Institutional analysis of 150 years of inter-municipal cooperation on residential planning

Abstract
Since the housing market surpasses the municipal scale, inter-municipal cooperation on residential planning is considered as a method to control the oversupply of new housing. Legislation concerning regional governance of residential planning has recently changed. Lower-level governments are working on compliant policies. Insight in the structures and functioning of past institutional regimes can be used as input for today’s policy-makers. Therefore, this paper identifies different typologies of institutional regimes. With use of the Policy Network Approach of Klijn, Koppenjan and Van Bueren, an institutional analysis is conducted. Four institutional regimes can be identified, each with their unique features: (1) regime of self-governance, (2) regime of contingent allocation, (3) regime of inter-governmental covenants and (4) regime of supervised self-governance. The capacity of formal institutions to explain the course of decision-making processes is limited. Therefore, case studies should be conducted in order to further explore the dynamics of inter-municipal cooperation on residential planning.

Keywords: inter-municipal cooperation, residential planning, real-estate crisis, policy network approach, multi-actor network

I. Introduction
Improvement of spatial quality and public housing is a major responsibility of Dutch municipalities, despite stimulation and close monitoring by higher-level governments (Ekkers 2008). Traditionally, the activities of municipal land development agencies (grondbedrijven) contributed to these policy goals. But as a result of past five years’ weak performance of the housing market, the agencies’ contributions have turned into a financial burden. Currently there is an oversupply of planned new housing (Deloitte 2013), which puts a strain on municipalities’ policy goals. This article explores the institutional conditions for one possible strategy for improving the financials of municipal land development agencies: inter-municipal cooperation on residential planning (woningbouwprogrammering). The regional scale of the housing market implies that policy decisions which concern house-building projects in one particular municipality affect – at least to a certain degree- the neighbouring municipalities. In order to solve the problem of oversupply, collective action is desirable: coordination of the regional production of housing. Throughout history, regional governance of residential planning has evolved as a consequence of societal and market developments. Different governance structures have been in force to manage housing production, reflecting the housing market and views on market intervention and good governance of past times. Institutional regimes are unique and inextricably linked to the periods during which they were in force. They can never be reproduced, since society, demographics, the structure of the housing market and legislation have evolved. Each unique historical context had different consequences for the dynamics of inter-municipal cooperation on residential planning. The general, societal idea of what housing policy should be has changed as well. The past contains insightful lessons for future inter-municipal residential planning. Yet despite change of economic circumstances and institutions, it seems like none of these scholars has reevaluated the performances of the regions they studied during the mid-nineties. After the failed implementation of the city province, the political interest in institutionalized inter-municipal collaboration has gradually declined. Between 2000 and 2010, no studies were conducted that systematically study multiple inter-municipal cooperations at the scale as it was done in the mid-nineties (Wytema 2015). Three significant institutional changes have occurred in recent years. First, since 2008, regions are no longer legally allowed to implement their own spatial plans (Tweede Kamer 2008). Second, since 2009, the
national government has withdrawn spatial policy involvement (Ministerie van I&M 2009). And last, as a result of the repeal of the ‘plus’ status of the joint regulations act (Wet gemeenschappelijke regelingen, hereafter Wgr), municipalities in urban regions are no longer obliged to participate in a mutual public body. According to the Structuurvisie Infrastructuur en Ruimte of 2009 (national spatial plan, hereafter: SVIR 2009), provinces and municipalities are expected to implement new regional regulations and policies in order to fill the planning ‘gap’ central government intentionally left. In order to contribute to the discussion of new regulations and policies, this paper identifies and discusses previous governance structures. This paper answers the following question:

What institutional regimes can be distinguished, taking into account the extent to which inter‐municipal cooperation is facilitated?

The outline of this paper is as follows. Section II explains the theoretic perspective of this study. Section III treats the research approach. Section IV presents the results of this study. Section V discusses the results and proposes subjects for future research.

II. Theory and research approach

A. Residential planning

The subject of inter‐municipal cooperation is residential planning, or woningbouwprogrammering in Dutch. Residential planning is at least in the Netherlands, considered a public task. This paper defines residential planning as:

The decision-making on the desired housing production within the sphere of influence of the government, thereby taking into account quantities, segmentation, housing typologies and living environment (woonmilieu) projected over a specific period.

Residential planning touches various areas of policy. Planning has a spatial aspect, as it must be decided where to build and in what spatial configuration: urban planning (stedenbouwkunde). Who to build for, hence what types of houses are needed are typical issues of the field of public housing (volkshuisvesting). Subsidization of either housing or the subjects that rent or buy houses plays an important role. Since residential development involves development and transactions of land, land policy (grondbeleid) is relevant.

![Figure 1: Areas of policy related to residential planning](image)

Residential planning is a very generic concept. Scholars and policy-makers often omit their own definition of residential planning. It is important to note that the definition of residential planning can vary widely with regard to level of aggregation in terms of:

- Projection period;
- Level of detail (quantities, qualities);
- Geographical scope;
- Price valuation method.

According to this paper, the activity of inter‐municipal residential planning in its most far-reaching form covers the aspects that are listed in table 1.

<table>
<thead>
<tr>
<th>Spatial planning</th>
<th>Public housing</th>
<th>Land policy</th>
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<tr>
<td>A regional plan marks development areas (ontwikkelgebieden), yet it does not specify plots (kavels). It plans main infrastructure, not individual streets in neighbourhoods.</td>
<td>A regional housing programme states: * Segmentation (rental/owner-occupied, social/commercial) * Price categories * Quantities * Housing typologies * Phasing (faserings per year)</td>
<td>Municipalities agree on: * Land price * Settlement between development areas, * Method of land price calculation</td>
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Table 1: Aspects of regional residential planning
B. Institutions of the housing network

This paper chooses the policy network approach of Klijn, Koppenjan and Van Bueren (2003, 2004) as the theoretical perspective to analyze inter-municipal residential planning. This approach is based on multi-actor network theory. The main concepts of this approach are policy networks and policy arenas in which policy games take place. Kickert, Klijn and Koppenjan (1997:30) describe a policy network as follows: “Policy networks are more or less stable patterns of social relations between interdependent actors, which take shape around policy problems and/or policy programmes.” Relations between actors are shaped by institutions. The housing network exists within an institutional framework that is composed of legislation, regulations and policies. Institutions, or ‘humanly devised rules’ (North 2000) are instrumental in decision-making processes. “Rules form a sort of infrastructure for networks. They make interactions and mutual action possible and provide actors with a context and basis for their actions. They are [...] one of the robust characteristics of networks.” (Klijn Koppenjan 2004:215).

The policy problem of residential planning is embedded in the housing policy network, which contains several arenas. A policy arena is an activated part of the policy network (Van Bueren et al 2003:195), which is focused on a specific policy issue. Residential planning touches four different policy arenas in the housing network:

1. Spatial planning (ruimtelijke ordening)
2. Land policy (grondbeleid)
3. Public housing (volkshuisvesting)
4. Government structure (bestuursstructuur)

These policy arenas have evolved over time. Though the arenas are shaped by policy-makers’ decisions, it is difficult to intentionally design an institutional regime. Klijn and Koppenjan (2004:7): “It is rarely possible to directly influence the existing institutional frameworks since they develop gradually as part of a historical process and are anchored in formal legal frames, deeply-rooted informal institutions or long-term societal transition processes.” In other words, one actor cannot simply ‘rebuild’ the institutional context in order to solve a particular policy problem. Nevertheless, institutional regimes can be evaluated for their capacity to facilitate policy problem-solving.

C. Facilitation of cooperation

Residential planning on a regional scale implies intensive interaction between municipalities. Institutions of the housing network can hinder or facilitate interaction. In order to answer the question to what extent the structure of the policy network (network composition) facilitates cooperation on residential planning, two types of institutions have been studied: whether the network composition contains:

- a reward structure that incentivizes municipalities to cooperate.

- Facilitates inter-municipal interaction, for example by institutionalized periodical consultation.

Both types have been explored by identifying institutionalized interdependencies. Examples are joint responsibilities, hierarchical structures and subsidy programs.

An over-arching theme is whether there is compatibility of institutions across policy arenas, because institutions of spatial planning, land policy, public housing and government structure have to be aligned for effective cooperation.

III. Research approach

This paper contains a literature study, conducted by desk research. The results are a selection of conclusions from the thesis ‘Lessons learned from 150 years of inter-municipal residential planning’ by this author (Wytema 2015). For this study, both primary and secondary sources have been used. Primary sources are legislation and minutes of political debates. Secondary sources were previously conducted researches, analyses and summaries.

The history of residential planning is divided into periods in which there was a relatively stable housing network. In order to identify such ‘stable’ periods, major legal and policy changes of all four policy arenas are described. Special attention is paid to the causes of institutional change. The year 1848, during which the modern constitution was implemented, is taken as the starting point. The institutional analysis is conducted by studying four previously identified policy arenas: spatial planning, public housing, land policy and state structure. For each policy arena, institutional developments are treated, mainly following national policies and legislation.
IV. Results
A. Seven periods in four regimes

During the institutional analysis, seven periods have been identified (Wytema 2015). The following list characterizes each period:

1. Absent state (1850-1900), during which there was no policy network and municipalities did not cooperate on residential planning.
2. Origins of policy (1900-1940), during which important legislation with regard to spatial planning and housing was introduced. However, inter-municipal cooperation was minimal as no government held decisive powers on the level of the region.
3. Reconstruction era (1940-1970), during which the state structure became centralized and higher-level governments implemented a sophisticated subsidy system of top-down residential planning.
4. Complex subsidy cycles (1970-1983), during which governments struggled with the complexities and financial burden of the planning system and failed to implement new forms of regional governance.
5. Preparing VINEX (1983-1995), which was characterized by decentralization waves and implementation of VINEX and the city province.
6. VINEX execution (1995-2005), during which the implementation of the city province failed, yet the execution of VINEX went well.
7. End of national policy (2005-present), during which the financial crisis hit, national government left the responsibility for residential planning to lower-level governments, and obligatory regional organizations was repealed.

Table 2 shows the categorization into the following four institutional regimes:

1. Regime of self-governance (1850-1940)
2. Regime of contingent allocation (1940-1995)
4. Regime of supervised self-governance (2005-present)

Hereafter, the institutional regimes are discussed, based on their features of network composition.

After a general description of the network composition, it is determined whether the regime contains a reward structure and facilitates of inter-municipal interaction.

B. Regime of self-governance 1850-1940

The regime of self-governance lasted from 1850 till World War II. The policy network can be characterized as ‘loose’: it constituted no dependencies amongst local governments. It did not facilitate inter-municipal cooperation on residential planning. There was no reward structure that incentivized cooperation and interaction was not institutionalized.

Network composition: In general, the pre-1900 housing network can be characterized as ‘loose’ or even non-existing, as the housing system was fully decentralized and liberalized. There were no durable institutions that facilitated inter-governmental cooperation on residential planning. As there hardly were any sectorial institutions, one cannot even speak of real policy arenas. Dependencies between most municipalities were either non-existent or weak, except for a few major cities and surrounding villages. Local authorities were not stimulated to execute central state tasks on public housing, spatial planning or land policy. Central government refused to take action with regard to public housing till the turn of the century, when it had to give in to societal pressure. However, central government equipped municipalities with spare spatial-legal instruments to govern their municipal area. Furthermore, there was no legal basis for local authorities to provide for public housing. The fact that house-building was merely a private activity, meant that there was little reason for inter-municipal cooperation. Since most local governments had little policy goals with regard to housing their dependency on other actor’s resources was limited. As of 1900, the amount of institutions that facilitated cooperation between municipalities remained low, despite the increased institutionalization of the three sectorial policy arenas. The first institution with a regional character was the regional spatial plan. Due to its voluntary character, the regional spatial plan did not create interdependencies between municipalities. The horizontal policy network between municipalities remained loose. However, by implementation of the Housing Act (Woningwet), Public Health Act (Gezondheidswet) and the Rent Act (Huurwet), central government regulated housing, which increasingly became a matter of the state. Central government granted municipalities new policy instruments concerning public health, housing and spatial planning. The government did not yet issue national spatial plans: municipalities still had great
autonomy with regard to spatial planning. The obligation to draft an expansion plan made inter-municipal dependencies grow, as their virtual plans could now interfere. This was especially the case around major cities. Even if there was a desire to cooperate, the legal grounds for establishing a cooperation arrangement were limited. Spatial conflicts were settled through annexation or were not decided upon (non-decision).

**Reward structure:** There was no reward structure that incentivized municipalities to cooperate, as there were hardly any formal institutions in the housing policy network. Even after introduction of the regional plan there were no mutual gains from implementing a regional plan. Municipalities feared they would lose their autonomy by agreeing to a regional plan.

**Inter-municipal interaction:** Till 1900 there were no formal institutions that facilitated inter-municipal consultation. Only when city expansion reached suburban municipalities, greater cities became dependent on the spatial decisions of suburban municipalities and (land-owning) private entrepreneurs. Despite this dependency, this study found no historical accounts of inter-municipal consultation. Provinces had no significant role with regard to spatial planning, public housing and land policy as they too had little legal instruments. Battles over city expansion were resolved by provinces and the central government. They could only play an arbitral role: if adjustment of municipal borders was needed to facilitate city expansion, the province played an proposed (partial) annexation of a municipality to the central government. By adjusting the municipal borders, the nature of the interdependency between the city and suburban municipality changed. The suburban municipality was discontinued: the actor literally left the policy game and the annexing city gained spatial authority over its new space. So instead of engaging in interaction, the expansion matters were solved by annexationism (*landjepik*).

After implementation of the *Woningwet* in 1901, the formal expansion plan (*uitbreidingsplan*) became the first common-used policy document that was specifically meant for expression of municipalities’ spatial policy. It was also a means of one-way, unilateral, communication between municipalities. The expansion plans were not only used by municipalities to steer building activities, but also to prevent annexation by neighbouring cities and hinder obstructive construction companies. These plans were substantiated with forecasts of population growth. However, there was not yet systematic academic research on the housing market, nor did it play a significant role in supra-local urban planning. Till 1931, the provinces' mediating role remained as little as it was before 1900. With the second revision of the *Woningwet*, the regional spatial plan became a legal instrument. Even after the revision, the provinces' position remained that of arbiter in annexation cases. Their rights were rather passive, as they could not enforce, only approve mutual arrangements and regional spatial plans. The primacy of housing and planning was always with municipalities. However, through regional advisory committees, the province attempted to facilitate inter-municipal consultation. In practice, these attempts sorted little effect, as only one regional plan has been implemented before 1940 (Michieels 1975).

**C. Regime of contingent allocation 1950-1983**

The regime of contingent allocation was characterized by central-led residential planning and strong, ‘vertical’ dependencies between higher and lower governments. This structure hindered autonomous ‘horizontal’ inter-municipal cooperation, as higher-level governments were officially in charge of planning. Nevertheless, regional profiling constituted an implicit reward structure that incentivized cooperation. The establishment of regional advisory committees facilitated inter-municipal cooperation.

**Network composition:** Just like before 1940, there were little inter-municipal institutions for residential planning after WWII. However, the reasons for the lack of shared institutions that facilitated inter-municipal cooperation were different. After the war, many vertically oriented institutions were implemented for the sake of centrally coordinated residential planning. With the introduction of central-led planning and programming, municipalities became the executioners of state policies. As a result of the blueprint planning philosophy and the radical centralization of 1940, central government owned all legal instruments to steer housing production. Through its powerful Ministry of VROM (Housing, Spatial planning and Environment), the legislator coordinated residential planning. This coordination mechanism defined the new relation between the national government and
the municipalities. The national government led the way and drew maps, while municipalities maneuvered within the prescribed frame. As a consequence of the Basisbesluit (1941) and the Spatial planning Act (Wet ruimtelijke ordening 1965) the provincial role as supra-local middle tier was anchored. Whenever municipal interests surpassed their borders, the province was now able to interfere and give overruling directions. The regional spatial plan gained importance as its regional steering and communication instrument. During the 1960s central government deconcentrated many tasks to the province. The province became the window through which municipalities consulted central government. Inter-municipal interactions were increasingly facilitated by provinces, who were tasked to distribute contingents amongst regions and municipalities. With the new responsibility, municipalities’ dependency on the province grew stronger. Residential planning became institutionalized with new legal procedures and regulations. Gradually the primacy of residential planning shifted from spatial planning (through expansion plans) to planning through allocation of contingents and subsidies. Between 1970 and 1983, residential planning became even further institutionalized than in the post-war decades. As complex subsidy schemes were set up because of Keynesian expansion policy, municipalities’ financial dependency on the central state grew. The legislator tightened its grip on spatial planning and public housing by implementation of the third memorandum. With regard to space, the state appointed several groeikernen (designated expansion areas), while restricting expansion in other parts of the country. The planning and programming cycle became the instrument to direct housing production. By means of structural subsidization the central government wanted to protect the housing production from macro-economic waves. While the interest in regions grew, legal instruments were divided between the classic Thorbecke layers. In 1950 the Wgr made the establishment of regional joint regulations possible. However, this study found little accounts of inter-municipal cooperation except for the institutionalized Rijnmond and Eindhoven region. Even if municipalities would establish a joint organization, the central-led planning system did not allow for autonomous regional planning. The planning and programming system of house-building was set up rather independent from the discussions on the administrative organization of the region. Debates on the structure of public administration were mainly nourished by the complex puzzles that needed to be solved in industrial urban areas like Rijnmond and Eindhoven. central government, province and municipalities. Notwithstanding ongoing debates on the organization of the regional scale, several proposals were backfired because of lack of political support. There are no accounts of involvement of municipalities in the debates on the regional administrative structure: it seemed a subject that was primarily debated by national politicians.

**Reward structure:** Initially, the contingent allocation regime had reward structure that did not incentivize municipalities to cooperate. On the contrary: because of the strong vertical dependencies, municipalities had little to do with their neighbouring municipalities. From the 1960s, the contingent distribution system started to reward inter-municipal cooperation, albeit implicitly. Regional characteristics were increasingly taken into account to substantiate contingents allocation. Due to regional distribution codes, informal cooperation between municipalities grew. The new calculation method paved the way for negotiation. Well substantiated plans could lead to a greater contingent, hence more subsidy. Central government was also dependent on lower administrative tiers, as municipalities could not be forced – only stimulated- to hand in sufficient building plans. Cooperating municipalities could claim a larger part of the provincial contingent, hence subsidies. For the first time, municipalities had a mutual interest in cooperation, as there was the possibility of financial gain.

**Interaction:** Municipalities interacted as they all participated in the provincial AVRWS: the advisory committees for contingent and subsidy allocation. This shared institution, the periodically gathering of governments, facilitated regional residential planning. While municipalities were officially fully dependent on central government and spatial-legal approval by provinces, the planning and programming cycle marked a shift from blueprint planning to negotiation planning. All policy arenas had their own institutions, like different policy cycles and procedures, hence their own dynamics. For example, the provinces’ regional spatial plans were in force for several years, while contingents were distributed each year. Therefore, an integrated approach towards residential planning was difficult.
Negotiations became muddy and the allowance of subsidies was characterized as peerless. Nevertheless, the planning and programming cycle durably institutionalized interactions on residential planning. All governments were familiar with the procedure.

**D. Regime of inter-governmental covenants 1983-2005**

Under this regime, residential planning was regulated through inter-governmental covenants: agreements between municipalities, provinces and central government. Even the process of drafting the covenants led to intensified cooperation, while contingents were still allocated following the systematics of previous regime. Inter-governmental covenants lasted for a longer periods of five years and were managed and monitored by joint organizations of municipalities. Obliged participation in these joint organizations facilitated structural interaction. Because of the joint responsibility for management of regional funds, the reward structure facilitated inter-municipal cooperation.

**Network composition:** During the evaluation of housing system in 1977, central government also noticed a discrepancy between the decentralized programming by municipalities, who were in charge of land development and land-use plans, and centralized plan judgement and subsidization by higher-level governments. The evaluation report stated that both central government and province had insufficient instruments to push housing production if municipalities did not put enough effort in plan development. This evaluation kicked off institutional change towards a more region-oriented planning system. Between 1983 and 1995 the Dutch housing system underwent the largest institutional change since WWII. All four instruments of decentralization were used: transfer of responsibilities and authorities, transfer of financial means, diminishment of supervision by higher-level government and diminishment of prescriptions and procedures to comply with. Central government transferred responsibilities with regard to public housing to regions and larger cities, as well as the management of accompanying budgets. Step-by-step, regionalization elements were put in practice and supervision from higher-level governments was diminished. A major step forward was the implementation of obliged regional demarcations through the Wgr of 1984. Initially, central government chose not to enforce changes in the public housing arena onto the municipalities. Instead, it chose to run pilot projects in order to gain support for institutional change. With decentralization step, municipalities received more policy freedom, even though they were still subject to the system of contingent allocation. For example, at the beginning of the 1980s, central government judged the exact composition of building programmes per project. From the mid-1980s, municipalities received contingents and funding based on their long-term plans, instead of requesting approval up front. A new standardized calculation system was implemented that used fictional housing programmes to calculate subsidies (Normkostensysteem). A decade later, municipalities were almost free to compose the building programmes for their entire municipality and were allowed to save 50% of the contingent for the next year.

Central government put much effort in making institutions compatible across different policy arenas. However, during the transition, there was a mixture of institutions that either facilitated or blocked inter-municipal cooperation. For example, provinces established regional advisory committees in the late 80s, while the planning and programming cycle was still in force. This system required detailed programmes of individual municipalities. In practice, the municipal programmes were only gathered and bundled, instead of making an integrated regional plan.

This practice of contingent allocation ended with the implementation of the VINEX-covenants, which were made from the viewing point of the region. VINEX stood for Vierde Nota Ruimtelijke Ordening Extra, which was a spatial policy document that introduced a new approach of residential planning. The Enabling Act Government in Transition (Kaderwet bestuur in verandering 1994) constituted seven regional entities and their powers. VINEX Implementation Covenants that were agreed upon by central government, provinces and 26 regions formed the outline of the regional residential plan. The VINEX implementation covenants, regional funds for land subsidies and costs (Besluit Locatiegebonden Subsidies, hereafter BLS), regional funds for object subsidies (Besluit Woninggebonden Subsidies, hereafter BWS) and obliged participation in inter-municipal arrangements, facilitated the execution of the VINEX-policy.
Regardless the long preparations, central government failed to design institutional change with regard to the structure of public administration (i.e. the network composition). The city province was never implemented. Despite the high-stakes game with respect to change of the government structure, all other implemented institutions, such as the covenants and cooperation arrangements remained in place. In fact, because all participating governments had the joint goal of upholding housing production agreements, the Kaderwet was extended till 2006 because of its coupling with the VINEX Implementation Covenants.

**Reward structure:** For the first time, an explicit reward structure was implemented. Regional performance subsidies were introduced: the collective of municipalities became responsible for reaching production targets. The spatial policy of the fourth memorandum was materialized and coupled to new regional organizational arrangements. The VINEX-contracts included the prospect of gain. At the end of the ten-year period, the housing production would be evaluated and if targets were met, regions definitively received funding for land development (BLS). During the VINEX-periods, the regions would monitor progress themselves. The VINEX contracts constituted the reward structure. The reward structure was intentionally designed to stimulate inter-municipal cooperation. Inter‐governmental (between tiers) and inter-municipal dependencies were very clear and mutually acknowledged. VINEX-regions were bound to the VINEX Implementation Covenants as there was a mutual responsibility to reach housing production targets. Regional subsidies formed a direct link between central government and the regional entities. Defaulting from this contract meant losing land development-subsidies, so there was a regional stake. This safeguard applied to settlement agreements as well; part of the VINEX Implementation Covenants were financial deals on settlement between building locations.

**Interaction:** The institutional changes that led to VINEX intensified interactions between municipalities, as did the covenant negotiations that followed implementation of VINEX. Important facilitating institutions were the cooperation arrangements that followed from Wet gemeenschappelijke regelingen 1985 and the Kaderwet. Next to negotiations on residential plans, municipalities had to negotiate the terms of future cooperation: each region was invited to give its opinion on its future cooperation arrangement. After accepting the conclusions of Committee Montijn in 1989, central government engaged in rounds of consultation with lower governments in order to find a suitable organizational form for the organization of regional administration. The consultation was concluded with the second BON‐memorandum, which discussed the input of regions and provinces, and proposed the Kaderwet in Verandering. The policy document BON-2 included a process outline in which moments of consultation were marked. The process would end in 2002, when all regions would have reached their legal ‘end status’ . Given the row of failed reorganization attempts during the seventies, this process of consultation was clever. Regions committed to the process of organizational transformation. This means that institutional change itself facilitated interaction: during the VINEX- and Kaderwet negotiations, many process agreements and preliminary covenants (e.g. the VINEX start covenants) were made, marking the decision-making rounds. Also, municipalities were incentivized to cooperate, as they would gain greater policy and spending freedom for a period of ten years. Municipalities that neighboured major cities cooperated obedient, as they believed they could outrun annexation.

The institutional context of 1990-2005 facilitated inter-municipal interactions. The VINEX Implementation Covenant can also be viewed as a large process-agreement as a facilitator of interactions. The covenant secured monitoring, evaluation moments and gains. Formal interaction between municipalities was arranged through the Kaderwet and the Wgr, since the acts obliged municipalities to participate in regional organizations. Despite the capricious developments around the establishment of the city province, inter-municipal cooperation on VINEX house-building was considered successful.

**E. Supervised self-governance 2005-present**

Under this regime, municipalities are expected to cooperate autonomously: self-governance. If they fail to cooperate, supervising provinces are expected to take regulating measures. Hence the concept of supervised self-governance. As of 2005, regional institutions gradually lost significance and were repealed. Today, there is no legal obligation to
engage in an inter-municipal arrangement, which means that structural consultation is no longer a matter of course. It is too early to conclude what, and even whether new regulations will be introduced to facilitate inter-municipal cooperation. However, it is not very likely that a monetary reward structure will be reintroduced any time soon, as such choices are made by individual provinces. Nor is it likely that legal obligations to form regional arrangements will be reintroduced.

Network composition: Compared to the stable VINEX-period, the period from 2005 is characterized by institutional change. With regard to inter-municipal cooperation, the institutional context has transformed from highly regulated and facilitative to loose and hindering. Today, municipalities are no longer obliged to cooperate in a regional arrangement. Nor are they required to reach regional production targets. While the Woningbouwafspraken covenants (Housing production agreements) worked till 2010, following the decentralization philosophy, central government withdrew completely from being responsible for spatial planning and sufficient housing production. Governance of the region has been subject to a battle for power, which is decided in favor of provinces. From 2001 till the implementation of the new Spatial planning act (Wro 2008), IPO (representing organization of provinces) and VNG (representing organization of municipalities) fought over distribution of authorities. Yet despite the power struggle, the practice of residential planning in regions was stable till the financial crisis. The VINAC-agreements, later Woningbouwafspraken 2005-2009 formed a solid framework for regional spatial planning, just as the VINEX Implementation Covenants till 2005. The recipe was the same, so municipalities and regional authorities knew what to expect.

As of 2009, municipalities are no longer legally obliged to negotiate new covenants. Policy instruments have been redistributed to municipalities and provinces, thus weakening regional organizations, that have become toothless entities. Today’s inter-municipal agreements have no legal status, unless they are ratified by governments that do have legal instruments, such as the land-use plan or provincial regulations. At the time of writing it is not yet clear how different provinces interpret their supervisory tasks.

Reward structure: The reward structure of 1995 has been operational till the end of the Woningbouwafspraken 2005-2009. Regional subsidies for land development (BLS) formed an incentive for inter-municipal cooperation. The covenants were positively evaluated as they functioned as a mutual institution. BLS-funding stopped at the same time as the Woningbouwafspraken 2005-2009, thus altering the reward structure. From 2010, there is no universal reward structure that incentivizes municipalities to cooperate. Today, regional entities don’t receive structural funding from higher-level governments. Some provinces grant subsidies to individual municipalities.

Inter-municipal interactions: according to the SVIR of 2009, municipalities are supposed to manage housing supply by themselves under supervision of provinces. Municipalities are expected to consult with neighboring municipalities in order to get there residential plans ratified by the province. By the repeal of the Wgr-plus status in 2015, the institution that facilitates durable interaction is taken away: municipalities are no longer forced to interact in an inter-municipal cooperation arrangement. Theory learns that joint problem-solving needs interaction. By having the facilitating institution of the Wgr-plus arrangement, municipalities had confidence that they would meet each other in another round. This repetitive game-effect diminished strategic behaviour such as a free-riders attitude of threatening with exit. So, by withdrawing the plus-status, participating municipalities automatically become less reliable stakeholders, unless new shared institutions are created to guarantee inter-municipal consultation. At the time of writing it is not yet clear how different provinces interpret their supervisory tasks and whether they are willing to facilitate inter-municipal consultation. Job interpretations vary by province, as well as the organization and practice of regional cooperation. As many provinces are currently occupied with the revision of their provincial regulations, it cannot be examined to what extent provinces facilitate inter-municipal consultation.
V. Discussion
This paper has identified four historical regimes, based on their capacity to facilitate inter-municipal cooperation. This capacity was measured by the presence of a reward structure and the institutionalization of interaction. When comparing the results (table 2), the following conclusions can be drawn:

- Only the regime of inter-governmental covenants contains an explicit reward structure that is aimed at inter-municipal cooperation. Even though the historical regime of contingent allocation contains rewards for cooperation, the structure is not aimed at inter-municipal cooperation. Because of regional profiling, municipalities were implicitly incentivized to cooperate to strive for as much contingents for the region as possible. However, hierarchical dependencies between municipalities, provinces and central government are decisive. Moreover, imagine that higher governments decide for a different method of profiling, without taking into account a regional scale. In such case, the incentive for inter-municipal cooperation would diminish, resulting in inter-municipal competition for the favor of the higher government.

- The network composition of the regime of inter-governmental covenants contains the most explicit provisions for inter-municipal interaction, since municipalities are forced to establish arrangements for consultation and joint policy execution. This regime is a mixture of the regime of self-governance (municipalities can compose their own agreements) and the regime of contingent allocation (the region has a target). Higher-level governments force the municipalities to establish interaction rules and implement inter-municipal agreements. Yet municipalities have a certain amount of policy freedom with regards to the content of the agreements.

- The regime of self-governance is by all means least facilitative towards inter-municipal cooperation. Contrary to the other regimes, it contains neither a reward structure, nor facilitative rules for interaction.

- It is a challenge to distinguish the current regime of supervised self-governance. National and and provincial policies are always in motion. Only after some time they can be placed in perspective. Given (a) the ongoing decision-making process regarding the legal status of WGR-plus, (b) the policy response to the financial crisis and (c) the unfinished implementation of SVIR (2009) by provinces. It depends whether provinces implement regulations that incentivize municipalities to cooperate.

For further use of this typology, four annotations must be made. First, the presence of facilitating institutions does not guarantee or exclusively explain the process of residential planning. Actors might decide not to use their formal powers. For example, legislation provides central government with means to enforce annexation. However, the government’s attitude might be that municipal redvisions must emerge ‘bottom up’: voluntary. In such case, even though central government has the formal authority, it does not actively use the instrument.

Second, the institutional analysis only took into account formal institutional features of the policy network. It has been mapped out which laws and regulations were in operation in the past. It is also

<table>
<thead>
<tr>
<th>Period</th>
<th>Start</th>
<th>End</th>
<th>Reward structure</th>
<th>Inter-municipal interaction</th>
<th>Institutional regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absent state</td>
<td>1850</td>
<td>1900</td>
<td>-/ -</td>
<td>-/ -</td>
<td>Self-governance (1850-1940)</td>
</tr>
<tr>
<td>Origins of policy</td>
<td>1900</td>
<td>1940</td>
<td>-/ -</td>
<td>-/ -</td>
<td></td>
</tr>
<tr>
<td>Complex subsidy cycles</td>
<td>1970</td>
<td>1983</td>
<td>+/ -</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>VINEX execution</td>
<td>1995</td>
<td>2005</td>
<td>++</td>
<td>++</td>
<td></td>
</tr>
<tr>
<td>End of national policy</td>
<td>2005 today</td>
<td>-/ -</td>
<td>Supervised self-governance (2009-today)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: categorization of historical periods into institutional regimes, based on reward structure and facilitation of inter-municipal interaction
considered how these institutions impacted the ability of municipalities to cooperate – at least in theory. As Klijn and Koppenjan (2004:156) point out: “The formal institutional context can be reconstructed by looking at the legally defined authorities, the legally framed plan and consultation procedures, etc. The analysis of the informal institutional context, which is comprised of rules that actors have formed during their mutual interaction, is much more difficult and labour intensive. Even though they cannot, or can scarcely, be found in written documents, these rules appear to play an important role in what actors find acceptable and unacceptable in contacts with each other.” This institutional analysis provides no insight into the informal institutional context nor into actual decision-making processes on residential planning. In order to get insight in the informal rules and the influence of substantive and strategic decisions of individual municipalities, case studies are recommended.

Third, the evaluation of policies is colored by the era and the discipline in which the researcher is at that moment. For illustration, there are many possible answers to the question “was VINEX successful?”. VINEX was evaluated very positively in 2006; most targets were reached. On the other hand, some municipalities still bear the (financial and programmatic) legacies of VINEX, leading to tensions in their region.

Fourth, the housing market changes continuously, due to national and global events. National policy measures, such as tax relief, influence the market and its dynamics. As the housing market is largely finance-driven, its performance is dependent on macro-economic developments. This study has focused exclusively on the impact of institutions. Nevertheless, it is assumed that dynamics on the housing market have a significant impact on municipalities’ willingness to cooperate. In a downturn economy, housing production drops, thus pressuring regional production targets. Inter-municipal agreements should always be judged in the light of the state of the housing market.

The identified institutional regimes can be useful for further research on the subject of inter-municipal cooperation. It is recommended to take into account the limitations of institutional analysis as an explanation for inter-municipal dynamics.

VI. Bibliography


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