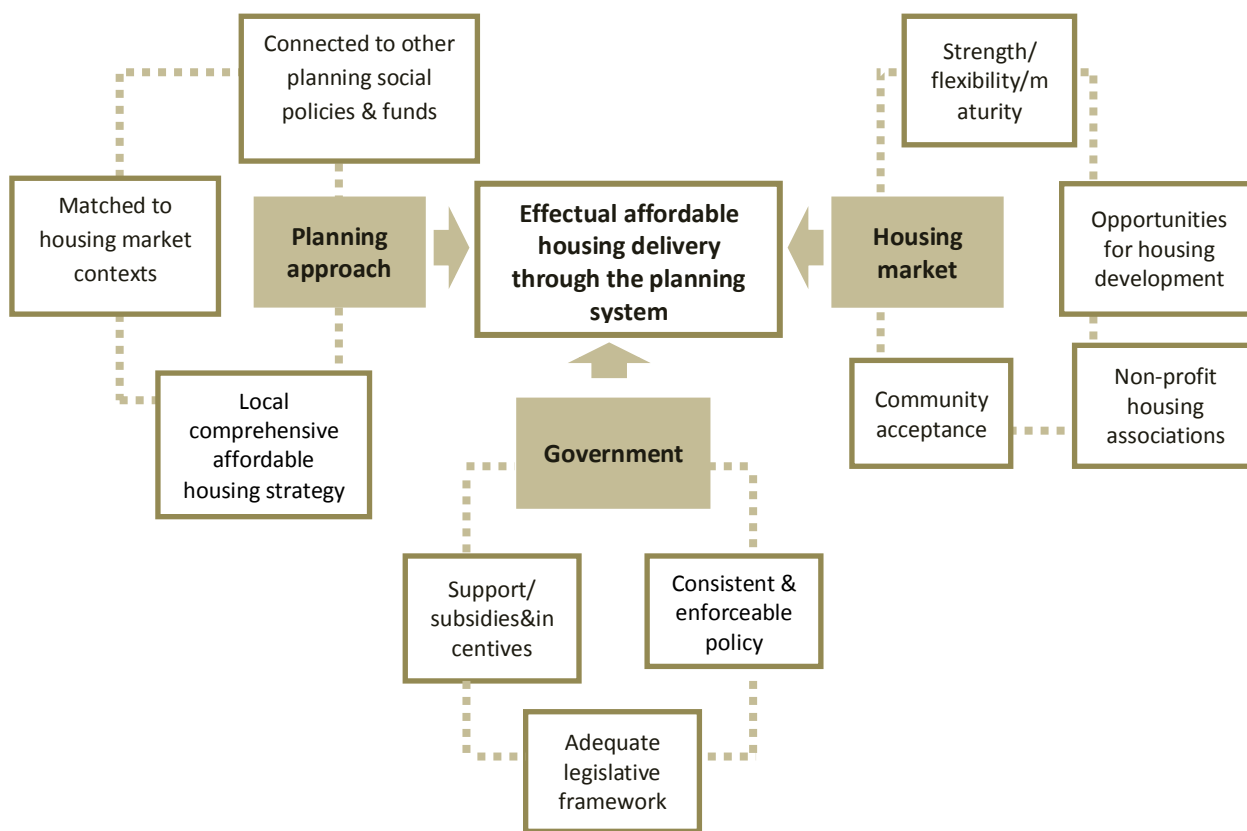


Figure 2. Basic factors influencing effectual affordable housing delivery through the planning system

3. Inclusionary zoning

3.1. Underlying principles and purpose

Inclusionary zoning, often referred to as inclusionary housing, is a planning mechanism that is intended to create affordable housing and foster social inclusion by capturing resources created through the market

(Turk et al., 2013; Hickey, 2013; Murphy et al., 2013; Mah, 2009). Its fundamental underlying principle is implicit cross-subsidy, and its market-driven nature makes it unlike other approaches that provide direct subsidies to increase the supply of affordable housing, regardless of local housing-market conditions (Schwartz et al., 2012).

As shown on Table (1), the proactive approach promotes the production of affordable housing by requiring or incentivizing developers of market-rate housing projects to incorporate a certain percentage of affordable units for low- and moderate-income households, as a condition for development approval. However, some inclusionary programs allow developers to build affordable units in other nearby locations. Others permit contributing money or land for the production of affordable housing in lieu of construction, to support a dedicated fund (such as a housing trust fund) that would finance future affordable housing development. These programs usually offer developer incentives such as density bonuses, relaxation of development regulations, or reduction or waiver of fees (Schuetz et al., 2012; Schwartz et al., 2012; Gilmour et al., 2011; Curran et al., 2008; Division of Planning, Rhode Island Department of Administration, 2006; Conlan, nd).

Table 1. Inclusionary zoning (AH: affordable housing)

Approach	Goal	Underlying principle	Mechanism
<p>A market-based approach</p> <p>stimulates the potentials of the market to produce socio-economically integrated AH restrictive</p>	<p>Securing affordable housing at a minimal cost to the public sector</p>	<p>Overcoming the economic barrier by integrating AH with other kinds of development (Implicit cross-subsidy)</p>	<p>‘Requiring’ or ‘incentivizing’ developers to incorporate AH with market-rate housing</p>
	<p>Social inclusion (socio economically integrated communities)</p>		

Burchell et al. (2000, p.3) point out that the fundamental purpose of inclusionary zoning is to “allow the development of affordable housing to become an integral part of other kinds of development taking place in a community”. McCarthy (nd, p.29) adds that it “harnesses market forces to stimulate the production of affordable housing”. As the typical argument justifying why the private market does not create affordable units is that it is not economically viable, inclusionary zoning works to overcome that economic barrier and to establish incentives that may make affordable housing development feasible. It has the potential to avoid the segregation of affordable housing allowing a more diverse and appealing housing stock to be created at a minimal cost to the public sector, and in socially beneficial ways (Williams et al., 2008). The prospected geographic distribution of affordable housing throughout a community enhances social integration and improves access of low- and middle-income groups to employment. It can hence serve two important

community goals: “promotion of affordable housing for low-and moderate-income households, preferably in well located areas regarding employment, transportation and services, and fostering social inclusion by creating socially and economically integrated communities” (Chang, 2009, p.3).

Inclusionary zoning programs are usually enacted by local authorities relying on a combination of legal mandates and economic incentives. They vary in their structure whose two basic components are an inclusionary ordinance and a developer incentive scheme. This in turn influences the amount and location of affordable housing (Hughen et al., 2013; Read, 2008; Burchell et al., 2000). The US Affordable Housing Institute (2006) found that they work best when market development is contemplated and land has an enormous residual value.

3.2. Evolution and dissemination

Originating in the early 1970s in Washington (USA), inclusionary zoning/housing has grown to be a major tool for affordable housing provision in many countries. It gradually spread to Western Europe and Canada during the 1990s, where it has taken different forms, reflecting varying social housing policies, land use regulations and roles of the public sector. Since the turn of the century, it spread to countries that have quite different housing and planning traditions such as South Africa, Israel, India, New Zealand, Colombia, Malaysia, and most recently (since 2008) the Netherlands in spite of its strong social housing system and the initial opposition from developers (De Kam, 2013). As pointed out by Calavita et al. (2010), this expansion was mainly due to the rapid escalation of housing costs, reductions in funding for social housing, and increased interest in fostering social integration of low-income residents. While in some cases inclusionary policies have been paralleled by a decline in public sector spending for social housing, in other cases, as in France and Ireland, they have become desirable and an arguably preferred approach. The mechanism is currently widely implemented in the USA where it fits into a variety of state or provincial legal and regulatory schemes. It is also extensively applied in England and Canada, and other countries (Murphy et al., 2013; Schwartz et al., 2012). However, application is uncommon in developing countries with the exception of a few rapidly growing economies, such as Malaysia, China, India, and South Africa. This could be attributed to the small size of the private housing sector, and the huge income differences between higher and lower income groups in many countries (Klug et al., 2013).

4. Controversy on inclusionary zoning

Schuetz et al. (2011) affirm that although inclusionary zoning has become increasingly utilized over the past several decades as a means of producing affordable housing, without direct public subsidy, it is still a controversial topic with avid supporters and critics. In spite of the fact that there are success stories in many countries and that many argue that it is an effective land use mechanism to address lower-income residents' housing needs, and further their integration with high-income residents, some critics challenge its efficacy (Bento et al, 2009; Joseph Rowntree Foundation, 2001; Calavita et al., 1997).

This section discusses critics' major arguments, as opposed to both evidence from studies and previous experiences. As shown on Figure (3), they are assembled, according to the basic premise of the inclusionary

approach, into two major groups: first, arguments related to housing production, and second, those relevant to social inclusion.

4.1. Arguments related to housing production

Arguments relevant to housing production are centered upon the burden of affordable housing delivery and the subsequent impact on first, market rate housing production and costs; and second, affordable housing production, tenure and continued affordability.

4.1.1. Arguments related to market- rate housing

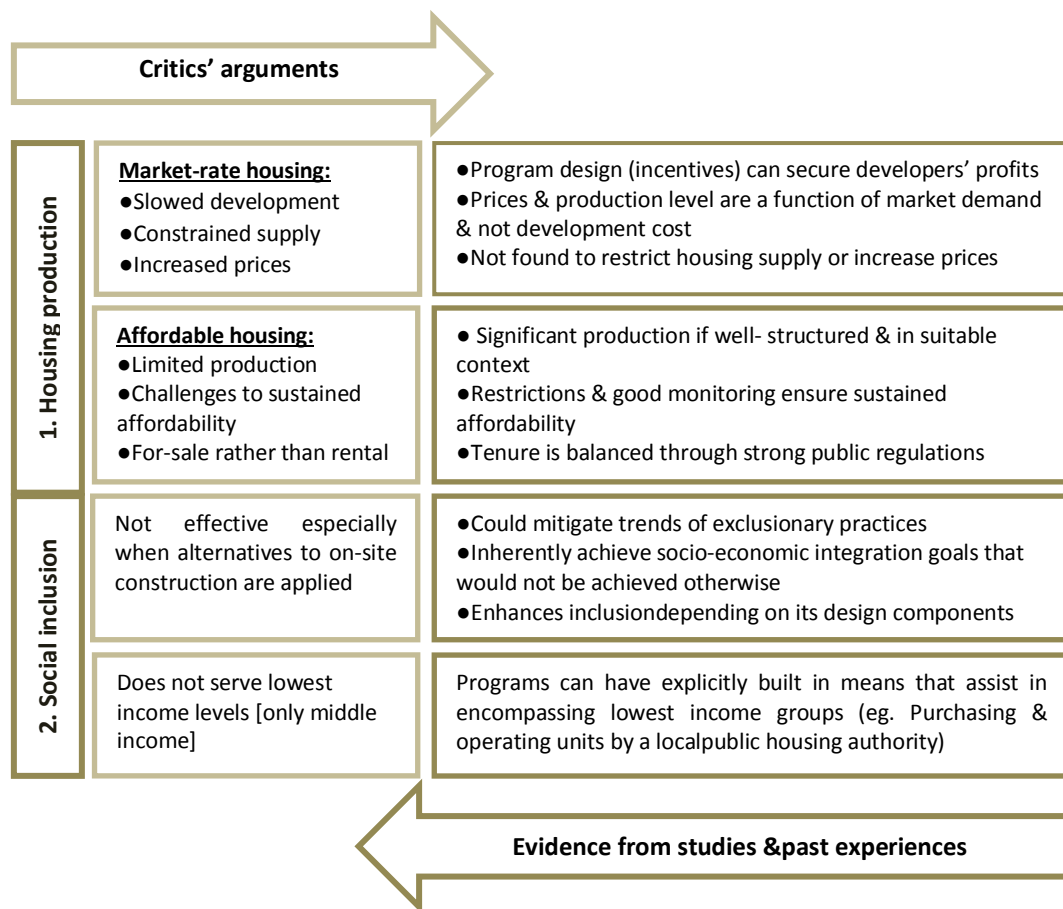


Figure 3. Controversial arguments on inclusionary zoning

Conlan (nd) points out that in the early stages of inclusionary zoning application, Ellickson and a few economists, based on the classical economic theory, interpreted inclusionary zoning requirements as a development tax that can lead to lower housing production in the long term, and slowed pace of development. In a similar perspective, Talbert et al. (2006), Powell (2004) and Burchell et al. (2000) forward some critics' argument that the affordable housing burden is

transformed to developers, and is in turn passed on to consumers (market rate housing prices increase) and landowners (the prices of vacant land decrease), and hence drive away private developers, and constrain the supply and increase the prices of market rate housing.

Promoters of the 'increased prices' argument find it most likely in strong markets, where density bonuses are not offered to fully offset the cost of constructing affordable units. They argue that prices may also increase modestly in weak markets when severe affordable housing stigma effects encourage developers to dramatically reduce production in an attempt to preserve profit levels (Murphy et al., 2013). Others attribute increased prices to not addressing the factors that contribute to the high cost of market-rate housing like land restriction and high costs, developer fees, and burdensome permitting processes (Douglas, 2000). However, most critics argue that if housing demand is flexible, the developer will either pass on the costs of the affordable (below-market) units to the market-rate consumers, or lessen the cost of construction by reducing the size or quality of the units. If housing demand is inflexible, marginal local developers may shift to municipalities without inclusionary zoning ordinances, thus reducing new market-rate housing supply (McCarthy, nd).

On the other hand, Mukhija et al. (2010) assert that the best available evidence, both theoretical and empirical, contradicts these arguments, and indicates that inclusionary zoning does not impair development, mainly due to cost offsets. They attribute this to the fact that development pace is determined by larger market forces that can improve the climate for developers and offset the cost of development, comprising market strength and development conditions, certainty, predictability, and a level playing field for developers. Also, based on economic literature about the "theoretical" incidence of inclusionary zoning, and the results of experiences in different communities in the USA, as well as studies examining the pros and cons and developers' responses in worldwide experiences, Calavita et al. (2004), and Brunick (nd) conclude that inclusionary zoning is unlikely to slow residential development, and in some cases, it may actually help to accelerate it, depending to a large degree on the strength of the local housing market, broader economic trends, and the specific requirements of the program itself. Among the studies upon which their conclusion is built, is a 2004 study by David Paul Rosen and Associates examining the effect of inclusionary zoning programs on the pace of development over a 20-year period in 28 California cities (USA). Its results showed that inclusionary zoning programs did not have a negative effect on overall levels of housing production, and on the contrary, production increased in some cases quite dramatically. Similarly, a comprehensive analysis of inclusionary zoning in California by the National Center for Smart Growth Research and Education concluded that inclusionary zoning was not found to restrict housing supply (Read, 2009). Curran et al. (2008) also assure that strong growth was continued in authorities with the most restrictive inclusionary zoning policies.

Regarding Elikson's theory, Conlan (nd) asserts a number of problems; mainly being based upon a rare type of implementation of mandatory inclusionary zoning where there are no adequate incentives to offset associated costs. He adds that mandatory inclusionary zoning is more analogous to a tax relief rather than taxation. Moreover, SGS Economics and Planning (2007) and Schuetz et al. (2007) assure that from a legal

perspective, mandatory inclusionary zoning programs are not taxes. Huguen et al.(2013), Schuetz et al. (2007),and Read (2009 & 2008) assert that inclusionary zoning programs could be designed so that compliance does not reduce developers' profits by encompassing economic incentives (cost offsets) provided by the public sector. Market theory indicates that developers will either take advantage of such "cost offsets" and/or bargain for a lower land price before developing housing with the required affordable component (Middleton, 2011; Katz et al., 2003). Moreover, almost all inclusionary zoning programs provide developers flexibility to comply with the inclusionary requirement through alternative means if it is economically infeasible or undesirable to locate the units on-site (Mukhija et al., 2010). Hence, developers will most likely accept the program's costs if local housing market is highly desirable to consumers (Mccarthy, nd).

As for 'increased prices', Calavita et al. (2004) assure that housing prices are not a function of development cost, and whether rental or sale, they are solely a function of market demand. This is attributed to the fact that a reduction in developer profit margins does not necessarily render a project infeasible. The previously mentioned study by David Paul Rosen and Associates found that the price of housing is unaffected by the added cost of developing affordable units (Los Angeles County Department of Regional Planning, 2012). Moreover, as affirmed by Calavita et al. (2004, p.44), "in some market climates, developers are willing to build, and lenders and investors are willing to finance a development based on a 'future value'."

4.1.2. Arguments relevant to affordable housing

Critics argue that inclusionary zoning is not an effective approach to affordable housing provision. Moreover, some claim that it may exacerbate the shortage of affordable housing by causing developers to raise prices on market-rate housing or to develop less housing (Talbert et al., 2006).

On the contrary, extensive literature and evidence drawn from detailed case studies for previous experiences defy this argument. Monk et al. (2005) assure that exclusionary, and not inclusionary, zoning is the main barrier to the production of affordable housing within the land use planning system. The Urban Institute Washington DC (2012), Middleton (2011) and Katz et al. (2003), among others, validate that, if well-structured and applied in suitable context, an inclusionary zoning program results in the production of meaningful amounts of affordable housing without the need for public subsidy. Based on case studies in USA, Canada, UK, Ireland, France, Spain, and Italy, and a brief survey of the global reach of inclusionary zoning policies in South Africa, Australia, New Zealand, Malaysia, Israel, and Colombia, Calavita et al. (2010) support the concept that inclusionary housing is the best answer to addressing global affordable housing needs, under the current economic and political climate. This conclusion is reverberated by Lerman (2006, p. 415) in his review of mandatory inclusionary zoning in USA as he states, "to effectively create affordable housing, a community should adopt a mandatory inclusionary zoning regime". Barbara (2002) also finds it a powerful tool to increase both affordability and the overall housing supply especially when coupled with a significant density bonus.

Affirmatively, Mukhija et al. (2010) assure that evidence from past experience indicates that inclusionary zoning can help double the total affordable housing production. This is also asserted by Calavita et al.(2004),

based on multiple case studies in USA, where inclusionary zoning proved to be a viable strategy for increasing the supply of affordable housing and integrating residents, which was manifested when compared to other affordable housing programs. Examples of achievement include California, where inclusionary zoning comprising incentives for developers such as fast track permitting, density bonuses, and reduced development standards, created over 34,000 affordable units in three decades, and in Washington D.C where it produced 29,000 affordable units (Curtin et al.,2003;Brunick, nd).

Also in Italy, inclusionary housing programs are expanding and playing an increasing role. Based on a serious commitment to create a social mix in new developments, they enforce public-private synergies, and apply bonus incentives so that all new projects may share a quota of market uses and social affordable housing (de Kam et al., 2013; Pogliani, 2013).

Mandatory inclusionary zoning with incentives has also been successfully used in South Australia where necessary legislative and policy changes were introduced at the state level. The scheme has been successful at Greenfield sites where it delivered 2248 affordable units out of a total of 13790 (2005- 2011), though less promising at urban renewal sites (Conlan, nd). In the UK, De Kam et al. (2013), Murphy et al. (2013) Mukhija, 2004, and Calavita et al. (2004) also assure that extensive application of the approach has resulted in a significant shift in the nature of provision, where the majority of affordable housing is now provided through inclusionary zoning policies. Twenty years of experience have produced substantial accomplishments of affordable units, based on rising land values and market demand, which have assisted developers to consent and fulfill their planning. A study testing the efficiency of inclusionary zoning in Toronto, Canada concluded that an inclusionary zoning program has the potential to create more affordable housing, provided that it is part of a more comprehensive housing strategy (Mah, 2009). Moreover, the Asian Development Bank (2009) assures that inclusionary zoning with incentives is an appropriate strategy to increase the stock of affordable housing in China.

As pointed out by Calavita et al. (2010), critics also argue that as developers will try to maximize their returns, they would probably tend to produce affordable housing for owner-occupancy rather than rental. However, they assure that such probable distortions could be counterbalanced through more and stronger public regulations. Also, partnerships between local authorities, non-profit organizations and community-based organizations can play an important role in purchasing affordable units and renting them to low-income households.

Finally, some critics argue that there are serious challenges to long-term affordability. Katz et al.(2003) point out that although some set-aside programs impose caps on home sales prices for a number of years, these time limits eventually expire. The recognized counter argument is that good monitoring and enforcement of several mechanisms can ensure long-term affordability of both rental and for-sale units.

4.2. Arguments affiliated to social inclusion

4.2.1. Ineffectiveness to achieve social inclusion

Critics argue that inclusionary zoning is not an effective approach to achieve social integration, especially when alternatives to on-site construction are applied (Calavita et al., 2010; Katz et al., 2003).

In contrast, Schwartz et al. (2012, p.xi) contend that “since exclusionary zoning increases the likelihood that low-income households are priced out of high-income neighborhoods, inclusionary zoning programs could theoretically mitigate this trend”. McCarthy (nd) and The Urban Institute (2012) affirm that inclusionary zoning programs inherently achieve socio-economic integration goals that would not be achieved otherwise, as they provide low and moderate income households with a chance to live in new high-quality housing in stable neighborhoods with greater access to community amenities and employment centers and away from neighborhoods of concentrated poverty. This is stressed by Calavita et al. (2010, p.384) who conclude that “inclusionary housing represents the best available means by which to link provision of affordable housing to the compelling goal of social inclusion, one in which social inclusion and economic integration are part and parcel of providing affordable housing”. Gurran (2008, p.12) also assures that “whatever the market, if affordable housing contributions are provided onsite the goal of social mix is promoted”.

Those counter-arguments are validated by evidence from previous experiences that prove that inclusionary zoning enhances social inclusion, depending on the various design components of its programs (HUD GOV, 2013; Schwartz et al., 2012). Katz et al. (2003) also assure that, in some countries, such as France, inclusionary zoning plays an important role in creating mixed-income communities, and that set-aside development also helps to solve problems of spatial mismatch between low-income workers and jobs. A recently released RAND Corporation study for inclusionary programs in eleven local authorities in USA shows that inclusionary zoning provides low-income families with access to low-poverty neighborhoods (HUD GOV, 2013). Also, a review of inclusionary zoning ordinances in the Greater Washington Region shows that attaching affordable dwellings to market-rate units helps to create integrated communities where households of different incomes live within the same developments (Brown, 2001).

4.2.2. Exclusion of lowest income households

Regarding potential beneficiaries of inclusionary zoning programs, Schwartz et al. (2012) point out some critics' argument that inclusionary zoning ideally generates housing for low- to moderate-income households, as they are not typically designed to serve households at the lowest income levels. They attribute this to the possible high level of cross-subsidization from the market-rate units to make a unit affordable to a very-low income household, and to the primacy of ownership over rental units in most inclusionary programs. On the other hand, Schwartz et al. (2012) assure that inclusionary zoning programs can have explicitly built-in means that assist in encompassing lowest income groups, and hence the degree of access to housing they provide for them would be remarkable. A possible approach, successfully applied in USA, is that programs allow a locality's public housing authority to purchase and operate some inclusionary zoning homes for occupancy by lowest-income renters (Schwartz et al, 2012).

In summary, as asserted by Burchell et al. (2000) and others, these criticisms, while warranted and substantive, especially when applied in inappropriate market conditions, pale in comparison to inclusionary

zoning's accomplishments and benefits. According to Mallach (2012), it remedies the exclusionary effects of traditional regulatory use of zoning and other land use controls that exclude housing types or people considered socially or economically less desirable; it prompts market-driven, fiscally responsible solutions to the housing affordability problem by harnessing the power of the market to produce affordable homes at little or no direct financial cost to local governments, as it does not require significant expenditure of public funds. However, the design of any inclusionary zoning program should take them into profound consideration, as they constitute latent challenges for success.

5. Latent challenges for the success of inclusionary zoning

Inclusionary zoning is simple to understand and apply. As evident from the previous section, understanding its challenges/limitations is essential to help craft inclusionary zoning programs that expand opportunities for affordable housing and social inclusion, while being alert of unplanned economic consequences (Read, 2009).

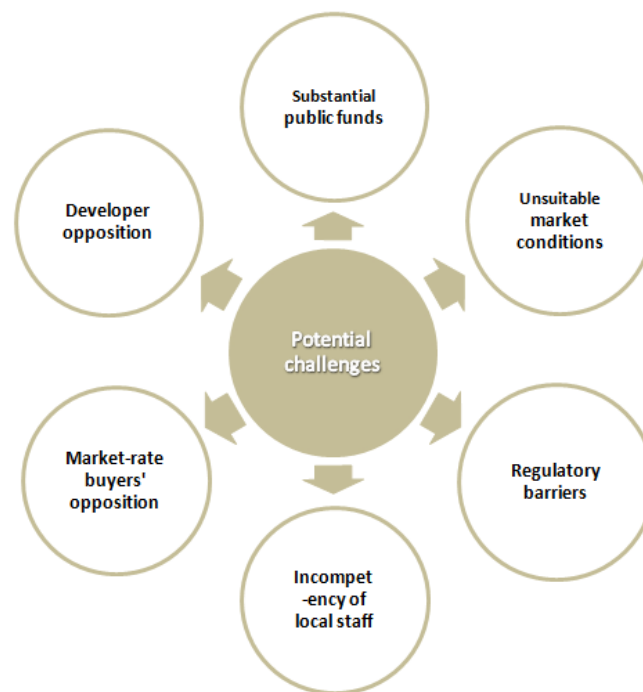


Figure 4. Potential challenges for success of inclusionary zoning

Figure (4) shows potential challenges for the success of inclusionary zoning policies. Perhaps the most serious limitation is that the creation of inclusionary affordable units depends on the requirements of the policy in relation to local housing-market conditions (Schwartz et al., 2012). The policy is based on a market-supply equation that relies primarily upon a developer's ability to sell market-rate units. If applied in the

wrong context, an inclusionary zoning program can have negative effects on the local housing market; drive up market-rate housing costs, reduce housing supply, and increase the need for affordable housing (Mccarthy, nd). Other challenges include possible substantial involvement of public funds/ high level of subsidy to entice private developers, which contradicts the central premise of inclusionary zoning (Conlan, nd), possible regulatory barriers (Schuetz et al., 2011; Read, 2009), and likely market-rate housing developers' opposition, which might cause their relocation. However, this may be addressed through the implementation of regional inclusionary zoning (Read, 2008). Also, as evident from previous worldwide experiences, opposition of skeptical developer's surfaces only initially and, in many experiences, these opponents have eventually become supporters over time (Brunick, nd). Moreover, experience proved that developers might choose to produce affordable units rather than stop developing altogether (Calavita et al., 2004). Even in some weak markets, as in Italy, private developers are interested in inclusionary zoning practices because they enable them to share the risk of development with the providers of social affordable housing, and to speed up, and eventually increase, production and sales (Pogliani, 2013); Other challenges comprise the possible opposition of new market-rate units' buyers for living nearby low-income residents (De Kam et al., 2013), and the probable incompetency of local administrative staff.

6. Validation of inclusionary zoning

The notion that communities ought to be inclusive of "a broad range of housing types and price levels", and that planning and design "can bring people of diverse incomes into daily interaction" is a long-standing ideal in urban planning that is increasingly becoming an important planning goal (Talen, 2010, p.507). Although inclusionary zoning, like any other policy tool, is not a perfect approach to fulfill this goal, or a solution to all affordable housing and social equity challenges on its own, Talbert et al. (2006) and Mccarthy (nd), among others, assure that if carefully designed and managed, taking consideration of relevant legal, policy, and practical issues, inclusionary zoning can be highly useful. They hereby assure that its future appears promising as a valuable tool for increasing the affordable housing stock and its accompanying opportunities. This is confirmed by Morris (2007), based on a study for several previous experiences, and Talen (2010) who assures that inclusionary zoning is a market-based remedy to the problem of social exclusion in residential development as it fulfills the notion that calculated social mixing and diversity, through housing type mix, ensures more equitable access to resources, and forms the basis for a more sustainable urban environment. In literature on sustainability, diversity based on income mix is likely to be seen as a fundamental goal, where the sustainable community is defined as a place in which "sharp spatial separation or isolation of income and racial groups" is nonexistent (Talen, 2010, p.490). Katz et al.(2003, p.78) also assert that set-aside-type inclusionary zoning is "the best, perhaps even the only currently available means by which residential integration can be actively fostered". It enhances economic and social integration by creating income-integrated communities which can lead to positive social and economic outcomes such as improved employment and social services, less commuting to work, and reduced poverty. In addition, the integration of a percentage of low- and moderate-income housing units into market-rate housing

developments helps to avoid problems of overconcentration, ghettoization and stigmatization generally associated with isolated affordable housing (Burchell et al., 2000).

In addition to its affordable housing and social returns, Talbert et al. (2006), Burchell et al. (2000), Lerman (2006) and Brunick (nd) assure that the benefits that this regulatory tool offers are multi-dimensional as it can play a major role in strengthening the community and enhancing urban sustainability by first, preserving public revenues for other community needs, helping stimulate economic development; and its possible support for smart growth principles by making it possible to produce affordable housing in the urban core. A large development containing inclusionary zoning may often allow for mixed-use and transit-oriented development, hence protecting surrounding open spaces. It also helps limit sprawl through density bonuses. Finally, inclusionary zoning offers predictability in the development process and a leveling playing field to developers who are to know “up front” what is required and what they will receive in return (Figure 5).

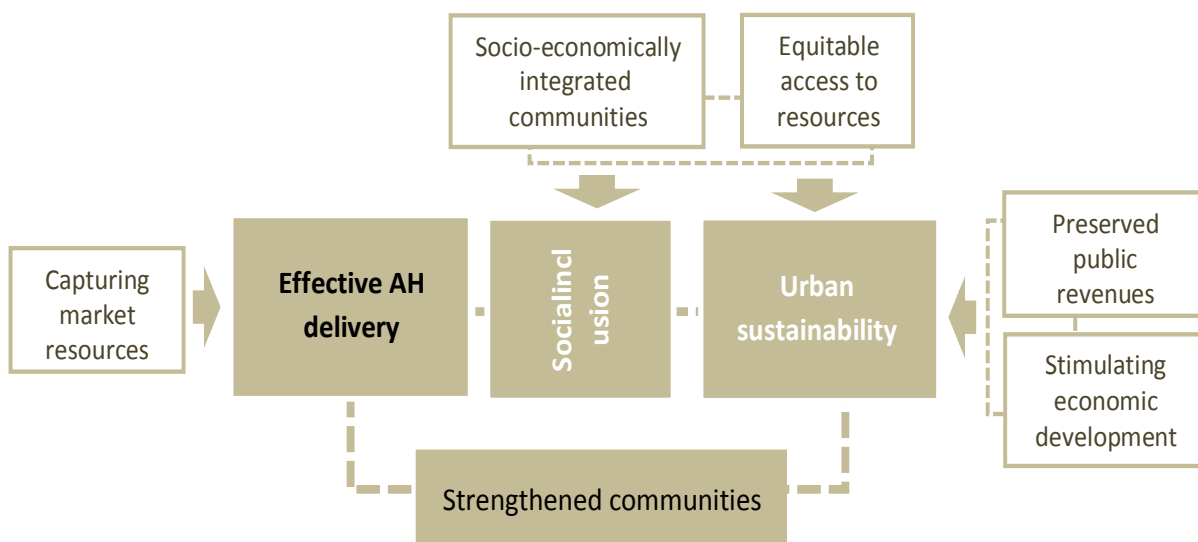


Figure 5. Validation of inclusionary zoning

7. Conclusion

The impact of land use planning on affordable housing production and location is prominent, and its use to promote affordable housing production for low- and middle-income groups has recently attained increasing significance. It should, however, assume a more extensive role in adequate affordable housing delivery, especially in countries with adequate market conditions. To enhance this role, it should be supported by Central Government, and well connected to its policies, and matched to housing market contexts.

Zoning is the primary land use planning mechanism that controls the amount and type of development. It can hence be used to enhance affordable housing production through inclusionary zoning; a market-based

approach to housing affordability problems changes the role of governments from direct provision, which demonstrated several allied problems and failures, to stimulating the potentials of the market to produce socio-economically integrated affordable housing. It was successfully implemented in many countries, and will continue to be sought in strong housing markets seeking social equity and economic balance. Although inclusionary zoning is controversial, the validity of capturing market resources is a strong justification for its application. Its main criticisms, while often justified especially when applied in inappropriate market conditions, pale in comparison to its previous accomplishments and proven benefits. However, successful application should be based upon deep consideration for those latent challenges. To ensure efficiency, implementation should be carefully crafted and monitored within a larger, comprehensive housing strategy, tailored to a community's housing market and affordable housing needs. It should be preferably applied in strong and mature housing market contexts characterized by ongoing and opportunities for housing development, and commitment of local administrative resources.

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