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THE POSSIBLE EFFECTS OF APPLYING THE INCLUSIONARY HOUSING IDEA IN POLAND BASED ON THE LEX DEVELOPER ACT

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ABSTRACT

In many countries struggling with a shortage of affordable housing, one available instrument is to increase the housing stock at the disposal of local authorities using commercial, residential projects. This solution is called the Inclusionary Housing (IH) model, which creates a mix of residents with different rights to housing and who belong to various social groups. The developer should "pay in apartments" when a residential project benefits primarily from planning and spatial privileges given by the public actor. This instrument has advantages and disadvantages, and its success depends on local social, cultural, and economic conditions. The authors decided to investigate the possible effects of introducing the IH model in Poland considering the results of the application of the Act of July 5, 2018, on facilitating the preparation and implementation of housing investments and accompanying investments (Lex Developer Act). The authors aim to determine the number of apartments that developers could potentially offer to public actors in cities where privileged decisons were applied most often. The research was conducted using methods such as a critical literature review, research of legal acts, analysis of local source data, case studies, and a comparative analysis. The results allow conclusions regarding local housing needs.

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1. Introduction

Factors that affect the supply and demand of housing units and the conditions for financing residential investment have changed in the recent decades. A significant increase in the availability of mortgage loans, the privatization of public housing stock, and the perception of housing as an essential capital investment by wealthy households resulted in an intense stimulation of the demand side, but this was not reflected on the supply side. The result is a substantial price increase in the most attractive locations, i.e., developing cities, and a decline in housing availability for less wealthy households (Kohl, 2021; Wetzstein, 2022). There was a steady upward trend in house prices among European Union (EU) countries between 2010 and 2022, i.e. an increase of 47% with inflation at 28% (Eurostat 2023). In 2022, 10.6% of the EU population in cities were living in a household affected by housing cost overburden; the highest housing cost overburden rates in cities were observed in Greece (27.3%), Denmark (22.5%) and Germany (13.1%). In 2022, an average of 19.6% of disposable income was dedicated to housing costs in the EU. The Member States have different results, with the highest shares in Greece (34.2%), Denmark (25.4%), and Germany (24.5%).

The average share of housing costs in disposable income for individuals at risk of poverty in the EU was 37.7% (Eurostat 2023). However, these statistics do not reflect residents' problems in large and dynamically developing cities such as Amsterdam, Rotterdam, London, Paris, and Stockholm. OECD data on individual agglomerations show that the increase in housing prices in recent years has been extreme. The most expensive city in Europe in 2023 was Geneva, with a price of €15,600 per sq m; in London, the average was €13,800 per sq m. Housing policies in many countries, both at the national and local level, are beginning to have political significance again, as evidenced by international documents, e.g., the European Parliament resolution of 21 January 2021 on access to decent and affordable housing for all (2019/2187(INI).

Providing social housing and affordable housing are the key approaches to meeting the housing needs of many households. Both concepts have distinct meanings and have evolved in the process of changing housing policy priorities. The older definitions of social housing were often limited to indicating certain features (Arrigoitia et al., 2014; Caruso, 2017; Blessing, 2016). The most frequently used criteria were the type of actors involved in supplying (supply side) and using housing (demand side), the scope of housing rights granted to users, and public intervention. In recent years, a more comprehensive definition has emerged; social housing is a system that meets the following criteria: (1) the target group is households with limited financial resources who obtain a long-term right to housing through organized distribution, (2) rents or prices are lower than market prices. Therefore, additional public or private financial contributions are necessary (Granath Hansson, 2019).

The concept of affordable housing is based on the financial accessibility to housing services and uses different means to assess affordability, e.g., income/expenditure ratio, among others (Bramley, 2006; Haffner & Heylen 2011; Hancock, 1993; Hulchanski, 1995; Stone, 2006a, 2006b). In the classic definition, households have a housing affordability problem if more than a certain percentage (30%) of income is spent on housing (Hulchanski, 1995). In Poland, the definition of affordable housing was also formulated as apartments with low rent, including those subsidized by the state, as well as owner-occupied apartments, the prices of which allow households to purchase them to meet their own housing needs (Bryx, 2022, 37).

While the supply of housing units has largely shifted to private investors in recent decades, modern housing policy still mandates public actors, primarily local governments, to provide direct assistance and create conditions for households to meet their housing needs. This often involves the use of free-market instruments targeted at specific groups (Gibb, 2021; Marom & Carmon, 2015). Intervention in the form of additional financial assistance does not necessarily have to be strictly public, which is consistent with the approach of many countries (Morano & Tajani, 2017; Norris & Byrne, 2017; Noring et al., 2020). The housing stock covering the social needs of vulnerable households does not necessarily have to be owned by the local government; it can be the result of a public-private partnership project (Fell & Mattsson, 2021; Batra, 2021) or other forms of cooperation; the local government may rent apartments from private investors, collaborate with non-profit actors and NGOs, or take over apartments as part of the Inclusionary Housing (Inclusionary Zoning)[1] concept (Sidor & Abdelhafez, 2021; Jacobus, 2015; Koetter et al., 2021).

The Act on Facilitating the Preparation and Implementation of Housing and Associated Facilities (referred to as Lex Developer Act) (Journal of Laws of 2018, item 1496 with amendments) is a lex specialis regulation to the general principles of spatial policy and grants special privileges to developers operating in the Polish housing market (Gorzym-Wilkowski, 2021; Pawłowski, 2020). In the justification for the draft act, the legislator pointed to a cheaper housing supply. According to the Act, a housing project or an accompanying investment can be carried out irrespective of the existence or provisions of the local zoning plan, provided that it is not inconsistent with the Study of the Conditions and Directions of the Spatial Development of the Municipality[2]. Until 2023, this requirement did not apply to post-railway, post-military, post-production areas, or areas previously used for postal services. A privileged housing project should provide no fewer than 25 apartments or ten single-family residential buildings.

Associated facilities organized and paid for by the developer should be related to public roads, public transport infrastructure, cultural and activity centers, childcare, nurseries, schools, daycare support, health care, daycare homes, sport and recreation, and green

[1] Inclusionary housing is also known as inclusionary zoning or incentive zoning. It is a class of policies that make use of land-use planning and zoning regimes to mandate or encourage the production of affordable housing from market-rate housing developers (Schuetz, Meltzer 2012).

[2] Referring to the previous spatial planning system described in the paper, each municipality in Poland had two types of physical planning documents to implement land policy – the Study of the conditions and directions of spatial development and the Zoning plans. The Study specifies the directions for spatial policy for the entire area of a municipality. However, it entails no legal obligations for third parties. Zoning plans are local laws and are prepared to determine detailed land use. The local zoning plan should follow the provisions of the Study.

areas. The application for agreement for project to the municipality council must include the project's urban and architectural concept designed by the developer, although the council may reject the housing project under some conditions.

At the local level, the Act should enable "corrections" to the local zoning plans without lengthy amendment procedures, which would help stimulate the supply of cheaper apartments. However, the Act does not include an instrument that would allow the local government to demand payment for planning privileges in the form of apartments from the pool of a given project. This is possible only under the Revitalization Act of October 9, 2015, Journal of Laws of 2024, 278.

Our idea of a "specific payment" made by the developer is based on IH principles commonly applied in many countries. The analysis aims to determine the potential number of apartments developers would be obliged to offer to local governments based on these principles. Polish municipalities are obliged to directly meet the housing needs of households in the most difficult life situations and to create conditions to meet the housing needs of the rest of the local community. Despite this, local governments are unable to fulfill their obligations (Markowski et al. 2018). Their resources have shrunk significantly due to mass privatization, and they are no longer building new apartments. The queues of people show the scale of the problem (Załęczna, 2019; Muczyński, 2023; Dudek & Wojewódzka-Wiewiórska, 2024).

We chose cities where developers obtained the highest number of positive resolutions, allowing privileged projects. We examined the housing needs of selected cities reported to the authorities and whether these needs were satisfied, as well as the potential number of units that would be handed over by developers if IH rules were in force. The research was carried out using methods including a literature review, research of legal acts, analysis of local source data (desk research), case studies, and comparative analysis.

2. The concept of Inclusionary Housing – a literature review

IH aims to provide new housing units for local government use without requiring direct construction efforts. It also seeks to create diverse communities of residents with varying levels of wealth, increase integration, and reduce the amount of poor housing stock. Implementing the IH model incorporates planning and space management policy tools, mainly based on the Value-capturing mechanism (de Kam, Needham, and Buitelaar 2014). IH enables the allocation of cheap apartments within commercial housing projects to households that meet specific criteria. However, critics treat IH as a hidden tax on new investments because developers are forced to provide apartments at below-market rates, reducing their return on investment (Bento et al., 2009; Hamilton, 2021; Schuetz et al., 2011). Critics also point out that it distorts the market mechanism because developers expect some kind of compensation (Calavita & Mallach, 2010; Wiener & Barton, 2014).

Conversely, supporters believe that it is fair for the municipality to recover part of the increase in land value, especially if this increase results from infrastructure expenditure or the development of planning instruments (Jacobus, 2015; Lawson & Ruonavaara, 2019; Nzau & Trillo, 2021). In practice, there are very different approaches to implementing IH concepts in housing markets. Cities often set a goal for 20–30% of apartments in each housing project to be affordable.

IH primarily applies to rental apartments, but some local solutions include ownership apartments. When developers are granted cheap land and sometimes direct investment support, rent levels are guaranteed for a certain period, usually 15–30 years (Granath Hansson, 2019). Empirical research indicates that the principles of transferring a specific pool of apartments to local authorities are often not fully implemented because developers renegotiate signed contracts. Given the opportunity, they often prefer to pay rather than hand over the apartments (Morrison & Burgess, 2014; Burgess & Monk, 2016). A primary concern is the potential reduction in the attractiveness of a housing project by adding "non-market" users.

Studies show that IH works in groups with similar incomes and cultures (Kontokosta, 2014; Gurran et al., 2018), although its success can vary depending on local conditions. The integration of IH within the broader housing system, as well as its transparency and acceptance by stakeholders, play crucial roles in its effectiveness (Granath Hansson, 2019). In cities of the Global South, compared to those in the Global North, the main problems with applying IH are much greater social inequalities as well as social and spatial segregation (van Ham et al., 2021). IH should be one of the complementary solutions local authorities use to address housing needs (Friesecke, 2015; Weitkamp et al., 2017).

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3. Material and methods

We analyzed all applications for privileged projects based on the Lex Developer Act in provincial capital cities submitted up to April 22, 2024. The applications were sometimes submitted multiple times, having been withdrawn or not considered due to formal deficiencies. In some cases, the first resolution was negative, prompting the investor to make amendments. We verified such cases using location as an anchor. Ultimately, we selected six cities for further analysis as they had the highest number of positive decisions: Łódź, Warsaw, Katowice, Kielce, Wrocław, and Rzeszów (Fig. 1).

We examined the following factors in the chosen cities:

1) The total number of planned apartments in privileged projects (minimum and maximum number) based on the applications submitted by developers.
2) The number of implemented projects and their price levels.
3) The compliance of privileged projects with the municipality's planning rules to verify the planning privileges obtained by developers.
4) The number of apartments that could be made available to city authorities as the result of implementing the Inclusionary Housing concept.
5) The significance of IH to housing problems in the studied cities.

The research employed desk research, a case study, and comparative analysis methods. Desk research, which involves analyzing secondary data obtained for other purposes (Chivaka, 2018), has many advantages, such as the low cost of acquiring data and the relatively quick data collection (Bednarowska, 2015). This article uses data available on the developers' websites, such as the Urbanity portal, Public Information Bulletins of the surveyed cities, and the Official Journals of the Voivodeships.

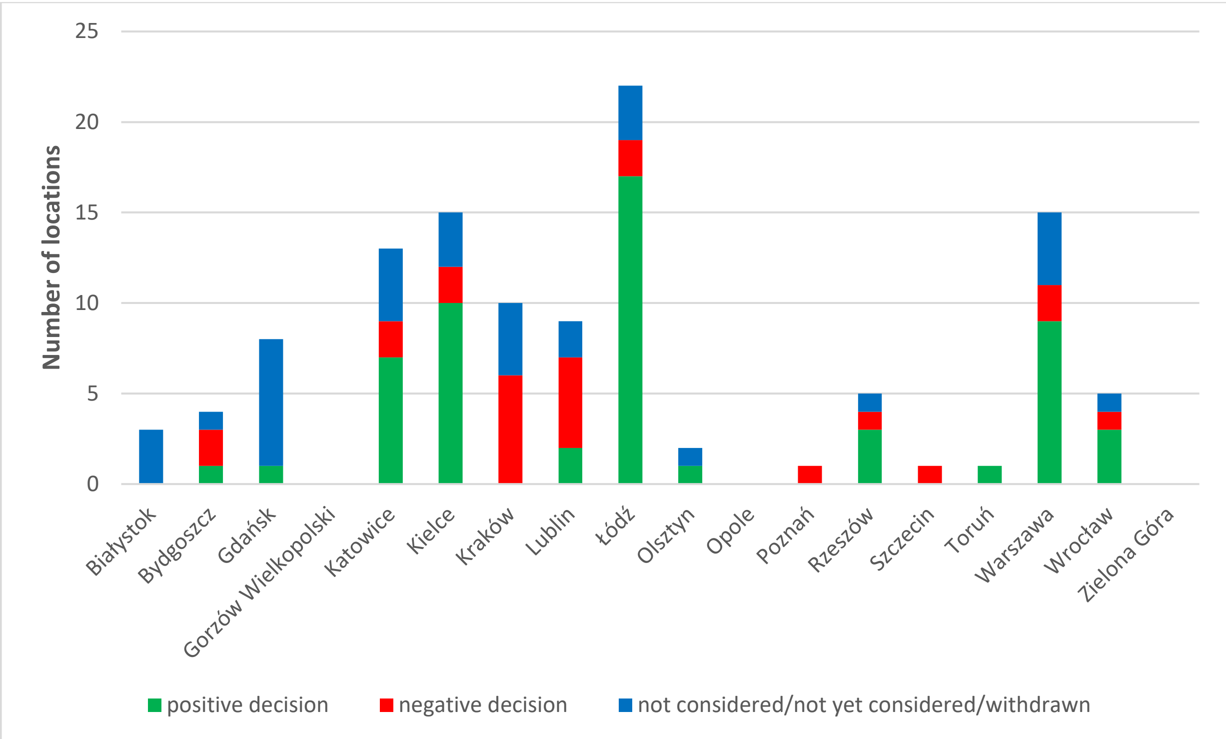

Fig. 1. Housing projects identified by location, broken down by the type of the decision[3]. *Source:* own study based on The Bulletins of Public Information (BIP) of city Halls.

[3] There is some risk of non-compliance. Firstly, sometimes the way of presenting data in BIP is not transparent; there is a separate part for each application/modification, which multiplies the amount of information and makes it challenging to analyze. Secondly, due to the lack of, in some cases, exact addresses, it is difficult to find projects implemented under the Lex Developer formula on real estate portals. Thirdly, in some cities, finding planning documents in interactive maps was impossible, so it was necessary to search for functions from regular PDF files.

The literature defines the case study method in various ways. However, for this research, the most appropriate approach is examining individual units to understand a larger class of (similar) units. Here, a unit means a spatially limited phenomenon observed at a single moment or over a specific period (Gerring, 2004).

The comparative analysis concerns a specific object that is complex and differs from others. It is thus a set of features that can be compared to assess how given facilities function (Szarucki, 2010).

4. Results

As of April 22, 2024, applications for privileged projects based on the Lex Developer Act were submitted for 114 locations in provincial capital cities. Local governments accepted 55 applications and rejected 25. Nearly 30% of applications were not considered due to formal deficiencies or were withdrawn by developers. Municipalities made negative decisions in some cases, and after corrected versions were submitted, they made positive ones (five cases). Such locations were considered only once (final decision). In cases where developers submitted applications several times for given locations, they were included in the list only once.

There were fundamental differences in applying the Act in provincial capital cities. In Zielona Góra, Gorzów Wielkopolski and Opole, the local governments did not issue decisions for privileged projects due to a lack of applications. The local authorities in Kraków, Szczecin, and Poznań rejected all developer applications, while in Gdańsk and Białystok, almost all cases were suspended, most often due to formalities. Developers received the most positive decisions in Łódź (seventeen), Kielce (ten), and Warsaw (nine). Katowice, with seven acceptances, Rzeszów and Wrocław, both with three, were also qualified for a detailed study.

The size of privileged projects was examined due to the applicant's obligation to indicate the maximum and minimum number of housing units in the project. The most significant number of apartments was planned in Łódź (between 2,737 and 3,950), resulting from the biggest number of positive decisions (see Table 1). Interestingly, Wrocław approved only three projects, yet more apartments were to be built there than in Warsaw, where nine projects were approved. The investments planned in Wrocław included at least 600 apartments, while the fewest were in Katowice. The seven investments provide for a maximum of 1,451 apartments, most of which were in small buildings with up to 110 apartments. One project slightly exeeds the average result for this city – it provides for 780-920 apartments.

Table 1

The number of apartments in privileged projects

City	Katowice	Kielce	Łódź	Rzeszów	Warsaw	Wrocław
Total minimum number of apartments	1185	1651	2737	1372	2594	2640
Total maximum number of apartments	1451	2492	3950	1656	3113	3722
The average	1318	2071,5	3343,5	1514	2854,5	3181

Source: own study based on BIP of city offices.

Despite the passage of time since the introduction of the Lex Developer Act, few privileged projects on this basis were completed or are under construction in the surveyed cities. In Łódź, three projects were under construction in April 2024, and two more due to be started soon. Just over 900 apartments are under construction as part of these three projects. Apartment prices quoted by developers did not indicate the "social" nature required by the legislator. Prices start from PLN 8,500 per sq m and reach PLN 12,200 per sq m, while the average price in Łódź in the fourth quarter of 2023 on the primary market was PLN 10,197 per sq m (NBP, 2024),

In Warsaw, there were four ongoing privileged projects with nearly 1,100 apartments. Three of those were typical commercial housing projects, with prices ranging from PLN 17,800–20,000 per sq m . By comparison, the average transaction price on the primary market in Warsaw in Q4 2023 was PLN 15,561 per sq m (NBP, 2024). Thus, the price range was also market-oriented. One of these projects belongs to TBS[4], which saw the construction of 205 social apartments.

[4] TBS is a non-profit organization devoted to the construction and management of social housing. Social Housing Associations started operating in 1995 in Poland, and municipalities are often shareholders in these companies.

In Katowice, only two out of seven approved projects were under construction, with 151 flats built. Prices start from PLN 10,500–12,159 per sq m, compared with an average of PLN 11,267 per sq m in the fourth quarter of 2023 on the primary market (NBP, 2024). Therefore, it is difficult to classify them as "social" apartments. In Kielce, only two projects were active out of ten approved. The total number of apartments was 255; no information on prices was given.

In line with the idea of simplifying and facilitating the creation of new housing units, privileged projects are often implemented in violation of the provisions of local zoning plans. Only six out of 49 projects in the surveyed cities were implemented in accordance with the function specified in local zoning plans.

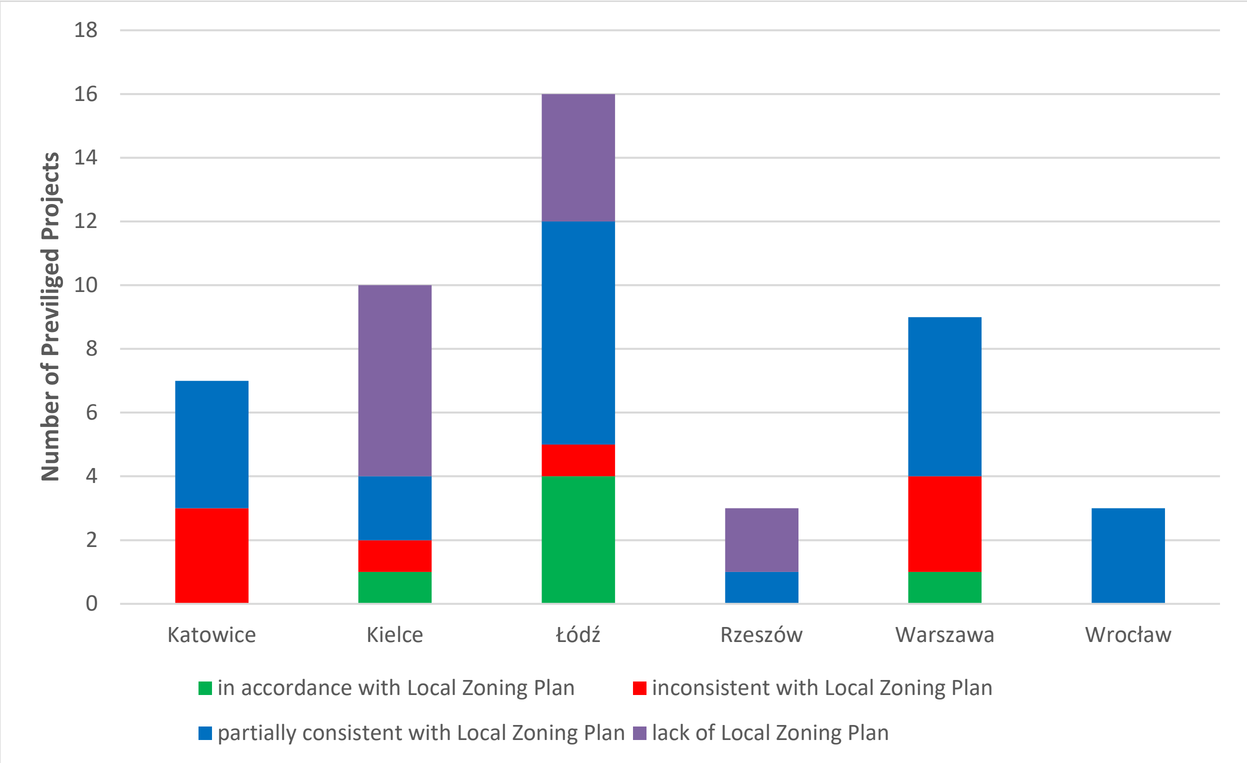

Fig 2. Compliance of the functions of the privileged projects with the provisions of the local zoning plans. *Source:* own study.

We analyzed the extent to which privileged projects comply with the provisions of zoning plans regarding land function and construction parameters to observe the priority level of these projects. Some cities lack local zoning plans, which was especially visible in Kielce, where six planned projects were to be implemented on land not covered by local plans. In some cities, some local zoning plans were old, and the given functions were not appropriate. For example, in Łódź, one of the projects with positive resolution was in an area where the local zoning plan "preserves the historical features of the factory layout; and the obligation to maintain the existing historical substance in proper condition by carrying out measures to protect it against destruction, damage, and devastation, this also applies to historic interiors and their equipment" (Resolution no LXXXVIII/1823/ 14/2014). Despite this, buildings were demolished. In every case where there was a conflict with zoning plan rules, construction parameters were changed in favor of developers, most often giving them higher development intensity, increasing the height and line of buildings, diminishing a biologically active area, and reducing the number of obligatory parking spaces.

The developers were able to build contrary to the provisions of the local zoning plans provided that the privileged projects comply with the requirements of the Study of Conditions and Directions of the Spatial Development of the Municipality. By the end of 2023, when there was a change in the Act's rules, exceptions had been granted to projects on post-industrial, post-railway, and post-military areas, and former ports, among others. In those cases, compliance with the functions of the study did not have to be maintained as the legislator wanted faster revitalization of those areas.

Only two out of a total of 49 analyzed privileged projects were incompatible with the provisions of the

Study, and five were partially incompatible. Developers wanted to implement projects in post-industry, post-shipyard, and post-railway areas. In most cases, the applications assumed new functions consistent with the Study, which means that local governments met the needs of cities by alleviating housing shortages and renovating rundown areas.

The formal rules for the application of the IH concept assume that developers will transfer a pool of apartments or an amount of money in exchange for the planning privileges obtained. Depending on the legislation and the negotiating capabilities of local government units, they range from 10–20% of the total number of housing units. Following this rule, we assumed a contribution of 10–20% of all apartments in the analyzed projects (see Table 2).

We cannot assess the number of apartments potentially transferred to the city without considering the context of locally reported housing needs that a given local government should meet. Table 3 presents the leading indicators that allow us to analyze the housing obligations in the surveyed cities. The Polish system of housing support at the local level is based on local governmenta, i.e., municipalities, which are responsible for creating conditions for fulfilling citizens' housing needs. Some instruments of direct support exist, e.g., municipalities should offer lease contracts for certain households. Standard contracts are called municipal leases, while the contracts for the most vulnerable households are called social contracts. A common problem that municipalities face is the lack of vacant apartments, as old leases are not verified, and there is a lack of new housing units being built by the municipality.

The data show a vast difference between the total size of the municipal housing stock and the apartments with signed municipal and social lease contracts, especially in Łódź, Warsaw, and Wrocław. This factor demonstrates the high vacancy level (despite households' reported needs). This is primarily due to the poor condition of the apartment, the lack of basic infrastructure, and problems with legal status (Jadach-Sepioło et al., 2021).

Table 2

Potential number of apartments transferred to local governments referring to the IH concept in the surveyed cities

City	Katowice	Kielce	Łódź	Rzeszów	Warszawa	Wrocław
Number of inhabitants	279,190	182,295	652,015	197,268	1,861,599	673,743
minimum number of apartments transferred (10%)	131	207	334	151	285	318
Number of apartments transferred (10%) by 1000 inhabitants	0.47	1.13	0.51	0.76	0.15	0.47
maximum number of apartments transferred (20%)	262	414	668	302	570	636
Number of apartments transferred (20%) by 1000 inhabitants	0.94	2.27	1.02	1.53	0.31	0.94

Source: own calculations.

Table 3

Characteristics of reported housing stock and needs in the surveyed cities

	Katowice	Kielce	Łódź	Rzeszów	Warszawa	Wrocław
Municipality's housing stock	14,983	3,626	38,756	2,968	81,258	32,035
Apartments with contracts for municipal lease (social lease)	12,967 (1,519)	2,507 (95)	21,293 (861)	2,414 (95)	62,568 (4,728)	23,033 (626)
Households waiting for apartments from the municipality (without replacement and temporary flats)	2482	1,220	6,770	322	2,571	3,852
Households waiting for social apartments	2,432	916	4,377	270	1,558	2,369
Number of tenant changes in the municipal stock in 2022.	966	45	26	4	1,002	0
Apartments built by developers between 2012 and 2022	14,853	8,814	31,585	20,733	183,645	90,659
Apartments built by Social Building Societies (TBS) between 2012 and 2022	2,395	623	1,561	0	4,214	4,613
Apartments built by the municipality between 2012 and 2022	132	155	177	26	1,587	30

Source: own calculations based on BDL GUS.

The results of the desk study indicate that IH works best when the households that receive affordable housing are culturally and materially similar to commercial buyers. This is because it is relatively easy to integrate these households and reduce the potential for conflicts. Households waiting for municipal lease contracts could meet these conditions: there were 2,393 in Łódź, 1,483 in Wrocław, 1,013 in

Warsaw, 52 in Rzeszów, 50 in Katowice, and 304 in Kielce[5]. However, municipalities face a significant challenge in housing those most in need. To address this, local solutions could be developed to benefit both groups. For example, households with better material situations that currently rent substandard or undersized municipal flats (e.g., due to an increase in the number of children) could terminate their contracts and sign new leases for apartments built by developers and offered to the municipality. The vacated apartments could then be allocated to tenants eligible for social housing.

5. Discussion and Conclusions

The concept of Inclusionary Housing in Poland was introduced through the Revitalization Act in 2015, allowing investors to build and transfer residential units to municipalities based on an urban planning agreement. However, despite nearly a decade from its formal introduction, there are no such solutions in practice. The Lex Developer Act, introduced in 2018, granted certain privileges to residential developers. However, its implementation has been limited:

- By April 22, 2024, only 55 approvals were identified across all voivodeship cities.
- A mere dozen approved projects were implemented or under construction.
- Implementation varies by city, influenced by developer reluctance or local authority hesitation.

This contrasts sharply with countries like the UK and France, where IH projects are more prevalent and serve as a significant source of housing for local authorities and the tool of social mix policy (Meda, 2009; Rose et al., 2013). Locally, problems have been reported, primarily related to the willingness of developers to minimize the obligations imposed on them and buy themselves out of these situations. Some British studies show 30% affordable housing in a project lowered to 9% during negotiations or only 6% of all planning permissions (Perry, 2014). Within Germany's federal system, the various states create different policies, for example the Berlin Model is a kind of framework, guideline and the Munich Model is a "binding contract" (Bratfisch 2015). Nonetheless, practice shows the positive effects of IH.

Polish cities continue to struggle with fulfilling housing obligations, and various solutions have been tried. For example, there have been a few PPP projects in Oława, Małkinia Górna, commercial purchases from developers in Krakow, municipal construction for rent in Włocławek, and cooperation with TBS in many cities. However, these efforts have yielded unsatisfactory results.

What distinguishes Polish regulations from foreign ones is the absence of developer obligations in exchange for amenities and planning privileges. As justification for the draft act, the legislator pointed to its social functions, i.e., providing cheaper housing. Nevertheless, there are no regulatory structures to ensure this, and only one investment among those analyzed was of a social nature. While the Lex Developer Act was intended to create apartments for people with moderate incomes, it has ultimately become a tool to increase developers' profits. The authors wanted to find out whether the provision of housing by developers on IH terms would be important for meeting the housing needs of lower-income households. Such an analysis is also needed in view of the recent legislative changes

The legal act granting developers privileges was initially set for only ten years. However, the last change in the spatial planning system in Poland in 2022 introduced permanent solutions, including an integrated investment plan mechanism and an urban planning agreement concluded by the investor. They provide room for negotiations between the developer and local authorities regarding the use of space and possible obligations imposed on developers.

In this context, the question of using commercial housing projects to supplement municipal housing offers seems justified. It would be necessary to integrate this approach with the existing network of housing regulations in Poland and precisely define the target group of beneficiaries, i.e., households with unmet housing needs. For this solution to be effective, it must be accepted by local authorities, communities, and developers. However, this can be extremely difficult, as developers are afraid of reducing the attractiveness of their projects. To overcome resistance, appropriate identification of beneficiaries by local governments, considering social and cultural differences, could be helpful.

IH apartments could fill the gap of missing municipal apartments in Poland. These would be premises intended for households with lower wealth levels but still capable of paying for housing services at a decent level, although not at market rates. Some of these tenants might occupy municipal premises but

[5] These numbers result from subtracting those requesting social housing from the total number of households waiting for municipal housing.

expect a higher standard of quality or space. They could move to apartments offered in commercial projects.

Calculations indicate that there could be hundreds of apartments in individual cities, satisfying household needs and improving the image of city authorities as caretakers of the local community. Cultural and income similarities would mitigate issues of "rejection" or "exclusion" indicated by local authorities. Developers would also be less concerned about losing the value of the projects they sell. The released municipal resources would continue to serve the most needy households, shortening the housing queue. Cooperation between developers and city authorities could bring many long-term benefits to residents and the economy.

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