



How different mechanisms influence affordable housing delivery in American cities
A case study analysis in Orange County, California, USA.

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Master Thesis

Title: How different mechanisms influence affordable housing delivery in American cities. A case study analysis in Orange County, California, USA.

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Abstract: This thesis investigates the different mechanisms that influence affordable housing delivery in American cities.

Key words: affordable housing policy, decision-making, land use planning, game theory, incentives, inter-actor relationships, actor-centered institutionalism, Orange County, American cities

Cover photo: Affordable housing project in Anaheim, Orange County, USA.

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Preface

Power is everywhere and nowhere: it is in mass production, in financial flows, in lifestyles, in the hospital, in the school, in television, in images, in messages, in technologies... our identity is no longer defined by what we do but by what we are... Such is the central question to which political thought and action must respond... The fundamental matter is not seizing power, but to recreate society, to invent politics anew, to avoid the blind conflict between open markets and closed communities, to overcome the breaking down of societies where the distance increases between the included and the excluded, those in and those out.

—Alain Touraine, as translated by Castells (1997: 309)

This paper offers an inside in mechanisms that could influence affordable housing delivery in American cities. A lack of affordable housing remains a problem in the United States and will likely increase in the coming years. It is an interesting topic for urban planners, since it raises the spatial justice question and also assesses the role of governments in the housing field. This challenge calls for an innovative way to increase affordable housing delivery in American cities in order to overcome the affordable housing gap.

As an urban planning student, I conducted this research with a lot of enthusiasm and dedication. Being part of the NEURUS program, I had the great opportunity to go abroad and conduct research in a completely different context. It has been a great experience for me to be part of this network and to live for five months on campus at the University of California in Irvine. I enjoyed being part of a new culture; made new friends and learned a lot about myself as well. Furthermore, I have learned to be assertive when things need to get done. It was for instance an exciting experience for me to conduct interviews with different actors in the field from whom I have learned a lot about affordable housing in Orange County. I must admit that doing research always bring struggles as well, but the greater the satisfaction now this thesis is completed.

I would really like to thank all the people who helped me by completing my thesis. This includes all the great support that I received from many different people in California that helped me to gather information, and my friends who have contributed to an unforgettable experience. I also like to thank Scott Bollens from the University of California in Irvine for his great support and advice during my stay in Irvine. Furthermore, I would like to thank Terry van Dijk and Justin Beaumont for supervising me and help me to complete my thesis. Finally, I would like to express my deep gratitude to my parents and my partner who have always supported me throughout the whole process of my thesis.

Abstract

This study focuses on mechanisms that could influence affordable housing delivery in American cities. A lack of affordable housing units is a main problem in American cities, since there exist a gap between the housing prices and people's ability to pay for it. Because having a decent home is a basic need, and it is a topic that makes sense to anyone, it was really interesting to analyze which mechanisms could improve affordable housing delivery. There is already much literature available on the affordable housing topic, but this thesis tries to make a difference by analyzing the different mechanisms that could influence affordable housing delivery and subsequently the role of different actors in the affordable housing force field and how they could influence these mechanisms. This is an important link, since these factors are not independent but are related and subsequently could influence housing policy interventions.

This thesis has been written primarily for the master Socio-spatial planning at the University of Groningen and as part of the NEURUS exchange program at the University of California, Irvine. The aim of this thesis is to analyze the different mechanisms that make it hard to deliver affordable housing and how trade-offs could be achieved in order to evaluate and construct housing policy interventions. To analyze and critically engage in the different theoretical strands, an extensive literature review is done to current systematic impediments, possible attempts the role how processes could be explained by the use of game theoretical models. Additionally, in-depth interviews and secondary data collection are used in connection to the case study Orange County.

Various mechanisms have been analyzed, whereby the lack of a permanent financial source, the current regulatory framework and the existence of NIMBY resistance are noted as mechanisms that could influence affordable housing delivery in American cities. In order to overcome the affordable housing gap a permanent financial source is needed, which could be used as a financial incentive to encourage private developers to build affordable housing. Furthermore, the current regulatory framework also makes it hard to deliver affordable housing, since affordable housing legislation and mandates are currently incentive-based and there are no strong restrictions if cities do not comply with the housing law. Hence, enforcement tools could be useful to force cities to address the affordable housing problem. Moreover, NIMBY resistance could be a mechanism that makes it harder to deliver affordable housing as well. Community resistance often results a delay of affordable housing units, which makes a project more costly. Hence, educating citizens and officials to decrease the stigma could be a way to increase affordable housing delivery. Finally, since affordable housing is a regional issue, this problem could be best addressed on a regional level in order to challenge the affordable housing problem in an effective way.

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Abbreviations

AMI	Average Moderate Income
PD	Prisoners Dilemma
COG	Council of Governments
HCD	Housing and Community Development
HD	Herders Problem
HUD	Housing and Urban Development
KC	Kennedy Commission
JH	Jamboree Housing
LN	Laguna Niguel
LIHTC	Lower Income Housing Tax Credit
MPO	Metropolitan Organization
NIMBY	Not In My Backyard
NLIHC	National Low Income Housing Coalition
OCTA	Orange County Transportation Authority
RHNA	Regional Housing Needs Assessment
SB375	Senate Bill 375
SCAG	Southern California Association of Governments

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1. Introduction

1.1. Outline of the problem

For many low-income American households, having a decent home remains a dream. According to the report “Out of Reach” from the National Low Income Housing Coalition (NLIHC) published in 2012, a gap exists between the cost of housing and their ability to pay for it. Having a lack of affordable housing units has been a problem since years, but especially since the economic downturn, the gap even increased, confirmed by the report “Worst Case Housing Needs Survey from the HUD (2011). The results in Out of Reach show that in every community across the nation, there are fulltime low-wage workers that could not afford the housing prices. In 2012, a household must earn the equivalent of \$37.960 in annual income to afford the national average two-bedroom apartment (p.5). Because of the increased needs and rising costs, it is important to find mechanisms that may reverse this trend, since a decent home is one of the basic needs for people. The report Draws the same conclusion by saying that: “Policies that support expanding the supply of affordable housing, targeted to the lowest income households, are an important step toward providing more households access to decent housing” (p.2).

In an imperfect market of economic choice, demographic change and changes in lifestyle, there is a role for government intervention, mostly in the planning field (White & Allmendinger, 2002). Maybe the greatest difference between the United States and Europe is that in the United States, land-use planning is mainly a local matter (Cullingworth, 2003), instead of centralized, which can be often seen in European countries. The lack of a formal institution derives from the Fifth Amendment from the Constitution that states:

“No person shall be... deprived of life, liberty or property without due process of law; nor shall private property be taken without just compensation”.

Since academic evidence exists that an adequate provision of affordable housing remains a challenge in the United States, it is interesting to analyze which mechanisms could influence affordable housing delivery to overcome the affordable housing gap on a local or regional level, instead of a centralized approach, which applies more to European countries. In the literature, there is still no consensus about the best solution to solve the affordable housing delivery problem, probably because there is no single solution. Although several metropolitan areas currently try to reduce the shortage of affordable housing supply by using a wide variety of different mechanisms, it still remains a difficult task to improve affordable housing delivery in practice.

1.2. Research objective and research questions

The objective of this thesis is to analyze different mechanisms that make it hard to deliver affordable housing and how trade-offs could be achieved in order to evaluate and construct housing policy interventions. The conclusions and recommendations may contribute to existing research and policy design on affordable housing delivery in the United States.

This thesis is not the first analysis on mechanisms that could influence affordable housing delivery, but it adds another dimension to the current research on affordable housing, since it takes also strategic decision-making by the different actors and their influence on affordable housing policy into account. However, most research that has been done in the affordable housing topic is very fragmented. Often, one mechanism (e.g. growth management, intercity competition, legislation etc.) has been analyzed, but an overview of all possible mechanisms to overcome the affordable housing gap does not exist (e.g. Basolo, 1999; Lewis & Neiman, 2009; Dreier et al., 2004; Danielsen et al. 1999; Downs, 1994 etc.). Furthermore, the role of different actors in the force field and their influence is often seen as a separate factor instead of one of the mechanisms that could influence affordable housing delivery. This thesis identifies the existing theoretical assumptions to affordable housing mechanisms and subsequently assesses the effect of these mechanisms by means of a case study approach.

The main question formulated for this thesis is:

Which mechanisms could be used to improve affordable housing delivery in American cities?

The following sub questions will set the path for the analysis:

- *What are the current systematic impediments to affordable housing delivery in American cities?*
- *What are the possible attempts to overcome the affordable housing supply (issuing all kinds of legislation and programs)?*
- *What is the role of the different actors in the force field and how do they influence affordable housing delivery?*

1.3. Methodology and methods

This paragraph provides a short introduction about the methodology and methods being used in this thesis. An extensive description of the methodology and a justification of the methods can be found in the research design in **chapter three**.

- *Case study approach*

A case study is a methodological approach and is used to achieve context-dependent knowledge. Within this approach, secondary data collection and the in-depth interview method are used for data collection. According to Flyvbjerg (2006), context dependent knowledge is important to get a better understanding of the topic and could be used as a method for learning. This thesis tries to find an answer on which mechanisms could be used to improve affordable housing delivery in American cities. This study assumes that (spatial) problems are time- and context dependent. This thesis could be seen as an explorative- and explanative study. The existing different theoretical assumptions on mechanisms that could influence affordable housing delivery are identified, from which a conceptual model is constructed. Subsequently, This model has been used to assess the effect of different mechanisms in the case study area Orange County.

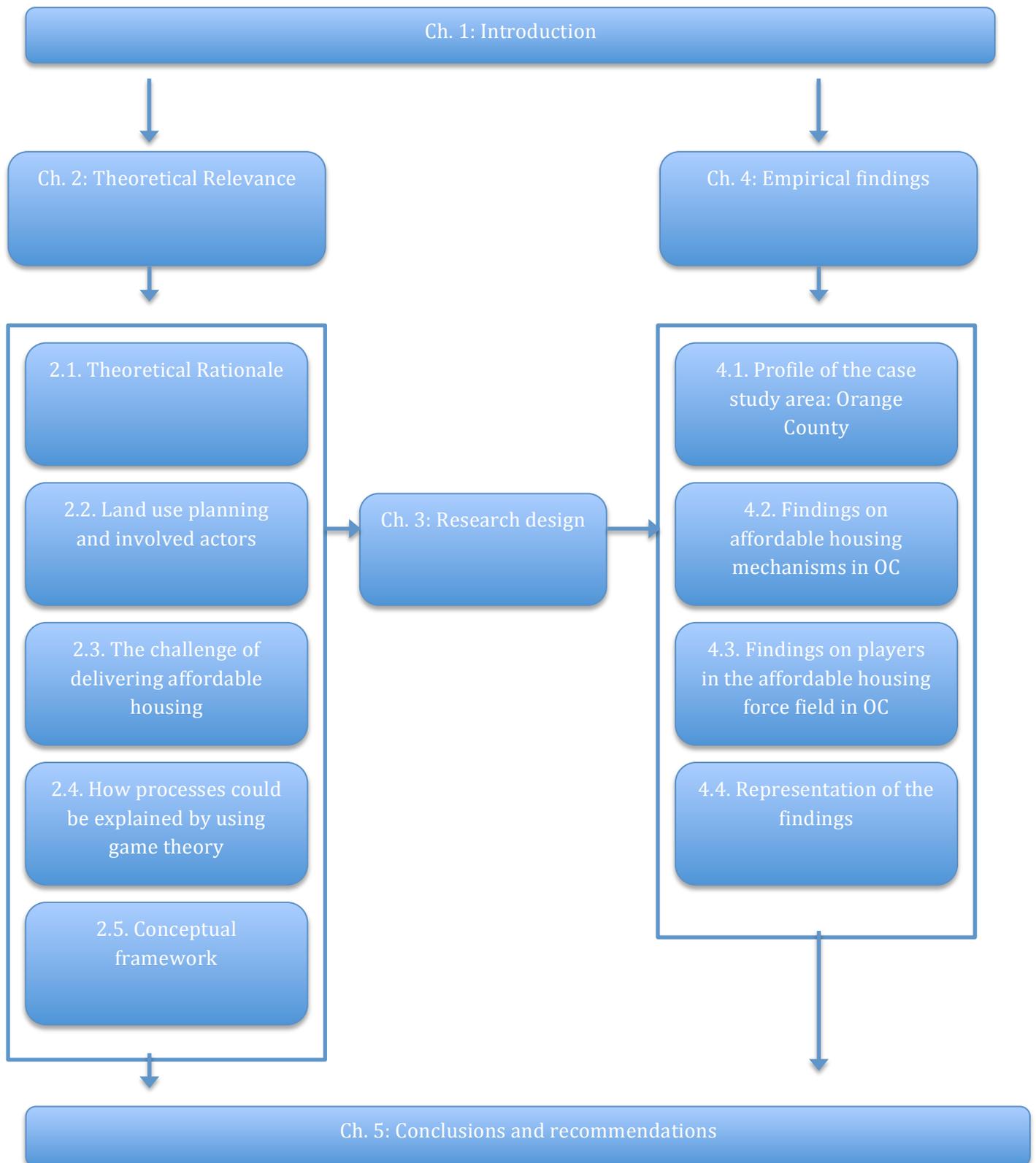
The primary reason to choose for Orange County is, that this thesis is part of the NEURUS exchange program with the University of California in Irvine. Being part of this exchange program provided me the opportunity to access useful information on affordable housing policy and programs in Orange County and additionally provided me useful contacts for my data collection. Because of the limited time-period I had in Irvine and my contacts in Orange County, it was the best option to choose Orange County as the case study region, since another region would be difficult if not impossible for data collection. Furthermore, the region Orange County is an interesting case, since the lack of affordable housing supply is a very relevant issue in this region. Orange County has among the highest housing prices in Southern California (NLIHC, 2012) and a relatively high percentage of low-wage workers, which results in return in a large demand for affordable housing. The region is part of the greater Los-Angeles area and could be seen as a typical sprawled area.

1.4. Thesis Lay-out

Chapter one introduces the outline of the problem, the research objective and the research questions. It also describes briefly the methods and methodology being used in order to find an answer on the main question. Furthermore, it provides the thesis structure, which is the guideline of the thesis. Followed by this chapter, the **second chapter** provides the theoretical framework. It explains why this thesis could be seen from an actor-centered institutional perspective. Additionally an extensive literature review has been done in order

to identify existing theoretical assumptions to mechanisms (e.g. policy & legislation, financial sources, NIMBYISM, local autonomy) that could influence affordable housing delivery, from which a conceptual model is constructed. **Chapter three** illustrates the research design. Firstly, it explains the research approach. Additionally it shows why qualitative research is chosen instead of quantitative research and it provides information about the choice of a case study approach and the justification of the methods used for data collection and analysis, which is translated to a research strategy framework. This chapter could be seen as the roadmap of the thesis. **The fourth chapter** provides a case study analysis of the region Orange County. It assesses the mechanisms derived from the conceptual framework. Context depended local knowledge, gathered secondary data analysis and data collection by in-depth interviews are used to reflect assess the current systematic impediments, current attempts and the role and influence of actors in the affordable housing force-field. Lastly, **chapter six** delivers the conclusions and recommendations obtained from the research analysis. It firstly provides answers to the sub-questions and proceeds by giving an answer to the main question. Subsequently, recommendations are provided that could contribute to improve affordable housing delivery in American cities, followed by suggestions for future research.

1.5. Thesis structure



2. Theoretical relevance

Affordable housing delivery could be seen as a relevant issue in American cities and much research already exists on this topic. However, available research is very fragmented and hence it is a challenge to identify approaches that assess different mechanisms that could influence affordable housing delivery. Nevertheless, this chapter critically engages in the different theoretical strands and explores their conceptual interlinks in light of the main question. The starting point of this thesis is an actor-centered institutional perspective, which is useful for this study, since it both takes the processes and institutions into account. The theoretical rationale provides the foundation for the literature review. Also, in order to understand how the affordable housing market is organized in the United States, it is important to describe the planning system, since this system differs per country. Hence a paragraph about land use planning in the United States is added as background information. Furthermore, a review of the different systematic impediments and current attempts to overcome the affordable housing supply is important to identify the different assumptions in the affordable housing field. Additionally, A paragraph about game theory is added to assess how processes could be explained by social interactions with the use of game theoretical models, which is also mentioned in the actor-centered institutional approach. Finally, the theoretical concepts are set in a conceptual model to assess the effect of different mechanisms in the case study Orange County.

2.1. Theoretical Rationale

This thesis is written from an actor-centered institutional perspective and could be seen as the starting point of this study. The theoretical rationale is an important paragraph, since it tries to understand why a particular selection of theoretical choices is made and it indicates the perspective from which the main question is analyzed as well. It is an appropriate perspective for this study since on one hand, it explores the institutional infrastructure in land use planning in American cities and its mechanisms and on the other hand the intentional actions of actors in the decision-making process, which fits well with the approach.

It may have been more reasonable to write this thesis from a neo-liberalism perspective, since the free-market perspective characterizes the United States. However, the actor-centered institutional perspective is closer to the objective of this thesis (analyze different mechanisms make it hard to deliver affordable housing and how trade-offs could be achieved in order to evaluate and construct housing policy interventions). This section briefly explains the neo-liberalism perspective and argues why an actor-centered institutional perspective has been chosen instead. According to Allmendinger (2009:107) the majority view on neo-

liberalism is that “this perspective is based on a combination of a market-oriented competitive state (liberalism) and an authoritarian strong state (conservatism)”. Allmendinger (2009) explains that Reagan popularized this perspective inspired from the “New Right’s thinking. According to Thornley (1993:65), “Inequality, which is the basis of concepts such as welfare and state intervention, is the driving force behind the market”. He proceeds by arguing that intervention challenges freedom. The public choice theory derives from this perspective and many scholars in the USA believe in this “free-market” perspective. However, in the following paragraph, it is also noted that this perspective in turn could result in segregation, inequality and even exclusionary zoning practices. Additional criticism could be found in the literature to this perspective. According to Allmendinger (2009), neo-liberalism could be criticized theoretical and practical. Main reasons mentioned are the inefficiency of the market in relation to land, the exclusion of lower income people in the private market and contradictions between different criteria (e.g. economic, social and environmental). That the United States is still influenced by this perspective could be seen in the current systematic impediments in the next paragraph. However, in order to challenge the affordable housing issue in the United States, another approach may be necessary. As Healey (1999:154) states as well: “The neo-liberalism approach ignores the impact of where things are on intra-regional relationships”. According to Healey (1999), inequality is generated by differences of accessibility to the relational webs and is caused by preferences and interests among different actors in the field. Hence, in order to find sustainable mechanisms to challenge the affordable housing supply, it is necessary that actors cooperate in the affordable housing field instead of leaving it to the free-market. Since this thesis analyzes how the supply of affordable housing could be improved, the actor-centered institutionalism perspective instead of a neo-liberalism perspective has been chosen for this thesis.

- *Actor-centered institutional approach*

The actor-centered institutional approach derives from the institutionalism movement. This movement is currently one of the three dominant approaches in planning theory, next to the communicative- and interactive approach (Janssen-Jansen, 2004) and can be positioned in the post-modernism perspective. The term institutionalism in the planning perspective is named as “the institutional turn in planning” as well (Bolan, 1996; Salet & Faludi, 2000; Healey, 1997; 1999). The term institutionalism is a quite fuzzy term, since theorists provide a different definition and meaning to it. Healey (1997) has been one of the first researchers that introduced new-institutionalism as a variant of Habermas’ theory of communicative action. Healey states that the term institution: “Refers to the embedding of specific practices in a wider context of social relations that cut across the landscape of formal organizations, and to the active processes by which individuals in social contexts construct their ways of thinking.

An institution therefore, is not understood as an organization as such, but as an established way of addressing certain social issues” (Healey, 1997:112).

A variation of this definition is stated by Crawford & Ostrom (1995) who describe institutions as shared strategies that could not change easily. These institutions could be seen as the “rules-of-the-game”, in which interactions between actors, rules and incentives are defined, which is the rational-choice variant on institutionalism. Scharpf (1997) and Healey (1999) both state that institutionalism focuses not only attention on the formal organizations legally charged with policy responsibilities, but also on the relational webs which connect these to wider arenas and networks and the collective managing processes in these arenas. According to Healey (1999:72) “A “field” of public policy is thus an aggregation of formal organizations and informal relationships through which collective action with respect to a set of concerns is accomplished”.

Since this thesis tries to understand how different mechanisms could influence the supply of affordable housing, analyzing the influence of both institutions and structures, the actor-centered institutional approach by Scharpf and Mayntz (1997) is applicable. Scharpf goes namely one step beyond the institutional approach by explaining the usefulness of specifying the ways in which institutionalist and policy perspectives may intersect. They have designed framework named actor-centered institutionalism”. This approach proceeds from the assumption that “*social phenomena are to be explained as the outcome of interactions among intentional actors- individual, collective or corporate actors, that is – but that these interactions are structured and the outcomes are shaped, by the characteristics of the institutional settings within which they occur*” (p.1). As mentioned in the previous paragraph, there are other theorists that have chosen different labels to describe more or less the same perspective (Crawford & Ostrom, 1995; Healey 1997; Giddens; 1984; Forester, 1993). What these approaches have in common is the dynamic interaction between structures and institutions.

According to Scharpf (1997:11), “*policy likely results from strategic interaction among several or many policy actors, each with their own understanding of the nature of the problem and the feasibility of particular solutions and each with is own individual and institutional self interest and each with its own capabilities or action resources that may employed to affect the outcome*”. Hence, game-theoretical thinking to make strategic decisions is at the core of the specific contribution in policy research. Scharpf (1997) calls this intentional action. Intentional action is boundedly rational and socially constructed. “*Policy is produced by human actors who are not driven by natural impulses or by the compulsion*

of external factors. Instead, public policies are the outcomes – under external constraints – of internal actions” (p.19).

- *Actor-centered institutionalism in the face of the affordable housing challenge*

The actor-centered institutional perspective is very useful as the starting point of this thesis. Concretely, it means that different incentives, stakeholders and policy are seen in this study as interrelated mechanisms interact with each other and subsequently could influence mechanisms that influence affordable housing delivery in American cities. A specific characteristic of the actor-centered institutional approach is that intentional acting of different actors is also taken into account. Mechanisms that could influence affordable housing delivery are very context and time-dependent. This means that there is no single solution to affordable housing delivery, but instead it could be seen a process-oriented approach, in which there is a continuous interaction between the planning system and the players in the field.

With regards to the description of the term institution, this thesis assumes that the term “institution” or “mechanism” could be used in the broadest sense. An institution or a mechanism could therefore not only be seen in a physical sense, but is rather a dynamic assembly of mechanisms that influence the “civil society” (Healey, 1997). Taking the actor-centered institutional approach into account, this thesis assumes that actors act strategically influenced by their own preferences and strategies, which can be called the intentional acting of the players in the affordable housing force field. Game theoretical models could be used to find pay-offs in the strategic decision-making process in the affordable housing field.

The regulatory framework could be seen as the framework within which the actors can act. The current systematic impediments could influence the intentional acting of the actors but in return actors could sometimes influence these impediments as well. The regulatory framework could provide possible attempts to affordable housing, but the actors in the force field must see an interest to collaborate in order to overcome the affordable housing supply by using these possible attempts. However, the usefulness of these attempts varies by context and time. Sometimes an opportunity window opens, which is positive for the decision-making process, but it depends mostly on ad-hoc decision-making. It also depends on the rules-of-the-game that actors agree with each other. When taking the intentional acting of the different players in the affordable housing force field into account together with the regulatory framework and the attempts to overcome the affordable housing supply, trade-offs may be found that could contribute to evaluating and constructing housing policy interventions.

2.2 Land use planning and involved actors

In order to understand affordable housing processes in the United States, it is important to have some background knowledge about land use planning in general and the regulatory framework, since the planning system varies per country. According to Whitehead (2007), it is important to investigate an outline of the planning system, because "... ensuring that there is adequate land available for lower-income households is a prime objective of the regulatory framework" (p. 29). Additionally, Eversley (1974) states that one of the advantages of planning compared to the market, is that planning is better able to achieve social goals, like equitable access to land. So higher social welfare can be created through planning by making housing accessible for everyone. But, to achieve this goal, one is dependent on that same planning system. Referring to this objective, one is also dependent on the planning system. Hence it is important to investigate the planning system in the United States in order to understand how affordable housing is organized.

2.2.1. Structure of land use planning

Planning in the United States is a matter of land use planning and is predominantly a local issue (Cullingworth & Caves, 2003). While local governments are mainly responsible for the implementation of land use planning, there is a wide variety between the ways policy has been carried out. Whereas some regions do not have any planning at all and there are just a very few regulatory instruments available, other areas have a wide variety of regulatory control instruments, which control for instance the quality and design of developments. For instance the following states are examples of having a statewide land-use planning statute adopted: California, Florida, Georgia, Hawaii, Maine, Maryland, New Jersey, Oregon, Rhode Island, Vermont and Washington (Nelson & Duncan, 1995). However, between these states is a wide variety of planning structures. Hawaii has a strict top-down planning structure, whereas Florida and Oregon have a mandatory bottom up planning system with a strong state structure. California has the opposite since they have a planning system with a weak state structure. No central control exists in the United States. Instead, the central government is actually designed to prevent centralization. Furthermore, there is a limited amount of discretion, which means that similar cases are being threatened differently. This is very common in the United States, but for instance uncommon in European countries where there is a high amount of discretion instead (e.g. the United Kingdom and The Netherlands) (Cullingworth, 2003; Caves, 2003).

2.2.2 Planning Tools

The day-to-day planning work is mostly accomplished through the use of three different but very important tools: the general plan, a comprehensive policy document and two sets of implementing regulations. Together, they create the foundation for local planning and the administrative regulations that carry out policy (Fulton, 2005):

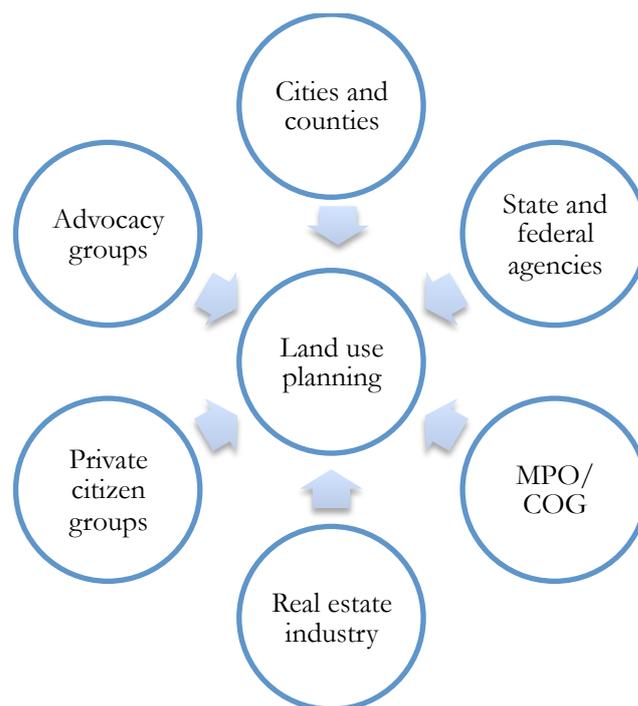
- *General plan:* the general- or comprehensive plan contains a set of broad policy statements about the goals for future development in the city. It does not cover specific implementation procedures, and therefore the zoning ordinance and other implementation tools are needed to implement the goals. A general plan is supposed to describe the vision of the community's future. Additionally, the general plan must follow certain state requirements contained in the Planning and Zoning law. Local governments in California for example, are required to cover several areas in their general plan. The state does not review general plans for compliance with the state law except from the housing element. Each general plan in California therefore, must cover the following areas: the land use element, the circulation element, the housing element, the conservation element, the open-space element, the noise element and the safety element. These different elements must be consistent with the law and internally consistent as well, since they are all equally important by law.
- *Zoning ordinances:* zoning performs the basic task to divide a community into districts and describes what is allowed or is not allowed on each parcel. In California, zoning is supposed to be a tool to implement the general plan. The goals of the general plan are supposed to be translated into parcel-specific regulations by the zoning ordinance. The legal foundation for zoning is the local government's police power. The typical zoning ordinance contains a set of regulations that allow or restrict what landowners can do with their property. Within the concept of zoning, there are several tools that can be used by cities and developers to accommodate projects that otherwise could not be realized. On the other hand, it is also an opportunity to use the same set of tools to make otherwise acceptable projects more difficult to build. These different tools are for instance: zone changes, spot zoning, using variances etc.
- *The Subdivision Map Act:*
The Subdivision Map Act was the first law in U.S. history every passed by legislature in 1907. By the time, it evolved into a tool often used by local governments to exact many concessions from developers to what the law calls: "design and improvements of subdivided land" (Fulton, 2005:146). Unlike the general plan or zoning ordinances, the Subdivision Map Act just apply to subdivided land. Because the Act permits regulation by local governments over design and improvement of subdivisions, local governments can require developers to provide land, public facilities and/or in lieu fees needed for those subdivisions to operate smoothly

2.2.3 Players in the field

Cities and counties are able to create and administer land use regulations because this power is delegated by the state. The power to regulate comes from the U.S. Constitution, namely the "reserved power doctrine". It states that "any powers not specifically granted to the federal

government in the Constitution are reserved by the states” and is called the police power. The police power empowers a government entity to restrict private activity to serve the broader public interest. For more than a century, it has been used to justify governmental regulation over land use (Cullingworth & Caves, 2003). Although counties and cities have police power, the state and federal government shape their land use power through legislation, which the local government must adhere. This means that legislators, judges and bureaucrats are also players in the land use field as well as planning commissioners and city council members (Fulton, 2005). The private sector is responsible for development proposals, while the public sector is responsible for regulating them (Cullingworth & Caves, 2003). The private planning process commonly contains a degree of risk. The private sector is an important player in US government system, since public planning agencies are often on small budgets and need to cooperate with the private sector. Since land use planning is very complex and involves several players in the playfield, different players are explained separately:

Figure 2.1. : Overview players land-use planning



- *Cities and counties*

Cities have power and are responsible for land use inside their borders and counties control the unincorporated land. When a city incorporates more land from a county, the county loses its control over piece of land. Counties are formed by the state and its task is to implement regional policy. Unlike counties, cities are not creatures of the state. Instead, local citizens to serve their own purpose, mainly to provide urban services, establish them. Under state law,

every county and city has its own legislative body and planning agency. The legislative body of the county is called the board of supervisors and for the cities it is called the city council. They have the power to make legally binding decisions.

It is common that local planning staff have a great influence over planning decisions. This is because mostly local council members and planning commissions only serve voluntary part-time, so they do not have the time to deeply investigate an issue. Therefore, staff members are often regarded to provide relevant information to the council members and commissions, whose views must be given great weight. Hence, staff-members also have (sometimes invisible) influence in the planning process (Fulton, 2005).

- *State and federal agencies*

The state and federal agencies play an important role in the day-to-day planning process. State and federal agencies are responsible for regulating activities of both local governments and private landowners and manage vast amounts of lands. Also, they construct very large and nationally or statewide important projects, such as the construction of infrastructure like roads and water systems. Furthermore, they devise and implement federal or state legislation and litigations and moreover, these agencies provide funding to local governments. Both state and federal agencies are bureaucratically and less political than cities and counties. These agencies are large organizations in which the bureaucracy is considered as being more important than responding to local situations. There are different agencies, namely:

- State infrastructure and development agencies;
- State conservation agencies;
- Federal development agencies;
- Federal land and conservation agencies (Fulton, 2005).

- *Metropolitan Planning Organizations/Councils of Government*

A Metropolitan Planning Organization (MPO) is a regional organization that is mandated and funded by the federal government and is made up of representatives from local governments and governmental transportation authorities. An MPO is created by the federal law and is responsible for urban transportation planning and assigning federal funds to cities with a minimum population of 50,000 citizens.

The Council of Government (COG) is a multi-service entity with state and locally defined edges. Councils of Government (or regional councils) are organizations with a broad focus on building consensus, creating partnerships, providing services, solving problems and fiscal management. Changing dynamics in federal, state and local government relations has shaped

the role of a COG, mainly because of the growing awareness that different government agencies need to work together in order to challenge social and environmental issues. Regional Councils manage a wide variety of programs, for instance transportation, economic development, workforce development, environmental issues etc. Of the 39.000 local government in the United States, more than 35.000 are served by Regional Councils (NARC, 2012).

- *Private Real Estate Industry*

The private real estate industry is responsible for the realization of projects and goals that are set by government agents, often described in a comprehensive plan. The real estate industry covers a variety of different actors. To simplify it, the private sector is responsible for development proposals, while the public sector is responsible for regulating them. The private development process is a process of different stages by which a proposed development will be accomplished. The developer is usually the person to coordinate the planning and building time frame. The success of a private developer depends on how much does the development project return a profit. The public process is very different, because it is mainly concerned with ensuring that the project aligns with standards set out in legislation. The public process also involves different interests from a municipality with its own vision and concerns. A major challenge for a private developer is to reach consensus among different agencies about development proposals (Cullingworth & Cave 2003).

There exist a gap between the real estate industry and the public sector, since the real estate industry is characterized by willingness to take a risk, which is the opposite for the public sector, because this sector is publicly accountable to taking risks (Peiser, 1990). The developer usually applies for approval of a particular project by a government agency. When he applies for a land use permit, he represents an entire sector of a broad spectrum with developers, landowners, home buildings, real estate lenders and investors. They are all connected in a particular project by business interest (Fulton, 2005).

- *Private Citizen Groups/ Non Profit Groups*

Since about 40 years, there are state and federal laws especially designed to encourage citizen participation. Citizen enforcement powers give these groups the power to sue local governments if they do not follow procedures. On many projects, citizen participation is required before the project will be approved. Although planners and developers often see this groups as NIMBY-people, lawsuits give them the influence and opportunity to reject outcomes of the political process, which empowers them in the planning game (Fulton, 2005). Advocacy is an important function for most non-profit organizations. It tries to influence outcomes that directly affect the lives of people involved in the organization. Advocacy groups can have a wide range of activities and actions to defend the interests of the

people involved. A distinction can be made between citizen advocacy groups with a main focus on lobbying and traditional non-profits (Reid, 2000).

2.3. The challenge of delivering affordable housing

It could be seen as a challenge to meet the affordable housing demand in American cities. There is already much literature available in the affordable housing topic, but as mentioned before, the existing literature is very fragmented. Hence, this paragraph tries to investigate and engage in the different theoretical strands of the different systematic impediments to affordable housing delivery, and the current attempts to overcome the affordable housing supply in order to evaluate and construct housing policy interventions.

What does affordable housing exactly mean? In the literature, several definitions are used to define affordable housing. This study has chosen to use the official definition used by the federal government of the United States. The Department of Housing and Urban Development (HUD, 2012) defines affordable housing as:

"Housing is affordable if a household pays no more than 30% of its annual income on housing".

Housing policy in the United States is for its largest part delegated to the state and local level. As in general most land use planning, there is a wide variety in rules and mechanisms between the states throughout the nation (Cullingworth, 2003). Hence, the current systematic impediments and possible attempts to affordable housing delivery are context depended. In other words, what works in one region, may not be effective in another region with a different regulatory framework.

2.3.1. Current systematic impediments to affordable housing delivery

There are several impediments stated in existing literature (Lewis & Neiman, 2009; Basolo, 2004; Nguyen, 2005; Dreier et al., 2004) that could be seen as a systematic impediment to affordable housing delivery in American cities. Although existing literature provides assumptions to the affordable housing problem, there is yet no overview of the different systematic impediments yet and available literature and as mentioned before, available literature is very fragmented. This paragraph provides an extensive literature review including impediments that could influence affordable housing delivery. Even though these systematic impediments are mentioned separately, they are often interrelated and influenced by each other.

- *Zoning and segregation*

The regulatory framework is responsible for affordable housing policy, whereby local governments in the United States are in touch with land use development. Hence, they have the power to create their own vision on affordable housing policy in their community. As mentioned in the previous paragraph, zoning could be seen as the main instrument of local governments to control land use development. Local governments are responsible to assign available sights for affordable housing development. According to many theorists (Healey, 1997; Lewis & Neiman, 2009; Dreier et al, 2004 etc.), zoning ordinances could also restrict or “exclude” land destinations, since local governments have the power to exclude affordable housing as a destination as well.

In the literature, this practice is well known as exclusionary- or snob zoning to “exclude the undesirables” (Lewis & Neiman, 2009; Dreier et al., 2004). Lewis & Neiman (2009) argue that economic development and residential growth are the main focus of municipalities. Additionally, Healey (1997) also states that economic development is a main factor in American cities. This demonstrates the major role that the free-market perspective has in the United States. According to Lewis & Neiman (2009:15): “Land use is a matter of political choice, negotiation, values, controversy and other internal factors and hence, local municipalities want to maintain their status as “high-status attractive communities”. Municipalities have power to regulate land uses to maximize their property values by providing large-lot zoning and customizing services for high-income households. A result of exclusionary zoning practices is segregation, which has many negative social consequences. Firstly, evidence in the literature could be found that segregation is caused by sprawl (Dreier et al, 2003; Nelson & Duncan, 1995; Downs, 1994; Pallagst, 2007). Sprawl could be seen as a land development pattern that spreads residential units over a large area (Dreier et al, 2004). It causes the separation of residential development from commercial land uses, the absence of town centers and car dependency. According to Dreier et al (2004), there is unfortunately still no single solution to discourage exclusionary zoning practices, since the legal framework does not impose negative consequences for a municipality.

The United States strongly believes in a free market (which could be related to the free-market-perspective) and as mentioned before in the previous paragraph, economic segregation naturally results from free markets. According to Downs (1994), American citizens know that segregation is not just motivated by concerns, but also by the knowledge that better neighborhoods provide many practical advantages, for instance better schools, qualitative better public services and lower property taxes. Referring to the existing literature (Dreier et al., 2004; Downs, 1994; Healey, 1997), a spatial mismatch exists caused by

segregation between people and their access to jobs. Residents in poor neighborhoods are less likely to succeed than people in higher-income neighborhoods. Additionally, Dreier et al., (2004) note that jurisdictions that gain lower tax incomes, mainly provide housing to lower-income people. As the educational system is also a responsibility of local governments and being paid on the local level with taxes, there is a high differentiation between the quality of schools among different regions, which decreases changes for lower-income people on good education and the change for good job in the future.

Although local governments have the power to challenge the segregation problem by zoning, it remains a difficult task, since local governments prefer to serve their own communities preferences. Basolo (1999) recognizes this problem as well whereby she investigates to what extent intercity competition really influence affordable housing policy. She concludes that intercity competition exists, but that it does not significantly influence affordable housing policy. This is remarkable since it contradicts to the existing literature on intercity competition. Hence, the next section explores intercity competition as a systematic impediment to affordable housing delivery.

- *Intercity competition*

Intercity competition is often mentioned in the literature as a systematic impediment to affordable housing delivery (Basolo, 1999; Lewis & Neiman, 2009; Dreier et al., 2004). Intercity competition derives from the neo-liberal movement, whereby scholars with a free-market perspective argue that suburbanization and segregation are the natural products of the free market. Rockwell (1994) for instance argues that people with the same life standard, have the same lifestyle preference and therefore want to live in the same neighborhood with like-minded people. Additionally, Siegel (1999) adds that larger incomes require larger houses and more land. “Sprawl is part of the price we are paying for creating something new on the face of the earth: the first mass-upper middle-class (Siegel, 1999:106). Likewise, Hussock (1991) that argues that socio-economic status is a universal sorting principle. People that work hard have the right to move into a good neighborhood. These scholars thus all agree that segregation is acceptable in American cities.

According to Dreier et al. (2004) this is a common perspective of scholars in metropolitan development. Furthermore, he explains that scholars with this perspective acknowledge that most individual choices are influenced by government taxation and public services. Hence, these scholars incorporated the public sector into their analysis by introducing the public choice theory. The founder of the public choice theory is Charles Tiebout with his classic work “A pure Theory of Local Expenditures” (1956). Tiebout explains that individuals choose

to locate in a community that maximizes their preferences for local services. “The consumer/voter may be viewed as picking that community which best satisfies his preference pattern for public goods. If a community fails to satisfy the preferences of the consumer, he will move or vote with his feet” (p.418). Furthermore, Robert Bisch and Robbert Warren (1972:99) state: “for public choice theorists, choosing a detergent and choosing a local government have much in common: individual choices differ for public goods and services as well as for private. Some consumers want more freeways; others want a rapid transit system. Some prefer local parks; others large backyards. In their view, interference by government bureaucrats and other special interests distorts the marketplace”.

In addition to Tiebout’s theory, Paul Peterson (1981) argues that: “People consider the relative costs and benefits of government services in choosing places of residence” (p.32). Additionally, he explains that cities compete with other cities (intercity competition) by formulating policies to the economic advantage of a city and consequently cities do not want to introduce redistributive policies (e.g. affordable housing policy), since financial resources obtained by local taxation shift from high-income people to lower income people and have therefore a large influence on the economic vitality of a city (Peterson, 1981). Hence, public choice theorists argue that services are best provided at the local government level to be more responsive to concerns from the community. Despite the fact that many scholars are in favor of the public choice theory, Basolo (1999) concludes in her analysis that public choice does not have a significant influence in reality on the provision of affordable housing as scholars often suggest. Moreover, Dreier et al. (2005) state that the public choice perspective is not a reality, because markets cannot be isolated from government, public policy and politics. Therefore, intercity competition and local autonomy could be seen as an impediment but it is uncertain to what extent it significantly influence affordable housing delivery. Intercity competition is also often related to NIMBYSIM, since citizens often do not want to have “undesirables” in their community and local governments like to serve the communities preferences. Hence, the third systematic impediment that is analyzed is in NIMBYISM.

- *Not in my backyard (NIMBYISM)*

The NIMBY-type opposition (not in my backyard) is often mentioned in the literature as an impediment in the affordable housing discussion (Nguyen, 2005; Pendall, 1999, Downs, 1994 etc.). NIMBYISM could be seen a reason why actors in the affordable housing field or individuals do not want affordable housing units “in their backyard”.

Nguyen (2005) explains in her comparative literature study on NIMYISM and the influence on property taxes that that: “The belief that affordable housing reduces the value of property

is the core argument among proponents of “not in my backyard” (p.16). According to Pendall (1999), opposition of community members towards affordable housing can delay or halt affordable housing developments (Pendall, 1999), which result in higher development costs. This could be a reason that it is less attractive for a private developer to build affordable housing units. The literature shows that resistance to affordable housing could be caused by concerns regarding the quality of affordable housing units, changing neighborhood character, negative externalities and the “entrance of undesirables” into a community’s neighborhood (Downs, 1992; Pendall, 1999). These concerns are often linked to the fear of lowering property values. Nguyen (2005) concludes that even though there is no evidence in the literature that affordable housing reduces property values, a persistent discourse still exists towards affordable housing units. Seen from this literature review, the persistent discourse towards affordable housing could be a NIMBY issue and may influence affordable housing delivery in American cities. However, planning issues are often related to finances. Hence, the last impediment is fiscal pressures.

- *Financial sources*

Another impediment that could influence affordable housing delivery is financial sources. Within these sources, the first shortcoming that could be noted is the fiscal system in which a local government operates. According to Dreier et al. (2004), state government’s sets the fiscal system in the United States. However as Robert Lineberry (1974) notes, local governments are “vital to the preservation of life (police, fire, sanitation, public, health), liberty (policy, courts, prosecutors), property (zoning, planning, taxing) and public enlightenment (schools, libraries). This is also reflected in the public choice model in the previous section. Furthermore, he explains that local governments need to earn enough money obtained by taxes in order to provide good quality public services. Sometimes the state government has restrictions on taxation (e.g. Proposition 13 in California), which could have according to Lewis & Neiman (2009) influence zoning by local governments. They explain that when retail becomes attractive, local governments prefer to zone for retail instead of multi-family housing.

2.3.2. Current attempts to improve affordable housing delivery

It is already acknowledged by institutions and in the literature that there is a challenge with affordable housing delivery in American cities (e.g. Basolo, 1999; Cullingworth & Caves, 2003; Lewis & Neiman, 2009; Dreier et al, 2004). Several attempts are already introduced in different states and regions with the aim to overcome the affordable housing gap. This paragraph reviews and engages in the different theoretical strands related to attempts to overcome the affordable housing supply. Since the literature on this topic is again very

fragmented, this paragraph tries to provide an overview with the most common attempts mentioned in the literature.

- *Policy & Legislation*

Affordable housing policy in the United States is very fragmented (Cullingworth & Caves, 2003). Although the federal government is the largest source of funding to affordable housing in the USA, According to Basolo (1999), it has no direct power on affordable housing policy, since the power of land use development is delegated to local governments as mentioned before in the previous section. The state also plays an important role in affordable housing policy. According to Lewis (2003), the state could influence affordable housing policy on a local level by the use of legislation and mandates. Furthermore, Basolo (1999) explains that various state governments in different states have significant control over the administration of decentralized federal programs (e.g. Low-Income Housing Tax Credit program). However, as stated in the literature as well (Basolo, 1999; Lewis, 2003; Lewis & Neiman, 2009 etc.), state policy is often incentive based-which means that state government cannot force local governments to zone for affordable housing units. Therefore it could be questioned to what extend state legislation and policy is effective to encourage to zone for affordable housing. For instance, Lewis & Neiman argue that local autonomy and a lack of willingness to address growth issues on a regional level is the main reason that affordable housing is mainly the responsibility of local governments. Hence, it is important that local governments recognize the need to make policy for affordable housing development in their communities, since they have they authority over land use development. It may be wondered why affordable housing is not yet addressed on a regional level. Several researchers aim to make policy on a regional level to address the affordable housing challenge (e.g. Lewis & Neiman, 2009; Dreier et al., 2004; Downs, 1994). Hence the next possible attempt being explored is regionalism.

- *Regionalism*

Addressing both social and environmental issues on a regional level is not totally new. As Dreier et al. (2004) note, the current debate about regionalism already derives from the 1920s and 1930s when urban reformers acknowledged that growth would take largely place outside the central city and hence, they saw the need for new metropolitan planning and cooperation. However, according to Nelson & Duncan (1995), it varies strongly to what extend a region has the capacity to address their region's social and economic challenges. Additionally, Downs (1994) also approves that addressing environmental, social and economic issues on a metropolitan level remains a challenge. A reason that may counteract regionalism is a political one which is still nowadays the strong believe in the free-market

theory as mentioned in the previous paragraph, whereby local governments want to serve their communities needs. An example in practice is the study from Dill et al. (2004) that investigated the effectiveness of regionalism in Portland. Although addressing issues on a regional planning level still calls for improvement, they conclude that could be three motivations for local governments to engage in regional planning. The first is that a more “senior” level of government requires it. Secondly, “regional planning efforts can occur because of self-interest and third, sometimes it can arise though infrequently in an organic manner, emerging from a set of local of cultural norms that make regional cooperation and collaboration a more highly valued path” (p.53). However, as mentioned in the previous section as well, incentive-based policy makes it difficult to require municipalities to act on a regional level. Therefore, municipalities may have to see a need to cooperate on a regional level.

Growth management programs are currently common attempts to overcome growth issues on a regional level. It is for instance also used in the Portland case (Dill et al, 2004), Minneapolis- St. Paul and New Orleans (Basolo, 2008). Nelson & Duncan (1995), state that growth management programs in the Unites States could be seen as the direct answer to urban sprawl development, which could result in social disadvantages (e.g. segregation, exclusionary zoning). Additionally, Bengston et al. (2003) mention that awareness increased and hence several states responded on this awareness by introducing growth management strategies. Growth management is some kind of fuzzy term, but in general, it consists of government actions to guide the location, quality and timing of development (Porter, 1997). Growth management strategies have been usually initiated by Metropolitan Organizations (MPOs). Although the use of regional governments is strongly suggested by numerous scholars in theory, (Dreier et al., 2004; Basolo, 2004; Porter, 1997; Nelson & Duncan, 1995 etc.) many local governments and residents are opposed metropolitan government structures (Downs, 1994), due a strong local autonomy feeling among local governments. Growth management initiatives aim function as a comprehensive, state-level plan, functioning as an umbrella for local initiatives.

- *Financial incentives*

The previous paragraph already mentioned that fiscal pressures could be a systematic impediment to affordable housing delivery. Existing literature learns that there is already some funding available, but still a large gap exists (e.g. Wallace, 1995; Lewis, 2003). According to Wallace (1995), the Low Income Housing Tax Credit (LIHTC) is an interesting incentive for developers, although this funding is hard to obtain. With reference to The LIHTC program offers credits that could be used to raise equity for approved housing constructions. He

proceeds that the HOME program provides a 15% set-aside for non-profit community housing development. However, several researchers are questioning the usefulness of this financial incentive. Reasons are for instance the inefficient and costly procedure of earning Low Income Housing Tax Credits (Wallace, 1995), unmet the demand for housing assistance (Basolo, 1999), and the financial burden to the developer (Calavita et al., 1997). Another financial incentive that local governments could use is the high-density bonus (Cullingworth & Caves, 2003) and aims to encourage developers to build low-income housing units and they in return receive this bonus as a compensation for the price they would otherwise receive by developing market-rate units. This is also called inclusionary zoning and is for instance used in California and New Jersey (Calavita et al., 1997). Although inclusionary zoning is a common used instrument in the United States, it is not always clear if it is really effective. For instance, Powell et al. (2004) argues that inclusionary housing is still very costly to administer. Additionally, Calavita et al. (1997) argue that in the absence of an overriding governing structure or strong financial incentives, it is not clear to what extend these programs are really useful. Concluding, even though there is some funding available, which could be a possible attempt, it is uncertain to what extend this attempt is useful in its current shape to bridge the affordable housing gap.

2.4. How processes could be explained by using game theory

Game theoretical models could be used to explain the behavior of different actors in the decision-making process of affordable housing delivery. Since the way different actors act in the affordable housing force field may also be a factor that influence affordable housing delivery, it is interesting to analyze how they intentional act by using game theory. Scharpf (1997) mentions that policy outcomes are influenced by the way actors intentionally act. Furthermore, he states that (1997:11): “The importance of game-theoretic thinking is at the core of the specific contribution of political science and sociology to policy research”. Pay-offs in game theory could be analyzed to gain an understanding of how players act in a certain way by changing strategies, which could subsequently influence the “rules-of-the-game”. This analysis could be useful to analyze how different players could cooperate with each other and mutually find sustainable trade-offs to affordable housing delivery.

Additionally, the analysis by Samsura et al. (2010) could interesting in this context, since it considers the usefulness of game theory to analyze the process of social interactions in decision-making. Samsura et al. (2010 p.564) discuss four different reasons why game-theory could be a useful tool:

- “There are usually many different stakeholders and actors involved and they all respond different on each others strategies and also with different rationalities;

- The utility functions of the different stakeholders are mainly based on several goals instead of one goal. These functions probably vary between the different participants;
- Several studies have demonstrated a strong link between the institutional context and market processes, which in the end may change stakeholders' strategies;
- There is interdependency among stakeholders' decisions in which the decision of one stakeholder will influence or be affected by the decision of another stakeholder".

- *Definition*

Meyerson (1997) explains that game theory is a theory of interdependent and strategic decision-making in which the players involved have different conflicting interests and preferences. An individual actor or stakeholder cannot determine the outcome of collective decisions only. Additionally, Scharpf (1997:11) states that: "Public policy is not usually produced by a unitary actor with adequate control over all required action resources and a single-minded concern for the public interest. Rather it is likely to result from strategic interaction among several or many policy actors". The roots of game theory derive from decision-making theory. However, Samsura et al. (2010) describe that the difference is that game theory usually analyzes the interaction among many players instead of an individual payer. "Since game theory focuses on situations in which interactions and interdependency play a role, it can be seen as an extension of decision-theory" (Samsura, et al. 2010:565).

The basic elements to construct a game model includes players, strategies and payoffs:

- *Players:* Identifying different stakeholders involved in the game (for instance: municipalities, MPOs, state government, private developers, advocacy organizations, civil society)
- *Strategies:* In almost every game, strategic interactions of players involves both conflicting and mutual interests. It suggests that players are not just trying to compete with each other but also may cooperate to reach an agreement to form a coalition in order to expand their total benefits.
- *Payoffs:* numbers that may represent profit, quantity, utility or other continuous measures or rank the desirability of outcomes. The payoffs are numbers that represent the motivation of players to act in a certain way (Samsura et al. 2010).

- *Game theoretical models*

A fundamental and very well known model of game theory often used in social science is the prisoners' dilemma (PD). Thomas Schelling has been a major contributor to game theory and brought strategic decision-making into social and political science. A very well known model of game theory in social science is the Prisoners Dilemma. Schelling describes the Prisoners

Dilemma in Tragedy of the Commons (1960, p.214) as “a configuration of payoffs that gives both players dominant incentives – in absence of an enforceable agreement to the contrary – to choose strategies that together yield both players a less desirable outcome than if both had made opposite choices”. The classic one-fold example is as follows:

Two fictive persons have been arrested for a bank robbery and are separately solitary imprisoned. The police have enough evidence to convict both prisoners for a minor offence. The prisoners cannot communicate with each other and therefore, they make individually separate decisions. Confession by one or both of the prisoners will result a longer prison sentence. The judicial system structures the incentives of both prisoners by adjusting the penalties as follows: if neither one confess, they will be both imprisoned for 3 years; if either one of the prisoners confess and the other remain silent, the person that confesses will go free and the other will be imprisoned for 10 years. If both prisoners confess, each will be sentenced for 6 years (sentence reduction) (Cole & Grossman, 2008:220).

Another well-known theory is the Herders Problem (HP), which has been commonly modeled as a variant on the Prisoners Dilemma. However, Daniel Cole and Peter Grossman (2008) argue that there is a crucial difference between the PD and the HP. In the HP, communication is not institutionally obstructed as in the PD. Therefore the HP can be more useful in situations where it is meaningful to communicate with each when making decisions. “Herders may or may not communicate and communication may or may not result in a cooperative welfare-enhancing solution to the collective action problem” (p. 220). As in de PD, the HP involves at least two players making strategic decisions to maximize their individual welfare where the dominant strategy seems to be contradictory to the collectively regional strategy. In the traditional variant explained by Ostrom (1990, p.3-4) “The HP involves two herders, each attempting to maximize private revenues from grazing cattle on the open access pasture”. Each herder can choose between two different strategies, which are labeled “cooperate” and “defect”. If both herders cooperate, they each earn 10 units of profit; if one cooperates and the other defects, the defector earns 11 units of profit, while the cooperator suffers a net loss of 1 unit of profit. If both herders defect, each realizes zero profit. The table on the next page shows an example of the Herders Problem.

Table 2.1. Example of the Herders Problem

		Herder 2	
		Cooperate	Defect
Herder 1	Cooperate	10,10	-1, 11
	Defect	11, -1	0, 0

The main difference between the HP and the PD is that in the PD, cooperation is impossible, caused by two factors: the pay off structure (incentives) favoring non-cooperation and the impossibility of cooperation. In the HP, it is not prevented institutionally to talk and negotiate (Cole & Grossman, 2008). Ostrom (1990 p.15-17) observes that herders “can make a binding contract to commit themselves to a cooperative strategy that they themselves work out. The self-interest of those who negotiated the contract will lead them to monitor each other and to report observed infractions so that the contract is enforced”. Therefore, it logically results into the requirements of communication and cooperation.

- *Game theory translated to land use decision-making*

As explained in the previous section, game theory could be useful to analyze the strategic decision-making process by actors in the affordable housing force field. Since this thesis tries to investigate how different actors could influence affordable housing delivery and how they cooperate with each other in the force field, the Herders Problem seems more applicable in this study, since it allows negotiation between the different players to find pay-offs. The use of game theoretical models could be useful by analyzing explaining the decision-making process. According to Janssen-Jansen (2004) different expectation and interests among the players in the field could arise, which may frustrate cooperation. She explains that when competition appears instead of cooperation, the process could result in disincentives and the Prisoners Dilemma could be a consequence. Additionally, Cole & Grossman (2008) state that the Prisoners Dilemma could be characterized by a lack of confidence between the different players and the choice for a players’ individual interest (short term) instead of common interests (long term).

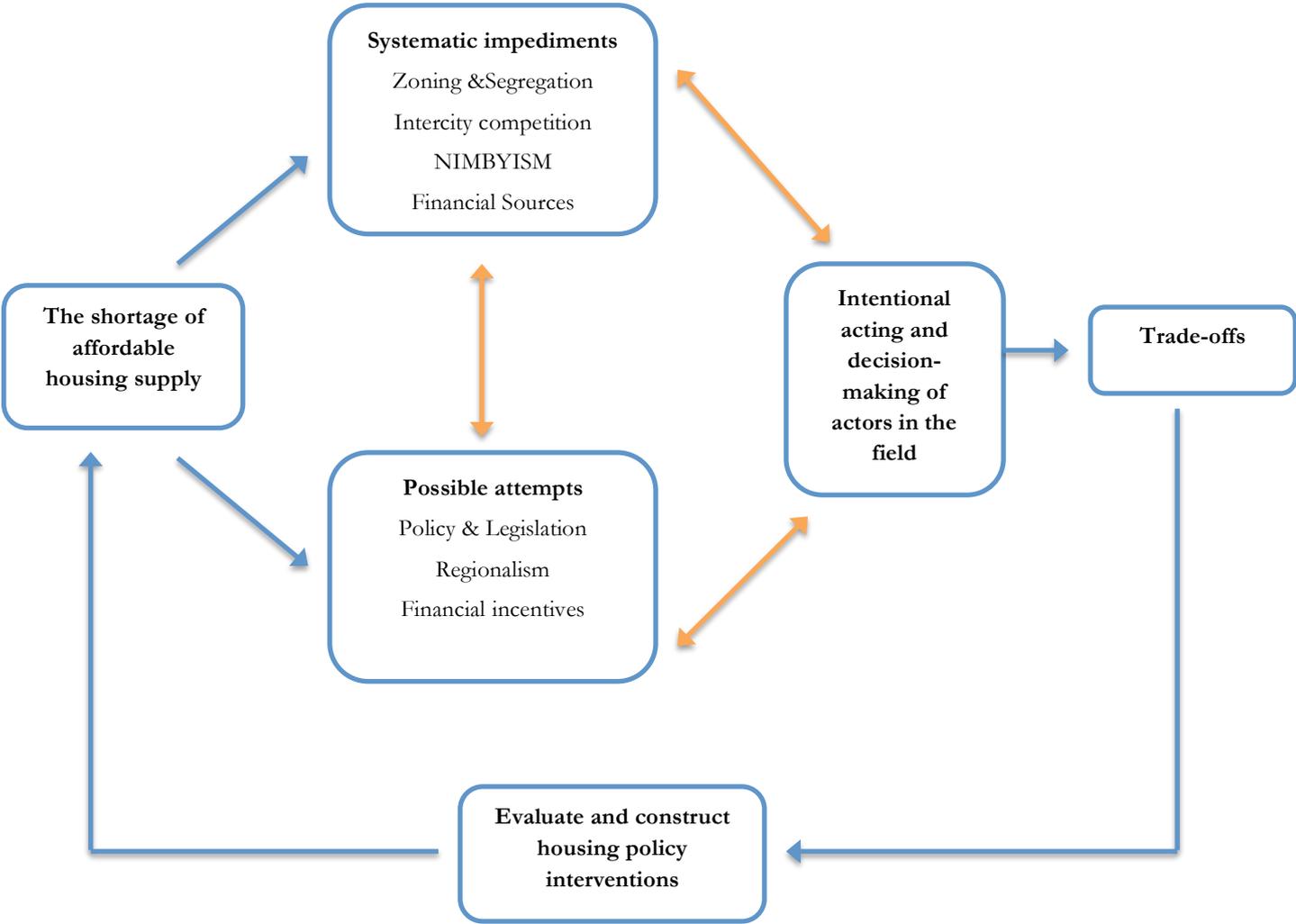
According to Scharpf (1997), players in the field intentionally act by their own preferences and strategies. However in order to find sustainable trade-offs, it is in the longer term important that players in the affordable housing field negotiating instead of frustrating each

other. The Herders Problem could be a good model to explain this process, since this model is characteristic by its opportunity to negotiate. Players in the affordable housing force field could choose by strategic-decision-making a semi-best solution that could create the highest pay-offs for each actor. Subsequently, it could create the opportunity to change the “rules-of-the-game” and may result in sustainable trade-offs, necessary for policy interventions.

2.5. Conceptual framework

The selected theoretical concepts in the previous paragraph are brought together into a conceptual framework. It explains the different theoretical strands that are used in this thesis and shows how these different strands are connected to each other.

Figure 2.2: Conceptual framework



The conceptual model starts with the research problem, namely the shortage of affordable housing supply in American cities. The objective of this thesis is to analyze different mechanisms that make it hard to deliver affordable housing and how trade-offs could be achieved in order to evaluate and construct housing policy interventions. In order to find an answer on the main question: “Which mechanisms could be used to improve affordable housing delivery in American cities”, different theoretical strands about the current systematic impediments and possible attempts to overcome the affordable housing supply are critically analyzed. The systematic impediments that were found in the literature are zoning and segregation, intercity competition, NIMBYISM and financial sources. The current attempts to overcome the affordable housing supply are policy & legislation, regionalism and financial incentives. Additionally, The role of different actors in the affordable housing field and their influence would be analyzed by the use of game theoretical models. This shall analyze to what extend actors in the field use intentional acting.

The current systematic impediments, the possible attempts and the role of different actors and their influence to overcome the affordable housing supply are interrelated and could influence each other as well, which is marked in the model with orange arrows. These three components together aim to analyze which mechanisms make it hard to deliver affordable housing and try to analyze how sustainable trade-offs could be achieved, taking these three components and their influence into account in order to construct and evaluate housing policy interventions. However, this model assumes that trade-offs are time and context depended. According to Janssen-Jansen (2004), sometimes an opportunity window opens when all stakeholders are satisfied with the “rules of the game”, which results in trade-offs. But it could also happen that arrangements do not longer apply and cooperation does not work any longer. With reference to this theory, evaluating and constructing housing policy interventions could be seen as a process model instead of a solid vision. Hence, this model could be more or less seen as a continuous cycle, whereby there is always a search for new mechanisms that could be used to improve affordable housing delivery in American cities.

The conceptual model brings the different theoretical strands schematically together and is used to assess the effect of these mechanisms by means of a case study approach. However, the next chapter will firstly deliver the research design, which could be seen as the road map of this thesis.

3. Research Design

When going on a journey, a roadmap is needed to find your destination. You explore the different options and then you choose the best route to get there. The same process applies when doing research. You firstly consider multiple research methods, then you justify the choices being made and lastly you show which steps you have made to reach your destination, in this case the research design shows how to find an answer on the main question: “Which mechanisms could be used to improve affordable housing delivery in American cities?”

The research purpose of this thesis is both exploratory and explanatory, since it identifies (explores) the different existing assumptions made in the literature and subsequently assesses the effect of these mechanisms in the case study region Orange County. A qualitative research approach is chosen for this thesis. This approach is useful to explain one or a few phenomena in a particular context including a wide variety of variables. This applies to this study, since affordable housing delivery is one phenomenon including a wide variety of mechanisms that could influence affordable housing delivery, but it is context dependent as well. A case study approach is used to achieve context-dependent knowledge. Within this approach, secondary data collection and the in-depth interview method are used for data collection. Subsequently, a research strategy framework is constructed in order to provide a schematic overview of the research strategy.

3.1. Research purpose

This thesis tries to understand which mechanisms could be used to improve affordable housing delivery in American cities. A research study may have different purposes. Hence this paragraph firstly explains why this study has an explorative purpose, but additionally considers the other research purposes as well. Babbie (2010) explains in his guide to do social research that there are mainly three purposes, namely explorative, descriptive and explanative purposes to do research. The difference between these strands, he notes, is that explorative research generally appears when a researcher examines a new interest or when the subject of a study is relatively new. Explanatory research aims to explain why situations and events occur. On the other hand aims a descriptive purpose to describe situations and events from existing patterns.

The research for this thesis has been done with both an exploratory and explanatory purpose. The theoretical chapter in this thesis is conducted by an exploratory purpose. Babbie (2010:92) explains that most exploratory studies are done with three purposes: “To satisfy the researcher’s curiosity and desire for better understanding, to test the feasibility of undertaking a more extensive study and to develop the methods to be employed in any subsequent study”. This research study was done without prior knowledge of affordable housing mechanisms in American cities. This topic has received my interest, when I had the

opportunity to live for five months in Irvine, California by an exchange program and invented that the housing prices are extremely high in this region (e.g. my two bedroom apartment was \$2010 dollars per month on university campus). Since I had to rent an apartment in this area during my stay over there, I was directly affected by these high prices. Therefore, I was curious about the reasons why housing in this region was so unaffordable and which mechanisms currently influence this shortage of affordable housing in American cities. When I got into the affordable housing literature, I found out that existing literature about affordable housing in general was very fragmented and additionally, sources from public institutions were often dated. Hence, the first step was to explore and critically engage existing theories in the affordable housing field and set in a conceptual model. Subsequently, the empirical relevance of this thesis has an explanative purpose, since it tries to find an answer on the question *why* different mechanisms make it currently hard to delivery affordable housing and *how* trade-offs could be achieved to improve affordable housing delivery in American cities by evaluating and constructing housing policy interventions. The descriptive purpose was less valuable for this thesis, since there was no relevant data yet available to challenge the affordable housing problem, neither I could explain why housing prices were extremely high by testing existing theory. Therefore, it was decided not to write this thesis with a descriptive purpose.

The objective of this thesis is to explore different mechanisms that make it hard to deliver affordable housing and how-trade-offs could be achieved in order to evaluate and construct affordable housing policy interventions. The research paper is primarily written as the final master thesis for the study Socio-spatial planning at the University of Groningen in The Netherlands and as part of the NEURUS exchange program as well. The conclusions and recommendations could contribute to existing research and policy design on affordable housing in the United States. Affordable housing in this thesis is defined as “if a household pays no more than 30% of its annual income on housing” (HUD, 2012). The definition of trade-offs derives from Janssen-Jansen (2004:100) and could be defined as: “regional spatial outcomes recorded in decision-making and agreements”.

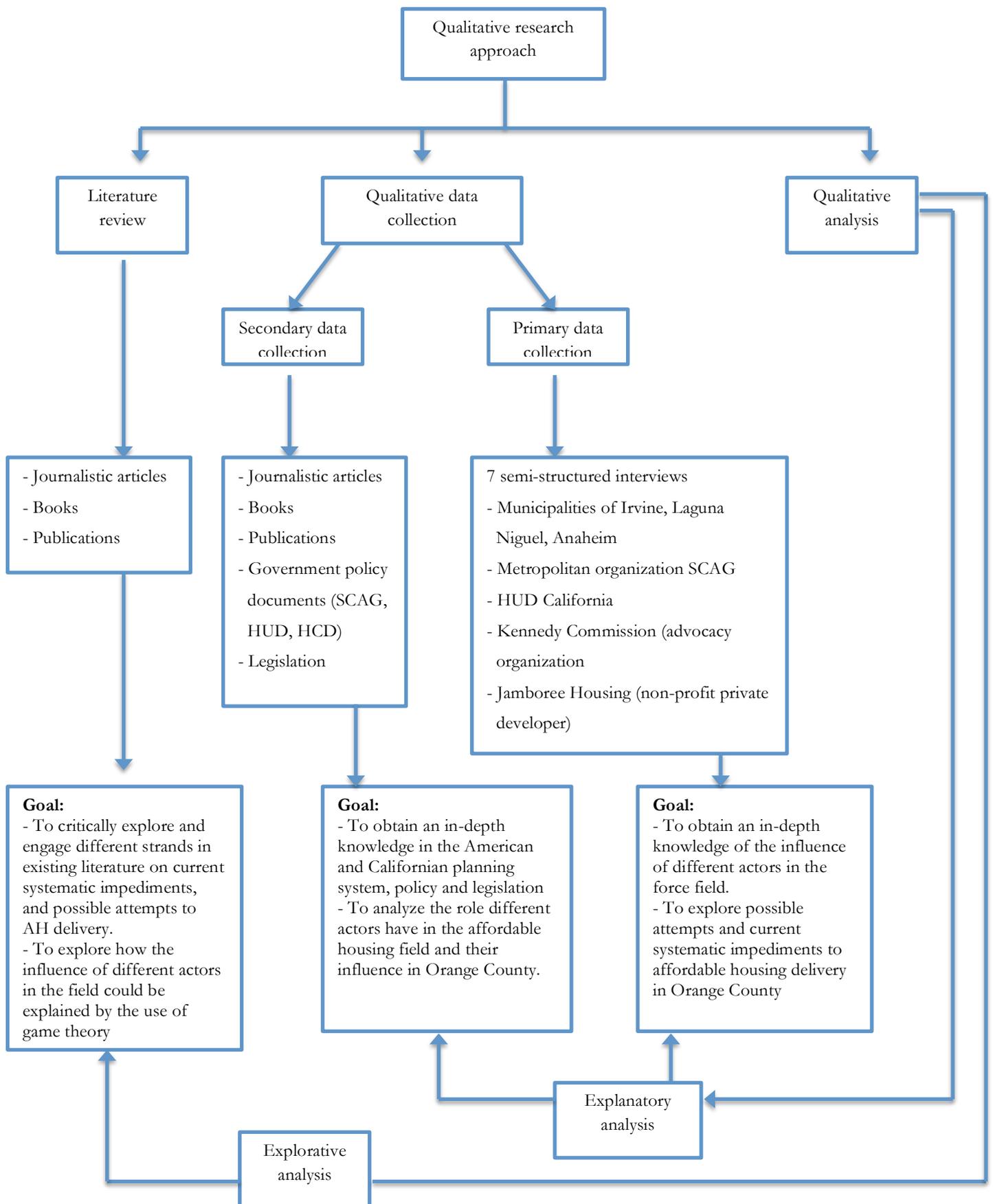
3.2. Multiple research approaches considered

There are basically two approaches to collect and analyze research data, namely a qualitative and a quantitative research approach (R. Thomas, 2003). For this study, a qualitative approach is chosen, since affordable housing delivery in American cities is a complex and non-structured phenomenon including a wide variety of variables and aims to explain it in a particular context. This thesis tries to obtain an in-depth understanding about this phenomenon by exploring these many different variables that could influence affordable housing delivery in American cities and additionally try to explain why these different mechanisms make it currently hard to delivery affordable housing in practice. An alternative

research approach is also considered, namely a quantitative approach. Yin (1993) describes that a quantitative approach has its focus on measurements or amounts and tries to find causal relationships. Additionally R. Thomas (2003) clarifies that quantitative research follows a linear path and uses statistics to analyze data, which could be useful when measuring variables and testing a hypothesis with empirical data. With questionnaires, it is common to use statistics to analyze your data. Instead, by using the interview method, it is common to analyze your data with textual analysis that relies on words and meanings rather than statistics (Valentine, 2005). England (1994) describes that the interview technique could be seen philosophically in a post-structuralist approach that argues that there is no such thing as objectivity in social science research. Rather, they argue that all research work is “explicitly designed or implicitly informed by experiences. Positivists often criticize in-depth interviews, claiming that interviewers bias the respondents’ answers or that interviewers cannot be objective (Valentine, 2005). However, this thesis does not try to be representative, but instead tries to explore and to obtain an in-depth understanding of the problem. There are several reasons why quantitative research has not been chosen in this study. Firstly, existing research on affordable housing is mainly quantitative (e.g. Lewis, 2003; Basolo, 1999; Powel, 2004; Lewis & Neiman, 2009; Barbour & Deaking, 2012 etc.). Furthermore, the aim of this research is to obtain an in-depth of the problem with affordable housing delivery by exploring a wide variety of variables in a particular context. With the use of in-depth interviews, it is possible to obtain a deep understanding of the problem, since it is an option to ask follow up questions, which previously may be found irrelevant. Furthermore, it is possible to use the knowledge from previous interviews to new interviews, whereby this knowledge could be stacked. This method is also used by the interviews in this study.

This study aims to obtain an in-depth knowledge of the affordable housing problem exploring a wide variety of variables in a particular context, in this case the region Orange County (the case selection will be clarified in the following paragraph). I have been in Irvine for about three months, but I firstly had to explore the subject before I could start to collect relevant data. Therefore, in practice, there was about one month left to collect the research data. Because of this limited time-period, it was not a realistic option to collect and use additionally quantitative data (e.g. survey research) to carry out a more representative study. However, this could be an interesting topic for future research. A quantitative approach to affordable housing could be useful, for instance, when there is much data available obtained from different regions with an affordable housing problem in order to be used in a comparative study that aims to find a causal relationship between different variables. The qualitative research framework on the next page shows how research data is collected and analyzed in a qualitative way. *An explanation of the different methods is provided in the following paragraphs.*

Figure 3.1. Qualitative research framework



(Model inspired by qualitative data collection framework, Abidin, 2012)

3.3. Case study approach

A case study could be used as a methodology that focus in very detail at one situation ore problem in a particular context not trying to generalize from it (G. Thomas, 2011). According to Flyvbjerg (2006), context depended knowledge is important to get a better understanding of the topic and can be used as an approach for learning as well. The case study Orange County tries to provide this context depended information in order to get an in-depth knowledge of the topic. There are several definitions of a case study, but Helen Simons (2009) provides a very extensive and complete definition:

“Case study is an in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution program or system in a “real life” context. It is research-based, inclusive of different methods and evidence-led. The primary purpose is to generate in-depth understanding of a specific topic (as in a thesis), program, policy, institution or system to generate knowledge and/or inform policy development, professional practice and civil or community action”.

This thesis contains a single case, namely the region Orange County and could be described as a local knowledge case. There are several reasons why especially this region is chosen as a single case. The first one is a practical reason, since the research is conducted at the University of California, Irvine in Orange County. Because of the geographical position of the case (Irvine is located in Orange County), I could use my contacts to get in touch with relevant persons to collect qualitative data and other relevant documents and literature relevant for this region. Secondly, Orange County is a region, which has to deal with among the highest housing prices in the nation (second in the US) and has a relatively high percentage of low-wage workers compared to other regions in the United States. Since Orange County is not the only region in the United States with comparably high housing prices, another region could also be chosen as a case study or multiple regions to make it a comparative analysis. However, since the limited time frame, it has never been a serious option to consider a multiple case study by including other regions as well. As Flyvbjerg (2006) notes, a case study does not have to be representative, but could be used to get an in-depth understanding of the problem and could contribute to existing research knowledge.

The case study has an explanative approach and tries to answer the question why different mechanisms currently make it hard to deliver affordable housing, which possible attempts could overcome the affordable housing supply in Orange County and how different actors influence affordable housing delivery in practice, based on the conceptual model in the theoretical chapter.

3.4. Justification of the methods used

- *Literature review*

The literature review is used to construct to explore the different theoretical strands to affordable housing in the theoretical chapter and additionally as secondary data collection for the case study approach as well. According to Clark (2005), the distinction between primary and secondary data is that you need to collect primary data yourself, in contrast to secondary data that has already been collected by someone else and already exists. Subsequently, Flowerdew (2004:48) states that: “Reviewing literature is important to show the researchers knowledge of earlier work on the topic. A good knowledge of the literature is useful in designing the research, thinking about specific points to investigate and avoiding problems that others already have encountered”.

Since it was my first time in the United States, it was necessary to obtain more knowledge of the American planning system, land use management, actors in the force field, affordable housing policy and legislation. The American planning system is completely different from the planning system in most European countries and from The Netherlands as well. Hence, the first step in this research was to read about the topic in order to construct a theoretical design. Therefore, journalistic articles, books and publications are used (which will be described in detail per sub-question). Once I discovered that the American planning system does not have a consistent policy to affordable housing and additionally, affordable housing is determined by state, it is difficult to provide assumptions that apply to the entire nation. Hence, the theoretical chapter explores and engages the different theoretical strands on affordable housing in the broadest sense to construct a conceptual model as a tool to do research and additionally, a literature study has also been used as a tool for the case study to obtain knowledge about affordable housing mechanisms in California and Orange County and to invent to what extent these different theoretical strands are relevant in practice. Government documents from the federal department of Housing & Urban Development (HUD), the state’s department of Housing and Community Development (HCD) and Metropolitan Organization (MPO) Southern California Association of Governments (SCAG) are used as secondary data collection within the case study approach. Additionally, journalistic articles, books and publications are used to provide some background information and a context in which the case study is located (which will be described in detail per sub-question as well).

The extensive literature research in this thesis provides the knowledge, which is necessary to conduct primary data through in-depth interviews. Referring to Clark (2004), secondary data

can provide a context for collecting your primary data. In addition to the literature review method, in-depth interviews are used as well.

- *In-depth interviews*

In-depth interviews are used as a data collection method within the case study approach. According to Silverman (1993:15) The difference between in-depth interviews and questionnaires is that by using the interview method, interviewees can explain complexities and their experiences of the research topic. Hence, “it can produce a “deeper picture” than a questionnaire survey”. Furthermore, Silverman adds that interviews are in general unstructured or semi-structured which gives the opportunity to the interviewer to become more personal with the interviewee and to gain in depth and sometimes unexpected answers. Additionally, Eyles (1988) describes an interview as “a conversation with a purpose”. There are more chances to start a discussion since questions are often open ended. Subsequently, Valentine 2010 states that questionnaires could be useful when you want to analyze causal relationships but that in some cases the explanatory power of questionnaires can be limited due to the limitations of interpreting and answering questions of questionnaires (Valentine, 2005:110). A common criticism to the interview method is the lack of representativeness. However, according to Valentine (2005:111), “the interview technique does not rely on representativeness like a questionnaire, but tries to understand the meanings that people attribute to their lives and processes, which operate in particular in social contexts”.

The interview method is used in this thesis to provide an in-depth understanding of affordable housing policy and decision-making in Orange County, California. The collection of primary data was necessary to understand how different actors see the current systematic impediments, the possible attempts and their attitude and influence towards affordable housing delivery. In-depth interviews may not provide representative data, but instead try to understand the meanings and processes that the different actors experience in the affordable housing context. The interviews were conducted in a random order (based on availability of the interviewees), but they influenced each other in a way that knowledge obtained from previous interviews was piled for subsequent interviews. The questions were going about current systematic impediments, possible attempts and the actors’ position in the affordable housing field in order to obtain a clear picture of the affordable housing problem in Orange County.

In total, seven interviews were held in March, 2012 in the region Orange County, California to obtain a better understanding of the topic and the role of different stakeholders in Orange County in the affordable housing sector. A practical problem was that it was not an option to conduct interviews on location without a car. Furthermore, it was difficult to assess the quality of the interviewees in advance. Since there was limited time to conduct interviews, it

was necessary to plan all the interviews within a limited timeframe once I arrived in California. Hence, some questions were afterwards not relevant anymore once I started to analyze my data, but luckily most of the collected data was still useful. The following interviews are conducted (not in chronological order):

Three interviews involve officials from the planning and community department of different municipalities in Orange County. The municipalities are not pre-selected on certain criteria, but instead are chosen based on availability. However, there is attempted to choose three municipalities of different sizes and a different geographical position. The first municipality is Anaheim. It is a relatively large city in north Orange County with 336.265 citizens (US Census, 2010), making it the most populated city in the region. It is founded in 1857, which is relatively old in Orange County and involves a fairly high degree of lower income citizens. The second city is Irvine, which is a master-planned and relatively new community since it is founded in 1971. It has a population of 212.375 (US Census, 2010). The third city is Laguna Niguel, which is a master-planned city as well. In 1989, the city became an incorporated city in Orange County. The city has a population of 62.979 (US Census, 2010). The city of Irvine is requested to participate in the research by e-mail. Laguna Niguel and Anaheim are requested in person at a meeting organized by the Orange County Transportation Authority (OCTA). The three municipalities received the same questionnaire by e-mail a couple of days in advance. All semi-structured interviews are held in person, recorded during the interview and directly transcribed after the interview.

The fourth interview is conducted at Metropolitan Organization SCAG in the city of Orange with two regional planners. The SCAG is an organization that must encourage local governments to meet their affordable housing fair-share and is positioned between the local governments and the state. They are mainly responsible for regional policy. The questionnaire has been send by e-mail in advance. The semi-structured interview is held in person with a regional planner in the city of Orange and additionally another regional planner from the joined the interview by conference call from the SCAG office in Los Angeles, which provided the opportunity to interview two interviewees at the same time. The fifth interview is conducted by phone with the assistant director of intergovernmental affairs at the California Department of Housing and Community Development (HCD) in Sacramento. The Californian state could encourage local governments in California to meet their affordable housing fair-share by legislation and programs. The interviewees received the questionnaire in advance and the interview is recorded during the phone call. The interviews with the local governments, the metropolitan organization and the state government aim to collect data from the different government levels in California.

The sixth interview is conducted at the Kennedy Commission, which is an advocacy organization that lobbies for a better quality and more affordable housing in Orange County. The semi-structured interview was held in person with the president of the organization. Additionally, an employee of the organization has showed several affordable housing developments in practice in Orange County during a guided tour. The last interview is conducted with Jamboree Housing, a non-profit private developer in Orange County, who has currently different affordable housing project in Orange County. The interview was held in person at the University of California in Irvine. Both interviewees received the questionnaire a couple of days by e-mail and the interviews are recorded during the interviewing and transcribed afterwards as well. The interviews with the Kennedy Commission and Jamboree Housing were useful to understand the role of non-governmental actors in the affordable housing field and their influence towards affordable housing delivery in Orange County.

All interviewees were asked whether they wish to read the interview afterwards. None of the interviewees found that necessary. Hence, the own interpretation of the researcher is used to transcribe and then summarize the interviews. All interviews were directly transcribed after the interview. Transcribing all the interviews was desirable, since the data is used for textual analysis. According to Baily et al. (1999), categorization helps to organize the materials in order to clarify the relationships between the codes and the available data. Hence, all interviews are transcribed and are coded or defined by small definitions. Subsequently, these findings are used for the empirical analysis.

Table 3.1. Interview date, place and organization

Interviews conducted	Date	Place
Irvine	March, 15 th 2012	City hall, Irvine
Anaheim	March, 14 th 2012	City hall, Anaheim
Laguna Niguel	March, 20 th 2012	City hall, Laguna Niguel
Southern California Association of Governments (SCAG)	March, 22 nd 2012	OCTA office, Orange
State's Housing & Community Development (HCD)	March, 30 th 2012	Interview by phone, Sacramento
Kennedy Commission	Marc, 13 th 2012	Office Kennedy Commission, Irvine
Jamboree Housing	March, 18 th 2012	University campus, Irvine

3.5. The research strategy for each sub question

This section shows how the research approach provides an answer to the sub-questions and how they are reflected in the research strategy.

Sub question 1: What are the current systematic impediments to affordable housing delivery in American cities?

In order to find an answer to this question, both explorative and explanative research is used. Firstly, an extensive literature review is done in order to analyze and critically engage in the existing different theoretical strands. Current studies about systematic impediments are very fragmented and hence, an explorative study is done in order to explore the different impediments mentioned in books, journalistic articles and publications. Existing research mainly focuses on one impediment instead of exploring multiple impediments. Therefore, it is tried to provide an overview of impediments that are most often mentioned in the literature. Since there is much literature available in the affordable housing topic it has a challenge to make a proper selection of this bunch of available literature and subsequently explore and construct a good selection of this literature. However, The theoretical paragraph attempts to use articles, which are distinguished by a different perspective to affordable housing. Examples of these are studies of Basolo (1999; 2008), Lewis (2003), Lewis & Neiman (2009) Dreier et al. (2004), Nguyen (2005), Downs (1994), Cullingworth & Caves (2003) etc. Based on the literature review, the following impediments are distinguished: zoning & segregation, intercity competition, NIMBYISM and financial sources. The literature review has been an in-between product in order to start with the data collection for the case study.

Both the secondary data collection and the in-depth interview method try to explain why mechanisms make it hard to deliver affordable housing in California and Orange County and additionally, how to achieve trade-offs by the different actors in order to evaluate and construct housing policy design. Secondary data is gathered from government documents and legislation. The state's HCD and metropolitan organization SCAG provide information of affordable housing policy, programs and legislation, for instance the Regional Housing Needs Assessment (RHNA) and SB375. The findings obtained from these documents together with the conceptual model could be seen as an in-between product and have been used as input for the interviews.

Sub question 2: What are the current attempts to overcome the affordable housing supply (issuing all kinds of legislation and programs?)

In order to find an answer to this question, both explorative and explanative research has been used. For the most part, the path to be followed to answer this question is pretty much the same as sub question one. Subsequently the same literature has been reviewed in the

theoretical chapter to explore the possible attempts to overcome the affordable housing supply (see previous section). It is a logical result that the literature review is much the same, since current systematic impediments and possible attempts to affordable housing delivery are interrelated and influence each other as well. Based on the literature review, the following attempts are distinguished: policy & legislation, regionalism and financial incentives.

Again, secondary data collection (government documents and legislation) and in-depth interviews have been used as a method to explain why possible attempts may be effective or not effective and additionally, how the actors in the affordable housing think about the possible attempts to address this problem. Sub question three logically follows the first two sub questions by analyzing the role of different actors in the affordable housing force field and their influence on the process.

Sub question 3: What is the role of the different actors in the force field and how do they influence affordable housing delivery?

In order to find an answer to this question, both explorative and explanative research is used. Since this thesis is written from an actor-centered institutional perspective, it is interesting to analyze how different actors in the affordable housing force field intentionally act. Hence, game theory is explored as a tool to explain different processes in this affordable housing force field. For instance Scharpf (1997), and Samsura et al. (2010) argue about the usefulness of game theoretical approaches to analyze the process of social interactions in decision-making.

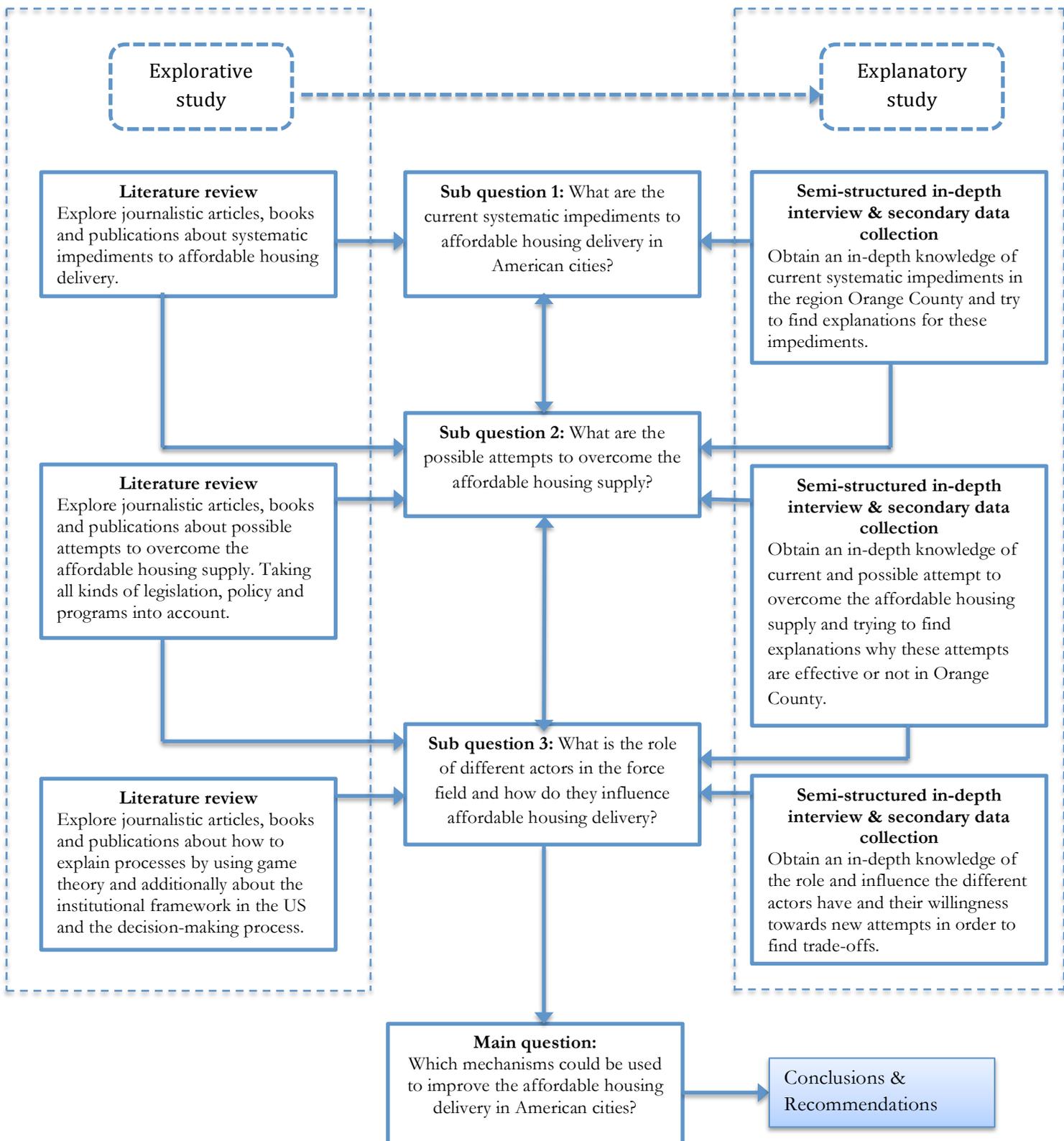
Subsequently, the case study approach tries to explain why actors in the field act as they currently do. Hereby, secondary data is used to analyze the position of the actors in the field and additionally, in-depth interviews are used to explore their position, attitude and their willingness to cooperate to challenge the affordable housing problem in Orange County. The findings from the first two sub questions could be seen as an in between product in which subsequently the analyzed mechanisms could be presented to the interviewees and be asked to their attitude towards these current systematic impediments and possible attempts.

The three sub questions together are interrelated and could also influence each other. On one hand, the current systematic impediments and possible attempts may influence the current attitude and intentional acting of the different actors towards affordable housing delivery, but on the other hand, depending on the power of the different actors in the force field, they could

also in return influence these systematic impediments and possible attempts by policy decision-making.

The research strategy on the next page illustrates schematically which methods are used to answer the three sub-questions in order to find an answer on the main question “Which mechanisms could be used to improve affordable housing delivery in American cities?” As could be seen, the theoretical relevance has an explorative character and the empirical relevance has an explanative character. The resulting conclusions and recommendations may contribute to existing research and policy design and evaluation on affordable housing delivery in American cities.

Figure 3.2. Research strategy



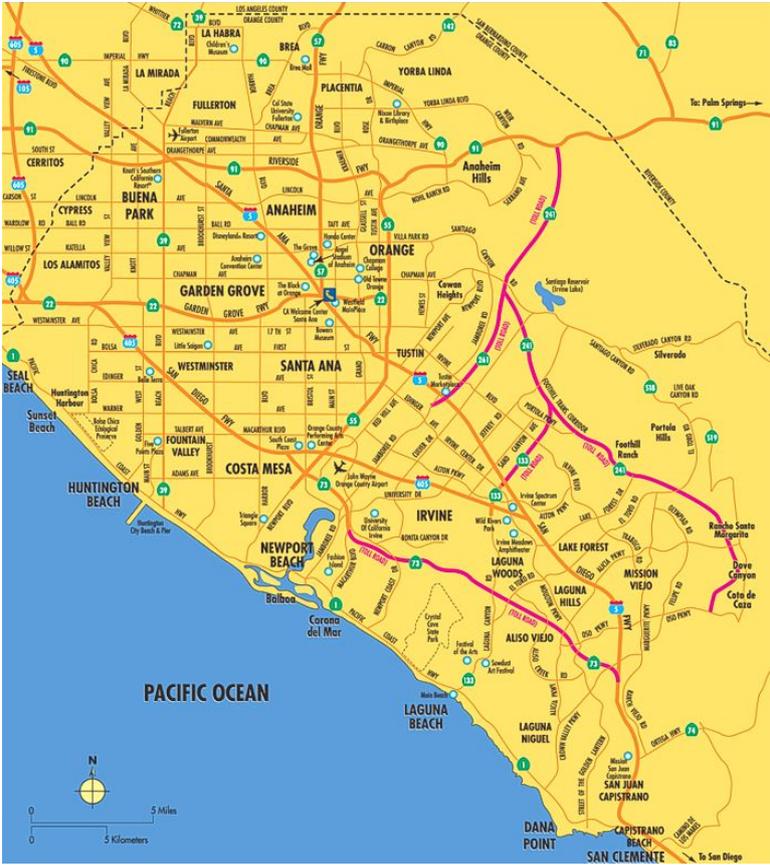
4. Affordable housing mechanisms in Orange County, California, USA

Before going into the research analysis on affordable housing mechanisms that could influence affordable housing delivery in Orange County, it is important to consider the profile of the case study to provide some necessary background information affordable housing issue in a particular context. Additionally, information from the conceptual model has been used to assess the influence of different mechanisms in Orange County. A distinction has been made between the current possible impediments, the current attempts and the role and influence of players in the field. Subsequently, the empirical findings are schematically shown in the representation of findings. Based on these findings, conclusions and recommendations are drawn in the next chapter.

4.1. Profile of the case study

The supply of affordable housing units has been a problem since years in Orange County. Main reasons are relatively high housing prices, a lack of available land and a population that is expected to growth (National Low Income Housing Coalition, 2012). In 2012, the state California is the second most expensive state national-wide with regards to housing prices and Orange County is the fourth most expensive county in California and the most expensive region in Southern-California to housing.

Figure 4.1. Map Orange County



In California, an average two-bedroom apartment costs \$1553. In order to afford this rent without paying more than 30% of a household's annual income, a household must earn \$4511 monthly per year. A minimum wage worker earns 8 dollar per hour. This means that in order to afford a two-bedroom apartment, one must work 130 hours per week or a household must include 3.3 low-wage workers. Orange County is even higher: four low-wage workers are needed to afford a two-bedroom apartment (National Low Income Housing Coalition, 2012). California is not only expensive, but also the highest populated state of the USA. Currently, the population is 37.691.912 million people on April 1st, 2011 (US Census, 2011). Almost 10 million inhabitants are immigrants. The expectation is that there will be 41.188.780 inhabitants in 2020 in California. In Orange County, The expectation is that the population will increase by 12.28% between 2011 and 2020 to 3.390.166 inhabitants (US Census, 2011). For many Americans, a gap exists between the housing costs and their ability to pay for these housing costs. While Orange County expects a population growth of almost 12.3% between now and 2020, the largest group will be certainly minority groups with traditionally a higher percentage of lower-wage jobs (NLIHC, 2012).

4.1.1. Affordable housing regulations & policies in California

California has a tradition with regulating the state's housing policy by their *Housing Element*, initiated from the State law. *The Californian Housing Element Law*, introduced in 1969, has been the first housing law. According to the HCD (2012), each governing body is required to adopt a comprehensive General Plan for the physical development of the community. The Housing Element is one of the seven mandated elements, but it is a special element, since it is the only one covered by a higher government body that determines whether the government entity is in compliance with the Housing element law. It mandates that local governments adequately plan to meet their existing and future housing needs in all segments of the community (Lewis, 2003; Basolo, 2008).

The Housing Element Law mandates the *Regional Housing Needs Assessment (RHNA)*, which has been introduced in 1981. The HCD (1991) explains that the objective of the RHNA is to redistribute the burdens of lower income households to create more equitably across the state. In the housing element prepared by local governments, there must be a five-year plan that "shall make adequate provision for the existing and projected needs of all segments of the community and identify potential housing sites for all income levels" (§65583 of Government Code) (Calavita et al., 1997). Local governments are required to send a draft of its housing element including their anticipation on the cities future growth to the state's HCD department for reviewing. The department considers the element to be in compliance only if all statutory requirements are met (HCD, 1991). Once the city council or county board of

supervisors officially adopts the housing element, HCD again reviews it for its compliance with the Housing Element Law (Lewis, 2003). The RHNA is part of a periodic cycle in which the housing element of the general plan needs be updated. The current planning period lasts from January 1st, 2006 to June 30th, 2014 (SCAG, 2012). The RHNA is mandated by the State Housing Law and directed to metropolitan organization SCAG (Southern California Association of Governments). SCAG requests local governments to predict their current and future housing needs by income category, categorized by the HUD. The figure below shows the RHNA allocation plan for the current period 2006-2014.

Table 4.1. RHNA Allocation plan 2006-2014

County	Very Low <50%	Low <80%	Moderate <120%	Above Moderate	Total
Imperial	6,025	4,000	3,851	10,451	24,327
Los Angeles	70,117	44,469	48,472	120,869	283,927
Orange	17,733	14,566	16,380	33,653	82,332
Riverside	40,849	28,535	32,292	73,029	174,705
San Bernardino	25,051	17,420	20,275	44,797	107,543
Ventura	5,682	4,660	5,444	10,748	26,534
SCAG Total	165,457	113,649	126,715	293,547	699,368
<i>Percent of Total</i>	<i>24%</i>	<i>16%</i>	<i>18%</i>	<i>42%</i>	<i>100%</i>

(Southern California Association of Governments, 2012)

In September 2008, The California State introduced *Senate Bill SB375 and the Sustainable Community Strategy (SCS)*. SB375 is an anti-sprawl legislation bill that promises to achieve smart and sustainable land use planning and development throughout the state. One of the objectives is to coordinate the regional housing needs allocation process with the regional planning process and will apply from the next RHNA planning cycle in 2014 (SCAG, 2012).

Many state house finance agencies and housing programs in California were created during the 1980's (Basolo, 1999). Nowadays, there is less federal and state funding available for affordable housing and local governments are expected to feel more responsible for affordable housing supply. There are some financial incentives available for affordable housing. The Low-Income Housing Tax Credit dominates the provision of affordable housing today. It provides a federal 10 years guarantee of tax credits for investments in an ownership that meets the program requirements of the LHTC. To meet these requirements, developers must built at least 20% of the units which are intended for households with incomes at or below 50% median income of the region or at least 40% of the units must be occupied by households with incomes at or below 60% median income of the region (Powel, 2004).

Another incentive is the housing density bonus provided by local governments. According to Calavita et al. (1997), is often related with inclusionary zoning programs and is a financial

incentive to encourage developers to built low-income and moderate-income housing units. Local governments sometimes use inclusionary zoning programs in order to meet their affordable housing demand (Powell, 2004). Inclusionary zoning means that local governments mandate developers to sell a percentage of the homes they build at below-market prices to make them affordable for people with lower incomes. Powel explains that the percentage of inclusionary housing in new projects depends from 5 to 25% of all new housing developments and additionally, the inclusionary units must have the same style and quality as the market-rate houses.

4.1.2. Institutional framework in California

The Californian State in an important player in local housing policy. State regulations require jurisdictions to have a comprehensive general plan, including seven mandatory elements: land use, circulation, housing, conservation, open space, noise and safety. Additionally, the Housing Element Law requires jurisdictions to meet their housing fair-share (Lewis, 2003; Curtin, 1987; Basolo, 1999). The department of Housing and Community Development (HCD) is the formal housing agency in California. Their mission is: “To provide leadership, policies and programs to preserve and expand safe and affordable housing and promote strong communities for all Californians” (HCD, 2003:9). Since 1960, California adopted several laws that established several regional and metropolitan organizations in the state. The Southern California Association of Governments (SCAG) is the metropolitan organization in Southern-California, which directs the Regional Housing Needs Assessment. Other agencies have planning and review powers in various domains (e.g. water, sewer, transportation), although they do not have power to influence land use decisions, since these are made by jurisdictions (Lewis & Neiman, 2009).

Land-use decision-making on affordable housing development varies largely by jurisdiction. According to Lewis & Neiman (2009:39), “the lack of capability of or willingness to address growth issues at the state, metropolitan or county levels, as well as the tradition of home rule and local control over land use, leaves California’s municipalities squarely at the heart of the governmental and political process concerning development”. This is not only the case in California but throughout the United States as well. The interconnection between federal-, state-, and local governments is primarily based on funding and tax policies. Jurisdictions are recognized by the state constitution as the entity that is in charge to make land-use decisions. The state Constitution gives jurisdictions the authority to: “make and enforce within [their] limits all local police, sanitary and ordinances and regulations not in conflict with general [state] laws (California Constitution, Article XI, sec. 7). Therefore land use decision-making depends on the location, growth history and its urban structure (Lewis & Neiman, 2009). Additionally, Private developers are in charge for the development of affordable housing. The

real-estate industry is market-driven, but is an important actor as well, since government institutions and private developers are interdependent when it comes to affordable housing delivery (Cullingworth & Caves, 2003).

4.2. Findings on affordable housing mechanisms in Orange County

4.2.1. Legislation & policy

As mentioned in the case description, California has a tradition with regulating the state's housing policy by their Housing Element, initiated from the State law. Although state mandates in California exist to meet the affordable housing needs, it seems that there is no effective mechanism to force jurisdictions to meet this needs. According to different studies (Basolo, 2008; Barbour & Deaking, 2012; Lewis, 2003; Calavita et al., 1997) main reasons that are mentioned are the regulatory framework, a lack of enforcement tools (since policy is incentive based) and a lack of a permanent financial source. These assumptions in existing literature seem to be for the most part broadly confirmed by different personal interviews conducted in Orange County.

Empirical findings

In a personal interview, a regional planner from metropolitan organization SCAG states that: "There is resistance everywhere in general. It is a necessary evil in jurisdictions eyes". (Andersson, M., 2012, pers. comm., March 22nd). The assistant director from the State HCD also shares this assumption: "There is throughout the state resistance to the RHNA. There always had been from its inception. It represents tension between issues of local control and state control in the land use arena and it also engages developers that it is frequently controversial relating to higher density development and affordable housing development" (Wheaton, L. 2012, pers. comm. March, 30th). Two out of three local governments confirms this resistance as well. In a personal interview with a regional planner from Laguna Niguel, he states that: "Yes it is a state mandate. I think most cities in general take issue with it only because of something you do not really have control of. The RHNA process itself is what there is resistance to. Even if they are fine with the provision of affordable housing, it is how it is determined" (Longnecker, L. 2012, pers. comm. March, 20th). Additionally, in a personal with a regional planner from the city of Anaheim, she notes that the RHNA often evokes resistance in Orange County since "it seems unfair. It does not take into account what you already have on the ground, but they are looking at your growth forecast. If you are planning to build a lot of housing, you are going to get a high RHNA. So it allows NIMBIES to be NIMBIES" (Sato, T., 2012, pers. comm., March, 14th). Contrary to the city of Anaheim & Laguna Niguel, a housing manager from the city of Irvine states in a personal interview that: "In Irvine we do not have any resistance to the RHNA, we are fine with the process" (Asturias, M., 2012, pers. comm., March, 15th).

4.2.2. Local autonomy

The assumption is that Orange County has a strong sense of local autonomy, which is related to intercity competition. Orange County Lewis & Neiman (2009:35) state that: “Although rapid growth poses regional and statewide challenges, California’s governmental system is structured to decide growth issues in an emphatically local fashion”. California was one of the first states that introduced local comprehensive plans in 1971, but still there is no statewide planning process guiding land use development. This lack of statewide plans results in competition among different regions (Lewis & Neiman, 2009). “The lack of capability or willingness to address growth issues at the state, metropolitan and county levels as well as the tradition of home rule and local control over land use, leaves California’s municipalities squarely at the heart of the governmental and political process concerning development (p.39)”. Additionally, Basolo (1999) also argues that intercity competition and local autonomy exists in California. The empirical findings show to what extent the different players in the affordable housing experience this intercity competition and local autonomy.

Empirical findings

With the information derived from personal interviews with local governments in Orange County, it could be seen that local autonomy still has a big influence on policy decision-making. A housing manager from the city of Irvine states that “local autonomy exists on all aspects, to maintain our autonomy to govern the community in the way that the communities sees best” (Asturias, M., 2012, pers. comm. March, 15th). Additionally a senior planner from the city of Anaheim explains that: “ Anaheim very much has home rule, does not like to be told what to do. That is why governments are incorporated so that they can be responsive to the residents” (Sato, T., 2012, pers. comm., March, 14th). The same sound could be understood from a senior planner from the city of Laguna Niguel: “Yes and its goes back to the whole thing being told what you have to do and I do not think anybody like to be told what you have to do, whether it is a person or a city. It is a bit the state is the parent and the city is the child, so you want local autonomy and just want to make your own decisions” (Longnecker, L. 2012, pers. comm., March, 20th).

From the state perspective, the assistant director mentions in an interview by phone that: “Local governments maintain local control. It is a very strong fundamental concern and that tension has been increased in the light of the budget issues at the local government level. Because there is less money to do the kind of things they are required to plan for, their resistance is even greater” (Wheaton, L. 2012, pers. comm., March, 30th). However, a senior regional planner from the SCAG mentions in a personal interview that local autonomy could be a good thing as well: “The local input process and the integrating growth forecast, we are actually giving the jurisdictions a lot of autonomy and well knowing that they are a part of a

larger region. So if they operate in a bubble, they are going to be left out in the whole process. Nowadays, local governments kind of see us as a local agency buffering between them and the state” (Johnson, M. 2012, pers. comm., March, 22nd).

4.2.3. NIMBY (not in my backyard) resistance

NYMIYISM could be seen as a rejection of a type of land use, for instance affordable housing, motivated by the persons’ beliefs. It is a common impediment that is often mentioned in the literature on affordable housing policy (i.e. Advisory Commission of Regulatory Barriers to Affordable housing, 1991; Nguyen, 2005; Basolo & Hastings, 2008). According to Basolo & Hastings (2003), fair-share housing is an instrument used in California to encourage affordable housing. However, they argue, adoption of this approach seems to be rare, because “various local forces operate as barriers to these types of regional housing initiatives” (p.454). The empirical findings obtained from in-depth interviews analyze to what extent NIMBYISM towards affordable housing really exist in Orange County.

Empirical findings

Orange County seems to deal with NIMBYISM in the sense of neighborhood resistance. According to a personal interview with a senior planner from Anaheim: “We do have a difficulty in assigning which sites are for affordable housing, because once you put affordable housing as a requirement on a site, it is a stigma and the community does not want that” (Sato, T. 2012, pers. comm. March, 14th). Additionally, she explains that: This may be a reason for localities to zone for single-detached housing instead of multi-family housing. The local government is elected by the populous, so they are very responsive to that populous, because otherwise they are going to be voted out of office” (Sato, T. 2012, pers. comm. March, 14th). However, a senior planner from Laguna Niguel states that: “ I guess you have to look at how city councils have act on certain projects. I think it is not just Laguna Niguel, bit in general cities do have resistance towards the RHNA. I don’t know if that is NIMBYISM” (Longnecker, G., 2012, pers. comm., March, 20th). The assistant director from the HCD states in a personal interview by phone that: “NIMBYISM definitely plays a role, but in some cases you are talking about citizens protecting their own interests.

Also private developers face problems with NIMBYISM in Orange County. A private developer from Orange County explains that: “after you get the finance sources in place, you have to have to work with the city. So you might have found a site and the city is willing to work with you, but may not zone for multi-family. So you have to go through the zoning-process and you are going to get residents against the property” (Lopez, G., 2012, pers. comm. March, 16th). Furthermore, the director from the Kennedy Commission, an affordable housing advocacy organization explains in a personal interview that: “NIMBYISM is probably

the biggest obstacle to affordable housing. I think that our work is in the housing elements and also building political will and educating the public, because there is a lot of NIMBYISM, everybody should have a voice in the community” (Covarrubias, C., 2012, pers. comm., March, 13th).

4.2.4. Financial resources

Lewis & Neiman (2009) have carried out a survey study among city managers in California and discovered that “Besides the expected outcome that generally city managers favor retail uses, a striking finding is the general lack of enthusiasm for residential development – multi family housing in general. Housing is widely seen as a losing proposition fiscally for cities in California, given Propositions 13 serious restriction of local property taxes” (p.47). Furthermore, they found that localities in many states face a situation in which housing is seen as less financially rewarding than industry. Additionally, Dreier et al. (2004) note that cities’ fiscal problems are caused by many spending requirements by federal and state governments without providing permanent funds to carry them out. The empirical findings analyze to what extent a lack of financial sources exist in Orange County and if it could influence affordable housing delivery in this region.

Empirical findings

The majority of the interviewees argue that a lack of financial sources is the main problem to affordable housing delivery. According to a senior regional planner from the SCAG: “More state support is necessary, for example funding. Especially with the elimination of the redevelopment funds (RTA), which has been used a lot as a tool to implement affordable housing for the zoning as available (Johnson, M. 2012, pers. comm., March, 22nd). Likewise the assistant director from the State HCD notes that: “we need a permanent source for affordable housing throughout the state” (Wheaton, L., 2012, pers. comm., March, 30th). Subsequently, a senior regional planner from the SCAG states that: “There needs to be some pot of money that is not based on a political cycle, that is just some kind of standard funding for creating housing and than locking it as affordable housing. Unfunded mandates have the consequence that it’s just adding more funding rule” (Johnson, M., 2012, pers. comm., March, 22nd).

Furthermore, local governments in Orange County also mention this lack of financial sources in personal interviews. A housing administrator from the city of Irvine states that: “it is the lack of financing just why there is less affordable housing being developed”. (Holtz, S., 2012, pers. comm. March 15th). A senior planner from Laguna Niguel appoints more or less the same: “I believe that permanent sources would be an effective way to see the affordable housing get developed” (Longnecker, G., 2012, pers. comm., March, 20th). Additionally, also a

senior planner from Anaheim confirms this by clarifying that “we have to look at different funding strategies” (Sato, T., 2012, pers. comm., March, 14th).

From the private market perspective, a private developer in Orange County recognizes lack of a permanent financial resource as well by explaining that “there is a funding gap and that gap needs to come from somewhere ... there are different programs and you as an affordable housing private developer need to identify how big that gap is ... you have to work with the cities, the county and the state and get that finance in place to make the project work. The problem is that these programs are very competitive, you have a one out of four change of security each financing source” (Lopez, L. 2012, pers. comm., March, 16th).

4.3. Findings on players in the affordable housing force field in Orange County

The role and the influence of different actors in the affordable housing field in Orange County have been analyzed by in-depth interviewing. Both the institutional relationships and the public-private relationships have been analyzed in order to obtain a whole image of the affordable housing force field in Orange County. It aims to explore the attitude and strategies of different actors towards cooperation in order to address the affordable housing problem on a regional level. Although regional programs already exist, Bollens (1997:38) stat that: “Regional governance certainly exists, but there are no strong mechanisms to integrate policymaking domains such as land use, transportation air quality etc. at the regional level. Indeed, the resulting structures are fragments of regionalism”.

- *Institutional relationships*

In a personal interview by phone, the assistant director from the state HCD describes that: “the relationship with the SCAG and with local municipalities is “a fairly good relationship, when municipalities do not have a lot of controverts in their process. In other cases where there is local resistance, it is not a particular good relationship” (Wheaton, L. 2012, pers. comm., March, 30th). However, she explains that “one of the characteristics in planning and zoning law in California including affordable housing laws is that there are lots of requirements, but when local governments do not comply, the state does not take action to enforce. The enforcement is usually obtained by third parties, the state does not initiate things” (Wheaton, L., 2012, pers. comm. March, 30th). A regional planner from the SCAG confirms this as well: “SCAG cannot enforce municipalities”. (Andersson, M. 2012, pers. comm., March 22nd). Metropolitan organization SCAG is in favor of a more regional strategy towards affordable housing. A senior regional planner from the SCAG mentioned that: “Because affordable housing is does not only take place on a jurisdictional level, it should be on a sub-regional level” (Johnson, M. 2012, pers. comm., March, 22nd). The SCAG has

currently a good working relationship with both the state and municipalities in Orange County. Additionally she notes that the working relationship with the municipalities has improved since 2008, by keeping municipalities well informed and trying to reach consensus (Johnson, M. 2012, pers. comm., March, 22nd).

Nevertheless, municipalities who have been interviewed in Orange County are in general not in favor of state control. In a personal interview with a housing manager from Irvine, he states: “State financing maybe, I don’t think control. I’m not sure that control will help to create more affordable housing” (Asturias, M. 2012, pers. comm., March, 15th). Additionally a senior planner from Anaheim states that: “California has overregulated itself as far as housing from many controls and things we have artificially created a slow growth in housing development, which exacerbates affordability. We need less control and less restriction so that the housing can get build” (Sato, T., 2012, pers. comm., March, 14th). However, a senior planner from Laguna Niguel states that: “ It would be nice for the state to have programs and funds and just have that authority to provide housing. And affordable housing and the need for it is a regional issue. I don’t think that the most effective way to provide is the way it is happening now, because even though cities are zoning sites to allow it, it is not really been developed” (Longnecker, G., 2012, pers. comm., March, 20th).

- *Public-private relationships*

As mentioned in the case description, public and private parties are interdependent and hence the role of non-governmental parties towards affordable housing delivery has been analyzed as well. In a personal interview with a private developer from Jamboree Housing, he states that: “The inter-actor relationship could be described as “a public-private partnership. Without their help, the deal does not happen. Often times, if you work with someone that says that “just do affordable housing, because it’s the requirement, it is often difficult to work with them because of the restrictions that pulls on us” (Lopez, G. 2012, pers. comm., March 16th). Furthermore, he argues that it would be good if planners would think from a financial perspective, since it all comes down to costs (own field notes, 2012). Additionally, a senior planner from Anaheim “affordable housing development comes to the point that pencils out for them as far as they make enough profit to make it worth, that is whether we can make it affordable or not” (Sato, T. 2012, pers. comm., March 14th). She also mentioned as an example that once there has been a private developer that opted for the density bonus, but the regulatory framework was so complex, that he would never do it again (personal field notes, 2012).

Both the SCAG and the HCD already mentioned in an interview that advocacy organizations also play an essential role in the affordable housing force field. A regional planner from the SCAG mentions that: “Any party that wants to sue a jurisdiction for not being into compliance, like a housing advocate group, they can take with the elections” (Andersson, M. 2012, pers. comm., March, 22nd). This instrument is also mentioned by the HCD as an enforcement tool, “Since the HCD cannot enforce municipalities to be compliant with the housing element law” (Wheaton, L., 2012, pers. comm., March, 31st). The non-profit organization for affordable housing in Orange County is the Kennedy Commission. In a personal interview, the executive director from the Kennedy Commission describes their relationship with municipalities as having a good reputation with being partners. Although he states, “there is always resistance from cities, for example because it is hard to do things differently” (Covarrubias, C. 2012, pers. comm., March 13th). Furthermore, Mr. Covarrubias believes that the Kennedy Commission has moved forward with “implementing specific policies in the cities, building political will and building education capacity with the public to understand the benefits from a community with affordable housing” (Covarrubias, C. 2012, pers. comm., March 13th).

4.4. Representation of the findings

With regards to the case study Orange County, several mechanisms could be distinguished derived from empirical data that may influence affordable housing delivery in this region. The interviewees were unanimous about the role that local autonomy plays in the region and the resulting resistance towards state legislation. Furthermore, they all have noted that a lack of financial sources is a major concern to the current affordable housing delivery. Moreover, NIMBYISM is often noted as a mechanism that largely influences the realization of affordable housing units, whereby local resistance is most often called as an issue.

Table 4.2. on the next page shows the different mechanisms mentioned by the interviewees schematically.

Table 4.2. Mechanisms influencing affordable housing delivery

Mechanisms	HCD 31/03/12	SCAG 22/03/12	KC 13/03/12	JH 16/03/12	Irvine 15/03/12	Anaheim 13/03/12	Laguna Niguel 20/03/12
Resistance towards legislation	+	+	n/a	n/a	-	+	+
Local autonomy	+	+	+	n/a	+	+	+
NIMBY-ism localities	+/-	+/-	-	-	-	+/-	-
NIMBY-ism residents	+	n/a	+	+	n/a	+	+
Financial incentives	+	+	n/a	+	+	+	+

With reference to the empirical findings, the relationship between the different actors may be best described as a “professional relationship”, which is sometimes a good one and sometimes a somewhat difficult relationship. Although several actors are involved in the affordable housing field, they are currently not working efficiently together on a regional scale to address the affordable housing problem. One of the reasons could be that there is a strong sense of local autonomy by municipalities in Orange County. Although they recognize that an affordable housing problem exist, they would like to make their own decisions about what is best for their community and subsequently show sometimes resistance towards the regulating framework. However, the HCD and the SCAG note that affordable housing could be best addressed on a regional scale, because it is a regional issue. One municipality, namely Laguna Niguel recognize this as well, although they also strongly believe in local autonomy.

Besides the institutional relationships, the government sector is also depended on the private real-estate market and also has to deal with advocacy organizations that represent low-income groups in the society. For private developers, it seems that it is sometimes difficult to invest in affordable housing projects, since these market-driven organizations need to make profit. Although financial incentives exist for affordable housing development, there are many requirements and the process is highly competitive. Since local governments are depended on private developers for the actual realization of affordable housing units, a

permanent financial incentive may be necessary to encourage private developers to build affordable housing units. Furthermore, advocacy organizations could be positioned as organizations that advocate for affordable housing and are able to use instruments (e.g. start a lawsuit) to force municipalities to be compliant with their housing element. Although the relationship between advocacy organizations and government entities may sometimes be complex, they represent a part of the society and also make both officials from municipalities and community members aware about the need of affordable housing.

The table below shows to what extent an actor in the affordable housing force field could influence affordable housing policy interventions the actor’s attitude towards regional cooperation and additionally how their position is in relation to other actors. Some actors have a good working relationship with every other actor, some actors have a more complex relationship and for some actors, it varies by actor.

Table 4.3. Actors in the force field and their influence to affordable housing delivery

	HCD 31/03/12	SCAG 22/03/12	KC 13/03/12	JH 16/03/12	Irvine 15/03/12	Anaheim 13/03/12	Laguna Niguel 20/03/12
Degree of Influence	+	+/-	+/-	+	+	+	+
Attitude towards regional cooperation	+	+	+	+/-	+	+/-	+/-
Relationship with other actors	+/-	+	-	+	+/-	+/-	+/-

Following from the case study analysis, the next chapter will discuss the conclusions and recommendations.

5. Conclusions & Recommendations

A lack of affordable housing delivery is a main problem in American cities, since there exist a gap between the housing prices and people's ability to pay for it. Because having a decent home is a basic need, it encouraged conducting a research study on a topic that affect so many people directly in their daily lives. In recent years, much research has been written in the broadest field of the affordable housing challenge. This thesis has identified the most important assumptions and strands towards different affordable housing mechanisms that are stated in the literature and used these as a conceptual framework to assess the usefulness of the different mechanisms in the case study area Orange County. It analyzed the affordable housing strategy in California and additionally current systematic impediments, the current attempts and the role and influence of different actors in the affordable housing to affordable housing policy decision-making. A variety of conclusions and recommendations could be drawn from this analysis, whereby this thesis deliver recommendations on how different mechanisms could be used to improve affordable housing delivery in American cities.

5.1. Systematic impediments to affordable housing delivery

Since there are several systematic impediments and possible attempts mentioned in the literature, the conclusions are divided by category. This paragraph tries to provide an answer to the question: *What are the current systematic impediments to affordable housing delivery in American cities?*

Local governments to use their zoning instrument to zone for different land uses and are also able to make decisions about land use in their community. *Zoning and segregation* could be seen as systematic impediments to affordable housing delivery. Existing research shows that municipalities sometimes use zoning to restrict land destinations, which is called exclusionary zoning. This practice could result in segregation of communities and subsequently provide a spatial miss-match between housing and jobs, resulting in a decrease of changes for lower-income people in the society. However, the empirical analysis could not explain if exclusionary zoning practices exist in Orange County as well. Even when exclusionary zoning exists in Orange County, it could be that municipalities are not willing to tell it. Since local governments maintain their local autonomy to serve their communities preferences, there are no instruments to force municipalities to zone for affordable housing and has to do with the regulatory framework.

Another systematic impediment to affordable housing delivery could be the *regulatory framework*. The current regulatory framework does not seem to address the affordable housing problem effectively. This impediment is also often mentioned in personal interviews

with actors in Orange County. For instance, a senior regional planner notes that the regulatory framework is very inefficient and non-transparent. Additionally, cities feel a strong sense of local autonomy, they do not like to be told what to do, since they think they know what is best for their community. Since residents are often opposed to affordable housing, it could be unattractive to zone for multi-family (large-lot) housing. The interview results also show that much resistance exists towards the current regulatory framework in Orange County, which subsequently could restrict effective cooperation to address the affordable housing problem.

Furthermore, *NIMBY resistance* by institutions and communities could play a role, which is shortly noted in the previous section as well. It could be noted that there is community resistance, but with regards to the empirical analysis, it is not clear to what extent municipalities are really opposed to affordable housing development. However, municipalities maintain their community's interest, which makes it hard to zone and develop affordable housing in communities with a strong sense of NIMBYISM. Often, citizens are strongly opposed to affordable housing units in their community, since they suppose that affordable housing will decrease property taxes or because of a stigma in the community towards affordable housing, which is often the case in Orange County as well. Citizens' opposition could cause delay in affordable housing projects and as a result increase the costs for affordable housing development, which is very unattractive for private-developers.

Maybe one of the most important impediments to affordable housing delivery is a *lack of a permanent financial source*. Different actors in the affordable housing force field are asked what is needed to improve affordable housing delivery in Orange County. Unanimously, both the public and private sector states that a permanent funding source is needed to sustainably challenge the problem. Although some funding is available for affordable housing development, this funding is mainly project-based, includes many restrictions and requirements and it is also a highly competitive process to earn this funding. Hence, it could be unattractive for private developers to build affordable housing, which is confirmed by a private developer from Orange County as well. From the government side, a senior planner also mentioned in an interview that the process is so complex and time consuming, that it discourages private developers to apply for these funds.

5.2. Current attempts to affordable housing delivery

Several attempts are mentioned in this study to overcome the affordable housing supply by issuing all kinds of programs. This paragraph provides an answer on the sub-question: "*What are the current attempts to overcome the affordable housing supply?*"

An important attempt to overcome the affordable housing supply is a *permanent funding source*, which is mentioned as a current systematic impediment in the previous paragraph as well and is widely supported by the various actors in Orange County. Currently, *Inclusionary zoning* is an attempt already used by local governments in Orange County and is often related to funding. Inclusionary zoning tries to improve the affordable housing supply, either by offering high-density bonuses to private developers or by mandating that a particular part of the units have to be build are affordable. Incentives make it for a developer more attractive to think about affordable housing development. Since private developers are responsible to build affordable housing, financial incentives are necessary for developers to encourage affordable housing units to be build. Since private developers need to make profit, it must be attractive to build affordable units, instead of market-rate units.

Another attempt to overcome the affordable housing gap is encouragement by legislation and programs. Currently, most regions have some elements of cooperation, but it varies to what extend they address their region's social and economic challenges. Growth management programs are an example of regionalism and is often a comprehensive state-level plan functioning as an umbrella for local initiatives. Since affordable housing is a region-wide issue instead of a local-issue, it could be more effective to address the affordable housing problem on a regional scale. It could have the effect of an increase in cooperation among the different players and a decrease in competition. Although the effectiveness of these programs is sometimes questionable, empirical analysis shows that actors in the field are in favor of this approach to challenge the affordable housing problem, since it is not a problem on a local level, but instead a problem on a regional level.

5.2. The role and influence of players in the affordable housing field

This paragraph tries to find an answer to the question "*What is the role of the different actors in the force field and how do they influence affordable housing delivery?*" Firstly, some findings on the role of different actors is given and subsequently, a game theoretical model has ben used to analyze the influence of the different actors in the affordable housing field.

There are several actors involved in the affordable housing field, although it varies by state which actors are exactly involved. According to the region Orange County, the most important actors are: the federal HUD, the state HCD, metropolitan organizations SCAG, cities and counties, private real-estate developers and advocacy organizations. Since land use decision-making is mostly delegated to the local level, implementation of affordable housing policy is very context depended. The main task of the US federal government is to provide funding and grants for affordable housing projects and to set housing legislation. Although the federal- and state government do not have a direct role in the development of affordable

housing, they can impose governments to have a comprehensive plan including a paragraph on housing to meet a cities future housing needs. The implementation and the monitoring of state legislation are often delegated to metropolitan organizations. They do not have direct influence on affordable housing development, since they do not have the power to force municipalities to build a particular type of housing units. Metropolitan organizations often provide information to local governments how they can address their housing needs and they are also frequently the link between local governments and state government. However, most legislation is incentive based, which means that local governments do not have to comply with the housing law and that there are no strong restrictions. This could be seen as a shortcoming in the American planning system, since it is possible that hereby, local governments do not feel responsible for the affordable housing problem.

Local governments have much influence in affordable housing delivery, since they are responsible to zone for different land-uses and have the power over land use decision-making in their community. However, empirical research shows that local governments in Orange County strongly maintain their local autonomy, since they want to serve the communities needs. As a result, local governments could have resistance to zone for affordable housing units, although this is only stated in existing research and not confirmed by the empirical findings. Currently, no evidence could be found that the different actors are efficiently cooperating in Orange County to address the affordable housing problem.

5.4. How to explain processes with the use of game theory

With input from the previous paragraphs, this paragraph tries to explain the process of social interactions in policy decision-making and subsequently how trade-offs could be achieved in order to evaluate and construct housing policy interventions. It aims to explain how the actors in the affordable housing field could work cooperate on a regional level to address the affordable housing problem.

A well-known game theoretical approach is the Prisoners Dilemma. However, the Herders Problem is perhaps more applicable in this situation, since this model allows actors to negotiate during the decision-making process, which is not the case with the Prisoners Dilemma.

The example on the next page shows that when actors cooperate, they lose a bit individually (-1), but in return it results in the highest pay-off ($11-1=10$ versus $10+10=20$). Hence, when actors decide to change their individual strategy and make together strategically decisions, it could improve affordable housing decision-making. When the urgency is high enough to challenge the affordable housing problem or if the regulatory framework would change,

actors must cooperate together and then strategic decision-making will become more interesting.

Table 5.1. Example of the HD in affordable housing development

		Actor 1	
Actor 2	A.H. Development	Cooperate	Defect
	Cooperate	10,10	-1, 11
	Defect	11, -1	0, 0

The actor-centered institutional approach already explained that actors intentionally act based on their values, interests and strategies. The institutional structure could influence actors, but in return, actors could influence this structure influencing the “rules-of-the-game”. For instance, the intentional acting of actors is influenced by state legislation (Housing Element Law), but in return, when actors reach an agreement together by strategically decision-making an opportunity window opens which could change the rules-of-the game and subsequently, housing policy interventions could be evaluated and constructed.

According Orange County, institutional actors see their relationship as a good-working “professional” relationship. However, in order to collaborate on a regional level, it may be necessary that actors start to cooperate instead of competing each other. However, this may requires a change in the regulatory framework.

5.5. Answer to the main question

This paragraph provides an answer to the main question: “Which mechanisms could be used to improve affordable housing delivery in American cities?”

Affordable housing delivery in American cities could be seen as a complex problem. Since affordable housing legislation and policy is very fragmented, mechanisms to improve affordable housing delivery are very context and time-dependent. This means that there is no single solution to affordable housing delivery, but instead it could be seen a process-oriented approach, in which there is a continuous interaction between the planning system and the players in the field. From this perspective, several current systematic impediments and attempts to affordable housing delivery are investigated.

A *permanent financial source* is probably the most effective tool to encourage developers to build affordable housing. Funding sources already exist (e.g. Lower Income Housing Tax and high-density bonuses) as incentives for affordable housing development, but it is difficult for private developers to be eligible for this funding due to several restrictions, requirements and the highly competitive procedure. Additionally, there is still no permanent funding available that could be used as an incentive for private developers to develop affordable housing units. Financial incentives are probably the most effective tool to encourage developers to build affordable housing units. An example of it is the high-density bonus commonly used within an inclusionary housing program, in order to make it more attractive to developers to build affordable housing units. However, Orange County already works with inclusionary zoning programs and hence the effectiveness of these programs is unclear.

Furthermore, the current *regulatory framework* could also make it hard to deliver affordable housing. Since state legislation and mandates are currently incentive-based, cities and counties do not feel the necessity to zone for multi-family (affordable) housing as well. For instance, when cities do not have a compliant housing element in California, and they subsequently do not comply with the Housing Element Law, there are no strong restrictions to it. Additionally, it has been often mentioned in personal interviews with players from Orange County that cooperation on a regional level may be necessary to address the affordable housing problem in a sustainable way, since affordable housing is a regional or maybe even a state-wide problem instead of a local problem. Though, local governments would like to maintain their local autonomy as well, which could frustrate regional cooperation.

Moreover, *NIMBY resistance* is also a mechanism that influences affordable housing delivery. The strong sense of local autonomy is certainly related to NIMBY resistance, since cities would like to meet the community's needs. The interviews revealed that as well by showing that NIMBYISM could be seen as a stigma to affordable housing. When cities do not choose to zone for multi-family housing but instead only allow large-lot zoning, affordable housing is not an option anymore. However, even if cities zone for multi-family (affordable) housing, citizens could frustrate the process and subsequently affordable housing developments often experience a delay. This is a situation that often happened in Orange County and makes it less attractive to developers as well, because of the increase in price that brings with it. However, various attempts to address NIMBYISM exist as well, for instance educating local officials and community members done by an advocacy organization in Orange County.

5.6. Recommendations

This thesis investigated which mechanisms could contribute to affordable housing delivery in American cities. Answering the main question has resulted in three mechanisms that could be improved. The three mechanisms for which the recommendations are given are: financial sources, the regulatory framework and NIMBY resistance.

Firstly, *NIMBY resistance* is a mechanism that makes it hard to deliver affordable housing. The strong feeling of local autonomy by cities is certainly related to NIMBY resistance, since cities would like to serve the community's need. NIMBY resistance often results in a delay of affordable housing developments, which makes affordable housing more costly. However, to address this problem, education is useful to educate local officials and residents in order to decrease the stigma on affordable housing and make citizens and cities aware that affordable housing is not only negative for your community, but could also have a positive contribution.

Secondly, a *permanent financial source* is probably the most effective mechanism that could increase affordable housing delivery in American cities. Although there are some financial incentives already available to private developers, the many restrictions, requirements and competitiveness discourage developers to make use of these sources. Additionally, these grants are primarily on project basis, whereby a private developer do not know whether he could re-claim these financial incentives at the start of a new affordable housing development project or not. These factors may contribute to discouragement of a private developer to build affordable housing instead of market-rate units. Hence, to sustainably address the affordable housing challenge, a permanent funding source is needed, which could be used as a financial incentive to encourage developers to build affordable housing units.

Lastly, the current *regulatory framework* could contribute to the lack of affordable housing supply. Since state housing legislation and mandates are incentive-based, there are no enforcement tools to force cities and counties to zone for affordable housing units instead of large-lot zoning. Even when cities do not have a compliant housing element, there are no strong restrictions to it. Currently, the only way to force cities and counties to comply with the law is by beginning a lawsuit, which could be initiated by citizens and organizations, for instance an advocacy organization. Enforcement tools could be a good way to enforce cities and counties to zone for affordable housing units as well, independent from citizen- or political resistance. Additionally, in order to address the affordable housing problem in a sustainable way, it would be good to address this challenge on a regional level, since affordable housing is a regional or state-wide problem instead of a local problem. Although cities want to maintain their local autonomy, cooperating on a regional level could contribute to a more effective way to address the affordable housing problem.

5.7. Reflection and future research

- *Reflection*

Now that this study is completed, there is a moment to reflect critically back to my own process. By reflecting on my own process, I could say that many aspects have gone well and on the other hand, for other aspects there is room for improvement. When I decided to go abroad to conduct research for my master thesis, nobody has told me that it would be an easy task. By doing research abroad, I immediately faced some practical difficulties in my research project. Firstly, I prepared a research proposal in The Netherlands, before I started doing research in the United States. However, once I arrived in Irvine, I discovered that the research proposal was in practice not applicable anymore. I had not discovered this before, because available online information is often dated. Since I was not familiar with the American planning system, which very much differs from the Dutch planning system, it has been a challenge for me to get into that planning system and subsequently find a new topic that is feasible for a master thesis research project.

Another practical problem I ran into was that it was difficult for me to find persons that could attribute to my data collection by in-depth interviewing and additionally, how to go to my interviewees without a car. Luckily an employee from the Kennedy Commission, who has been an UCI alumni student as well, provided me with practical information and optional contacts that I might call for my interviews. However, since I had to change my topic and I would only stay for a few months in Irvine, I had to plan my interviews already, even before I completed my theoretical analysis. It was a risk, since I did not know whether my data would later be valuable or not. Additionally, because of the limited time I could spend on my data collection, it was not an option to collect more qualitative data or quantitative (survey) data in addition to my interviews to back up my points and subsequently come to convincing conclusions.

Once I returned to the Netherlands, I adjusted the topic of my thesis again in conjunction with one of my supervisors. I changed my topic from the influence of growth management to affordable housing in California, towards mechanisms in general that could influence affordable housing delivery in American cities. However, since available literature on affordable housing is very fragmented, it was difficult to critically engage and analyze the different theoretical strands in the literature and subsequently to construct a conceptual model. Luckily, I discovered that the largest part of my data collection was also applicable and valuable to my new research topic. Hence, it was still an option to use my data for my empirical findings and make it a quite decent research analysis.

The most important things that I have learned from this experience is that it is difficult to conduct research about programs, legislation and government structures, without a prior knowledge of the planning system in another country and prior knowledge of the topic. Hence, for a next time, I would like to spend more time in a country to get into the planning system and construct a research proposal on location before I start with my actual research. Furthermore, it would have been better to spend more time on my theoretical framework before I started with my data collection. This was probably gone different, if I had more time to spend in Irvine. Also, it is likely to know someone at your destination who could provide you useful contacts and information or a professor who is able to co-work with you on an existing research topic.

That being said, I think my greatest thing I have learned from this research journey is about myself. I have learned to be assertive and to do research very independently on the other side of the world, which gave me confidence. I have learned to deal with setbacks in my research project, but again to continue my project with a positive attitude. Even though it may be more challenging to conduct research in another country, I did not want to miss this great experience.

- *Future research*

This thesis has analyzed how different mechanisms could influence affordable housing delivery in American cities. In order to build on this research paper, it is interesting to collect more data in other regions in the United States to make a comparative research analysis or additionally, to make use quantitative (survey) data in order to find if there are causal relationships between the different mechanisms. Furthermore, it is interesting to investigate to what extend a regional approach to affordable housing could contribute to affordable housing delivery in American cities. Subsequently, future research should investigate how the regulatory framework could be more effective to address the affordable housing problem.

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Appendix

Interview Questions Municipalities (Irvine, Anaheim, Laguna Niguel)

Irvine:

Name: Mr. M. Asturias and Mr. S. Holtz

Position: Housing manager and housing administrator

Date: March 15th, 2012

Location: City hall, Irvine

Anaheim:

Name: Ms. T. Sato

Position: Senior planner

Date: March 14th, 2012

Location: City hall, Anaheim

Laguna Niguel:

Name: Mr. L. Longnecker

Position: Senior planner

Date: March 20th, 2012

Location: City hall, Laguna Niguel

1. Do you know if there is in general resistance towards the RHNA in Orange County?
2. What is the general attitude of your local municipality towards the next RHNA cycle with new approaches according to affordable housing?
3. Do you think that more state-control is necessary to decrease the affordable housing gap in Orange County?
4. Does Home-Rule play an important role in your municipality and your attitude towards state rules?
5. In the last RHNA cycle, it turned out that it took a long time for local governments to get compliant to the Housing Element. Do you think that the goals stated in SB375 and the new RHNA cycle is realistic?

- 6.** Is there a difference between master planned cities and traditional cities and their attitude towards affordable housing?
- 7.** How difficult is it for your municipality to assign available sites to build for affordable housing?
- 8.** Does your municipality work together with other actors (developers/organizations) to encourage the development of affordable housing?
- 9.** Do you think you can encourage developers to build for affordable housing in mixed-use developments?

- 10.** Has there been recent discussion in your community on the subject of promoting more mixed-use/infill development, and if so, what has been the general reaction the idea?
- 11.** Are there any recent mixed-use/compact city developments in the community and if so, are they successful?
- 12.** What is the attitude of your municipality towards building sustainable development to reduce green gas emissions?
- 13.** What do you think is the attitude of other actors/organizations towards compact development?
- 14.** Do you think that smart growth and mixed-use development is the future for California to solve the affordable housing problem or is there an alternative strategy possible?

Interview questions California State Housing & Community Development

Name: Ms. L. Wheaton

Position: Assistant director for intergovernmental affairs

Date: March 30th, 2012

Location: interview by phone (Irvine – Sacramento)

- 1.** Do you know if there is in general resistance towards the RHNA in Orange County?
- 2.** How would you describe your relationship as HCD with the SCAG and local municipalities in Orange County?
- 3.** Do you think that local autonomy plays a large role in the resistance of municipalities towards state mandates?
- 4.** Do you think that more state-control is necessary to decrease the affordable housing gap in Orange County?
- 5.** What do you think about incentive-based policy, do you think that local governments feel responsible enough to encourage affordable housing?
- 6.** How do you monitor the progress of the local municipalities in Orange County to provide affordable housing?
- 7.** Can you force a local municipality to comply with the RHNA & SB375?
- 8.** In the last RHNA cycle, it turned out that it took a long time for local governments to get compliant to the Housing Element. Do you think that with the new RHNA cycle, it will appear to be different?
- 9.** Is there a difference between master planned cities and traditional cities and their attitude towards affordable housing?
- 10.** What do you think is the attitude of other local municipalities towards mixed-use and smart growth?
- 11.** Do you think that smart growth and mixed-use development is the future for California to solve the affordable housing problem or is there an alternative strategy possible?

Interview questions SCAG

Names: Mr. M. Anderson and Ms. M. Johnson

Positions: Regional planner and senior regional planner

Date: March 22nd, 2012

Location: OCTA building, Orange and conference call from SCAG building, LA.

- 1.** Could you describe briefly the role of the SCAG in SB375 and the RHNA?
- 2.** Do you know if there is in general resistance towards the RHNA in Orange County?
- 3.** How would you describe your relationship as SCAG with the state and local municipalities in Orange County?
- 4.** Do you think that local autonomy plays a large role in the resistance of municipalities towards state mandates?
- 5.** Do you think that more state-control is necessary to decrease the affordable housing gap in Orange County?
- 6.** What do you think about incentive-based policy, do you think that local governments feel responsible enough to realize affordable housing?
- 7.** How do you encourage local governments to develop affordable housing?
- 8.** How do you monitor the progress of the local municipalities in Orange County to provide affordable housing?
- 9.** Can you force a local municipality to comply with the RHNA & SB375?
- 10.** Are there any sanctions if local municipalities are not compliant to the RHNA?
- 11.** In the last RHNA cycle, it turned out that it took a long time for local governments to get compliant to the Housing Element. Do you think that with the new RHNA cycle, it will appear to be different?
- 12.** Is there a difference between master planned cities and traditional cities and their attitude towards affordable housing?
- 13.** Orange County has it's own Sustainable Community Strategy. Do you think that this makes a difference in the attitude of local municipalities towards smart-growth and mixed-use development?
- 14.** Do you think that the RHNA and SB375 is the future for California to solve the affordable housing problem or is there an alternative strategy possible?

Interview questions Jamboree Housing

Name: Mr. G. Lopez

Position: Project manager

Date: March 16th, 2012

Location: University of California, Irvine

- 1.** What is your role as a private developer in the provision of affordable housing in Orange County?
- 2.** What is the general attitude of private developers towards affordable housing projects?
- 3.** Are there any obstacles that you have to encounter as a private developer when you want to achieve affordable housing units and if so, what obstacles?
- 4.** Do you think that bureaucracy could be a reason why private developers are not in favor of achieving affordable housing units?
- 5.** How would you describe your relationship with local governments/organizations?
- 6.** Do you believe that mixed-use development (mixing different land uses close to each other) increases the chances for affordable housing to be built in Orange County and why?
- 7.** What do you think is the attitude of other actors/organizations towards compact and mixed-use development?
- 8.** What do you think is the greatest source of resistance by municipalities to promoting affordable housing?
- 9.** Do you think that more state requirements are needed to decrease the affordable housing gap in Orange County?
- 10.** Do you think that smart growth and mixed-use development will be effective in addressing the affordable housing problem or is there a more effective alternative?

Interview questions advocacy organization “The Kennedy Commission”

Name: Mr. C. Covarrubias

Position: Executive Director

Date: March 13th, 2012

Location: Kennedy Commission office, Irvine

- 1.** Can you describe briefly the role of the Kennedy Commission in affordable housing policy in Orange County?
- 2.** Do you think that as an advocacy organization, you can make a difference in Orange County towards the affordable housing problem?
- 3.** Do you think that the new RHNA cycle under the Sustainable Community Strategy will result in more affordable housing in Orange County?
- 4.** What is the attitude of the Kennedy Commission towards promoting development projects and land use patterns that will reduce green gas emissions?
- 5.** What do you think is the attitude of other actors/organizations towards compact development?
- 6.** What do you think is the greatest source of resistance by municipalities to promoting affordable housing?
- 7.** How would you describe your relationship with other actors/organizations in Orange County?
- 8.** Do you think that local governments feel responsible enough to realize affordable housing with the current incentive based policy?
- 9.** Do you think that smart growth and mixed-use development will be effective in addressing the affordable housing problem in Orange County or is there a more effective alternative?