CHAPTER 7

Final Conclusion: Governance Mechanisms for Socially Sustainable Urban Densification

Since many decades, planning and policy efforts have increased dramatically that embrace densification as a key element of sustainable settlement transformation. The compact city model has been introduced as a global attempt to incorporate green growth objectives (e.g. energy efficiency) to the level of cities (e.g. Elkin et al., 1991; Frey, 1999; Newman & Kenworthy, 1999). However, this book has demonstrated that when the concept is applied to practice, the compact city solution starts to lose some of its gloss.

Land use claims in dense city areas appear diverse and contradictory. Decision-making procedures, for example, those meant to reduce affordable housing shortages, are complex due to intricate and changing small-scale ownership structures, veto rights controlled by power actors, and intertwined interests. To capture these use conflicts and power games among actors, this book has applied a neoinstitutionalist political ecology analysis approach—the one of the Institutional Resource Regimes (IRR)—that combines theories of policy analysis (planning as a public policy), new institutional economics (property rights), *and* political ecology (power). It appraises densification as a political field by analyzing the socio-political determinants of socially sustainable housing provision and discusses arising challenges in a more solution—and practical planning-oriented manner.

More precisely, by mobilizing the IRR conceptual framework (Gerber et al., 2009, 2020; Knoepfel & Nahrath, 2007), causal relationships

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between *housing as a resource*, *institutions* (both on the public policy and property-titles level), and *involved actors' strategies* are explained. In contrast to other neoinstitutional analysis attempts (e.g. Healey, 2007; Needham et al., 2018; Ostrom, 1992), such an approach enables the researcher to recognize that many different resource users can come into conflict with each other and puts particular emphasis on the distinction between the characteristics of public policy and property rights. It allows for a systematic analysis to examine *how* various actors behave in response to a specific socio-political setting. The IRR moreover manages to address issues of power, scale, politics, embeddedness, and social justice in interactions between humans and their environment.

The leading question of this book, which is—**What governance mechanisms lead to socially sustainable housing development in a dense city?**—can be answered as follows: In cities characterized by scarce land use conditions, social sustainability in housing can be achieved if local governance mechanisms are to be improved by the following:

1. *by counterbalancing* the weakness of federal and cantonal policies (particularly of planning, energy, and tenancy laws) that neglect the social pillar of sustainability in housing. This is to be done;
2. *by introducing* and/or *activating* more socially effective municipal policy instruments such as:
    - public control mechanisms *of housing finance capital* (e.g. municipal housing foundations, public subsidies for non-profit housing associations);
    - public control mechanisms *of private land* (e.g. restrictive zoning in favor of social criteria, provision of building leases to housing cooperatives, or public land acquisition);
    - *social protection mechanisms* for tenants (e.g. eviction controls, rent controls, legal protection from redevelopment or modernization).

    Such policy measures (for details see Article 3) would foster stronger protection of rents and residents from market-dependencies and thus lead to more decommodified forms of housing.
3. *by counteracting* the decision-making capacity and resistance power of private property owners and other owner-actors (e.g. private real estate industry), who are in the legal position to resist. To do so, municipal authorities must approach an active land policy strategy

that promotes decommodification of housing stocks. Besides the activation of existing or the introduction of new policy instruments (see previous argument), such a strategy includes city authorities' capability and sensitivity to promote affirmative action as well as equitable resource allocation in order to raise political pressure and to limit profiteering. Public planning administrations must take the socioeconomic consequences of densification seriously and start to plan for those with less financial means.

Closer analysis of the shift towards active municipal land policy is presented in Sect. 7.1.

This book concludes that the emerging "Business of Densification" in Swiss urban areas has city—specific implications for the integration of the urban poor and middle-classes. Insecurity of land tenure compounded by high prices and scarcity of land results in precarious housing forms such as profit-oriented temporary housing based on loaning law. Social criteria (e.g. social mixing, tenure security, housing affordability) are put in the background, while economic and ecological criteria become more prioritized. However, an urban structure in which only high-income people can continue to afford to live ultimately reduces fair distribution of, and access to life-sustaining resources (such as housing as a basic human need). If densification is approached only through a process of green gentrification (energetic modernization leading to social eviction), city sustainability will be put at risk. It cannot be achieved by supporting particular economic and environmental aspects at the cost of the social. The diminishing of one dimension affects the others.

In other words, sustainable settlement transformation calls for "the continuous creation and re-creation of adequate patterns of social organization, within which technological progress can unfold properly, the use of natural resources can be managed soundly, and the social actors of development can participate, both individually and collectively, and can share the goals and benefits of development" (Cernea, 1993: 19). To contribute to such change, this book has addressed a gap in IRR research (e.g. Balmer & Gerber, 2017; Nicol, 2013; Nicol & Knoepfel, 2008) by more closely connecting housing challenges to land scarcity, and land policy debates (e.g. Davy, 2012; Kolocek, 2017), as well as social sustainability concerns (e.g. Bramley et al., 2009; Burton, 2000; Chiu, 2004).

The foregoing argument has shown that, unless strategic municipal governmental action is taken, residents and non-profit tenants' associations will continue to remain excluded from the emerging "Business of Densification". Taking into account future challenges of land scarcity that currently evolve in many cities, the findings of this research may help municipal planners, practitioners, and policymakers to counteract trends of rising commodification in housing, and to develop new forms and modes of housing resource management in order to (re)organize paths of capital accumulation. Only by doing so, city governments will be able to adequately address social equity issues and the needs of the disadvantaged in a context of intergenerational resource stability both in the short and in the long term.

7.1 Policy Recommendations: Towards Active Municipal Land Policy for Socially Inclusive Urban Housing in Densifying Cities

This book explores how in daily planning practice every society sets the boundaries where commodification begins and where it ends. It reveals that where the boundaries lie is a matter of contention. In housing, the role of institutions becomes crucial for explaining exclusion and unjust societal structures. Moreover, it demonstrates that the redefinition and redistribution of the rights of private property and the profit rate derivative entails a revolution in political-economic practices. Political struggles towards decommodification, and even of freedom itself, move center-stage in the search for alternatives.

The four articles that constitute this book confirm that strategies of decommodification exist even in Switzerland, a state representing the very core of advanced capitalist economies. Even though results confirm that marketization and commodification of housing are not going to go away—what urban practitioners, local politicians, civic organizations, and other public and private stakeholders must find are more collective forms of governance and housing production so that densification processes respond to the needs of the public at large rather than simply catering to private individuals and firms.

To accomplish this aim, municipal planning authorities, *first*, can promote **the introduction of new policy instruments** to make densification more socially sensitive. Such instruments include, for instance,

a quota for affordable housing, public subsidies for non-profit housing cooperatives, or social eviction controls (Article 3). However, the introduction of new rules presents by no means a panacea. Instead, making densification more socially sustainable is strongly influenced by the strategic ability of public administrators to familiarize themselves with all existing intervention possibilities.

Second, effort should therefore be made **to properly activate existing instruments in force**, for instance, zoning regulations. In the case of Switzerland, some municipalities (e.g. Zurich, Köniz) have indeed allocated plots of their land to non-profit foundations or cooperatives on favorable terms. By following the cost rent principle, these social organizations offer dwellings at lower prices than those determined by the free market. In Basel, moreover, municipal authorities have started to negotiate the terms and conditions of (re)development via public–private-partnerships (contracts). Such action could become more generalized to integrate social equity goals more effectively into concrete densification projects. Planning authorities need to initiate a more project-oriented approach (rather than plans only) and collaborative approaches (rather than hierarchical organizations) to cope with social challenges. However, it must also be noted that there are risks associated with project planning as well. The most important one is the issue of equality of treatment of different stakeholders involved in the planning process—which local planning administrations need to be aware of when entering a new project.

Third, making densification more socially sensitive presents a matter of political will for social sustainability. To promote institutional change or to legitimize a proactive land acquisition strategy in favor of tenants' social inclusion, broad political support is needed. However, local politicians often regard offending private investors' plans as too risky for the municipality's financial situation. In such situations, it takes **all the finesse and professional competencies** of municipal planning administrations and politicians (e.g. expert knowledge, financial resources, networks, personnel) to promote social aspects, because landowners have the power to defend the status quo with strong veto rights. So, even though community cohesion and residential stability are widely acknowledged as important components for urban livability, there is still a risk of downplaying this aspect in daily densification practice. Here, municipal authorities are in a key position to take responsibility in order to include

local ideas about community stability and cohesion and to encode them into land use regulations.

Fourth, municipal planning needs **to be sensitive** to the potentially disruptive impacts of densification on local identity and diverse ways of living. This book advocates for planners and policymakers to consider social sustainability criteria (e.g. affordability, cohesion) in order to address more accurately potential trade-offs between economic, environmental, *and* social concerns of densification. Planning processes should not be limited to actors with the right of appeal but should include all affected actors such as residents of different age, income, or nationality. To ensure the inclusion of local knowledge and inhabitants' social mix, municipal planners should encourage owners to share and to discuss ideas about upcoming projects or dismissal trials *before* owners submit the building application so that formal facts and procedures are not created beforehand.

Finally, it must be noted that, even though local planners are theoretically able to intervene into strong market forces, the decision is not only up to them. Their action depends on whether there is political will for such an intervention strategy, which is—particularly in the Swiss liberal context—often not the case. This said, Sect. 7.1 has outlined for municipal authorities four possible intervention ways *how* to intervene strategically and actively into housing densification procedures. It therefore demonstrates *how* it might be worth at least a try to follow these paths for creating a more socially sensitive and inclusive city.

7.2 Theoretical and Methodological Limitations

This book has some theoretical and methodological limitations that need to be addressed in order to critically reflect upon the results. From a *theoretical perspective*, a challenge in using the IRR was to uncover the strategies behind specific actions taken and to make them visible. Depending on the institutional background, stakeholders are considered to have different means to either change these dimensions or to influence others to do so. An interdependent relationship between the actors and the institutional structure is assumed although this interaction is sometimes limited (particular in regard to informal networks). To counteract these ambiguities, my work mostly followed a policy instrument-focused approach to make the applied strategies graspable in the format of the tools activated. The way actors aimed to achieve particular goals became

visible by analyzing *how* and *why* they activated specific formal rules (e.g. zoning or property rights).

Moreover, the social sustainability indicators introduced in this book (e.g. in Article 2) are considered a useful approach to evaluate housing use conflicts in dense cities. By developing a deeper understanding for the multi-faced processes that housing under scarce land use conditions is confronted with, my attempt was to connect consolidation with ongoing debates of social exclusion and gentrification. In addition, my goal was to connect the concept of social sustainability with the IRR framework that allows for a systematic analysis of social challenges in dense urban environments.

However, it must be noted that the indicators introduced do not fully present the complete picture. Each process is only a part of the complex whole constituting the city. Great attention is needed for the transferability of such norms and perspectives of social sustainability and its physical adequacy. The evaluative model provides potential for the application to, for example, other households living in existing housing stocks. Nevertheless, the extent to which the criteria can be compared to other cases with different policy and housing market contexts needs to be assessed. Within the wider Swiss situation, for instance, authentic commitment to social sustainability in housing would need to be reflected in national and local approaches and directives that move beyond rhetoric. While this research project attempts to provide a theoretical basis for a more comprehensive land use planning policy, more work will need to be performed to empirically apply the proposed evaluative criteria so as to evaluate different policy instruments from various stakeholders' perspectives.

Conclusory, by applying the IRR analytical framework, this book has evaluated social challenges in dense urban environments by combining concepts from public policy analysis (planning as a public policy), new institutional economics (property rights), and political ecology (power). Making explicit the local governance mechanisms of possible sustainability trade-offs *and* power games among actors in densification procedures is a new contribution of this research project to neoinstitutionalist political ecology research. Indeed, the differentiated discussion of the results shows that combining these concepts has led to new insights in critical environmental studies as: **(a)** power structures were systematically detected by adding a neoinstitutionalist perspective to political ecology

research, *and* **(b)** power structures were explicitly discussed rather than as an integral part of public policy analysis.

This combination has led to results showing that depending on the institutional background, stakeholders have different means to either change the formal rules in force or try to influence others to do so. These governance mechanisms are at the same time the channels through which stakeholders exercise power. However, further research is needed to refine these concepts (e.g. by integrating a Foucauldian or feminist political ecology perspective) to enable analyzing *how* exactly stakeholders make use of these "power channels", and *what* factors increase their effectiveness in relation to their institutional background means.

From a *methodological perspective*, the case studies employed in Articles 1–4 provide in-depth insights into actors' behavior and regulatory regimes shaping residential densification. Even though results are limited to Switzerland (and findings should only be generalized to other cases with caution), potential for generalization to other states and cities results from the identified causal mechanisms (key findings 1 to 5), the relevance of which is expected to be broader than in the analyzed cases only. Through the clear description of the research setting, the reasons for case selection, the deductively developed research approach, as well as the critical discussion of the methods conducted (Chapter 4), the validity of the results of this book is clearly outlined.

7.3 Implications for Future Research: Densification, The IRR, and Beyond

This book raises further interesting questions. Even though densification has become a core objective of policy agendas across the globe, critical analysis of its socio-political limitations, challenges, and contradictions, particularly concerning its impacts on tenants from a social sustainability perspective, was largely missing when this research project started. It would therefore be interesting to initiate an **international comparative study** in order to compare the Swiss case with other examples in different state contexts. For example, to investigate *if* and *how* housing stocks are affected by densification measures in other urban contexts in order to understand *how* the process is negotiated and governed in different state settings.

Further research is indeed needed to analyze **the burgeoning field of research on land policy in planning**. In particular, *how* different stakeholders make use of certain institutional rules or policy instruments, and what factors increase their effectiveness in defending their interests. While much literature so far has focused on individual policy instruments (e.g. urban growth boundaries), the strategic combination of different instruments to reach particular densification goals still needs to be empirically further analyzed and theoretically conceptualized.

For example, it would be interesting to focus more on the role of the investors and *how* they recognize existing power relations and institutional mechanisms that regulate their access to housing in densifying cities. Decisions on the acquisition and sale of parcels, housing and building stocks, or building rights are primarily made by the head management of large investment firms. Mainly in the person of the portfolio manager, but under the supervision of the board members. To promote meaningful engagement with diverse local stakeholders and interests, it is necessary for owners to become more socially responsible. However, the question still remains *how* exactly and in *what kind* of setting. The operations, motivations, and funding structures of housing investment companies should therefore be analyzed in greater detail. Actions should also be designed to encourage each type of landownership (public, cooperative, private) to use their room for maneuvering to promote social sustainability in housing.

By applying the IRR analytical framework, this book has tried to evaluate these questions by using concepts from public policy analysis (planning as a public policy), new institutional economics (property rights), and political ecology (power), as well as by applying a qualitative case study methodology. Further cross-fertilization between different academic stands and methodological approaches can offer new insights into ongoing debates such as multi-level governance or rural densification. For instance, a more quantitative approach to evaluating socio-spatial differences, room stress of households, or socioeconomic effects of densification could provide inspiration for further study of such issues as what are the housing needs for different groups or individuals.

Moreover, it is imperative that qualitative empirical research be brought to bear on issues, such as the extent to which there are disproportionate housing risks borne by specific groups of people. Actions taken on behalf of environmental sustainability—such as the policy shifts towards the compact city model—have a consequence on the environment *and*

the people. Especially but not exclusively the disadvantaged. More must be learned about those effects so that residents who are likely to be overlooked become more included into decision-making procedures. Because one thing we have learned in this book: only a socially inclusive city is also a sustainable city.

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