
How Urban Planning Instruments Can Contribute in the Fight against Homelessness. An International Overview of Inclusionary Housing

Jordi Bosch Meda

Independent Researcher, Barcelona

- › **Abstract_** *This paper reviews the role of urban planning in ensuring the provision of adequate affordable housing through the method of ‘inclusionary housing’, also known as ‘inclusionary zoning’, and considers its potential as a tool in the prevention and solution of homelessness. Whilst the complexity of homelessness means that it cannot be explained fully or solved solely by the provision of affordable housing, such housing is nonetheless a vital requirement in the fight against homelessness. Inclusionary housing, first developed in the United States, requires that a given share of new housing has to be affordable to low- and moderate-income households. It is not common in Europe at present but is being considered as a way of increasing the supply of affordable housing. Although the value of inclusionary housing is contested internationally, and it has a number of technical, legislative and governance-related difficulties, its low costs and ability to improve the urban social mix arguably endow it with enormous potential to help address homelessness in the current social, political and economic context in Europe.*
- › **Keywords_** *Homelessness; urban planning; inclusionary housing; inclusionary zoning.*

Introduction

The main objective of this paper is to explore how urban planning can contribute to the prevention and solution of homelessness, through the supply of affordable housing as a result of inclusionary housing.

Like every public function, the ultimate aim of urban planning is to deliver a certain level of quality of life for citizens and thus ensure the security and well-being of a city's inhabitants. Nowadays, these social objectives are included in concepts of sustainable development and sustainability, which have become basic principles in the urban planning field. Sustainable urban development planning requires that land use, transportation, housing, community development, economic development and environmental planning are all woven together (Wheeler, 1998). In other words, economic, social and environmental issues must be considered in urban planning, and, consequently, urban planning cannot be limited to addressing only the physical planning of the city. The physical fabric is inseparable from the economic and social needs of its inhabitants, so these variables must also be considered in town planning (Bosch and Gibaja, 2004). Residential use (i.e. housing) is the primary use of land in our cities (Bramley et al., 2004), and thus guaranteeing access to decent and adequate housing to the entire population is arguably one of the main social objectives that all urban planning must set and achieve.

The reality is, however, very different. The existence in our cities, to a greater or lesser extent, of a segment of the population faced with problems of economic accessibility to decent and adequate housing, living in overcrowded conditions or in dwellings with serious deficiencies, or simply lacking housing altogether and thus either living on the streets or in shelters or similar facilities, can be seen as a failure of the social objectives of urban planning. Despite this, the needs of homeless people do not usually appear in the objectives of urban planners and urban planning instruments are rarely used to promote preventive and intervention measures. In fact, urban planning is more likely to exacerbate the homelessness problem. The development of so-called 'exclusionary zoning' measures, which (through land-use legislation) attempt to achieve homogeneous wealthy communities free from 'undesirables', has increased the concentration of homeless people in downtown areas, limited the number and type of community-based service facilities and restricted the development of affordable housing projects (Akita et al., 1988; Oakley, 2002).

Urban planning that is more sensitive to the homelessness problem would:

- Help to alleviate the documented scarcity of homelessness services across Europe (Edgar, 2005) through a supply of land designated for specific public facilities for homeless people. One of the objectives of regulating land use is to

guarantee an adequate supply of public goods (Whitehead, 2007), and homelessness services, owing to their public utility and social welfare purpose, could form part of the community facilities in a similar manner to schools, hospitals etc.

- Counter inadequate housing situations (cf. FEANTSA's ETHOS typology in Edgar and Meert, 2006) through urban regeneration and renewal operations. Commonly, such buildings constitute part of urban environments characterised by widespread physical deterioration, as well as a high incidence of social problems. Urban renewal has not been spared criticism, particularly for being geared almost exclusively to the physical renewal of a neighbourhood rather than also pursuing social sustainability objectives. More specifically, it has been argued that such actions must attain a social mix by combining non-subsidised and affordable housing (Fitzpatrick, 2004) and must also be accompanied by additional social programmes (Edgar, 2005; Tsenkova, 2008).
- Increase the supply of affordable housing (i.e. housing at a selling or rental price that entails an economic burden that the occupants are capable of assuming) through inclusionary zoning.

Inclusionary housing attempts to fulfil two objectives: to create affordable housing and to remove affordability barriers in communities with a poor supply of affordable housing as a result of exclusionary policies (CMAFP, 2008). The basic approach is to require that a certain percentage of housing units in new residential developments or renewal operations are affordable to low- and moderate-income households. Inclusionary housing has aroused growing interest among urban planners and housing policy makers throughout the world in recent years. At present, it is applied in such diverse countries as India, Australia, South Africa and New Zealand (Calavita and Mallach, 2009). We shall consider in greater detail below how it originated and developed in the United States and how it has been implemented in Canada and Europe, the ways it can contribute to efforts to prevent and solve the homelessness problem, and the advantages, limitations and challenges that its implementation entails. The paper starts by reviewing the need for inclusionary housing for tackling homelessness, as well as the technical approaches that can be utilised to increase the supply of affordable housing, in more detail.

This international overview is based on a comprehensive literature review. However, the paper seeks to present paradigmatic examples rather than to document all European inclusionary housing experiences to date. It is also important to note that the majority of research on inclusionary housing has been carried out in the United States; the European bibliography is much more limited. Further, there is very little research that considers the relationship between homelessness and inclusionary housing.

The Need for Inclusionary Housing

The complexity of the problem of homelessness cannot be explained only in terms of a shortage in affordable housing and thus the needs of homeless people are not limited to affordable housing; they are numerous and closely related to a number of causes that generate exclusion. Social work and the reintegration of homeless people into wider society requires emergency and transitional accommodations, including ad hoc residential alternatives for certain groups with specific needs – homeless people who are victims of domestic violence or have drug addiction problems, single-parent homeless persons, migrants and asylum seekers etc. – as well as support services – psychological, health, counselling, reintegration into the world of work, floating support to help maintain tenancies etc. – (Doherty et al., 2000; Fitzpatrick and Christian, 2006; FEANTSA, 2007).

Recent literature on homelessness consistently highlights a wide range of contributing factors such as economic, employment, psychological, relational and institutional crises, the scarcity of affordable housing, low levels of social protection, the breakdown of the family and loss of friends, family and social networks etc. (Greenhalgh et al., 2004; Doherty, 2005; Fitzpatrick and Christian, 2006; Shinn, 2007; Fitzpatrick and Stephens, 2007a). Among this wide range of factors, the availability of a sufficient supply of affordable housing, although not *the solution* to the problem, is nonetheless an absolutely vital requirement for preventing (Shinn et al., 2001), tackling and minimising the problem of homelessness (FEANTSA, 2004; Edgar, 2005; NAEH, 2007). In other words, ‘making housing affordable... seems a key component of any solution to homelessness, and may have benefits for other outcomes’ (Shinn, 2007). There is a clear connection between weak welfare states, low levels of affordable housing and a large homeless population (Fitzpatrick and Stephens, 2007a). In these cases, ‘the homeless population is made up predominantly of households facing access and affordability problems, rather than particular personal needs arising, for example, from alcohol or drug dependency, or mental illness’ (Fitzpatrick and Stephens, 2007b).

In the current European context, there is every indication that the need for affordable housing has increased and that it is not adequately addressed by most public authorities (Mandič, 2006; Scanlon and Whitehead, 2007). In general, the Southern European countries and the newer Central/Eastern European Union member states have weaker welfare and housing systems. Unfortunately, in all the new EU member states the transition to a market economy has been accompanied by a worrying rise in homelessness (Edgar, 2005; Toro, 2007) and a mass privatisation of public housing (Pichler-Milanovich, 2001; Dandolova, 2003;

Mandič, 2006). In these states, urban planning tools for improving the supply of affordable housing, such as inclusionary zoning, may play a crucial role in preventing and solving the homelessness problem.

Increasing the Supply of Affordable Housing through Inclusionary Housing

How can the supply of affordable housing be increased? Technically, public authorities may increase the supply, directly or indirectly, in two ways: by acquiring housing that already exists or by building new dwellings. Under the first option, which is completely disconnected from urban planning, public authorities purchase non-subsidised housing at market prices and then provide a subsidy (to the buyer or tenant) to cover the difference between the market price and the affordable price. This policy ultimately comes at a high economic cost, which, given the generalised restraint – if not reduction – of public spending on housing policies in the current European context, seems patently unfeasible to cover all the existing needs.

The second option – the development of new affordable housing – requires sufficient availability of land. But, how can such land be obtained? Broadly speaking, there are four ways:

1. Encourage private initiatives to supply affordable housing.
2. Buy land on the property market that is suitable to build on.
3. Acquire land (through purchase or expropriation) that is not suitable to build on, and make it suitable for house building.
4. Undertake operations connected to urban planning, which, in one way or another, involve inclusionary housing.

The first approach is based on establishing economic incentives and cost-offsets for private developers, to cover all or part of the difference between the market price of non-subsidised housing and the lower price of affordable housing. It is therefore an instrument that requires sizeable public financial resources, and the participation of the private sector, but one that usually produces very limited results when the difference between the market price and the price of affordable housing is substantial.

The second approach involves direct action by the public authorities (central, regional or local governments, public undertakings etc.) on the land market just like any other agent. In this case, the economic loss entailed in allocating plots of land for affordable housing for non-subsidised housing acquired at the market price is considered as an intrinsic cost of the policy.

The third approach is what is commonly known as land policy. It is similar to option two but with one significant difference. Rather than acquiring land that is ready to build on, the aim is to acquire land that requires urban development before it is suitable for house building. The cost of such land is substantially lower, which makes it possible to use the increment in value generated by urban development to cover the costs of the future intended use of the land for affordable housing. This approach requires a degree of integration of housing and land policies with urban planning policies at a stage prior to urban development.

The fourth approach, analysed below, is the complete integration of land and housing policies with urban planning. It is based on the employment of urban planning instruments that are geared to the development of affordable housing. According to Whitehead (2007), there are at least three key economic reasons for supplying affordable housing through urban planning: it improves the distribution of resources that govern public intervention, it helps counter the problems of economic accessibility to housing, and it taxes the enrichment of land owners who see the value of their property increase only as a result of urban planning, i.e. it is a way of recovering planning gains or increments in land values (Crook et al., 2002; Crook and Whitehead, 2002 and 2004; Calavita, 2006; Calavita and Mallach, 2009). This technique is known as inclusionary housing or inclusionary zoning.

Origin and Development of Inclusionary Housing in the United States

Inclusionary housing, also known as inclusionary zoning, incentive zoning or mixed-income housing programmes, consists basically of establishing a certain percentage of affordable dwellings (for sale or to let) in new residential development projects at prices below market rates, for lower-income households. In 1971 the US County of Fairfax (Virginia) enacted the first inclusionary zoning ordinance (NHCAHPR, 2004). Since then, this technique has been used in numerous other US cities and counties mainly in California (e.g. San Diego, Sacramento and San Francisco) and more recently in major cities such as Boston, Washington, New York and Chicago. It is aimed at increasing the supply of affordable housing, particularly in response to the steep increase in the cost of housing in the 2000 to 2007 period (and the consequent affordability crisis), without increasing public spending on housing policy.

It can be mandatory or voluntary for new housing. In both cases there are usually incentives for the developers, such as density bonusing,¹ lowered development fees and fast-tracking permits. In general, the inclusionary percentage in the US (also known as the set-aside percentage) ranges between 10 and 30 per cent of the total new housing, and may include certain regulations on the tenure system of inclusionary housing based on income targeting. Normally, rental units are geared to low-income households, and for-sale units to moderate-income households.

There are a number of aspects that need to be defined in any application of inclusionary housing: the percentage of inclusionary housing to be built, the tenure system, the price and target group, the length of affordability of these dwellings (for sale or to rent), and the alternatives offered to developers, if they later consider that it is best not to build (CAHPL and WCLP, 2002; MHFA, 2002; CCRH and NPHANC, 2003; Institute for Local Self-Government, 2003; SPPRIDA, 2004; NHCAHPR, 2004; Mukhija, 2009).

The length of affordability of these dwellings varies depending on the locality, and may range from only ten years to perpetuity. Alternatives to construction on site also differ depending on the area. The most common is payment of a certain amount of money, known as the in-lieu fee, so as to forego the obligation of having to build such affordable housing. This payment is used to finance other housing programmes, including actions for homeless people such as homelessness assistance, transitional housing or special-needs housing (Calavita et al., 1997, 1998; Brunick, 2007). Other alternatives usually available are: off-site construction, i.e. construction at another location; and land dedication, i.e. handing over to the local government the equivalent in land so that it assumes, directly or indirectly, the construction of such housing. Similarly, the development of housing for more vulnerable groups tends to require additional subsidies in order to be viable, chiefly in sites with strong urban pressure and high land prices (McIlwain, 2003).

Research on the effects of inclusionary zoning in the US show that it contributes to increasing the supply of available housing (Been et al., 2007; NPHANC, 2007; CMAFP, 2008). This contribution is greater when the programme has been implemented for a longer period, when it is mandatory and when it includes measures that make it flexible, such as density bonuses (MHFA, 2002; American Planning Association, 2004; Been et al., 2007; NPHANC, 2007). There is also a certain consensus on the need to diversify the target and the tenure system, by including housing to let for households with very low incomes. Other aspects that the studies highlight include the complexity of these measures and, by extension, the need to

¹ A density bonus is an incentive-based tool that permits developers to increase the maximum allowable development on a property in exchange for helping the community achieve public policy goals.

prepare local governments to implement and manage them correctly, as well as doubts as to the effectiveness, destination and calculation of the in-lieu fees (NPHANC, 2007; Mukhija, 2009).

It is therefore unsurprising that inclusionary housing is advocated by the National Alliance to End Homelessness (NAEH, 2003, 2006 and 2007), a non-partisan organisation committed to preventing and ending homelessness in the United States, and other entities with similar objectives (e.g. BAFAGEH, 2006). Indeed many ten-year plans to end homelessness that have been drawn up since 2002 under the political and economic aegis of the United States Interagency Council on Homelessness (City of Long Beach, 2005) have included proposals (among other measures) to implement inclusionary zoning programmes in order to increase the supply of affordable housing.

Inclusionary Housing in Canada

Canada does not have a national inclusionary housing policy, so obtaining affordable housing through urban planning is generally limited (Purchase and Smit, 2006; Thibert, 2007; Gurran et al., 2007a, 2007b). However, certain provinces and cities have implemented inclusionary zoning programmes at the local level. Most of these programmes are concentrated in the provinces of Ontario and British Columbia. In British Columbia Section 903 of the Local Government Act empowers local authorities to adopt inclusionary zoning policies in cases of rezoning, i.e. when they are planning to make urban zoning changes, and when Section 904 explicitly authorises density bonuses in exchange for a percentage of affordable housing. The city of Vancouver, for example, has since 1988 required that 20 per cent of dwellings in major development projects be affordable (Metro Vancouver, 2007; Tsenkova, 2008).

However, the production of affordable housing through urban planning in Canada has been rather insufficient, and the number of homeless persons has increased at an alarming rate. Faced with this situation, and probably also because of awareness of the US experience, many reports and organisations have called explicitly for more and better distributed mandatory inclusionary housing programmes (City of Toronto, 1999, 2001 and 2003; Poverty Reduction Coalition, 2007; Cowans and MacLennan, 2008; Wellesley Institute, 2008; Snow, 2008; Cormier, 2009).

Inclusionary Housing in Europe

The first European experiments with inclusionary housing date from the 1990s. European programmes tend to differ substantially from their North American counterparts, most likely reflecting the urban planning tradition and regulation of property rights in each country (Calavita, 2006). The later application in Europe, twenty years after its inception in the United States, is due to the fact that, historically, affordable housing in Europe has been generated essentially through direct interventions by the public sector in the financing and production of social housing, and it was not until the European social housing programmes were significantly reduced that the use of inclusionary zoning was considered (Mallach, 1984; Bramley et al., 2004; Calavita, 2006).

England

The regulatory framework in England is the 1990 Town and Country Planning Act and the 1991 Planning and Compensation Act. Under Section 106 of the 1990 Act, local authorities are empowered to require, according to need, either a percentage of affordable housing (for sale or to let) in new urban development projects or in-lieu fees. There is no fixed percentage or pre-established requirement, as the technique is based on negotiations between the local authorities and developers.

After some twenty years of application, a significant proportion of the new supply of affordable housing has been obtained through Section 106 and, in many cases, the availability of additional subsidies (social housing grant) has played a key role in this outcome. Numerous studies have detected problems in negotiations due to the poorer negotiating capacity and market awareness of the local authorities. Furthermore, the number of affordable housing units built was found to be substantially below the forecast figures. The lack of appropriate monitoring of written agreements, deficiencies in the formalisation of agreements and the rather recurrent renegotiations of the terms thereof are some of the reasons that explain this imbalance (Crook and Whitehead, 2000 and 2002; DCLG, 2003; Crook et al., 2006; Gurrán et al., 2007a; Whitehead, 2007; Scanlon and Whitehead, 2007).

Ireland

Part V of Ireland's Planning and Development Act 2000, amended in 2002, requires the local authorities to guarantee that a maximum of 20 per cent of new development projects are intended for affordable housing. Developers have the option to offset this obligation by paying in-lieu fees or providing land or housing units in other locations. Data on the effects of this policy seem to show that its implementation is gradually contributing to an increase in the supply of affordable housing (Norris, 2004 and 2006; Williams, 2005; Gurrán et al., 2007a; Scanlon and Whitehead, 2007).

Spain

The first experiments with inclusionary housing in Spain were undertaken in the mid-1990s. By virtue of their urban planning responsibilities, many autonomous communities revised their legislation to fix a certain percentage of affordable housing in urban development projects. The first were the Basque Country (1994), Navarra (1994) and the Community of Madrid (1995); followed by Castilla La Mancha (1998), Castilla y León (1999), Cantabria (2001), Extremadura (2001) and Catalonia (2002), among others. In spite of the differences between communities, Spanish inclusionary housing adopted the terminology of legal standards for protected housing (or officially protected housing) and consists essentially of fixing a percentage of the new residential housing, or the number of units, that must be affordable. The government fixes the maximum price at which these protected housing units can be sold or let below the market price and provides subsidies for the developer and the buyers alike. Protected housing has historically been the pillar of Spanish social housing programmes, which encourage homeownership through this type of housing.

However, given the shortage of affordable housing in Spain, the growing crisis of economic accessibility to the housing market and the absence of any mandatory percentage of affordable housing in some autonomous communities, the government approved the Land Act in 2007, which stipulates that a minimum of 30 per cent of newly built housing throughout the country must be affordable.

In keeping with the high volume of affordable housing built in application of these standards in those communities with a higher level of requirement and longer regulation period (mainly in the Basque Country, Madrid and Navarra), some autonomous communities have revised their legislation in recent years, increasing the percentage of protected housing to be built and dividing protected housing between moderate-income households (housing at controlled prices) and lower moderate-income households (protected housing). A good example is the Basque Country, where legislation from 1994 had already fixed levels of 65 per cent for new development projects and 20 per cent for urban land operations, raising them to 75 per cent and 40 per cent respectively in 2006.

As regards the target, and despite the fact that protected housing can be for social rent, in many autonomous communities (the Basque Country is again an exception), housing developed according to these standards has been predominantly for sale to moderate- and lower moderate-income households, as the Spanish inclusionary zoning system has scarcely given consideration in its target to the needs of the more vulnerable households.

Another particular feature of the Spanish inclusionary housing system is that it lacks flexibility, as no consideration is given to in-lieu fees, and cases of off-site construction are exceptional (Ponce, 2004; Izquierdo, 2004; Bosch and Gibaja, 2004; Burón, 2006).

Other European inclusionary housing initiatives at local level

In other cases, in the absence of a required national legislative framework for inclusionary zoning, certain European cities, usually by virtue of their urban planning responsibilities, have introduced such zoning in their urban planning regulations. They include Rome and Florence in Italy, the Rotterdam region in the Netherlands, and Munich and Frankfurt in Germany (McIlwain, 2003; Purchase and Smit, 2006; Calavita, 2006; Scanlon and Whitehead, 2007).

Advantages of Inclusionary Housing in the Fight against Homelessness

Putting the needs of homeless people on the urban planning agenda in order to develop sensitive policies such as inclusionary housing has two major advantages: low costs and an improved social mix in the city. Such housing, or where appropriate the plots of land on which to build it, or the in-lieu fees, are obtained at no cost to the authorities, other than the corresponding development and administrative costs (Center for Housing Policy, 2000; MHFA, 2002; Institute for Local Self-Government, 2003; Brunick and Webster, 2003; Brunick, 2007; Been et al., 2007; CMAFP, 2008). They do not entail isolated, occasional operations, but concerted actions for urban development in which the costs of the operations are compensated for by the benefits generated, i.e. by the generation of increments in the value of the land where the non-subsidised housing will be built.

Although this low cost is obvious in new projects, the situation in urban renewal operations is more complex. Such operations usually entail far higher costs such as those for rehousing residents, compensation for related rights, high costs of reurbanisation etc. Often, these higher costs diminish the economic viability of the project to the point of it becoming a loss-making operation, and thus requiring public funding. Nevertheless, there are different urban planning techniques that can minimise the costs relating to urban renewal operations by connecting such costs to the increments in value of the new development projects.

Furthermore, urban planning, through land use regulation, has an impact on the composition of the population of each neighbourhood. Charting housing and urban planning policies together makes it possible to distribute affordable housing, and thus households on low and very low incomes, throughout the city,

thereby avoiding segregation and the concentration of poverty and improving social cohesion. In the European context, the aim of 'social mix' has been generalised in urban policies in one way or another (Minton, 2002; Musterd, 2003; Scanlon and Whitehead, 2007) and has been explicitly enshrined in the legislation of several countries such as the Netherlands, Spain, the United Kingdom, France, Germany, Sweden, Finland and others.

Clearly, urban planning can contribute to the social mix and the decentralisation of poverty (Brown, 2001; Minton, 2002; Institute for Local Self-Government, 2003; Brown et al., 2003; NHCAHPR, 2004; Calavita, 2006), however, the question that now dominates urban planning discussions in Europe and North America is whether social mix really creates social opportunities. According to Andersson and Musterd (2005), 'the relations between housing mix, social mix and social opportunities are insufficiently tested'. A detailed examination of this debate is beyond the scope of this paper. However, it is certain that the integration of housing policy with urban planning inevitably calls for decisions on the social composition of the different neighbourhoods of the city, i.e. as to where the affordable housing units will be located and where the socio-economically better-off segments of society are going to live. It can be argued that these decisions should be based on the social mix objective, for the following reasons:

- The possible overestimation of the positive effects of the social mix by comparison with other variables such as the level of education in no way implies that the social mix is something negative.
- There is no evidence that social segregation in general is beneficial; quite the contrary, there is a growing consensus among academics and policy makers that certain concentrations of social housing and poverty have (with time) led to hyper-segregated areas, with high stigmatisation of their residents and, consequently, a strong negative impact on their social opportunities (Minton, 2002; Friedrichs et al., 2003, 2005; Wacquant, 2008; Musterd, 2008).
- Adequate planning of the affordable housing supply for all needy segments of society and in all urban planning actions under the social mix criterion counters the NIMBY ('not in my back yard') neighbourhood reactions against social housing for the most vulnerable households with low, if any, income.

Limitations and Challenges of Inclusionary Housing Implementation

Inclusionary housing is not exempt from technical, legislative and governance-related difficulties that limit its effects. For example, urban planning tools are slow and complex processes, the first results of which do not appear until perhaps three to five years after implementation. Initial investment is needed for urban development and private participation is conditional on the economic situation and prospects for generating a profit. Putting the needs of homeless people on the urban planning agenda and implementing inclusionary housing are complex tasks that demand adequate training of all the actors involved. Further, considerable economic, political and social coordination is required.

In relation to legislative development, each country's use of inclusionary housing will depend, as can be expected, on such variables as urban planning traditions, the regulation of property rights and how social goals are included in the urban planning legal framework. Furthermore, it is important to understand that the extent of the diversity of existing planning systems entails that the implementation of inclusionary housing must adapt in each context, bearing in mind factors such as the welfare regime, the political and governmental system, the housing system and the nature and scale of the homelessness problem.

Based on the analysis of international experiences, a number of generic recommendations on how to improve the implementation of inclusionary housing programmes can be made:

- The main requirement for the development of inclusionary housing is the existence of an adequate legal framework. In order to guarantee its application in the entire territory, minimise the intrinsic difficulties between local authorities and developers, achieve greater transparency and fairness between the different national urban areas and develop the highest number of social housing units possible, this legal framework should be enacted at the national level and be mandatory for all municipalities.
- The regulation of the basic parameters of inclusionary zoning (set-aside, targets etc.) should be based on rigorous studies of current and future needs for affordable housing in the short, medium and long terms. The legislative framework should stipulate these parameters according to the objectives and needs at the national level, while studies at the local and metropolitan level should make it possible to adjust them in accordance with the particular features of each urban area. The availability of land that can be used for urban development on the

residential market and the socio-economic characteristics of its population are some of the key aspects to be considered in the development of affordable housing supply at the local level.

- To overcome the dependence on the private sector, urban planning legislation should include mechanisms to promote new urban development and renewal operations, and consequently new affordable housing, despite the lack of interest of landowners and private developers in times of crisis. These urban planning tools should logically be complemented with the corresponding public resources to cover the initial investment needed for the development. However, this cost would be recovered later through planning gains or increments in land values. This is often the function of public sector companies with responsibility for urban planning and housing policy at the local, regional or national level.
- Part of the success of inclusionary housing depends on its coordination with national, regional and local urban planning policies, and with plans for housing and the eradication of homelessness at every government level. Such coordination must not only cover the political-legislative and budgetary issues (e.g. the forecast of the public subsidies needed for the effective development of social housing for lower income households in certain urban areas), but also extend to the management and monitoring of the results.
- The affordable housing developed within the inclusionary zoning programme must be segmented for the different levels of income of households excluded from the residential market, including homeless people, and, in accordance with these segments, must consider both housing for sale to households with lower-moderate incomes and social rented housing for households with very low incomes or even for households temporarily without income.
- The introduction of a certain flexibility in inclusionary zoning regulations (e.g. in-lieu fees or off-site construction) may have positive effects, but also entails a risk to achieving the desired social mix and to the volume of social housing units actually built, as well as the opening of complicated negotiations between local authorities and developers. To that end, such options should be limited beforehand under the required premise that a certain minimum percentage of affordable housing must be exempt from such flexibility, and thus outside any negotiations or economic conversions.
- The debate on the length of affordability of housing obtained through the inclusionary programme boils down to a discussion as to who will appropriate the increments in value generated and in part materialised in the housing and

when they will appropriate them. Given the scarcity of affordable housing, and considering that it is a public good, it would be most appropriate to consider its affordability for perpetuity.

- Inclusionary housing, in each of its possible variants, entails technical difficulties that cannot be overlooked. Putting the needs of homeless people on the urban planning agenda is not an easy task and appropriate training for all actors involved – especially local government staff (Institute for Local Self-Government, 2003) but also town planners, policy makers and property developers – is essential for the proper application and development of these policies.

Inclusionary housing is essentially about recovering, for social purposes (affordable housing), the increments in value generated from the development of urban land. Therefore, it should not be so demanding as to discourage private investment. Furthermore, it is worth bearing in mind that its implementation will always be opposed by private developers and other economic agents and related lobbies because it ultimately reduces their profits.

Conclusion

Homelessness is a complex problem involving much more than a shortage of affordable housing. There is a wide range of other contributing factors such as economic, employment, psychological, relational and institutional crises, low levels of social protection, the breakdown of the family and loss of friends, family and social networks etc. However, a sufficient supply of affordable housing, although not the solution to the problem, is an absolutely vital requirement for preventing, tackling and minimising the problem of homelessness, particularly in weak welfare states with low levels of affordable housing and a large homeless population.

Urban planning, like every public function, must consider the social needs of all the inhabitants of the city, including homeless people. A more sensitive and inclusive urban planning process can contribute to the fight against homelessness in three different ways:

- An adequate supply of land for the construction of public facilities may help to alleviate the deficit of services for homeless persons.
- Urban regeneration and renewal operations can ostensibly reduce the number of people housed in unsuitable accommodation.
- Above all, the development of inclusionary zoning programmes can ensure a sufficient supply of affordable housing.

Inclusionary housing is an urban planning tool that attempts to fulfil two objectives: to create affordable housing and to remove affordability barriers in communities with a low supply of affordable housing as a result of exclusionary policies. The basic approach to this technique is the requirement that a certain percentage of new housing units in new residential developments or renewal operations be affordable to low- and moderate-income households. Its main advantages lie in the low public expenditure it entails and in its capacity to improve the social mix in the city.

Although the number of European countries that have introduced inclusionary housing or similar techniques in their urban regulations increased in recent years, the fact remains that this technique is still not very developed in Europe. In the current social and economic context, marked by a shortage of affordable housing and an economic downturn, a greater use of inclusionary zoning could help reduce homelessness. Arguably, this is particularly true of those states with weaker welfare and housing systems such as the Southern European countries and the newer Central/Eastern European Union member states.

However, inclusionary housing does present technical, legislative and governance-related difficulties and putting the needs of homeless people on the urban planning agenda is not an easy task. Urban planning tools are slow and complex processes. Initial investment is needed and private participation is conditional on the economic situation and profit prospects, which means that additional subsidies are usually required for the effective development of housing for low-income households. But it is the contention of this paper that these obstacles can be overcome. An adequate legal framework, an appropriate definition of its basic parameters based on rigorous studies of needs, implementing coordination mechanisms between the different government levels and agencies involved, adequate training of all the actors involved, and planning the needed public funding to boost new urban developments with inclusionary housing in case of lack of private sector interest are key aspects for a successful implementation.

It is worth adding that further research is needed to improve the knowledge, efficacy and efficiency of inclusionary housing instruments in the fight against homelessness. For example, little is known about: the impacts of inclusionary housing as a preventive tool; the management of housing stock for homeless people obtained through inclusionary zoning; the coordination at the local level between social and health services and urban planning departments; and how the key aspects of inclusionary zoning (tenure system, price and target, the length of affordability etc.) can be defined in each case. Whilst it would currently be difficult to undertake such research because homeless people are rarely included among target households, there would be substantial value in homelessness researchers and policy makers arguing for the incorporation, and evaluation, of a specific focus on homelessness in future developments of inclusionary housing.

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