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# **Divergence in planning for affordable housing: a comparative analysis of England and Portugal**

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## **Abstract**

Academic and political debates about the extent to which planning influences the volume, type, location and affordability of new housing have not gained as much prominence in Portugal as in England, where planning obligations are aimed at providing new affordable housing, as well as a mix of housing tenures. Yet, in England, the use of Section 106 in planning agreements to secure affordable housing as a proportion of new developments has received mixed reactions: at times considered a successful public value-capture tool while, at others, as a neoliberal policy that is not generating the expected results.

The purpose of this research, which is based on literature reviews and semi-structured interviews with government advisors, local officials, and academics, is to investigate why and how planning for affordable housing has been used in England and not in Portugal. The data shows that divergence in the adoption of planning obligations for affordable housing is the result of different but interdependent causes: path dependency (a concept which suggests that past events influence present and future ones), ideology (values, beliefs and a general political orientation regarding how society ought to be and how to improve it), and planning cultures (collective social practices with their specific roots, legal traditions, ethos, etc.).

## **Keywords**

Ideology, path dependency, planning cultures, planning obligations, affordable housing.

## 1. Introduction

Comparative studies in the fields of planning and housing have shown a reasonably significant correspondence between typologies of welfare-state systems and national planning policies. Nadin and Stead (2008), Othengrafen and Reimer (2013), Reimer et al. (2014) and Dunning et al. (2019) have shown that the form and operation of land-use planning – which they describe as coordinating disparate sectoral policies with spatial impact – is historically rooted in geography and reproduced via the political and legal systems.

Brenner et al. (2010), who have studied policy circulation processes internationally, have also verified that global processes work out differently in different regions and cities, as they are shaped by political and technical factors that influence the development and interpretation of laws and rules (Taylor, 2013).

Studies in the fields of planning have also drawn attention to the role of contingency in history, showing that ideology in the context of certain economic and political conjunctures is able to shape professional values and goals (Branco and Alves, 2020) and thus modes of thinking and acting that influence the evolution of planning policies and practices.

Comparative studies have demonstrated that the degree to which governments are concerned with tackling socioeconomic and spatial inequalities or addressing housing market failures – such as those relating to the supply of affordable housing – can vary considerably across space and over time, but current decisions are not independent from “path dependency”, or the sequences of past events (Knieling and Othengrafen 2015; Tasan-Kok, 2015; Alves, & Andersen, 2019; Alves, 2019).

Comparative studies have highlighted the importance of timing and events at the beginning of trajectories, when policies are first implemented, and also the value of the problem-solving approach for explaining differences between cases. As Haydu explains (2010, p. 35), the use of “variable-based historical questions” – Why did actors adopt these problem-solving strategies rather than other plausible ones? What were the effects of strategies in this period as compared to those in another period? – is important for understanding the effect of “independent” variables – such as the nature of political opportunities and the cultural framing of interests – on specific outcomes.

Comparative studies have also emphasized that planning ideas do flow across borders from one country to another, but they do not necessarily take root, in the sense that they often do not materialize into planning practices. Friedmann (2010) identifies political and cultural reasons for this, among which are local and national cultures, and policy priorities.

In this regard, Harris and Moore (2013) claim that processes of policy diffusion and policy transfer are “deeply structured by enduring power relations, policy norms, and local politico-institutional contexts” (1503), and Touraine (2007) emphasizes the relevance of discourse as “a mode of domination that incorporates speech, rules and classifications in a system of domination or a ‘microphysics of power’” (Idem: 5). Discourses are particularly important in the current age of globalization<sup>1</sup>, in which cities and regions are increasingly interconnected,

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<sup>1</sup> For Touraine (2007) globalization is a concept that connotes a variety of processes – including those related to the dissociation between globalized economy and institutions that only exist at lower levels and are unable to control global economies. It is also related to the increasing dominance of foreign direct investments and the narratives and practices of the markets at global scale.

ideas flow, and global policy models have significant normative power across national and local borders (Allegra, 2020; Peck, & Theodore, 2015; Theodore, 2019).

This paper focuses on two countries suffering from similar problems of housing shortage and affordability – and specifically on their capital cities. Its aim is to compare the adoption of “planning for affordable housing” tools – an “umbrella term” covering a range of activities in the fields of planning to require developers of market-rate residential developments to set aside a portion of their units for social and affordable housing – in these locations.

To do so, the paper draws on a wide range of relevant literature, secondary data and primary sources (interviews) that together offer a range of interesting insights about the trajectory of planning for affordable housing in each country.

The paper proceeds as follows. The first section sets out the conceptual framework on which the paper draws to explain divergence in the adoption of planning tools for affordable housing, as well as the research questions and the hypothesis that guided the empirical research. The rationale for selecting these two countries and their capital cities is then presented, followed by an outline of the rest of the paper’s structure.

## **Conceptual Framework**

Based on a systematic review of planning literature, this paper builds a conceptual framework linking land-use planning and housing policies to illustrate how governments have come up with new tools and general strategic approaches faced with declining housing affordability, and a reduction in central government financial assistance to local authorities. Besides definitions of the key terms, this section presents my interpretation of the key theoretical discussions on this topic and the main research questions and hypothesis that guided my fieldwork on the ground (in London and Lisbon).

### *Land-Use Planning*

The supply of land is crucial for the supply of housing and there are usually rules about where and how housing can be built. “Land-use planning” refers “to the framework through which governments seek to regulate the use of urban space and to guide urban development and investment, including infrastructure investment” (Pawson et al. 2020: 299). A core goal of land use planning is to regulate residential development and to ensure an adequate supply of housing. This involves, as Pawson et al. (2020) emphasize, three essential activities (see below) that affect the costs, physical form and distribution of housing provision: the strategic spatial policy aspirations and instruments; the mechanisms for land and infrastructure coordination and procurement; and the codified processes for managing land use and land use change.

The structure of the land-use planning system can differ considerably from country to country. For example, while in Portugal – as in most European countries and the United States – a land-use zoning model is used to regulate land use and land use change (general rules and a land-use categorization are instantiated in plans to specify what is authorized for a

specific site), the planning system in England takes a more discretionary approach. This means that a proposed development is not automatically given permission on the grounds that it fits with the plans made by local councils; each scheme is subject to a case-by-case basis assessment and negotiation before planning permission is granted. However, also in countries that use a land-use zoning model, variations to zoning restriction on a particular site can also be requested and negotiated (Pawson et al. 2020, p. 313). As Needham explains, rules can be defined related to the density and type of housing to be allowed (size, whether for rent or sale, market or affordable), the building height, and the infrastructural services to be provided. While “sometimes the rules are limited to infrastructure such as roads and public open spaces . . . they can also cover subsidised land for affordable housing, free land for primary schools, and such like” (Needham 2012, 101). Rules can include planning obligations for affordable housing that typically mandate or encourage developers to construct affordable housing units or provide land or financial payments towards a certain percentage of social and affordable housing. Planning obligations for affordable housing can be prescribed in either national, regional or local legislation. They can be prescribed in legally binding plans both for the entire municipality and for specific areas within it. Often decisions about the quantity and type of affordable units required depend on factors like local housing needs and the availability of national grants (Calavita and Mallach, 2010).

A review of the literature allows us to identify that the adoption of inclusionary housing tools has been associated with:

- the rise of urban environmentalism, public financial constraints, property price inflation, and problems of housing affordability for the middle classes (Buitelaar and de Kam 2012; de Kam et al 2014);
- the re-zoning of land for residential development, and when the planning rules are changed for particular projects or following significant infrastructure investment (Whitehead, 2007; Gurran, & Bramley, 2017).
- the search for more integrated forms of governance that go beyond sectoral approaches, disciplines and departmental boundaries (Rode, 2019)

Muñoz-Gielen et al. (2018), who have compared the adoption of different governance approaches to land development over time in different countries (comparisons range from more active operations of land readjustment to more passive approaches of private land development), and relate the use of inclusionary housing tools to goals of public land value capture, distinguish between “direct” and “indirect” rationalities of public land value capture. Direct approaches are based on the rationale that planning decisions generate windfall gains, and this increase belongs either partially or totally to the community. They claim that landowners have no moral right to the full increase of land value that arises from planning decisions, and therefore the community should capture it. Contributions for social and affordable housing, as part of their market developments are part of that effort. Indirect approaches are based on the rationale that landowners and developers should internalize the costs of mitigating the impacts of their site-specific developments.

Evidence presented by Muñoz-Gielen et al. (2017) and by Crook & Whitehead (2019), based on the English case, also indicates that when actors are informed in the early stages of their activities about the specific set of contributions that developers must make for their proposal to be accepted, developers can negotiate a lower price for the land, and thus fees and charges

are passed back to the landowner. This not only limits land speculation but allegedly also improves efficiency and equity. In this case, when developers pay less for land, planning obligations “become a de facto tax on development value borne by the landowner, locally negotiated and ‘hypothecated for local needs’” (Crook, & Whitehead 2019, p. 370).

However, the use of planning obligations for affordable housing has had a mixed reception in England. Some seem to see it as a useful mechanism to tax the windfall gains that result from discretionary planning decisions for the public benefit, to address a locally assessed “affordability gap” that otherwise would have needed to be funded through the public purse (Crook, & Whitehead, 2019; Austin et al., 2014, Helbrecht, & Weber-Newth, 2018, Gurran et al. 2018, Hansson, 2017, Hansson, & Lundgren, 2019). Meanwhile others see it as a pressure mechanism set by central government to encourage local planning authorities to grant planning permission even where proposals are not necessarily generating the expected qualitative results. Some developers, however, still view the provision of affordable housing as a public sector responsibility and believe that pepper potting affordable (especially rented) housing within market schemes may depress the value of adjacent market properties (see Gallent, & Carmona, 2004). According to Gallent, & Carmona (2004) planning agreements have been a source of conflict, not only between housing providers and planners, but also within authorities, namely between forward planning and development control. Cheshire (2018) has also claimed that rules that restrict the supply of new housing reduce the elasticity of land supply for new housing relative to demand and drive up prices in real terms. Because planning obligations are based on recovering development values, they inevitably yield the highest returns in the highest-value areas. Lord et al. (2019) have identified the existence of both virtuous and vicious context-specific circles of development, but also the agency of individual planners (with knowledge and negotiating skills) in potentially disrupting path dependence through the determination of “developer contributions” (p. 244). It is however recognized that since there is no mechanism for redistributing between areas, planning obligations have the unintended effect of reinforcing spatial inequality.

### *Social and Affordable Housing*

The definition of concepts such as “social housing” and “affordable housing” is important because, as international comparative studies in the field of housing show, a single formal label – such as that of “social housing” – can have different meanings in different countries, or not be used at all (Alves and Andersen, 2019). That is why Hansson and Lundgren (2019) describe social housing as a floating signifier with no agreed-upon meaning, and the use of the concept of “affordable housing” has been highly criticized (Czischke and van Bortel, 2018).

While the concept of social housing is used in Denmark and Sweden to refer to a universal service potentially directed at all citizens, in countries like Portugal and England it refers to a service restricted to households in specific income bands. In both these countries, eligibility is based on means-tested income thresholds and income ceilings. It is restricted to people with low to middle incomes and other accumulated vulnerabilities, which means that the dwellings are assigned to households via an administrative procedure based on need. However, the social housing sector has had a different history in Portugal and England vis-à-vis the size of the sector, the types of provider, and funding. While England was at the forefront in creating a system of social housing to tackle the housing shortages and rising housing costs that resulted from the destruction caused by the two World Wars, it was also at

the forefront in introducing reforms that changed the original features of the system (Malpass, 2014). The development of the sector in Portugal occurred with a considerable time lag vis-à-vis England and during a period when other countries were already implementing several neoliberal reforms. The “Right-to-Buy” policy and the affordable housing model has been adopted in both countries.

It is useful to note that the concept of affordable housing came into vogue “as part of the retreat from public responsibility for the plight of the poor and as affordability challenges moved up the income distribution” (Stone 2006, p. 154). Gurran and Whitehead (2011), from a less critical perspective, claim that the concept reflects a semantic shift from stigmatised “public” housing towards a wider spectrum of delivery models and target groups (Gurran and Whitehead 2011). It reflects a new way of providing housing with fewer government subsidies in the form of capital loans (Gurran and Whitehead, 2011) and often with the use of planning obligations to require the provision of social and affordable housing intertwined with market housing (Gallent 2019, Crook & Whitehead 2019).

Smyth (2019) explains that the concept of “affordable rents” was introduced in England in the 2010s at a time of a significant scaling-back of the National Affordable Homes Programme. Since then housing associations and local authorities, who are expected to provide affordable accommodation for households whose needs have not been met by the market, have sought to invest in build-to-let and build-for-sale in the private sector to generate surplus that can cross-subsidise new affordable housing. The logic has been straightforward: higher rents mean the ability to borrow more against the development and to minimize grant input (Reeves 2014). However, the impact of new affordable rents has been a substantial increase in the national bill for housing benefit, which has been restricted by caps and rules (Crook and Kemp 2018).

## **Comparative analysis**

There are many varieties of comparative research in the fields of land-use planning and housing studies. For example, Flanagan and Jacobs (2019) refer to studies that compare present with past conditions, emphasizing the relevance of studies that don’t neglect longer-term social, economic and cultural changes.

Pickvance (2001), who adopts a classification set out by Tilly (1984), distinguishes more descriptive comparative studies from studies that try to go beyond description, attempting to explain and theorize differences and similarities between cases. He claims that the first of these can take two forms: individualizing comparison, in which a small number of cases are compared in order to grasp the peculiarities of each case; and universalizing comparison, which examines the presence/absence of a certain phenomenon or its intensity across cases (for example the rate of social housing across countries). Studies of the second type, which try to go beyond mere description, are “variation-finding comparisons”, attempting to explain differences or similarities between cases by referring to their underlying causes, mechanisms or conditions (Pickvance 2001). A good example of one of these studies is the work of Jim Kemeny (1995), who in the field of international comparative housing research was able to overcome the limitations of empiricist approaches that merely juxtaposed the particularities of countries, and move beyond the unilinear theories of social change and convergence that explained differences between societies as mere variations or as uneven development (Kemeny and Lowe 1998). To do so, Kemeny developed a conceptual and theoretical



framework to explain the dynamics of divergence in the long-term structuration of national housing systems. This framework uses ideology as a key element to explain how social institutions are constituted, sustained, and changed. Kemeny describes ideology as “a loosely organised set of ideas defining human nature (the individual), the principles underlying the organisation of social life (civil society), and the values that govern the political order (state). Ideologies include postulated underlying principles, assumptions concerning the nature of society, and basic values governing behaviour” (p. 87). In his view, ideology provides the motivation for action and channels that action into the creation and perpetuation of social forms in its own image (e.g. more collectivist or privatist social structures, urban form, welfare, housing, etc.).

The debate on national planning and housing systems has been characterised by two main approaches. On the one hand, a structuralist approach focusing on the underlying legal/administrative characteristics of these systems that typically looks at structures of governance, the distribution of power and roles. On the other, a culturalist approach that looks at social practices, attempting to explain these as the result of values, norms and resources, including knowledge. Sometimes these approaches have been combined. For example, inspired by the work of Giddens (1984), researchers in the fields of land-use planning (Healey and Upton, 2010) and housing (Jacobs, 1999) have explained the complexity of social practices by setting up a link between structure and agency empirically, examining, for example, how changes in legal and financial structures have entailed changes in the goals and strategies that come to be used (see also Dyck & Kearns 2006), or how new models of intervention are produced in the context of new social and institutional networks (Tasan-Kok et al 2019, Branco and Alves, 2020).

These studies have emphasized the wide number of structural factors that influence individuals’ action – such as those related to levels or cycles of economic development, systems of government (e.g. unitary or federal systems, those with regional or metropolitan governance), and legal and organizational frameworks (laws and regulations, administrative procedures, rules) – but also the role of agency, which is related to the knowledge and power that individual agents have in their daily activities to shape the reproduction of the social system (see Giddens, 1984).

In an attempt to explain empirical outcomes, researchers have come up with new concepts, such as that of “plural causation”, which suggests that different chains of causation – i.e. ones where different causes interact –, and on different occasions, can bring about the same value of the variable of interest in different cases (Pickvance 2001). One example of this is the size of the private rental sector in Portugal and England; the sector followed different paths of regulation and deregulation in each country within their different housing markets, but today accounts for the same proportion of 20% of all housing stock in both countries.

Finally, like Philip Booth (2011), I see comparative analysis in the field of spatial planning as “a sub-set of research in urban policy-making, which in turn can be understood as part of a general scientific endeavor in the social sciences” (Idem, p. 13) and agree with him that one of the field’s distinctive characteristics is “to look for the solutions to problems” (Idem, p. 13). That is, it has “the desire to know how others make and implement policy and to see whether there are policies and practices that might be borrowed from other places” (Booth, 2011, p.14) and even improve practice. The research questions and hypothesis that guided the empirical research presented in this paper are discussed below.

## Research questions and hypothesis

This paper's aim is to reach a better understanding of the underlying causes of divergence in the adoption of planning tools for social and affordable housing. It does so by trying to make the connection between past and present – as well as the interdependency between ideology and planning cultures – more explicit.

To this end the paper uses two different methodological perspectives: a diachronic one that looks at the development of national planning and housing systems in England and Portugal, and a synchronic one that compares current policies and practices in the cities of London and Lisbon.

The reasons for selecting these cases (these countries and their specific capital cities) is explained in the next sub-section, but here it is important to specify that the first part of the paper compares policies and initiatives at the national level, while the second part focuses on the local level, where planning and housing policies are not only formulated but actually implemented. It is also important to note that even though the paper touches upon the complex interrelations between government levels and functional levels, the paper doesn't aim to contribute to the literature on these topics.

The focus of this paper is rather on how land-use regulation<sup>2</sup> – and planning policy in general – has engaged with housing affordability for lower-income groups, and more specifically what interventions and/or political-legal measures have been formulated and implemented to achieve this public policy goal.

Because policies and practices are culturally bound and constructed according to the pre-existing cognitive structures and lived experience of agents and institutions, from January to May 2019, I conducted forty face-to-face interviews in Lisbon and London with developers, public-sector planners, consultants and experts.

The interviews, as well as the analysis of secondary data (official documents – laws, policies and policy reports published by government and non-government sources), were guided by the following overarching research questions:

- Have national/local public authorities attempted to mandate or encourage developers to incorporate a proportion of affordable homes into their market-driven developments?
- What has been the relevance of requiring on-site affordable housing provision as part of general market developments, or as a condition of planning approval?
- How do municipal/metropolitan planning authorities use planning tools to promote affordable housing?
- What has been accomplished and what has been learnt so far?

A preliminary hypothesis is that divergence in the adoption of planning obligations for affordable housing – an “umbrella term” that covers a range of activities in the fields of

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<sup>2</sup> Debrunner and Hartmann (2020) use the concept of land policy to refer to “all those state decisions and measures that have an influence on the way land is used, distributed and valued to implement the politically defined spatial development goal” (Idem, p. 104993).

planning for the purpose of fostering housing affordability – is explained by a set of different but interdependent causes: path dependency (a concept that suggests that past events influence present and future ones), ideology (that is, beliefs, opinions and values about how society ought to be and how to improve it), and planning cultures, (which express the norms, values and principles that underlie planning practice.

### **The justification for selecting these cases**

The selection of England<sup>3</sup> and Portugal – and their capitals London and Lisbon – as case studies can be justified on several grounds. To begin with, the decision to select only two countries and their capital cities was taken in order to enable a deeper analysis of their particularities while also offering scope for comparison.

The most important criterion for selecting the case study cities (London and Lisbon) was the existence of similar trends – intensifying demand-side pressures, rising property prices, and declining affordability (relative to earnings) across the housing market (Gallent et al., 2018). Notwithstanding the general differences in scale, demography<sup>4</sup>, density, planning and governance structures, in both capital cities rents often exceed that which low and middle income households can afford, resulting in overcrowded dwellings, insecure tenures, longer waiting lists for social housing and a higher number of vulnerable households who are either homeless, or who live in emergency or temporary accommodation (Stephen, 2017).

Another criterion for selecting the case study cities was the existence of different traditions in terms of planning cultures – the use of a discretionary planning system versus legally binding land-use plans, and of inclusionary housing tools, and different governance structures.

London is governed by the Greater London Authority – that is, a mayor together with the London Assembly, who are both elected directly and manage a significant budget drawn from a mixture of central government grants, transport fares and other sources (charges, business rates and council tax). The Greater London Authority<sup>5</sup> is responsible for the London Development Plan – a strategic plan that sets out the major guidelines that the 32 London boroughs must follow<sup>6</sup> (see Elinbaum and Galland 2016). Without an elected regional tier,

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<sup>3</sup> The paper's focus is on the English context, not the British context. As Gallent & Carmona (2004, p. 124) explain, because of the recent devolution of planning powers to Wales and Scotland, and the partial severing of legislative ties between the three territories, it is no longer possible to talk about a singular British planning system.

<sup>4</sup> London is a global city of eight million people, Lisbon of two million.

<sup>5</sup> It worth recalling, after Elinbaum and Galland (2016), that from 1965 until 1983, the Greater London Council – alongside 32 boroughs and jointly with the City of London Corporation – was held accountable for planning and development matters for Greater London. However, after discrepancies with the UK government led by Margaret Thatcher, the Greater London Council was dissolved in 1983. At the beginning of the 2000s, the New Labour government created the Greater London Authority, which is responsible for drafting the Spatial Development Strategy for Greater London. The content of the London Plan addresses conventional sectorial issues such as public transportation, environmental issues, residential growth and retail activities.

<sup>6</sup> For example, the London Plan identifies Opportunity Areas and Housing Zones that are areas of intensification where developers can build at higher density. However, as these areas require significant investment in infrastructure, for example in terms of public transportation, schools, social infrastructure, etc., the borough can apply a higher CIL (Community Infrastructure Levy) rate in order to secure future tax revenues for investment in local infrastructure. Just to illustrate, anticipating the construction of the London

Portugal is characterized by a two-tier system of government, in which unelected regional administrative levels exist but are subordinated to a unitary national government (see Silva, & Acheapong, 2015). For example, the Regional Coordination Commission for Lisbon and the Tagus Valley (which covers the Lisbon metropolitan area) is responsible for strategic planning to harmonise municipal land-use plans and infrastructure (e.g. for public transportation and waste management). But it has little power, lying between the central government, which deploys policy and financial instruments, and local authorities, which themselves decide whether to apply to central government for funding. Housing and planning policy and practices are from this perspective mainly a central and municipal government affair in Portugal that have only rarely been an integrated urban practice.

Three main reasons justified the selection of England and Portugal that, as in the case of Lisbon and London, can be classified as “strategic sampling” based on expectations about the information they could provide.

First, these countries have different traditions of welfare state provision. England has a liberal regime characterised by high reliance upon the market and a means-tested approach to benefits (Esping-Andersen, 1990), but also traditionally by a strong role for the state in planning and housing provision (Harloe, 1995). Portugal has a Mediterranean regime characterised by a low level of state intervention and high reliance upon family support to compensate for the widespread insufficiencies of market activity and state intervention. Social protection is based essentially on individuals’ status in the labour market and their history of paid contributions, except for social assistance. Due to a low level of state economic redistribution, both countries have high levels of poverty and inequality (Alves, 2019).

Second, there is an essential distinction between these two countries in terms of the legal and administrative structures within which the regulatory planning system operates. Portugal, in line with most Continental European systems, uses zoning to classify the permissibility of land uses, as opposed to the discretionary English system, in which plans only have an indicative force, with planning permissions determined on a case-by-case basis. There are however similarities between them. In both countries, the public sector owns the development rights independently of any private ownership of land, which means that planning authorities have the power to set specific obligations as a precondition for planning approval and, in general, every single development must obtain planning permission for changes of use. Similarly, in both countries, developers are required to pay for urbanization works triggered by their building plans and the free cession of the necessary land for public infrastructure (e.g. public parks, schools) or to pay financial contributions instead. However, only in England are contributions to social and affordable housing – which can be made in terms of dwelling units, land or financial contributions – considered a necessary and reasonable obligation to mitigate the impacts of development (Gurran, & Whitehead, 2011; Crook, & Whitehead, 2019).

Third, in terms of housing structures, both countries have a “dualist” rental market regime, as access to social housing is means-tested and restricted to families with high levels of “social

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Underground Bakerloo Line extension in the Old Kent Road area, the Borough of Southwark reviewed its CIL charging schedule, and set out that all future planning permissions in the area should pay a (higher) rate of £218 per square metre, in order to make contributions for archaeology, transport, and open space improvements.

need”<sup>7</sup> (Kemeny, 1995, 2001; Hoekstra, 2009; Alves, 2017). Also, both countries implemented the “Right to Buy” policy, which gave council tenants the opportunity to purchase their home at discounts of up to 60%. Nonetheless the socioeconomic and tenure background (or point of departure) of the “Right to Buy” policy was quite different in these countries. While the size of the municipal rented stock was equivalent to 30% of all dwellings in England (Pattison, & Cole, 2019; Elsinga et al., 2014), in Portugal it was equivalent to only 3% of all housing stock. Additionally, in both cases the Right to Buy was exercised by more affluent tenants, which led to further residualization of the social housing sector (i.e. the sector became more confined to the poorest and most vulnerable). Today the social renting sector accounts for 17% of households in England, with 10% of households living in homes owned by housing associations and 7% in homes owned by local authorities; in Portugal it makes up only 2% of all housing (see Table 1). Thus, there are different networks of institutions and agencies involved in the provision and management of not-for-profit housing in England and Portugal, and these networks have changed in the course of time as the result of political decisions<sup>8</sup>.

Insert Table 1

## Structure

The remainder of this paper is organized into two sections.

Section 2 takes a historical perspective to identify the general and specific factors that have shaped the trajectories of housing and planning systems in England and Portugal over time. It offers an analysis of the evolution of the planning regimes vis-a-vis aspects of ideology, planning cultures, and some more detailed discussion of the tools of affordable housing provision used in and beyond land-use planning systems. It is organized according to two historical phases of policy: (i) the period of the institutionalization of planning, which spanned from the 1930s in Portugal and from 1947 in the United Kingdom (UK) until the 1980s; and (ii) the period of reform under a neoliberal political agenda from the 1980s until the present. The aim of this section is, on the one hand, to help us to “think conjuncturally”<sup>9</sup> (Inch & Shepherd, 2020, p. 64) about the role of planning rules and practices in affordable housing provision. And, on the other hand, to test the hypothesis that the UK has linked planning and housing throughout the whole period, but particularly when local authorities were the providers of affordable housing in the post-war period up until the mid 1970s, while

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<sup>7</sup> Contrarily in an integrated rental market (such as in Denmark or Sweden) there is a universally oriented housing policy without any specific “social housing” sector based on individual means testing. Instead, there is the goal of offering cost-based housing to all types of household, regardless of their economic resources. This is done through the existence of cost-based rental housing.

<sup>8</sup> For example, in Portugal, the housing cooperatives sector expanded in the 1980s, under favourable circumstances in terms of land acquisition and fiscal and financial conditions. However, the sector opted for a system of individual ownership rather than collective ownership (cooperative tenancy, in which cooperatives would rent out the dwellings), which meant that once built, the dwellings were transferred through contracts of purchase and sale to the households, who after some years were able to sell them without caps on their price in the free housing market. This had impacts on the long-term price of this housing, supporting the interests of existing owner-occupiers, but also nearly leading to the sector’s destruction.

<sup>9</sup> That is, “to think about planning as one site, or ‘position’, where multiple social, economic and political processes with roots in the wider historical conjuncture coalesce” (Inch & Shepherd, 2020, p. 64).

Portugal has rarely (though sometimes) seen a strong case for linking planning and housing and therefore providing land and subsidies.

Section 3, which in terms of methods draws upon literature reviews (technical reports, recent published papers/books) and a series of semi-structured interviews (an outline of the interviewees' institutional affiliations is presented in Table 2), compares the different policy instruments that in London and Lisbon are used in order to promote affordable housing.

In terms of the contributions that this paper tries to make to the literature, it is relevant to emphasise that the paper does not aim to develop theory in the sub-field of land-use planning or development control (for more details see Oxley, 2004; Muñoz-Gielen, & Lenferink, 2018; Crook, & Whitehead, 2019). Rather the paper aims to contribute to the literatures that, from a cultural and historical perspective tries to explore the conditions that explain differences and similarities in planning policies, practices, and outcomes. I am not concerned in explaining the limitation or possibilities of transferring planning ideas and practices across countries, but more in understanding the reasons for those differences (if it is ideological, political, cultural). I am also interested in understanding how ideas are translated on practices on the ground, namely the conditions that facilitate that materialization and the substantive results related to it.

Somehow I think this paper tries to contribute to what Friedmann (2011, p. 224) describes as the key tasks for theory in planning: (a) the humanistic philosophical task of guiding planners in their work; (b) the task of adapting planning practices to the continuously changing course of events; and (c) the task of translating different ideas and expectations about the role of planning (see also Allmendinger 2017)

## **2. Policy and legislative changes in national planning**

This section is structured according to two historical phases of policy:

The first part (2.1) covers the period of the institutionalization of planning systems that spanned from WW2 until the 1980s. This section demonstrates that, as explained by Needham (2012, p. 102), “in a mature and stable country, rules arise, rules are created, and organisations adapt to them”, or in other words, there is “institutionalisation”. However, as emphasized by Giddens (1984), and demonstrated by the Portuguese and English cases, rules and resources created within systems to enable and constrain social action are often unable to prevent the exercise of agency and the unintended effects of human action (Storper, 1985).

The second part (2.2.) covers the period of neoliberal policies, from the 1980s until the present, in which planning moved away from its public-interest roots towards more economic-growth-based paradigms that rely on deregulation and market forces. The evidence presented here confirms Shepherd's (2020) claims that, on the one hand, the struggle over political ideas in the planning sphere is intimately connected with ideological conceptions of the relationship between land ownership, individual and economic freedom and the state. On the other hand, that ideas about planning are influenced by the material realities of conjunctures that discipline, without entirely determining, what can be thought and said.

## 2.1 The institutionalization of planning

Campbell and Henneberry (2005) claim that the origins of planning “lie in the regimes of regulation introduced by governments in the twentieth century to minimize the negative externalities of urban growth and development” (p. 38). In many countries the “modern institution” of planning was established in the 1940s in the immediate aftermath of the Second World War (Shepherd, 2020). Concerns about the negative environmental and aesthetic impacts of unplanned development, and the objective of providing better homes than ordinary “working-class housing”, justified the introduction of a comprehensive planning system that in many countries evolved along different paths of housing provision (Bengtsson, & Ruonavaara, 2010; Gurran, & Whitehead, 2011).

Allmendinger (2016) recalls that the publication of Keynes’ General Theory of Employment, Interest and Money (1936) provided the intellectual and political justification for a far more significant role for the state in the economy after the Second World War. Keynes’ work enabled the political class to a “save capitalism” in a way that would maintain social stability and thus prevent revolutionary threats – a line of argument that appealed to those on the political right who were traditionally opposed to public intervention. Moreover, as Fainstein (1994) points out, “during the 1950s and 1960s, reconstruction of war-damaged property and large-scale housing programs transformed the appearance of London. The public sector bore direct responsibility for building many of the new housing estates itself” (p. 78).

The following sub-sections describe the main events related to the development of land-use planning and affordable housing provision in Portugal and England, in the context of specific socio-economic and political circumstances. It emphasizes the role of formal rules and regulations enforceable in law, but also the influence of unwritten conventions or codes of behaviour that constrain implementation.

### *England*

This section is divided into two parts. The first part briefly identifies several important reports and pieces of legislation used to develop policy in the pre-war period, even though more attention is paid to the post-war period. The second looks at the large-scale provision of public housing that followed.

In England the role of the local authority in providing affordable housing started just before 1900, but from 1947 onwards the role of the national government in land use planning increased.

“The Housing, Town Planning, etc. Act, 1909, for the first time empowered the Local Authorities of England to prepare Town Plans” (Pepler, 1949, p. 103). The First World War caused an interruption but was quickly followed by the passing of the 1919 Housing and Town Planning Act, which obliged towns of more than 20,000 residents to draw up town planning “schemes”. The 1919 Act included a section intended to facilitate the acquisition of land for the purposes of garden cities or town planning schemes – either by local authorities, jointly or severally, or by approved authorised associations not trading for profit (Pepler 1949). It represented the first major step towards authorities preparing large-scale schemes in order to tackle the acute housing shortage caused by the virtual cessation of construction

during World War I (1914–1918) and Prime Minister Lloyd George’s promise of “Homes fit for Heroes” (Knox, & Pinch, 2014). Later, the Town and Country Planning Act 1932 extended local authorities’ planning powers to develop land and simplified some procedures. According to Pepler (1949), many local authorities that were not under an obligation to prepare schemes decided to do so voluntarily, which underlines the recognition that urbanism and planning already had then in England. He also makes reference to the slow but progressive development of the two pioneer Garden Cities, Letchworth (1903) and Welwyn (1920), based on the pioneering idea of social reformer Ebenezer Howard. In this regard it is worth recalling that the “Garden City model” (Howard 1898) advocated by Howard was of a low-density town, surrounded by gardens and greenery in which the advantages of the city (in terms of job opportunities) were combined with the advantages of the countryside (in terms of good quality houses, access to clean air and green space, etc.). Another distinctive element of Howard’s “vision and hopes for tomorrow”, often ignored, was the community ownership of large chunks of land and the long-term stewardship of assets. He advocated that rents and other value created by planning should be used for the benefit of the community, namely to secure affordable, decent housing for ordinary people (a radical alternative to the inadequate and overcrowded row housing of the Victorian city). In 1940 the Barlow Commission recommended the appointment of a panel of experts to investigate questions of compensation and betterment. In 1941 the Uthwatt Committee was appointed by the Minister of Works and Planning, and ultimately recommended “the nationalisation of development rights in undeveloped land, to be purchased by the State when development was to set to occur” (see table 1, Shepherd 2020: 13).

One of the biggest advances in the evolution of the UK planning system was the passing of the 1947 Town and Country Planning Act (Couch, 2016, p. 39) in the context of efforts to rebuild Britain’s economic and social system following World War II. The 1947 Town and Country Planning Act institutionalised the English planning system into a relatively “comprehensive and coherent form that is still recognisably in use today” (Shepherd, 2020, p. 11). It nationalised development rights and set up a system of development controls on private developers, including the collection of “betterment” (Booth, 2003; Couch, 2016). The betterment levy was initially set at 100% of the increase in land values as result of planning permission, but was later abolished in 1953. However, compensation and betterment, related to the capture of part of the increase in the value of property that was derived from a planning scheme and/or the efforts of the wider community, became two recurring elements of the English planning system.

After World War II, when the main political parties backed government intervention in the economy in the form of Keynesian macroeconomic policy (McCrone, & Stephens, 2017; Allmendinger, 2017), the planning system was used to support the desire to rebuild the country. In response to the backlog of housing needs intensified by war damage, the Labour government passed several pieces of legislation to foster the provision of social housing for the working classes. Planning policy also supported urban containment through the establishment of a “Green Belt” around the major cities (Cowan, & MacDonald, 1980) and the construction of new towns. Patrick Abercrombie’s plan for post-war London, updated by the Greater London Development Plan of 1968, set down the principles of green-belt preservation, peripheral manufacturing and population de-concentration (Fainstein, 1994). Meanwhile the prevailing pattern of central government subsidies favoured the construction



of high-rise housing, which gradually became a common feature of the urban environment in many municipalities over the course of the 1960s. However, the lived experience of high-rise housing turned out to be far from satisfactory (Couch, 2016, p. 41): building costs were higher than expected, schemes did not save much land, and frequent large-scale clearances and displacements of communities were criticised. Within a matter of years, it was clear that maintenance and management costs were also higher than those for traditional housing. After 1968 there was a rapid retreat from this kind of development, partly due to negative publicity about the damaging effects of high-rise living on family and social life, and partly in response to shortcomings in the design and construction of high-rise buildings (Knox, & Pinch, 2014, p. 127). There therefore followed the adoption of low-rise, small-scale housing schemes with vernacular architecture.

In my view, until the 1970s the English planning system – stimulated by several socio-economic crises such as those precipitated by the wars – exhibited a considerable degree of continuity in the framing and execution of national policy, namely in terms of principles and policy's concerns.

### *Portugal*

The institutionalization of the planning system occurred in Portugal during the “Estado Novo” [New State], a right-wing authoritarian regime that ruled Portugal for 41 years (1933-1974). Characterized by a strong centralization of power in the figures of Prime Minister António de Oliveira Salazar, and his Minister of Public Works Duarte Pacheco (Raimundo et al., 2009) – who was also mayor of Lisbon in the 1930s – the regime implemented a statist development strategy based on the development of a significant programme of public works. Of “empreendimentos grandiosos” (grandiose developments), as the regime called them, which included bridges, university campuses, airports, national stadiums, and new housing extensions (IST, 2011; Costa, 2012; Peralta and Domingos, 2019). To this end, the 1930s was a period of intense legislative activity in the fields of planning and land policy. The Expropriation Act (1933) allowed for the compulsory purchase of land at existing use value, and the 1934 Town Planning Act established the legal obligation for local authorities with over 2,500 inhabitants to make plans for their consolidated urban areas and contiguous areas of expansion, the so-called Plano Geral de Urbanização [General Urbanization Plan]. Even though this was a compulsory act, the lack of technical and financial resources limited its implementation. However, in cities where the Urbanization Plan was executed (even though seldom officially approved) it regulated the alignment and height of constructions, protected areas of architectural and urban value and guided the planning of new housing schemes (Campos, & Ferrão, 2015; Ferreira, 1994). Several foreign professionals (urbanists, planners, etc.) were invited to help realize development plans in Portugal, such as the English planner Barry Parker or French professor Etienne de Groër (Groer, 1942; Costa, 2012; Marat-Mendes, & Oliveira, 2013).

Besides the plans to guide development, the Estado Novo – which proclaimed ownership as the ideal tenure for achieving social stability, and which used the neighbourhood as the basic unit of planning (to include a variety of building types and mixed uses) – launched several housing programmes to attract institutional investment in new rental housing for different income groups. The 1935–1965 Programa de Casas Económicas [Low-cost Houses

Programme] promoted the construction of detached houses with gardens for civil servants and the most qualified segments of the working class – who were the regime’s main supporters (Alves 2017). The houses were paid for through monthly rents over a period of 25 years, eventually becoming the property of the family (Pereira, & Queirós, 2012). The 1959–1969 Programa de Renda Económica [Low-cost Rental Houses Programme], which promoted the construction of three-storey buildings, was created to attract the accumulated investment of the Federação das Caixas de Previdência [Federation of Pension Funds]. The 1945 Programa Casas dos Pobres [Low-cost Rental Houses/ Programme for the Poor] was built and managed by municipalities for the lowest paid workers. In most cases, the Estado Novo favoured a housing model characterised by a detached house, with garden and backyard, in the style of nationalist Portuguese architecture. Between 1910 and 1974 around 600 neighbourhoods and 82,000 dwellings were built – a scale of intervention that was nonetheless very small in view of the magnitude of the problem. Because the large majority of low-income householders in Portugal were not able to afford or access these houses, they turned to the illegal self-built home markets (Salgueiro, 1977). A lack of enforcement and the general unwillingness to find solutions to the problem led to widespread abuse (illegal construction). Cities grew through the illegal genesis of urban areas. These illegal constructions expanded into the suburbs and throughout the inner-city areas (Teixeira, 1992). In 1966 there was an estimated housing shortage of 500,000 dwellings. This led to the creation, in 1969, of the Fundo de Fomento da Habitação [Housing Development Fund], an agency which directly promoted housing but also the development of mono-functional housing projects that did not include public services, transportation or other amenities, and fostered segregation (Alves 2017).

In 1965, the Government published the Legal Regime for Urban Allotments, which was enacted to allow private developers to subdivide large parcels of land into building plots. However, this new land regime did not stop the proliferation of large-scale private development schemes that proceeded either without urban infrastructure (whether “hard” or “soft”, such as social facilities), or without authorization and control by public authorities (Silva, & Farrall, 2016). In most cases the ownership of the plot was legal, but its division did not involve municipal licensing. Processes of urbanization outside the formal planning system usually occurred in the urban fringes, where there were no urban facilities or public transport networks. Bingre do Amaral (2011) claims that from 1965 onwards, several legislative Acts cumulatively handed over the prerogative of urbanization rights to individuals, and with it the privatization of capital gains generated by administrative acts of territorial planning.

In April 1974, a revolution put an end to the dictatorial regime that ruled the country for 41 years with disappointing results in terms of wages, education, life expectancy, rates of poverty and housing conditions (Branco, & Alves, 2020). As many families had to rely on self-building, a large percentage of permanent housing accommodation in 1970s Portugal still had no basic facilities, such as running water (47%), a bath or shower (32%), or sewers (60% of total housing stock).

The development of the welfare state in Portugal occurred in a very adverse international macroeconomic and ideological period, characterised by the shift from the previous post-war consensus (of Keynesian politics) to a neoliberal context of strong confidence in the market. The acute shortage of decent, affordable housing was amplified by internal and international

migration flows related to a large rural exodus and the movement of hundreds of thousands of refugees and “retornados” (returnees) fleeing from liberation struggles in the former Portuguese colonies (e.g. Mozambique, Angola and Guinea-Bissau). In 1993, a housing survey carried out in Lisbon identified 833 shanty towns inhabited by 27,850 families, with a total of 92,450 inhabitants (Alves, 2017).

## **2.2 The convergence of planning and housing systems under neoliberalism**

This section describes the period of relative convergence in planning ideas and practices in the context of neoliberalism’s advance over the past few decades. It shows that a new generation of arguments supported the view that strong property rights and the privatization of social functions were the best means to improve the economy. It confirms Grewal & Purdy’s claim (2014) that whether through a “rolling back” of regulation or a “rolling out” of market style governance, neoliberalism has reformed law that mediates state-economy relations and thus land and property markets.

### *England*

Swenarton (1981) claims that the welfare-state period came to an end with the rise of neoliberalism symbolised by Margaret Thatcher’s victory in 1979. The election of Thatcher and 18 years of Conservative government instigated a decisive break with post-war statist policies, reviving the doctrines of classical economic liberalism (also termed “laissez-faire”) in all areas of government. In the fields of planning and housing, Thatcher’s government introduced a series of measures intended to reduce planning controls and promote private economic activity, for example through the introduction of enterprise zones or simplified planning zones<sup>10</sup>. As explained by Susan Fainstein (1994), central government control of local authority expenditure and limits on their revenue-raising capacity, “forced local authorities to look to the private sector for benefits that had previously been public financed” (p. 38). This eventually pressed them to regard sales of publicly-owned land to property developers as a potential revenue source, and to grant planning permission more readily.

In the field of housing, this entailed a paradigm shift from the direct public provisioning of social housing towards a plurality of approaches based on deregulation and privatization of the council housing stock, the so-called ‘Right to Buy policy’ that compelled councils to offer tenants their homes at substantial discounts. The creation of a society of homeowners was a declared political goal of Thatcher, who also used the sale of public land and council housing to stimulate a shift from local authority to housing association provision of new social housing. Laffin (2013) and Malpass (2005, 2014) claim that this was explicitly driven by the party in order to create a Conservative-voting, house-owning democracy that would undermine Labour’s traditional council tenant constituency.

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<sup>10</sup> For more details see Carmona (2009), who describes the establishment of the London Docklands Development Corporation and of an enterprise zone in the Isle of Dogs. One of the most significant projects in the area was Canary Wharf, built as a major office quarter to rival the City of London.

The Conservative Government's political rhetoric against planning delays, lack of flexibility and inefficiencies created a push away from a regulatory planning approach towards a more minimalist style, described by Carmona (2009) as "a 'hands-off' process" that sought to roll back the frontiers of the state. According to Parker et al. (2018), with Thatcher's second term (1983–1987), the discourse of planning reform continued to concentrate on the need for speed and efficiency, and to give financial incentives and tax concessions to stimulate small businesses. As Fainstein (1994) notes, in the 1980s the property industry was rapidly transforming the character of London, where new developments were creating a strikingly different urban form from that of the preceding era. An explosion of speculative building for profit (cf. new larger office buildings and structures) became manifest.

It was in the 1990s that central government policy gave legal backing to enforce on-site affordable housing (Whitehead, 2007). Barker (2008, p. 35) explains that, as far as housing supply policy is concerned, key developments were the Town and Country Planning Act of 1990, and the related 1991 Act: "The first of these included at Section 106 (S106) the basis for agreeing planning obligations. An amendment in the 1991 Act made the plan the primary consideration in development control—and, perhaps surprisingly for a minister in the Thatcher administration, Sir George Young commended this as embedding the 'plan-led system'".

Since then, Section 106 agreements – often referred to as Planning Obligations, which are legally enforceable obligations under Section 106 of the Town and Country Planning Act 1990 – have been the basis on which the Local Planning Authority (LPA) can negotiate with an applicant, developer or other party agreed, and establish planning agreements for the funding, or direct provision, of new infrastructure made necessary by the development in its immediate locale (Sheppard, & Ritchie, 2016). Obligations that form the agreement are based on site-specific negotiations, but LPAs' policies for planning obligations are published and included in Local Plans. Contributions can relate to a wide range of infrastructure including: highways, public transport, education, community and cultural facilities, green infrastructure, environmental mitigation, and affordable housing.

From 1997 onwards, the New Labour government under Tony Blair – who tried to develop the 'Third Way' project by combining ideas from left-wing democratic socialism (placing more emphasis on aspects of social justice) and right-wing liberalism (individual liberty in the market economy) – retained elements of the agenda set by the previous Conservative governments in the planning system (Shepherd, 2020). Inch & Shepherd (2020) claim that Blair kept the promise of a "property owning democracy" that was "reinforced by long-term rises in house prices that helped maintain 'consumer confidence' while literally and figuratively mortgaging people into the maintenance of the status quo" (p. 66).

Looking at the evolution of the English planning system between the Blair government's election in 1997 and that of the coalition government in 2010, Lord and Tewdwr-Jones claim that both governments saw the planning system as a "chronic obstacle to growth" (Lord, & Tewdwr-Jones, 2014, p. 346). They also claim that the planning system was used to support the operation of the market and growth of the economy, albeit while trying to make it more transparent and locally responsive.

While Section 106 was increasingly effective in supporting affordable housing during the growth years of the early 2000s – corresponding to 68% of all newly-completed affordable

homes in England in 2016/17 (Lord et al., 2018); a greater use, since the early 2000s, of economic models for assessing the viability of affordable housing provision in new residential developments (Christophers, 2014) enabled developers to challenge local authorities' efforts to extract development value to pay for affordable housing. Developers argued that the amount or type of affordable housing sought by local authorities was not viable on their sites anymore after the aftermath of the global financial crises.

The fact that the supply of new housing in England (particularly in areas of high demand like London and the south east) persistently failed to keep up with forecasted housing need, and that house prices increased substantially (see Bowie, 2010; Gallent et al., 2018), prompted several governments inquiries into the economics of supply and demand in the UK. The Review of Housing Supply in 2004 (2006, 2008) suggested that planning constraints were a key factor behind the long-term upward trend in house prices (though over shorter periods other factors, such as long-term real interest rates, were more important). Kate Barker, the author of the review, claimed that a weak response to rising prices was reducing affordability and creating macroeconomic instability in some regions, and recommended the introduction of a planning gain supplement to improve and in part replace the S106 planning obligations.

The Planning Act 2008 introduced the Community Infrastructure Levy (CIL), a fixed charge on development that was implemented from 2010. In each locality the local authority decides whether or not to implement CIL, and the level of charges to implement – for all or part of the local authority area (different sites) – which are calculated depending on the development type and the floor area of the completed development. As Morphet & Clifford (2017) explain, one of the reasons why central government enacted CIL was that practices for negotiating developers' contributions across the country varied considerably, and in some areas no contributions were collected at all. It was considered that a general application with a common approach would help local authorities be more systematic and simplify the negotiation and bargaining process.

In several local authorities Section 106 has been negotiated alongside CIL, which is non-negotiable. The fact that CIL is compulsory and takes precedence over Section 106 means that, in circumstances where land value uplifts are small, affordable housing may be squeezed out (McAllister et al., 2018). Additionally, as pointed out by Morphet & Clifford (2017): “unlike a section 106 agreement, there is no requirement on the local authority to spend any CIL income either on the development on which it was levied, or any development included on its infrastructure list. While local authorities have to publish their income and expenditure from CIL, there is no legal pressure to spend this income within a set period.” (p. 117).

Empirical evidence collected by Crook & Whitehead (2019) shows that CIL has been adopted mainly by planning authorities in high-demand areas, especially in London. In low-demand areas it has rarely been adopted, “in part because the fixed charge can reduce the development value ‘left over’ for affordable housing, which continues to be a priority for many authorities” (p. 372).

The period immediately after 2010 is described by Shepherd (2020) as one of significant institutional change. The election of a Conservative-led coalition government (2010–2015) brought with it a switch in planning from regional to local tiers, through the abolition of regional planning institutions, and the introduction of a “localist” planning system that created explicit incentives to encourage local authorities to permit new housing (through the New Homes Bonus), and investment (through the sub-regional Local Enterprise

Partnerships). The Conservative-led coalition government also developed a simple, consolidated national planning framework, which set out national economic and environmental priorities, and how the planning system would deliver them.

The National Planning Policy Framework (NPPF), enacted in 2012, introduced several major changes in the system including the removal of strategies and institutions at the national and regional levels. The NPPF stipulated that planning strategies and plans should look ahead over a minimum 15-year period from adoption, in order to anticipate and respond to long-term requirements and opportunities, but should be reviewed in four-year cycles and updated as necessary. The NPPF also introduced the viability assessment, which is the framework against which Local Plans are drawn up and applications for planning permission are determined. The NPPF highlighted that a planning obligation must only be sought where: it is necessary to make the development acceptable in planning terms; it is directly related to the development; and it is fairly and reasonably related in scale and kind to the development.

The NPPF determined that developer contributions may be sought in two ways, through Section 106 agreements and through the Community Infrastructure Levy (CIL), which was brought into force on 6 April 2010 by the Community Infrastructure Levy Regulations 2010, under Section 206 of the Planning Act 2008. The idea was that local authorities could choose the rate for the levy in their area, set at a rate per square metre. Variations were to be allowed between different areas within the planning authority, as well as for different intended uses for development. It was envisaged that the CIL would create a more transparent system, whereby developer contributions could be calculated upfront (for more details see Grimwood 2019).

While the 2014 revisions to the NPPF emphasised that Section 106 agreements should not undermine the economic viability of schemes (i.e. they should not be so onerous as to mean the development could not go ahead), later High Court decisions and national guidelines stated that overpayment in relation to local-plan requirements could not be a reason for downward negotiation (Crook, & Whitehead, 2019). This was in order to avoid what Wachter (2018) describes as “the circularity problem”: where the price of land is bid up, the affordability consequentially drops. This means that when bidding for land, developers must take into account planning obligations, and not overpay for sites, expecting to recover some or all of this overpayment via reductions in planning obligations (Wachter, 2018).

The Conservative-led coalition government also supported the creation of more homes through deregulation, enabling certain changes of use without the need to apply for planning permission, using what are known as permitted development rights (PDRs). The office to residential change of use PDR has proved controversial (see Clifford et al., 2019). It was originally a temporary three-year PDR but was put on a permanent footing from 6 April 2016. As Grimwood & Barton (2019) explain, concerns about this PDR include the quality of the schemes, the loss of office space, and a lack of developer funding for affordable housing and other local infrastructure that would have been required under planning permission.

The 2018 revisions to the NPPF maintained the emphasis on the creation of sustainable, inclusive, and mixed communities, defining mixed-income housing areas as areas for the provision of both affordable and market-price housing with good access to jobs, key services and infrastructure. Local authorities are required to calculate the number of homes needed in terms of size, type, and tenure in the local area and “where a need for affordable housing is

identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless: i) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and ii) the agreed approach contributes to the objective of creating mixed and balanced communities” (MHCLG 2018, p. 17). Assessments of the likely levels of finance available for affordable housing should have in mind levels of public subsidy and the level of developer contribution that can reasonably be secured without discouraging development.

### *Portugal*

In the 1990s, exceptional measures became widespread, allowing direct negotiations between developers and the central administration, to the detriment of the adoption of formal plans with the excuse of long delays and bureaucratic requirements (Cabral & Crespo 2012)

The development of large-scale urban projects to host mega events became a key strategy of economic growth, often linked to ideas of efficiency and competitiveness. For example, in Lisbon, the large-scale urban renewal project of Parque das Nações (3.4 km<sup>2</sup>), which hosted the flagship international landmark event (the World Expo 1998), facilitated the restructuring of an old industrial port area into a high-end residential, office, leisure and consumption area, with luxury housing projects for high-income earners (Pereira, 2015).

From 1986 to 1990, following Portugal’s accession to the European Economic Community, the country saw a cycle of continuous growth and low unemployment rates (unemployment fell from 8.4% to 4.7%), while real wages and the purchasing power of households increased. In a context of low interest rates, a decade of centre-right governments promoted homeownership, through a disproportionate investment in subsidised loans/mortgages and tax deductions. Between 1992 and 2002, the number of homes built annually for family housing rose from 52,000 to a record 126,000, while the number of urban buildings transacted rose from 166,000 to over 254,000. New building was mostly directed at owner-occupants. In the 1990s, when Portugal had one of the lowest unemployment rates in the EU (equivalent to 3.9% in 1991), lower interest rates and subsidised loans enabled many Portuguese people to take out mortgage loans for the purchase of their houses. The volume of mortgage loans grew from €5 billion in 1990 to €104 billion in 2008 – an increase of more than 2,000% in national spending, when the demographic increase was only 10%. Approximately half of all mortgage contracts signed in that period were supported by the state, through subsidized mortgage loans and tax deductions (Allegra, 2020). In 2011, owner-occupancy became the dominant tenure in Portugal by far, accounting for 76% of the total housing stock, and covering all strata of the population, but mostly those of middle to high incomes (Azevedo et al., 2019).

At the national level regulations backed by the force of law were passed to institutionalize the planning system as a municipal affair. In 1982, the “Plano Diretor Municipal” [the municipal land-use plan] tool was created to be devised by local authorities and ratified by the regional/central government. It should cover the whole municipality and not, like before, only the urbanized territory. However, the requirements were too complex for the scarce technical and economic resources that existed at the local level, and only a few master plans were approved. By the end of the 1980s only 100 out of 275 municipalities had approved master plans for their territories, while a further 40 had either conditionally approved plans or had

plans awaiting approval (Pereira, 2003). Meanwhile, the government's decision that the ratification of the master plan was a mandatory requirement for local authorities to apply for national and EU funds (e.g. funding sewage and water supplies, communications and energy) accelerated the process of plan-making across the country. In 1998, the Territorial Planning and Urbanism Act (*Lei de Bases da Política de Ordenamento do Território e Urbanismo*) was passed. The Law, which integrated various legislative instruments that were previously issued separately, established the general principles and hierarchy of planning instruments in Portugal.

It is worth noting, following Gurran, & Bramley (2017), that in regulatory planning systems, the ratification of a municipal land-use plan creates an automatic presumption in favour of development except when other requirements are codified within planning rules. If applications conform with the law and the zoning regulations prescribed for the plot (in terms of land use, design, lot size, density, building type, etc.) planning permissions are likely to be issued. If they are refused, landlords may have a right to compensation.

It is also worth noting that developers in Portugal must contribute towards the development costs triggered by their developments, but not for the provision of social or affordable housing (see Monteiro, 2013; Natário, 2017). In the case of allotments – subdivisions of land intended to be used for construction – developers have to: (a) pay the cost of infrastructure that directly serves the plots; (b) give up land needed for development – e.g. of roads, parks, schools, etc. – for free, and when doing so is impossible or unnecessary, developers may be required to pay compensation to support existing public infrastructure (so called urbanistic compensation); and (c) pay a municipal development charge that is set at the municipal level (per square metre of development). The income raised from this tax can be spent anywhere in the municipality.

Even though empirical evidence regarding this topic is quite limited in Portugal, studies by Rebelo (2017) and Condessa et al. (2015) suggest that development charges that have been levied on development (per square metre) to cover the costs of infrastructure (such as roads as well as public services like schools) not only vary considerably across municipalities, but have not been sufficient to cover the cost of infrastructure triggered by building plans.

Furthermore, the assessment of the “first generation” of statutory plans in Portugal has shown that this was a period characterized by: (a) an abundance of land for new housebuilding and wide constructive admissibility (even in areas of low demand), not subjected to constraints or programming; (b) a lack of strategic vision with regard to conservation and the enhancement of areas of natural and historic significance, and to flood risks; (c) a dispersed growth in peripheral areas that later led to cumulative public expenditure on infrastructure and services, such as garbage collection, recycling, waste management, water supply, postal services and transportation (Pereira, 2003); and (d) plans making no attempt to secure the provision of land for social and affordable housing within market developments. The “first generation” of municipal land-use plan in Portugal has been described as a period of “spatial policies with plans but without a strategy” (Cabral, & Crespo, 2012).

The lack of horizontal and vertical integration between planning and housing policies became manifest again in the 1990s in the context of the so-called PER - Programa Especial de Reajustamento [Special Programme for Rehousing], an emergency programme of urban clearance (of shanties) for the construction of new housing estates. Tulumello et al. (2018),



who studied the genealogy and implementation of PER in the municipalities of Porto and Lisbon, described it as “a multilevel policy without territorial governance”. The strategy used to rehouse former slum dwellers in new council housing estates, typically built on the municipal periphery where cheap land was available, reinforced the segregation of people along lines of class, income, and ethnicity. While more attractive locations were re-zoned and redeveloped for middle- to high-income families, thus sustaining the economic interests of landowners and developers, families with fewer resources were displaced to areas “of deposit” in the periphery, characterised by a lack of infrastructure and social and spatial stigmatisation (Alves, 2019).

In another empirical study of housing policies and outcomes, Alves (2017) notes that the stock of second homes (that is of houses that are owned or rented for the purpose of temporary residence, weekends or holidays) is much higher in Portugal than in Denmark, respectively, 23% and 8% of all dwellings in 2011 (INE, 2012). She writes that “whereas in Denmark second home expansion was rigidly controlled (...) and the purchase of second homes by foreigners was also prohibited, in Portugal decisions at the land-use planning level were not guided by environmental concerns, but mainly served the interests of landowners and developers that sought to address a demand for summer houses” (Alves, 2017, p. 229).

The tourism industry has been identified as a key driver for fostering economic growth and the renaissance of historical cities. Especially following the aftermath of the global economic crisis – when Portugal was in a state of near bankruptcy and had to accede to a programme of economic and financial adjustment imposed by the “Troika” (the European Commission, the European Central Bank, and the International Monetary Fund) and to a package of austerity measure. The end of government grant funding for housing, associated with the introduction of a new landlord-tenant regime, has had several adverse consequences for the middle class and the most vulnerable groups (Alves, & Branco, 2018).

In 2018, after several years of market-oriented strategies and an intensifying housing crisis – which was more manifest in Lisbon, Porto and Algarve (Allegra, 2020; Mendes, 2020) – a national survey of housing needs showed that at least 26,000 families were living in sub-standard conditions in Portugal. At the national level, the socialist government launched a New Generation of Housing Policies with two key housing tools: (a) the so-called 1º Direito [First Right] – a capital grant programme for the acquisition of land for the construction of new social housing or for the acquisition of dwellings targeted at low-income families<sup>11</sup>; (b) the Programa de Arrendamento Acessível (Programme of Affordable Housing), a tax incentive programme directed at landlords in the private rented sector who agree to let property below market levels (up to 20%) through lease contracts of five years that match a tenant’s affordability ratio, which is set between 15% and 30%<sup>12</sup>. Through this program landlords will benefit from complete tax relief on rental income.

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<sup>11</sup> The Municipality of Lisbon has already signed a collaboration agreement with the government to access a capital grant of €81 million to finance the construction of new housing for 4,500 households, a total investment of around €240 million. It is worth noting that to build this housing the municipality will need to use its own land or acquire it on the market.

<sup>12</sup> The concept of housing affordability measures the relationship between housing costs and household income. A tenant’s affordability ratio measures their expenditure as a proportion of their income, and is set between 15% and 30% to prevent well-off families from applying for this kind of housing. But the ratio also

Yet the Mayor of Lisbon has pointed out that the housing market in the capital has been “so overheated” that rental values at 20% below market level are still inaccessible to the average family. A claim that prompted the launch of a local Affordable Rent Program - *Programa de Renda Acessível* (PRA), which aims to provide rents that are higher than social rents, but lower than market levels, thus targeting middle-income families. The PRA involves two sub-programmes that are fully funded and managed by the council: the PRA Public and the PRA Partnership. The PRA Public involves 100% public investment (publicly funded municipal land), whereas the PRA Partnership involves a partnership model between the municipality of Lisbon and private developers, a cross-subsidy model in which the public partner provides a subsidy in the form of public land and tax concessions, and the private partner invests in the construction or renovation of houses. One third of the new dwellings can be sold on the open market to finance the investment, and the rest of the housing stock is let at levels set by the local authority. The model binds private landlords into long, sub-market leases and, after 30 years or so, the rented housing stock should be transferred to the municipality. The overall programme was presented by the municipality in 2017, promising the construction of 6,000 affordable houses in 15 areas of the capital, but the beginning of the programme was halted by the National Court of Auditors in January 2019, allegedly due to an unfavourable evaluation of risk for the public sector. Meanwhile, the Mayor has stated that the public initiative is not enough to solve Lisbon’s housing problem and that private actors, with the necessary financial and technical capacity, are required.

On 1 October 2019, the parliament enacted the first Lei de Bases da Habitação [a framework law for housing], which re-affirms: (a) the constitutional right to decent and affordable housing for all; and (b) the general objectives and instruments of the housing system, including local authorities’ responsibilities and powers to assess current housing needs in their administrative areas, and to formulate housing and land-use policies accordingly. Even though the law determines that in circumstances of declared municipal housing shortage, local planning authorities can use the Municipal Housing Charters (Article 22° - Carta Municipal de Habitação), to codify new requirements within planning rules, these tools have not been implemented yet in any municipality.

## 2.3 Discussion

A comparison between England and Portugal emphasizes two key complementary points. On the one hand, the diversity of roles that planning can play vis-à-vis the provision of affordable housing. And, on the other hand, the highly selective nature of policy diffusion and adoption across countries. It is interesting to notice how, in an “age of globalisation” in which “global policy models” exert significant normative power internationally (Peck, & Theodore, 2015), some ideas are somehow restricted from “traveling” and being adopted elsewhere. In this regard, it is notable that, while some instruments have spread rapidly to other countries (e.g. the right-to-buy policy and public-private partnerships), others have remained motionless. This does not seem to be because these ideas are outdated, irrelevant, or ungeneralizable; rather, it is because they seem more directly to harm the economic interests of national and local alliances between the property industry, banks and landowners.

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excludes those who cannot pay for housing. Low income families are thus usually excluded from this option and have to apply to so-called social housing.

The comparison of the Portuguese and English cases has emphasised the relevance of post-war policy and legislation that effectively nationalized development rights and introduced the plan-led system, which required planning permission for land-use changes. This was crucial not only for the institutionalization of planning as a public activity, but for the development of an active planning approach that ensured the supply of serviced land for different uses, including for the supply of new affordable houses. Public authorities planned urban extensions to existing settlements, bought the land for development, provided public infrastructure, and built directly or sold serviced building plots to developers. The income generated from the sale of serviced plots, together with central government subsidies, helped to finance the public infrastructure and new housing.

It is also notable that the adoption of pro-business growth strategies and policies in both countries – where imposed budget cuts and central government reforms put an exaggerated emphasis on the benefits of neoliberal urban projects – transformed housing into a commodity, making it more difficult for public authorities to balance the often short-term interests of the property industry with those of working class families. In Portugal, the subordination of environmental and social goals to private economic interests accelerated housing production, but not avoided localised housing bubbles that have fed public and private debts, and to urban sprawl and a wasteful distribution of infrastructures.

### **3. Planning tools for affordable housing**

The previous section compared the institutionalization and reform of planning and housing systems in Portugal and England; this section examines how and whether land-use planning has contributed to the provision of affordable housing for low-income people within new developments in Lisbon and London.

The interviews carried out in Lisbon and London involved two main questions:

- Is there sufficient housing choice for low-income families in Lisbon/London?
- With respect to the use of planning obligations to secure social and affordable housing, what has been accomplished, and what has been learnt so far?

Whereas both questions reflect the original aim of the research, the first is more concerned with the current status of the housing markets in both capital cities, and the second with the detail of how planning obligations have been used to foster the provision of subsidized affordable housing.

The open-ended nature of the questions and the use of a loosely-structured interview guide encouraged respondents to freely express their thoughts – deploying their own frame of reference rather than one structured by prearranged questions – around particular topics, and enabled the inclusion of other contextual questions; for instance, senior planners familiar with the Portuguese case were asked if they would recommend the application of S106 in Portugal and why.

One of this section's contributions is to show how different systems and traditions of planning (in terms of institutions and planning cultures), as well as of housing provision, have led to divergent policies and practices of planning to generate affordable housing. In Portugal, only very rudimentary types of planning mechanisms for affordable housing have been used. These often take the form of planning concessions or density bonuses, which

involve the relaxation of planning rules to enable additional development potential beyond the level normally permitted under the zoning regime in return for an affordable housing contribution. In England, meanwhile, there is more than 20 years of experience with negotiated agreements. These involve affordable housing contributions being negotiated on a case-by-case basis but under a broader policy framework and goals (such as a means for achieving the goal of more socio-economically balanced communities).

In this section, I shall use the terms “planning obligations” and “inclusionary housing” interchangeably to refer to land-use regulations that require developers of market-rate residential housing to set aside a portion of their units for social or affordable housing.

The method used to recruit interviewees combined purposive and snowball sampling. Initial emails were sent to the local, regional and central government departments responsible for housing and land-use planning. Non-profit housing associations, academics and consultants who have shaped policymaking processes were also invited to participate by email. The objectives of the study were set out in the email and interviews were scheduled. During the interviews, interviewees were also encouraged to name other stakeholders who might be interested in participating, facilitating access to new interviewees. All interviews were conducted in locations chosen by the interviewees in their native language (that is, in Portuguese or English) – and, as mentioned earlier, in order to ensure that informants could be as open and transparent about their views as possible, the list of interviews was anonymised, and no further details are provided on age, professional backgrounds, work roles, previous jobs, or gender.

The method of data analysis employed a thematic approach, with themes derived directly from theoretical literature as well as inductively from the qualitative data collected in interviews. The coding strategy, developed within each case and then within the cross-comparison between the two cities, was that of inductive coding and categorization; this means that codes were selected from a list of key words and ideas used by interviewees. To ensure that the analysis is firmly grounded in the data, the paper incorporates long verbatim quotes to better illustrate the prevailing ideas held by respondents.

### 3.1 – Views from London

This section presents informants’ views on the use of planning obligations to ensure affordable housing is included in private developments as a condition for planning permission. In this section, informants reflect on how cuts in grant funding, increases in land values, and housing shortages have justified the adoption of planning obligations as a means to secure affordable housing, the extent to which it is meeting expectations, and whether it can set a useful example for a country like Portugal.

Even though today’s inclusionary housing approach stems from a national policy that is typically mandatory, the use of the planning system – rather than taxation – to capture development value by requiring developers to pay for the infrastructure costs of their developments was originally initiated by local planning authorities in the 1980s (see Crook and Whitehead 2019). And it only became a central part of government policy in the 1990s with the enactment of Section 106 of the Town and Country Planning Act 1990 (hereafter “S106”) and the policy guidance that followed.

An interviewee with lengthy experience in negotiating S106 agreements recalled the history of S106's implementation in England:

Well, I think the history of it is that the government of the time, which was a Conservative government under John Major, were open to the potential for social housing to be delivered by the market, as well as through public funding. The concept in planning terms was of generating mixed and balanced communities, and the idea that you don't develop all your private housing in one part of the city, and have all the social housing somewhere else, but actually it's integrated within individual developments. R3

The same official pointed out that in areas of high demand, such as London, there is a very wide consensus around the importance of using S106 agreements to reduce the cost of land for the development, and also to force the integration of social housing with other uses – in particular with market-rate housing. The informant argued that the debate centres more on the extent to which developers should be required to provide affordable housing (see below) and the principles according to which the affordability crisis – which has worsened over recent years due to the reduction of supply-side subsidies for social housing – should be addressed.

Do you solve that crisis by deregulating planning, by reducing the requirements of the planning system in order to encourage a greater number of developments to be built? Therefore, by increasing the supply of housing, which reduces the market value of residential properties, or by reinforcing the requirements of the planning system? , as a way of ensuring that developments mitigated impact, but also try to achieve some of the broader social and sustainable objectives, and to meet housing needs. R3

I think what we saw during the 2000s, is that . . . the idea that if you deregulate planning, that you automatically get more housing, and that that's going to be sufficient to then bring the market value of housing – house prices – down, didn't work. R3

One interviewee, a representative of the private sector involved in the identification, acquisition and promotion of land through the planning system, explained the relevance of the use of planning obligations to reduce the cost of the land:

Certainly in the area we cover, the South East, at the end of the day, the biggest beneficiary of an increase in land value is the landowner. So we get our 10 per cent, which is our fee for getting planning permission, but the big hitch of it really is with the landowner, but if his land has gone from being worth £10,000 an acre to half a million pounds an acre, then he's doing all right, isn't he? P2

The same informant explained that as developers are informed of the reduction of profit that planning obligations entail – which is related to the proportion of homes that they will have to build and sell at a considerable discount to a housing association or registered social provider – they can bid less for the land, and effectively transfer some costs to the landowner. It is against this type of background that private developers signed several types of legal agreement with landowners to make building land available for their activities<sup>13</sup>.

Sometimes we have a clause in the contract that will say we'll have a commitment to a minimum price, (for the sake of argument, I don't know, half a million pounds an acre, that sort of level, depending on

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<sup>13</sup> Needham (2014) also gives other examples: "If a developer wants to acquire land but is not certain that building will be allowed on it, the developer might acquire an option to buy the land: a (low) price is paid to the owner and a contract is signed that, if development is allowed, the developer will acquire full ownership, paying the difference between the option price and the new market value. Or the developer will acquire full ownership at an early stage, and a price will be agreed in accordance with the expected development opportunities; but if more valuable development is allowed, the seller will receive an additional payment" (Idem, p. 100).

where the site is), but, generally, all we're agreeing at that point is the percentage of what we'll get from it at the end of the process. So that allows for Section 106 to go up, or affordable housing percentages to change, as the housing market obviously does - ups and downs - so we just can't commit ourselves at the beginning of the process. P2

Local planning authorities are required by statute to decide applications for planning permission in accordance with the development plan for the area unless material considerations indicate otherwise. It is for the local authority to determine whether a particular proposal is in accordance with the development plan, or whether material considerations justify granting permission notwithstanding deviation from the plan.

The excerpt below explains how the S106 agreements are negotiated in practice, emphasizing (albeit implicitly) the importance of the attitudes and behaviour of those negotiating them.

A person puts in a planning application for a hundred units, and 25 of those have to be social rented, ten of those have to be intermediate. The intermediate ones could be shared ownership, or intermediate ownership. They go through a process, and they apply for planning permission and it goes to a planning committee, it gets approved. They then have to sign what's called a Section 106 Agreement, so within that Section 106 Agreement there'll be all sorts of paragraphs around the numbers of the units, if they're family housing or whatever., when they have to get built, is it on occupation or is it prior to occupation. There'll usually be a registered social landlord... or if it's council, then the council or sometimes the registered social landlords can forward it themselves. So, it will be... the housing will be secured in perpetuity for whoever has it now, or whoever buys it from them, that's how it works. LA2

So, we have private developers who bring forward schemes, and we require them to deliver affordable housing as part of that. We have also ... been gearing up to produce more housing of our own, so we're finding ways to build our council housing. So we've got funding and some of that comes from Section 106, some of it comes from using the proceeds of the right to buy sales, because when somebody exercises the right to buy they do actually pay us a discounted amount of money, and that money, over the course of a year, makes a very substantial amount of money that is then being invested into new homes. LA1

Another interviewee, a representative of the central government, confirmed that from 2011 until 2018, government grant funding was not available to build homes for social rent and so numbers dropped dramatically, and therefore most affordable housing was only built where councils enforced it as part of Section 106 agreements, or when housing associations cross-subsidised from market sales to make up the gap. (N3)

It's just simple mathematics. So, if the direct provision from the affordable housing programme is low, then for the same amount that comes from Section 106 as a proportion of the total, that will be higher. Also the Section 106 contribution is a function of private output and private output has been increasing over the past few years. N2

The reduction of supply subsidy mechanisms, the deregulation of the private rental sector and the introduction of caps on housing allowances were identified as key factors that have made housing unaffordable for low- and middle-income families, forcing many to seek accommodation outside London. Informants pointed out that population growth is increasing at a faster rate than new housing output, and that the housing and job market in London is very internationalised, with foreign investors further pushing up property values. The problem is recognised by both representatives of local authorities (LA) and the national government (NA):

Housing on the private market – on the open market – in London is very expensive relative to people's incomes... For young people in professional jobs 20 or 30 years ago, when I was first working, it

would be quite normal for an individual, and certainly for a couple, to be able to find affordable accommodation by buying it with a mortgage. This has become extremely difficult due to a number of factors. So more and more people would need to find other options. Of course, a lot of people would be forced to live in smaller, not so good accommodation in less accessible locations. So they would end up living somewhere further out of London in small or shared accommodation on the private market. LA1

A lot of the local housing allowance freezes and policies that came in ... effectively meant that more and more low-income families were being squeezed out of London and having to move to different areas. NA1

So, households pay the highest proportion of their household income on housing costs in London of any place in England... I think the national average is something like 37% of income before housing benefit is spent on housing cost, it is much higher than that in London. The affordability ratio, so the ratio of prices to incomes – if you pick a borough like Kensington and Chelsea, it's 20 or 30 or 40 times income compared to a national average of eight, I think. So clearly that means households are constrained by their budget in options. That's the sort of price mechanism. NA2

Thus, informants confirmed that the affordable housing need in London is extremely high, and furthermore emphasized that in London the Mayor and the Greater London Authority (GLA) play an important role in defining housing targets, i.e. the level and type of affordable housing that is required from residential development locally.

The Mayor does not have the power to allocate sites for specific land uses or to zone areas through the London Plan, which is a schematic spatial model that sets out major proposals (Elinbaum and Galland 2016). For example, the Opportunity Areas and Housing Zones, which are areas of intensification where developers can build at higher density, have to be identified by local plans<sup>14</sup>. But he and his mayoral team do have the power to influence these local plans (for more details see Bowie 2019). Not only should local plans that are used as a basis for determining planning applications be in conformity with the London Plan; the Mayor also has the power to veto major developments, and to take over major strategic planning applications from the local planning authority when these are not in conformity with the London Plan.

The London Plan's housing target consists in a minimum threshold requirement: between thirty-five and fifty percent of all new homes should be affordable (depending on their location and source). This is a requirement that has to be included in the local development plans and policies of the London boroughs, who then implement them through the discretionary approach that characterizes the English planning tradition.

The Mayor has set the expectation that all developments with 10 or more units include an affordable housing contribution, and that this contribution should be integrated with the rest of the development on site, with the same external appearance as the rest of the housing (following the pepper-potting and tenure blind principles).

The Mayor of London has an annual target for the preferred tenure split of affordable homes on new developments, requiring that:

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<sup>14</sup> As these are often areas that require significant investment in infrastructure, for example public transportation, schools, social infrastructure, health facilities, etc., the borough can "red line" them in their local plan and apply a higher CIL rate in order to secure future tax revenues for investment in local infrastructure. For a critical evaluation of these policies see Robinson et al.

- 30% be provided at low cost rent (homes for social rent, or for London Affordable Rent<sup>15</sup>, with substantial below-market rents for low-income households);
- 30% at an intermediate level (London Living Rent or London Shared Ownership, which includes both rentals and shared-ownership units that target moderate-income households), and
- 40% decided locally by the individual boroughs.

At the borough level, local planning authorities have the power to set their own local development plans and policies, for example, through the “Supplementary Planning Documents” (SPD), which are a material consideration in planning decisions but are not part of the development plan. They can set localised conditions and criteria for viability assessments and planning agreements (Section 106); however, they must be in general conformity with the London Plan and with the supplementary planning guidance set by the Mayor<sup>16</sup>. But in certain exceptional cases the affordable housing requirement can be fulfilled by off-site provision or in-lieu payments instead of on-site provision, which explains, according to informants, why the goal to create socially mixed housing and communities is often not materialized.

Informants claimed that the planning obligations are an important tool in delivering good quality, affordable homes of all types, but particularly for securing housing accessible to those on the lowest incomes. They explained that as the Mayor does not have sufficient funding to build enough affordable homes, or to invest in all the infrastructure required to boost homebuilding, he has to use planning tools, such as Opportunity Areas that can be described as spaces of exception and densification (for a critique see Bowie, 2017, 2019, Robinson et al. 2020), as well as other governance and delivery mechanisms, such as strategic partnerships with large housing associations<sup>17</sup>, to foster housing delivery and development.

The London Plan sets out the Mayor’s expectation that around two thirds of new homes should be affordable without the need for subsidies; but the Mayor has also secured £4.8bn funding from the Government to help housing associations, community groups, London boroughs and private developers to build new affordable homes.

A representative of a housing association in London emphasised the importance of cross-subsidising affordable housing:

In London, we have committed to a 20,000 home strategic partnership with the mayor and 40% of those homes will be either market sale or market rent homes. We will make a profit on those homes and use the profit to invest in the other 60%, which will be genuinely affordable. NP1

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<sup>15</sup> While at the national level, affordable rents are set at up to 80% market rents, in London, because prices are so high, the Mayor refers specifically to “London Affordable Rent”, which is capped at 50% of market rent.

<sup>16</sup> In London, individual boroughs collect both the local CIL and the Mayor of London’s CIL, used to fund the delivery of Crossrail. The Mayoral CIL rate is £35 per square metre plus indexation.

<sup>17</sup> Such as the G15, which is made up of London’s largest housing associations. The G15’s members own or manage more than 600,000 homes (housing around one in ten Londoners), and build approximately 10,000 new homes each year. For more details on the types of home they build and manage see: <https://g15.london/>.



Representatives of non-profit housing associations mentioned that London provides a broad range of affordable housing options established by the Mayor, but only the “social rent”, where rent prices are linked to local wages rather than house prices, is affordable for low income renters:

The only really affordable option for low income households is social housing. Social rents in London are around 50–60% of the market equivalent, so they are far better suited to those on low incomes. They are also limited in how much they can be increased each year: from 2020 this is capped at CPI+1%. Social rents are also not subject to the LHA cap, meaning that those without incomes can have their full rent covered. However, the lack of development of social housing units over the last 3 decades has meant that there are few properties available and waiting lists are very long. This has resulted in more low income families being trapped in the private rent sector. NP5

Private rents in London are extremely high relative to what low income households can afford. In some areas of central London, average monthly rents exceed full-time earnings on the minimum wage. For a minimum wage worker, renting one of the cheapest rooms in most areas of London can easily take up half their pre-tax salary. For those with children, renting an entire flat would be essentially impossible without support from Housing Benefit or Universal Credit. However, the amount of welfare one can receive to help with private rents is capped by the “Local Housing Allowance” rate (LHA cap). This depends on area and the number of bedrooms a household needs, but it was capped at the bottom third of local private rents and frozen in 2016, meaning it has failed to keep up with rent inflation. NP5

In areas of high housing shortages, the Greater London Authority has declared that the vast majority of contributions required are expected to be in the form of on-site social and affordable housing. The London Plan and the supplementary planning guidance (GLA 2016) introduced a threshold approach, which states that schemes meeting or exceeding 35% affordable housing without a public subsidy (or 50% where public land is used without grant) can follow a “fast-track route”. This means that applicants are not required to submit viability information at the application stage, and applications are subject to review mechanisms only if an agreed level of progress on implementation has not been achieved within two years of consent being granted, or as agreed with the LPA (p. 14).

If the applicant claims that they cannot provide 35%, they must follow a “Viability Tested Route” under which applicants must submit detailed viability information which will be scrutinised by the GLA team for strategic applications and treated transparently (see quote below). Where the Mayor is not satisfied “with the viability information submitted by the applicant, the assumptions that underpin the information, or the level of scrutiny given by the LPA” (GLA, 2016, p. 12), the Mayor has the power to call in or directly refuse applications.

A representative of GLA explained how it works in practice:

We're not going to ask any questions, just here's your planning permission, get on with it. If you don't achieve 35% or 50%, we are going to look at everything, we're going to publish everything as well, so it's all in the public domain. (...) The thing they hate the most - the developers - is that we also apply review mechanisms... (...) We're going to review your numbers halfway through building the scheme, and then at the end, and then in about five years' time, and, if any of your assumptions were wrong, we get all of the uplift. So if you assume sales values that were too low, for example, and in the event you made way more profit than you said, all of that comes back to us, and we have that money to spend on affordable housing. R2

The importance of the Mayor's threshold approach was explained by representatives of the non-profit housing sector as a way to cut through the protracted viability debates that have

been slowing down the planning system, and to give developers more certainty as to what they will pay for land (NP1).

Interviewees also mentioned that housing associations have adopted higher rents and a cross-subsidy model that uses sales of private homes to fund the provision of affordable housing:

So, as a housing association, we do put in a lot of subsidies... we reinvest our profits in schemes to make them viable. But we're also quite reliant on ... funding from the Mayor, which typically means we therefore have to provide the affordable housing products that he makes grant funding available for. So that will be London Affordable Rent, which typically ... is charged at slightly higher than social or target rents for one and two bed units. NP1

Planners confirmed that “the use of S106 has become the norm” and that in London “the policy is now in operation with good results”.

Representatives of housing associations also explained that in London, where land is expensive for those who wish to build affordable housing, local councils have come to increasingly rely upon S106 in order to build new affordable homes:

Councils have a limit to what they can borrow, so the capacity for public authorities, for government to build the number of affordable homes we need at the minute, is not there. And so there is a heavy reliance on private developments to cross-subsidise affordable housing through Section 106. NP2

However, the negative outcomes associated with the use of S106 were also identified, including general costs and delays involved in S106 negotiations. Interviewees noted that “land-use planning negotiations are slowing down housebuilding” (N1, A4), sometimes leading to a highly permissive planning system that produces outcomes that favour the interests of proper developers, rather than of local communities. They expressed concerns about a very permissive planning approach in some areas (areas of densification) reducing the quality of the built environment.

They also expressed the view that increased government funding is needed to unlock sites and housing provision, and to finance all the infrastructure necessary to build better places that will benefit not only present but future generations. Some informants claimed that local authorities need to play a more proactive role in land pooling and development, especially in London where land is expensive and hard to buy.

While planning policies require a specific minimum percentage of social and affordable housing, the empirical evidence shows that the expected numbers often do not materialise. Statistical data on the number of new homes completed by tenure showed a reduction in the production of social rent units for low income householders (i.e. households at the bottom end of the income distribution), and an increase in the production of new intermediate affordable rent units for middle income households<sup>18</sup>. Developers are more willing to provide

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<sup>18</sup> The Greater London Authority (2015), in “Housing in London 2015”, explained the main trends of the decade as follows: in London, the proportion of households who owned their own home (whether outright or with a mortgage) peaked in the early 1990s but then fell to just under half by the time of the 2011 Census. The private rented sector was once the largest tenure in London but shrank from 46% of households in 1961 to 14% in 1991, before rapid growth brought it back up to 26% in 2011, making it the second largest tenure. In contrast, social renting grew rapidly between the 1960s and 1980s, accommodating 35% of households in 1981, before falling to 24% in 2011. (p. 8)

affordable home ownership homes (mostly shared ownership) than to increase the number of social rented units, as the former enables more affordable housing to be delivered with less subsidy. Representatives of housing associations explained that, in part as the result of recent funding and planning regimes in England, housing associations use shared ownership to cross-subsidise social rented housing from the income they make when selling additional equity shares to shared owners.

Evidence shows that developers often ask to renegotiate S106 contributions towards affordable housing on the grounds of viability, responding to site- and scheme- specific circumstances or changes in the wider housing market. Since 2012, negotiations on the grounds of economic viability have been used by developers to claim that the council's planning policy requirements relating to affordable housing compromised the economic viability of the development. Developers have used this argument to justify much lower levels of affordable housing than local targets require (R3, NP3). Additionally, there is evidence that in London, the benefits of S106 do not favour households on lower incomes as much as those on middle incomes. Therefore, the backlog of unmet needs for low rent housing has grown over time.

The people are paying too much for land and bill costs are too high, that you can't afford. ... If you've paid that much for land and it's going to cost you that much to build it, you cannot afford to provide that level of affordable housing that local authorities want. NP1

I think that you've got to set the rules up front ... you have to focus on the right strategy. A1

I think the most important is plan-making, because there needs to be a hard line set at that stage to even impact the later stages. If there was no policy for 50%, 35% affordable housing, then the majority of private developers would go in with zero, because they don't want to provide it. NP1

For instance, Wachter (2018, p. 449) estimates that the declining amount of social housing has left “more than a quarter of a million Londoners on housing registers and more than one in eight social housing tenants living in overcrowded conditions”. He also claims that the reduction of social housing has contributed to an increase in homelessness. “The number of people seen sleeping rough in London increased significantly between 2010/11 and 2016/17, with an 8% reduction in 2017/18” (Wachter, 2018, p. 449).

During the course of two different interviews, it emerged that senior planners with lengthy experience in capturing land and property value uplifts associated with the award of planning permission were familiar with the Portuguese planning system and its outcomes. Having learnt this, I asked them whether they would recommend the adoption of land value capture tools for the provision of affordable housing in Portugal and, if so, why. They answered by pointing out different things: the need for more restrictive development planning in Portugal guided by the idea of a more compact city with mixed-use and mixed-housing tenures; the benefits of land value capture in areas where there are simultaneously increasing land values and limits on public spending to address housing needs and housing-related problems (for new and renewed infrastructure, housing, etc.).

However, they also emphasized the need for a certain institutional, legal and political setting – as well as for planning knowledge, and certain attitudes and behaviours – in order for policies and practices of land value capture linked to planning to work as they should. One informant pointed out how decisions related to land value capture are not consistent across all jurisdictions in London (for instance, while some boroughs try to implement inclusionary housing in a stricter way, others are granting variations more often):

When I started in planning 20 years ago, there was no Section 106 or CIL as it is now. I mean, Section 106 of the Act was brought in and it just said that you had to mitigate the impact of development, and that was very loose. Boroughs such as XXX, we had some really strong development management negotiators, who were getting millions of pounds out of developers, but other boroughs were getting absolutely nothing.

Another informant pointed out that statistics reveal the role that the planning system plays in England in the delivery of affordable housing: there has been substantial growth in the volume of planning contributions, and in the value of affordable housing in both absolute terms and as a proportion of the total value of planning obligations agreed; and affordable housing contributions have grown as a proportion of total planning obligations. But he also made the point that other, more active, ways of providing affordable housing were used in the past, following World War II, when local authorities built a significant number of new dwellings with the aid of central government subsidies:

So I think where - particularly where you have buoyant property markets, there is the potential to capture a proportion of that uplift in value, and there are different ways of doing it. Section 106 and CIL is one way of doing it, and in the past we had development land tax. There are other ways of doing it through site acquisition, so the New Towns Movement and the Garden Cities Movement, did it through acquiring land at existing values. And in the post-war period, councils developed huge amounts of housing. (...) There's a lot of debate and discussion here about going back to that kind of model, and then you get into details of how land is compulsorily purchased, and how much should be paid to the landowner.

This informant also criticized, on the one hand, the limitations of market-based solutions that overrely on land value capture, because this mode of provision is tied to market supply, and therefore faces the same constraints as market production (which decreases in times of economic crisis). And, on the other hand, the fact that the supply of affordable housing has to rely on the activity of development companies or registered housing associations that must develop and sell market housing in order to cross-subsidise affordable homes and fund other council activities:

We know that the market will only deliver to the extent to which they can support increasing house prices. Because if they oversupply the market, and market properties and house prices come down, then profits reduce and they're doing themselves out of business. And that's why we have a very cyclical property market, and, actually, what we need probably is a much more significant public sector, social housing. And to a degree we've had lower levels of funding. We're very reliant on housing associations now to deliver social housing, and they've taken the place of councils. And housing associations have had to become more commercial, because there's been less subsidy. So they themselves have become more reliant on cross-subsidy, but what we need, moving forward, and this is the mayor's message to government, is that the government needs to provide more funding for the mayor, for councils, for housing associations for direct delivery; together with making the most of what we can do through the planning system.

### 3.2. – Views from Portugal / Lisbon

Some interviewees described the housing situation in Lisbon as increasingly problematic. They explained that a combination of changes in housing policies and wider macroeconomic circumstances related to the 2007–2008 financial crisis and the austerity policies that followed (in the period 2011–2014) led to the almost complete destruction of the Portuguese building sector. They also highlighted that the adoption of a new rental regime that allows the renegotiation of almost all pre-1990 lease contracts, with the exception of those held by seniors and disabled tenants – in a context of unprecedented pressure from tourism and financialisation – has exposed existing tenants to various forms of displacement:

I think there is a serious problem of a lack of housing choices not only for low income people, but also for middle class people in Lisbon. The problem is not limited to low income people! RP7

Suddenly, our historic centres, especially Lisbon and Porto, have become loin meat for foreign investment. NAP1

Interviewees also claimed that the creation of a favourable tax regime for non-residents and of a Golden Visa programme, which offers residency for third country nationals when they buy expensive houses, has had an impact on the housing market.

Rents in the centres of Lisbon and Porto saw a period of rapid growth from 2015 onwards, under pressure from foreign investment and tourism. RP8

What we have seen is increasing gentrification of Lisbon because, in fact, legislative change has made it easier to act on eviction or in opposition to contract renewal. LM4

There is a consensus in Lisbon that the increase in demand for buildings for the tourism market has increased property prices, which are no longer affordable for the average Portuguese family:

At the moment, we see the brutal effects of the discovery of Lisbon by tourism and real estate funds... we have actors within the city who are already much more powerful than the municipality itself, and who exceed their powers in a very responsive way. For example, house purchases and sales are packaged (concentration of buildings) to escape the control of tax authorities and the intervention of the municipality (right of preference over transactions). RP1

The problems result from a very great pressure from tourism, and owners' attempts to monetise their properties as much as possible. A large proportion of the properties were also captured by real estate investment funds, and these real estate investment funds have a goal of monetising to the maximum. RP7

Some interviewees also made the point that the demand from real estate investment funds and foreign buyers was diminishing the capacity of other actors seeking to provide social and affordable housing. At the same time, they expressed concern that this new trend could potentially reinforce the processes of suburbanisation observed over recent decades in Lisbon.

In the last 10 years, the thing has worsened greatly because of tourism. So, until 10 -15 years ago ... the middle classes could find a house somewhere. Now, with tourism, it has passed to another level... in which it has become really difficult to find a home. And if the local authority and housing services had programmes, however insufficient, for the lower classes, for the middle classes they did not have anything at all. And, therefore, there is a total and complete need. RP6

There's a lot of social housing in Lisbon (municipality), but it's not enough. Of a total of 320,000 dwellings in Lisbon, 25,000 are owned by the City Council, but the Borough of Lisbon also has huge waiting lists for social housing. There are 3,000 people waiting. NAP2

Activists and scholars told me that from mid-2010 until 2018 funding for social rented housing was totally nonexistent in Portugal. They also pointed out that the PER program did not solve all the cases of informal settlements (more than 3,000 families registered under the PER programme are still waiting for resettlement), and other housing problems have emerged since then, and they are urgently demanding solutions.

One interviewee recalled that a recent study of the supply and demand of housing stock in Lisbon (CML, 2019) shows that of 7,197 households waiting for council housing, 35% are on intermediate incomes and 65% on low incomes. Between 2012 and 2015, there was an exponential increase in the number of applications for council housing, yet the quantity of housing allocated has remained low, increasing from just 507 dwellings in 2012 to 918 in 2015.

Informants also confirmed that debates about the extent to which planning can help to reduce problems of affordability and residential segregation have not gained as much prominence in Portugal as they have in England. In Lisbon, policy concerns have focused more on solving the problems created by a weak planning system that was unable to address local externalities and infrastructure, leading to poor housing conditions.

Housing policies in Lisbon have been formulated to respond to emergency situations, illegal settlements, shanties. RP1

Interviewees also pointed out that there is in Lisbon a general perception that planning is a key determinant in land value formation and housing prices (see below), and that the planning system is not doing enough either to limit land speculation, or to capture the unearned increase in the value of land that results from planning decisions and public investment.

Planning is not neutral, and has been used as a way of multiplying land value by changing land use, increasing square metres of construction, etc. What we have to know is whether this value will be redistributed or not, who benefits from this increase of value, and whether the plan has any measures of redistribution. NAP2

Other interviews however revealed a low level of concern, from planners and other public stakeholders, regarding what in England is called betterment, or the unfair windfalls to property owners when values go up as a result of planning decisions or/and major infrastructure investment that is paid for out of general city revenues.

While land value capture is a relatively absent topic of debate in Lisbon, with the Mayor not seeking to limit developers' profits, in the context of rising house prices and worsening affordability across the housing markets, Parliament passed legislation (Decree 62/2018) that have been implemented in Lisbon, to give local authorities the power to set quotas for "short rentals" in high-pressure tourist areas (see Cocola-Gant, & Gago, 2019).

To foster housing delivery and development, the statutory municipal land-use plan of Lisbon allows building credits – that is, to relax planning restrictions and give developers the right to build beyond the limits of density or land use for a fee or in return for the inclusion of a proportion of affordable housing.

The promoter who is going to build is offered building credits, in the same territory, or in another territory. The amount of building credits will depend on the time that the dwellings will be available for affordable rental housing (time will be proportional to the benefit the promoter will provide). LM5

Whilst several interviewees, such as representatives of the Lisbon municipality housing department, emphasised the importance of “construction credits” – that is, flexibility in the planning system that should allow developers to build additional floors (exceeding those density limits set in planning documents) in return for providing affordable housing (RP7, LM4 and LM5) – others revealed that this measure has not actually been implemented, despite its inclusion in the 2012 Local Development Plan (Plano Diretor Municipal, 2012), which means that developers are pushing for higher density in order to increase their profit margin, but are not providing affordable housing.

As the Lisbon municipality *planning* department representative explained, the lack of implementation of “construction credits” has been related to the lack of agreement between the Municipality’s housing and planning departments about the conditions for implementation on the ground.

For example, whether housing linked to “construction credits” will be for sale (e.g. at controlled costs) or lease, and in the case of lease, who will be managing this housing? For how many years? And how will beneficiaries be allocated? LM1

The lack of dialogue and coordination (in terms of rules and tools) between the Municipality of Lisbon’s housing and planning departments became manifest during the interviews.

Another interviewee, an academic, criticised the fact that public policies in Portugal, and Lisbon specifically, rely predominantly upon incentives (land density bonuses that enable higher densities and thus higher land values), rather than on regulations. A paradigmatic example, according to some interviewees, was the programme *Reabilita Primeiro, Paga Depois* (Rehabilitate First, Pay Later), which consisted of the sale (by public auction) of dilapidated municipal buildings and dwellings. The programme allowed the deferral of payment of the sale price until the completion of renovation works and the property’s placement on the market, and did not require any quota of social or affordable housing, or any type of rent control. They also explained that over recent decades, changes in the law have led to enhanced protection of property rights for private individuals, reducing the potential for an active land policy to provide social and affordable homes. The “compulsory expropriation of land” for the public interest has become financially more expensive for local authorities (for an overview see Carvalho, 2003), and urban land readjustments<sup>19</sup> are difficult to implement (Condessa et al., 2015).

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<sup>19</sup> The basic idea behind urban land readjustments – which must comply with the land use plan for a given area – is that a re-parcelling of land takes place by way of swapping land between landowners, without any transactions taking place. They temporarily transfer their property rights to a third party to allow the re-parcelling of the land.

### 3.3 Discussion

In this section I briefly compare and try to interpret the main findings of the fieldwork conducted in London and Lisbon from January to May 2019. Table 3 offers a synthesis of the key policy planning instruments that have been used to address the objectives of social and affordable housing provision.

Insert Table 3

While in Lisbon there is a political preference for instruments that favour planning relaxation, for financial incentives, and for tax concessions that see planning as a means to better facilitate the actions of the market and to stimulate market building, in London a regulatory planning approach operates in the context of advanced neoliberalism.

My results show the influence of path dependencies and planning cultures on the way housing and the built environment is regulated and managed, and housing needs are addressed. There are two final comments to make in relation to this.

The first comment relates to the potential of planning tools to raise contributions for affordable housing and infrastructure. In London, as in the rest of England, where the owner of land formally owns neither the right to develop it nor the right to development gains, the planning authority is in a very strong position, as it is able to negotiate planning agreements with developers on a site-by-site basis. The negotiation of planning obligations for infrastructure, including affordable housing, is a mandatory process that make proposed developments acceptable in planning terms. The advantages of this approach are that planning authorities can extract funds that: (a) shift the costs from the general taxpayer to the new facilities' beneficiaries; (b) capture some of the value that arises from granting planning permission; and (c) secure a supply of housing that encourages mixed communities.

However, the fieldwork also reveals that the inclusionary planning approach in England has not been able to provide the expected results in terms of securing or leveraging dwelling units, land, or financial contributions towards social housing, as S106 is mostly providing intermediate tenures that require lower levels of subsidy and developer contributions. In London there exists a wide consensus that more grants are needed to support public or third-sector social housing provision that genuinely meets the needs of low- to medium-income families. The shift from a regime of large-scale, public production of low-income housing to a regime of inclusive, mixed-community housing – a regime that provides both affordable and market-price housing in areas with good access to jobs, key services and infrastructure – is welcomed. But still many think that the current (market-led) way of providing affordable housing fails to create mixed communities, and is more a pressure mechanism established by central government to oblige local planning authorities to give consent to developers, even where their proposals do not necessarily provide good qualitative results.

Lisbon's story is quite different, as it is characterized by a free-market approach and a weak planning system. One that in the 1960s–1970s allowed the expansion of informal settlements, based on illegal allotments and unauthorized construction; and in the 1990s–2000s opted to rehabilitate and legalise former clandestine housing settlements by providing them with basic amenities, such as electricity, sanitation and piped water, but also to demolish slums and rehouse low-income families in large-scale social housing estates that were often built in the peripheries where land was cheap.



The so-called first generation of master plans did not favour a “compact” city, structured by mixed housing tenures, but rather one characterised by urban sprawl, processes of peri-urbanization, and segregation. Faced with powerful landowners, private equity firms, and hedge funds that exploit housing for speculative purposes, the national socialist government’s response has been to maintain the Golden Residence Permit Program that allows non-EU citizens to obtain special residency by investing in housing in Portugal.

In Lisbon the process has been accelerated by a planning system that aims not to secure affordable housing and other infrastructure for the betterment of society, but rather to facilitate private investment. Plans have not set developer contributions towards social and affordable housing in the form of land or dwellings – not even in the case of rezoning (i.e. the reclassification of rural land as urban land) – and have not tried to blend social housing with market provision, but rather have reinforced the spatial concentration of social housing. Density bonuses, which are determined according to how much affordable housing is provided by the developer have not been activated, showing the local planning and housing authority’s lack of interest in this tool’s ability to contribute to affordable housing.

Comparing the cases of Lisbon and London confirms Kam, Needham and Buitelaar’s (2014) claim that the more the planning system constrains market provision, the greater the potential for affordable housing to be achieved from what is actually built, although the practical possibilities of extracting some of the surplus for inclusionary housing depend on many other factors too (for instance, the existence of a strong non-profit housing sector).

The second comment is on the potential of governance to encourage affordable housing provision through spatial planning not only at the municipal level, but also at the metropolitan level. In London, the Mayor and the Greater London Authority have developed a legal framework to systematically organize land and planning policies in order to deal with land scarcity and tackle affordable housing needs, both short- and long-term. The more holistic approach of the London Mayor – which seeks to integrate the intertwined impacts of planning, transport, and housing – seems more efficient than the ad hoc Lisbon approach, where there is not only a lack of coordination between municipalities at the metropolitan level but also between the departments of planning and housing within the same municipality.

The analysis of policy variations between the two cases shows that, by combining an active land policy strategy with planning obligations formulated at the metropolitan level, the Mayor has developed a much more joined-up response to the housing crises than that which has been developed in Lisbon.

## 4. Conclusion

For decades, debates within planning theory have focused on the relationship between ends and means. Planning activity is commonly justified either based on the final results (ends) or on the basis that it was conducted according to an established, valid and reliable process (means) (Dobrucká, 2016). In traditional planning, means are subservient to ends (we do this because we want to achieve that), and allegedly are based on or follow a valid and reliable process (Alexander, 2016). However, studies in the field of planning have shown that planning decisions are made in an environment that is not only technical but also political, and in which the partisan balance of power tends to configure specific responses towards sometimes conflictual needs, interests or concerns (Flyvbjerg, 2001; Fainstein, & DeFilippis, 2015).

Even though globalization and international institutions (like the European Union) have had a role in the harmonization of policies, the fact that these require political and technical mediation explains the relevance of the concepts of planning cultures and path dependency to explain continuity in the framing and execution of policy within one country or jurisdiction (Stead, 2002; Tasan-Kok, 2015), but also processes of divergence between geographies (Marsh and Sharman, 2009; Starke et al., 2008).

By using a comparative research design that combines literature reviews covering over almost a century with observation of – and interviews about – current approaches in planning for affordable housing, this paper contributes to this literature from three different perspectives:

First, by providing empirical evidence on how planning and housing policies and practices have evolved over time to cope with exogenous and domestic shocks (e.g. macro-economic crises), the paper allows us to observe how different ideological cycles have shaped the interpretation of reality, influencing how problems are constructed and articulated, and policies formulated and executed within the context of specific power structures (Branco and Alves, 2020).

Second, by providing knowledge about “why and how” planners “do what they do”, this paper responds to calls for more context and more sensitive analysis of the ideas related to building mixed communities (Alves, 2019) and the use of planning obligations for affordable housing (Calavita, & Mallach, 2010). The empirical data seems to confirm the positive contribution that planning for affordable housing makes to securing land and infrastructure for the provision of affordable housing (Crook and Whitehead, 2019). However, the data also shows that planning tools cannot make up for the negative impacts of several decades of over-reliance on market mechanisms and public sector austerity (cutbacks).

Third, bearing in mind Starke et al.’s definition of policy convergence (2008) – as an increase in the similarity between one or more characteristics of policy across a given set of political jurisdictions over a given period of time – it is possible to claim that both trajectories of convergence (e.g. the right to buy policy) and divergence (e.g. in the use of planning obligations) have been observed across Portugal and England (Hamedinger, 2014).

The fieldwork also confirmed the hypothesis, formulated at the beginning of the paper, that divergence in the adoption of planning obligations for affordable housing is the result of a set

of different but interdependent causes: path dependency (a concept that suggests that past events influence present and future ones), ideology (a concept that refers to values, beliefs and a general political orientation regarding how society ought to be and how to improve it), and planning cultures (collective social practices with their specific roots, legal traditions, ethos, etc.).

A recurrent theme in the paper is the relationship between housing and planning. In this regard it is relevant to recall that housing problems were a key reason for the institutionalization of planning in the twentieth century, and that land-use planning then was seen and used as a method for reforming poor housing and providing healthy and aesthetically uplifting environments for the working classes (Booth and Huxley, 2012). However, over the last half century, under the prevalence of liberal views regarding the role of the private sector in housing provision, the link between planning and housing has been weakened.

Finally, the paper confirms the importance of comparative studies that move beyond a reductionist comparison of planning systems based on national legal and administrative arrangements by examining planning cultures (Valler and Phelps 2018). The systematic comparison of planning policies and practices in Lisbon and London shows the importance of history, of legal traditions, but also of planning cultures, as the collective ethos and dominant attitude of planners regarding the appropriate role of the state, market forces, and civil society have an important influence on social outcomes.

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**Table 1** - Tenure structure of housing markets (in percentage of total dwelling stock)

	Owner occupied	Private renting	Social housing	Other situation
England (2015)	63%	20%	17%	0%
London metropolitan (2015)	50%	26%	24%	0%
Portugal (2011)	73%	18%	2%	0%
Lisbon Metropolitan (2011)	67%	24%	3%	6%
Lisbon (municipality) (2011)	52%	35%	6%	7%

Source: INE (2011), GLA (2017)

**Table 2** - Interviewees institutional affiliations

<i>ID</i>	Organization	Date	Interview time
LA1	Local authority	21/01/2019	00:52:00
LA2	Local authority	21/01/2019	00:36:00
LA3	Local authority	22/02/2019	01:14:00
R1	GLA	22/01/2019	00:29:00
R2	GLA	04/03/2019	00:59:00
R3	GLA	07/03/2019	00:53:00
N1	National authority	22/01/2019	00:51:00
N2	National authority	28/01/2019	01:14:00
A1	National stakeholder/ Expert	16/01/2019	01:00:00
A2	University	04/02/2019	01:35:00
A3	University	19/02/2019	01:03:00
A4	University	28/02/2019	00:48:00
P1	Private developer	19/03/2019	00:41:00
P2	Privat developer	19/03/2019	00:32:00
NP1	Non-profit housing association	18/01/2019	01:00:00
NP2	Non-profit housing association	01/03/2019	00:49:00
NP3	Non-profit housing association	11/03/2019	00:47:00
NP4	Non-profit housing association	11/03/2019	00:14:00
NP5	Non-profit housing association	18/03/2019	00:24:00
NP6	Non-profit housing association	18/03/2019	00:15:00

  

<i>ID</i>	Organization	Date	Interview time
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LM1	Lisbon municipality	11/04/2019	01:06:32
LM2	Lisbon municipality	11/04/2019	01:06:07
LM3	Lisbon municipality	15/04/2019	01:14:01
LM4	Lisbon municipality	16/04/2019	01:02:30
LM5	Lisbon municipality	15/05/2019	01:26:00
CC1	Metropolitan authority	29/04/2019	01:27:00
CC2	Metropolitan authority	22/05/2019	01:26:2019
NAP1	National authority	03/04/2019	01:45:00
NAP2	National authority	29/04/2019	01:18:00
NAP3	National authority	21/05/2019	01:19:00
NAP4	National authority	22/05/2019	01:38:50
RP1	Consultant	03/04/2019	01:03:00
RP2	Consultant	08/04/2019	01:24:00
RP3	University	08/04/2019	00:43:00
RP4	University	10/04/2019	00:39:00
RP5	University	16/04/2019	01:19:55
RP6	University	26/04/2019	00:54:38
RP7	University	26/04/2019	01:13:00
RP8	University	02/05/2019	01:40:00
PDP1	Private developer	29/04/2019	00:54:00
CO1	Non profit Housing Association	27/05/2019	01:37:51

**Table 3 - Key planning tools for affordable housing**

		London	Lisbon
Inclusionary housing	Where development contributes towards supplying a certain percentage of affordable housing	Yes. Section 106 (S106) of the Town and Country Planning Act 1990. Since 2008, S106 has been negotiated with the Community Infrastructure Levy. Section 106 can follow different routes: on site; off site, or monetary <sup>20</sup>	No
Density bonuses	Where development at a density greater than what is usually permitted is offered in return for an affordable housing contribution	Yes	Yes. <i>Créditos de construção</i> (building credits) Can be provided on site or off site.

<sup>20</sup> When a borough considers that a commuted sum would enable more affordable units appropriate for families to be provided elsewhere in the borough. Even though these 'commuted sums' contribute to the borough's Affordable Homes Programme, they have negative impacts in relation to achieving mixed communities.