TPR, 86 (3) 2015 doi:10.3828/tpr.2015.20

Liz Root, Erwin van der Krabben and Tejo Spit

# Between structures and norms: assessing tax increment financing for the Dutch spatial planning toolkit

The aim of the paper is to assess the institutional (mis)fit of tax increment financing for the Dutch spatial planning financial toolkit. By applying an institutionally oriented assessment framework, we analyse the interconnectivity of Dutch municipal finance and spatial planning structures and practices. Empirical findings from the case study highlight several insights: 1) the application of tax increment financing (TIF) would be more constrained by socio-political than technical dimensions; 2) such an instrument may not achieve the policy goal of shifting financial risk away from local government given the corporatist characteristics of Dutch planning culture; and 3) despite apparent institutional space to consider alternative instruments, enduring norms tend to be resistant to change.

**Keywords:** spatial planning, tax increment financing, public infrastructure, public finance, area redevelopment

## Introduction: policy context

In the Netherlands local government has historically played a central role in the physical planning process, including land acquisition, site preparation, and public infrastructure provision. Following World War II, the public land development model became the cornerstone of the Dutch spatial planning and development process. By acting as an active player in the land market, municipalities were able to embed and recover the costs of local public infrastructure, such as underground infrastructure and utilities, and parks and play areas in the land price (Lowe et al., 2003). However, even before the economic crisis in 2008, the financial risk and steering role in the process taken by municipalities was in question (van der Valk, 2002). Moreover, despite changes to the Spatial Planning Act in 2008, designed to encourage greater involvement in land development by market-players, municipalities continued to participate as active players themselves (Halleux et al., 2012; Needham, 2007). As a supply-led model, Janssen-Jansen argues that due to the substantial revenues municipalities were able to realise, over-zealous participation

Liz Root is a PhD Researcher at Radboud University, Geography, Planning, and Environment, Institute for Management Research, Thomas van Aquinostraat 3, Nijmegen 6500 HK, Netherlands; Erwin van der Krabben is Professor of Planning and Property Development, Radboud University, Nijmegen and Professor of Real Estate, University of Ulster, School of the Built Environment, University of Ulster Jordanstown campus, Newtownabbey, Co. Antrim, BT37 0QB; Tejo Spit is Professor of Urban and Regional Planning, University of Utrecht, Faculty of Geosciences, Heidelberglaan 2, Utrecht 3584 CS, Netherlands; email: e.root@fm.ru.nl; e.vanderkrabben@ulster.ac.uk; T.J.M.Spit@uu.nl

Paper submitted January 2014; revised paper accepted August 2014.

in the land market has resulted in a distorted real estate market and oversupply of offices[1] (Janssen-Jansen, 2012).

The degree of financial risk and substantial land holdings held by municipalities has been widely reported and criticised in the media since 2008. Discussions have since ensued about alternative models and consideration of instruments that do not rely on growth nor are driven by the public sector. Numerous studies have been commissioned by the national government, including a website hosted by the National Office for Entrepreneurial Netherlands called the Financial Structure Toolbox[2] and reports by consultancies and research institutes (ECORYS, 2010; Heijkers et al., 2012; Ministry, VNG, and NEPROM, 2009; Planbureau, 2014; Planbureau and Urhahn, 2012; VROM, 2010) that identify planning and financial instruments from other countries as possible tools in the Netherlands to stimulate investment and broader participation from market players in the planning and development process (Heurkens, 2012; van der Krabben and Needham, 2008). The range of possible instruments tend to be reviewed based on general characteristics and possible regulatory restrictions. The analyses often lack a full account of the wider institutional context, which would include both legal and socio-political considerations. The analyses also tend not to identify more general limitations that municipalities may face in relation to operationalising the majority of the financing instruments. Constraints may extend beyond regulatory issues, such as limited local knowledge and financial resources that are often needed in order to lever alternative funding sources (i.e., such as different bonds products in the private market). Finally, little attention is given to cultural matters, such as norms and values, that play a role in defining policy instrument selection. The latter consideration is particularly important when considering instruments from other countries, which have their own particular policy context.

Tax increment financing (TIF), commonly used by North-American cities, has also been cited as a possible mechanism for Dutch municipalities (Heurkens, 2012; Janssen-Jansen et al., 2012; Offerman and van de Velde, 2004), however, few studies have analysed the use of TIF in the Netherlands from an institutional perspective. Research about TIF in the Netherlands generally focuses on four themes: firstly, identification of generic technical features; secondly, the degree to which the mechanism is a sufficient incentive to draw private investment, given the public-sector driven nature of land development in the Netherlands (Heurkens, 2012); thirdly, the inherent risks involved in relying on projected market growth (Janssen-Jansen, 2012); and, fourthly, more broad criticisms related to the purpose of property taxes, e.g., the argument that property taxes are meant to function as a modest buffer to fill budget gaps left by inefficient distribution of transfer payments from the national government (L.

1 A 2014 Urban Land Institute real estate report also states that the substantial oversupply and high vacancy rates in the office market (at 18 per cent) has made Amsterdam an unattractive location for investors.

2 www.rvo.nl/onderwerpen/innovatief-ondernemen/innovatiefinanciering/toolbox-financieringsconstructies

Janssen-Jansen et al., 2012). These points touch on conventional issues (pros/cons) associated with TIF, but taken separately we do not get a robust understanding about the degree to which TIF is a potential institutional fit, considering technical, social, and political dimensions inherent in policy instrument selection.

Against this background, this paper explores tax increment financing as a potential financial instrument to facilitate investment in localised public infrastructure[3], as an alternative and/or in conjunction with existing physical planning instruments in the land development process conventionally used in the Netherlands. Needham makes a distinction between physical instruments and financial instruments (1982) that can be used to influence the development process. The former type of instrument acts on land and buildings in relation to development approval and building processes and the latter, as described by Needham, '...acts directly upon the financial circumstances within which people make decisions' (1982, 4). Particular types of measures include grants, taxes, and levies. Using this typology we understand TIF to be a financing instrument that can be used by local authorities to influence the development process. We categorise TIF accordingly because it is an instrument that is designed to capture the expected future property tax value increment generated from local area investment, rather than (necessarily) utilising physical instruments such as land acquisition.[4]

TIF is explored in the context of Dutch planning, land development, and the broader municipal financing system. There is a substantial body of research to draw from in relation to TIF. The literature tends to offer polarised perspectives about TIF (see section 2) that draws attention to the varying applications and diverse experiences. The exploration presented in this paper focuses on TIF as a financial instrument, which can be applied and managed well or poorly, and the degree to which it is institutionally applicable to the Dutch municipal financing system in relation to the socio-political dynamics within the Dutch context. Secondly, integral to considering the application of TIF in the Netherlands is the degree to which the use of property taxes for localised public infrastructure investments would be supported institutionally in terms of structures and norms. Drawing from Alm (2013), we identify property taxes as a potential revenue stream for local infrastructure based on three distinct characteristics; first, property taxes are a relatively long-term stable income source; second, property taxes provide a degree of local control; and third, it is an income stream that tends to focus taxpayers' attention to the benefits and costs of local service provision.

3 Investments include conventional urban infrastructure for such things as water supply, sanitation, and solid waste management (Alm 2013) as well as new investments and new types of physical public infrastructure that might be needed to deal with the adverse effects of climate change, such as permeable pavement, renewal of existing systems to separate storm water and sewage, elevation of urban areas, strategically deployed green space and tree planting, additional space for water storage and retention, and enhanced above-grade drainage and grading plans (Bobylev et al., 2013; Makropoulos and Butler, 2010).

4 This is not to suggest that it is an 'either/or' argument as TIF can be used in conjunction with physical instruments by local authorities.

The paper addresses the following inter-connected questions: what are the dimensions and dilemmas of directing income from property taxes to support investment in area specific public infrastructure? Beyond technical considerations, what institutional considerations are involved in relation to operationalising tax increment financing in the Netherlands? The remainder of this paper is structured in six sections. We begin with a brief description of tax increment financing by highlighting the key characteristics of this instrument and the conventional financing models typically associated with TIFs. Given the extensive literature on TIF, the purpose of section 2 is not to repeat the debates but rather to summarise the key attributes and critiques of this instrument that are often cited. Section 3 and 4 outline the methodological approach and introduce the institutionally influenced analytical framework that is applied to the case study. In the second half of the paper, we present a case study of the Netherlands with a focus on the intersection of Dutch municipal financing, spatial planning, and land development structures and processes (section 5). In Section 6 the assessment framework is used to analyse the potential application of TIF in the Netherlands. The final section provides concluding comments and suggestions for future research.

## Tax increment financing: a primer

Tax increment financing is a bounded value capturing instrument[5] designed to 'earmark the related increment of property tax in a proclaimed area to fund public investments' (Alexander, 2012). While the duration varies, a TIF is typically based on a 25-year time-span in a prescribed designated community improvement area. It is fundamentally premised on the idea that the provision of new infrastructure in the designated area will increase property values. Additionally, the future incremental property tax value can be captured and redirected to finance area-specific public infrastructure investments (Briffault, 2010). The policy rationale for creating a TIF district is based on the 'but for' test, i.e., private sector investment would not occur or it would not occur in a planned way within an acceptable timeframe, if it were not for government intervention and use of public resources (Squires, 2012).

TIF originated in California in 1952 and is now widely used in most American states to address stalled local area investment (Lefcoe, 2011). It has also been adopted in major Canadian cities within the last ten years and more recently in the UK, where the explicit objective was to increase autonomy and provide a range of revenue generating tools at the local level (Squires and Lord, 2012). Financial risk represents a substantial issue for municipalities that create a TIF designation area. The degree of

5 Value capturing tools are described as '…a group of instruments that enable the increased value of land and property as a result of public investments……to be captured directly or indirectly, so that it [the value] can be used for financing the activities that are responsible for the increased value' (van der Krabben, 2008, 654) e.g., to finance those parts of the plan that are not cost effective.

financial risk is connected to the financing strategy, which generally involves one of three approaches (Pricewaterhouse Cooper, 2008):

1) Market-Backed:

a. Revenue Bonds: the municipality issues bonds secured against the projected tax increment. Revenue bonds can be used wherein the city and taxpayers are not at risk if TIF revenue is less because bond purchasers shoulder the risk.

b. Developer-Funded: the developer borrows to provide the initial capital and the municipality then reimburses the developer using the actual tax increment which the developer uses to repay its borrowing. This method shifts the risk from the municipality to the developer.

2) Municipality-Backed:

a. General Obligation (GO) Bonds: like revenue bonds, the municipality issues bonds secured against the projected tax increment but the financial risk is backed by the municipality's general revenue; which means if the TIF revenue is less than expected, the financial risk rests with the municipality.

b. The municipality borrows using bank financing to provide the initial capital. The authority then repays its borrowing from the actual tax increment.

These conventional TIF financing models illustrate different risk management strategies that can be utilised. According to Kitchen (2006), in principle, revenue bonds can be used to fund infrastructure if the investment generates a revenue stream back to the bond (such as water, sewer levies, or in the case of TIF, property taxes). The risk of using this type of bond may be expensive '… if creditors perceive that the revenue stream is a less certain source of revenue when compared with general revenues that are backed by general obligation bonds' (Kitchen, 2006). Research on tax increment financing in the US has found that municipalities tend to take more risk than private sector actors, largely because they are highly motivated to stimulate local economic development (Le Roy, 2008). In Canada, municipalities have been more risk adverse and often utilise what is referred to as tax rebate strategies with developers. For example, in the Province of Ontario this model is referred to as a 'tax increment equivalent grant'.[6] In this model, developers take the financial risk by advancing the investment and are subsequently reimbursed when the future tax value materialises.

Tax increment financing is the subject of extensive research that we can draw from to consider both the strengths and weaknesses of this instrument. Some researchers

6 In the Province of Ontario, provincial regulation under Section 28 of the Planning Act provides for the granting of public resources to private actors. The programme uses property taxes: 'A Tax Increment Equivalent Grant could be described as financial assistance equal to all or a portion of the municipal property tax increase (increment) following the completion of a project which has resulted in an increase in the assessed value of a property. Municipalities estimate using a market-base assessed value' (www.mah.gov.on.ca/AssetFactory.aspx?did=9077, accessed 14 May, 2014). Also see Ministry of Municipal Affairs and Housing 'Municipal Financing Tools for Planning and Development' available at: www.mah.gov.on.ca/Asset674.aspx.

have identified governance flaws and misuse in relation to public policy objectives, resulting in benefits to developers and cross-jurisdictional tax revenue absorption issues (Weber, 2003). Others have criticised the degree to which a public policy rationale even exists to justify government intervention and the associated financial risk or whether expediential investment attracts business or simply displaces businesses from one area to another (Chapman and Gorina, 2012; Weber, 2010). The degree to which TIF is overused by cash-strapped municipalities is also a major issue, given the potential to freeze a percentage of the general tax base for a sustained duration (Youngman, 2011).

On the positive side, other researchers have referred to the instrument's leveraging effect: a TIF designation may send a positive signal to market players, in turn attracting private investment in public benefits to support important public policy goals (McGreal et al., 2002). By recouping value over time rather than providing tax breaks, which eliminates tax revenue flow, or by adding upfront costs (i.e., fees and levies) in the development phase, a TIF can act as a 'self-financing' tool for urban infrastructure by facilitating efficient use of public resources and enabling local control over local resources (Alexander, 2012; Squires and Lord, 2012).

Rather than attempting to reconcile these positions, this paper rests on the assumption that TIF is a *financial instrument* in which local investment is capitalised in the property and the *future property tax increment* is captured over an extended period, thereby involving a degree of cost and benefit distribution between contemporary and future users. This mechanism *earmarks* a revenue stream for investment in a range of *spatially bounded public investments* (underground services, brownfield, parks, etc.). Finally, it is a locally-based mechanism embedded within a *regulatory framework* based on defined criteria, public consultation, and approval from designated authorities. The degree to which certain TIFs meet or fail to meet expectations, or whether TIF districts undertook a thorough risk assessment or exemplify sound management and good governance, is an issue for local administrators. Here, the relevant issue is the degree to which TIF could potentially be used as a new tool in the Dutch financial toolkit. In order to achieve this intention an institutionally oriented assessment framework will be applied to the empirical findings arising from the case study described in section 5.

## Methodology

The Netherlands is a dynamic institutional context within which we can scale the analysis of a potential financing mechanism to the local level. In order to address the inherent challenge of analysing the degree to which there is an institutional fit for a financial instrument that does not exist in the Netherlands, the research design reflects what Needham (1982) cites as an 'empirical exploration' (23). For our analysis, we used qualitative research methods including semi-structured interviews, document analysis

(municipal and project policy and programmes; local planning and land development frameworks; and reports and policy documents related to Dutch municipal financing), and a telephone questionnaire, as described below.

1) From May–October 2013, we administered a nation-wide questionnaire via a telephone interview. The request was sent to 43 Dutch municipalities[7] from which 34 senior municipal tax officials agreed to participate (79 per cent participation rate). At the time of the interviews, all participating municipalities were, or had been, engaged in redevelopment initiatives. The purpose of the questionnaire was threefold: 1) to determine whether any of the municipalities applied expected future property tax value increment in redevelopment project budgets; 2) to assess how they perceived the role of property taxes; and 3) whether they were knowledgeable about TIF. The questionnaire was not intended to determine whether respondents considered TIF to be applicable to the Netherlands. Because few empirical data are available about whether Dutch municipalities use property tax income as a means to invest in local public infrastructure, the results of the questionnaire provide an important benchmark by confirming conventional practices and the unique use of the projected future property tax increment by the City of Nijmegen (see section 5).
2) Between December 2012 and January 2013, we conducted six in-depth semi-structured interviews (each lasting 1–1.5 hours) with senior public officials in the national government, with researchers including economists, financial experts in academia, and those in the banking sector. Questions focused on the technical and socio-political dimensions of Dutch municipal financing, specifically key sources of municipal income, limitations and degree of flexibility in the use of property taxes, approval requirements, and financing strategies (especially municipal borrowing and risk assessment practices). Questions about the socio-political dimensions focused on the debates associated with the Municipal Fund (see section 5), such as the role of property taxes, the tension between decentralisation and the desire for local autonomy, and the revenue-generating mechanisms that are currently available. Interviewees were also provided with a description of TIF and asked to comment, based on their expertise, whether the mechanism would be constrained by technical and socio-political issues.
3) Between December 2012 and April 2013, we conducted a detailed study of the Nijmegen Waalfront redevelopment project in which, uniquely for the Netherlands, the City of Nijmegen uses projected future property tax increment. Four interviews were conducted. Two senior project tax officials, a planning

7 The municipalities that were asked to participate in the questionnaire are all members of an organisation called Platform 31. Members of this organisation are, according to the organisation's website, '...actively involved in the development of the city and region' (www.platform31.nl/partners). The members include 22 of the 25 largest Dutch municipalities (Central Bureau of Statistics http://www.cbs.nl).

economist, and a project director were interviewed about the technical and socio-political dimensions related to the use of future property tax increment in the Waalfront redevelopment budget. They were asked about the underlying rationale, the original approval, the administration process, and the current status. They were also asked to comment on how property taxes are conventionally used and the relationship to the Municipal Fund system. The findings initially suggested that the City of Nijmegen was an exception, given the deviation from the norm with respect to the use of property taxes, but more careful analysis revealed that it should be more accurately identified as what Gerring (2007) referred to as an 'influential case' with respect to case selection: it is a 'case that proves the rule' (108) because it substantiates the role of broader institutional norms and values, despite the apparent atypical local practices.

**Table 1 Interview List**

| *Interviewee Designation* | *Sector and Job Position* | *Interview Date* |
|---|---|---|
| 1 | Economist, Academia | 6 December, 2012 |
| 2 | Senior Bank Sector Representative | 11 December, 2012 |
| 3 | Senior Official Ministry, National Government | 13 December, 2012 |
| 4 | Financial Director, NGO | 13 December, 2012 |
| 5 | Senior Municipal Tax Official | 17 December, 2012 |
| 6 | Senior Municipal Tax Official | 17 December, 2012 |
| 7 | Economist, National Research Institute | 8 January, 2013 |
| 8 | Municipal Planning Economist | 28 January, 2013 |
| 9 | Private Planning Consultant | 14 April, 2013 |
| 10 | Municipal Development Director | 19 April, 2013 |

We identified key individuals from the policy documents and identified interviewees using snowball sampling (Farquharson, 2005). The interviews were transcribed and coded using qualitative data-analysis software (NVivo). Key themes were identified and the themes were further narrowed using the conceptual framework described in section 4. The data from the multiple interviews provided a solid basis for us to contrast and compare the differences and similarities in viewpoints to generate a robust understanding about the institutional contexts and the evolving norms and principles in relation to public municipal finance, and to assess the potential and applicability of TIF as a mechanism to facilitate investment in localised public infrastructure in the Netherlands.

To address the research questions, the next section describes the assessment framework that was used to analyse the case study.

## Conceptual approach

### Institutions: structures and norms

We began with the conceptual approach that institutions are important to public finance and spatial planning given formal institutions structure access to resources and provide a degree of agency that is exerted by actors in how rules are applied. According to Fischel (2000), property taxes cannot be examined in isolation from the institutional context, i.e., the municipal setting is dependent on it as a source of income. Similarly, according to Alexander (2005), for spatial planners, '…all planning takes place within a specific institutional context or often in sets of different and varying 'nested' institutional contexts as indeed do all societal activities' (210).

Institutions embody what North referred to as the 'rules of the game' (North, 1990) in terms of the dynamic process of how people interpret and use rules, norms, and practices – written and unwritten, formal and informal, explicit and tacit (van Hal and van Bueren, 2012). Institutions are often described as either formal or informal: formal institutions are generally understood as government rules that are enforced by the legal system and are expressed as laws, constitutions, ordinances, and local land-use plans. Informal institutional rules are less explicit and emerge via repetition and solidification of behaviour through perceptions, values, beliefs, and norms (Buitelaar et al., 2011). Together formal and informal institutional rules interact and ultimately shape actions and behaviours of organisations and individuals. The interaction is dynamic and creates the conditions (constraints and opportunities) that organisations and actors must negotiate on a perpetual basis to achieve their objectives (Lowndes, 2005). Metaphorically, organisations and individual actors are players within a larger game with implicit and explicit rules that evolve over time (Lowndes, 2009; Root et al., 2014). A dynamic tension exists between the technical and socio-political institutional rules: they are not static and evolve through endless tinkering and manipulation (Buitelaar et al., 2007). By highlighting the role of institutional norms and values, the analysis of TIFs deviates from a purely technical analysis. Our assessment focuses on the relative importance of the socio-political context that shapes, and is shaped by, the social norms and values and modes of practice, and in turn shapes the formal structural components that regulate decisions – in this case, the coupling of municipal public finance and spatial planning in the Netherlands.

### Types of governance

The theoretical aim of this research is to gain a deeper understanding about the normative underpinnings of the institutional system (Pierre, 2011) that structure and inform municipal investments in localised public infrastructure in the Netherlands. We cannot advance the analysis without explicitly considering governance and how

it is conceptualised in this research. In our analysis the concept of governance is conceived as both a binder and an embodiment of the complex interactions between formal and informal rules (Root et al., 2014). Similarly, as Lowndes argues (2009), governance should not be reduced to a technical problem of 'system coordination' as a means to improve implementation processes. Governance is a complex process, which involves building consensus and engaging in arenas that have diverse and conflicting interests as a means to gain consent to carry out objectives (de Alcantara, 1998). Birkman et al. (2010) described governance as the way in which actors and organisations interface and use mechanisms to articulate their interests, exercise their legal rights, and mediate their differences. Thus, institutions may constrain or enable actors in the governance process to manage conflicting agendas and to set priorities.

Pierre (2011) argues that governance takes a number of forms. In doing so, the form of governance provides substantial information about objectives and the goals of municipalities as well as '…the key constituencies sustaining governance [and the] institutions created to pursue the governance objectives' (25). In the Netherlands, policy-making and decision-making is often described as being based on the 'polder model', which is uniquely Dutch in title and culturally specific with its consensus style decision-making. Pierre distinguishes between four models of governance.[8] In the interest of conserving space, we limit the description of the typology to the model that is the most useful to our assessment framework: the corporatist model of governance, which provides a close characterisation of Dutch consensus-style of planning governance (van der Valk, 2002). According to Pierre's analytical typology of governance models, the defining feature of the corporatist model is the significant involvement of civil society organisations both in urban politics and in relation to involvement in the delivery of public policy objectives (49). The degree of social organisation and involvement in influencing decision-making and shaping policy preferences at the local level characterises this model. While the model has a range of attributes, the salient feature is the degree to which this type of governance is driven by what Pierre refers to as the '...distributive aspects of urban politics' (57). This aspect of corporatist governance means that '...maintaining fiscal discipline often becomes a significant problem. In order to achieve compromises which are acceptable to all major represented interests, public spending frequently tends to exceed what is financially possible...' (65). This aspect of the corporatist governance model is insightful because it contributes to our analysis about the applicability of TIF in the Netherlands. More particularly, if applied in the Netherlands we might expect municipalities to continue to take a risk position due in part to the durability of norms and values, and how such norms and values are operationalised and replicated structurally. In other words, understanding the configuration of the Dutch planning and public finance governance tells us why

8 Pierre (2011) identifies four analytical types of urban governance models: Managerial, Corporatist, Pro-growth, and Welfare governance.

the application of property taxes (a seemingly modest proposal) is complex and why the answer to the applicability of TIF is connected to a larger institutional system.

We turn now to the case study. We begin with a more in-depth characterisation of Dutch planning and land development practice than provided in section 1 as the central backdrop for the analysis of the case study. The subsequent two sections focus on the empirical findings prior to the assessment on the applicability and limitation of TIF in the Netherlands.

## The Netherlands: intersection of municipal financing, planning, and land development

### Dutch planning and development practice

As a mode of practice that is enabled by formal and informal institutions, the public land development model may have influenced Dutch planning culture[9] insofar as there is an assumption that local municipal government has a duel role: to control the planning and land development process and to steer the process to achieve planning objectives (Buitelaar and Sorel, 2010). Responding to the housing shortage after World War II, municipalities proactively serviced land in order to facilitate the building process (Needham, 2007). Leväinen and Korthals-Altes (2005) note that municipalities considered that '…it was their duty to supply serviced land as it was needed' (140). The original focus on housing supply evolved into a conventional approach to direct, control and heavily intervene in the land development process by assembling land, undertaking the servicing, and ultimately selling the lots to developers, for both commercial, industrial, and residential purposes (Buitelaar et al., 2011; van der Krabben and Jacobs, 2013). The perceived advantage of this model is that it has provided a substantial amount of public control to achieve spatial planning goals, as well as an approach that has delivered a range of public goods, from municipal infrastructure, parks, recreation facilities, and an overall high standard within the public realm; this was achieved by levering the residual value through the land development process and reinvesting the funds into a range of public infrastructure investments; moreover, when the market was strong, they were able to make a profit (van der Krabben & Jacobs, 2013).

Buitelaar and Sorel argue (2010) that the Dutch planning culture is ambiguous: although formally is it recognised as a plan-led planning model, in practice it has more in common with the development-led characterisation usually found in the UK (Janssen-Jansen and Woltjier, 2010). As noted in section 1, the vulnerabilities of this

9 Planning culture can be defined as '…the collective ethos and dominant attitudes of planners regarding the appropriate role of the state, market forces, and civil society in influencing social outcomes' (Buitelaar and Sorel, 2010, 985).

model have been revealed by the 2008 economic crisis and substantial debate and research has been undertaken to consider possible alternatives. However, market-oriented activities undertaken in planning and development processes to finance local public goods ambitions are also coupled and enabled by the broader municipal financing system. The next section introduces the municipal finance system.

## Dutch municipal finance

### *Key income sources*

The system of government in the Netherlands is characterised as a decentralised unitary state (Toonen, 1987). This means that municipalities are responsible for administration of local level activities and have relative autonomy in plan-making and expenditures. Though municipalities are able to undertake independent initiatives, the hierarchy of the central government is reflected in the financial governance structure and distribution system of municipal income (Van der Dussen, 1992). The main source of income for municipalities is from the Municipal Fund[10], which is managed at the national level (Allers, 2011). In 2011, together with general and specific grants, that source represented 49 per cent of municipal income. Distribution of funds is based on a 60 point equalisation formula-based system, which is, in part, based on the local tax base but, more importantly, based on the actual need of the municipality (Interviewees 1 and 6). The formula is a method to allocate the means to municipalities throughout the country to provide an equal level of services, yet conceptually providing local governments with autonomy in how that is achieved (Boerboom and Huigsloot, 2007). The Municipal Fund is a system rooted in socio-political norms based on ideas about fairness and equality (Interviewees 1, 7, 3, 4). As noted, the objective of the formula-based approach is to provide financial sources based on need and, importantly, based on the available budget; which is to say, all municipalities experience a level of grant reduction, or increases, subject to availability of resources at the national level. Recently, due to austerity measures at the national level less funding is available from the Municipal Fund to deliver the same level of programs and services (Interviewees 4 and 1).

At 31 per cent, income from activities in the land market is the second source of municipal income (Allers, 2012). As has been identified in the preceding section, this income source has been profoundly impacted by the economic downturn. In addition to modes of practice and planning structures that use the market to achieve planning goals, easy access to capital by two nationally backed lending institutions[11] have also enabled municipalities to engage in the land market. In addition to having limited restrictions on borrowing, as a financial director of a prominent NGO noted,

10 In Dutch, it is referred to as the 'Gemeentefonds'.

11 BNG and Waterschapsbank are the two Dutch banks that specialise in loans to local government.

municipalities will call BNG (see footnote 11) '…and ask for €10M and in two minutes they will have €10M' (Interviewee 4), municipalities have been able to heavily borrow and still balance their annual budgets (Interviewee 2). Though Dutch municipalities are required by law to balance their internal budgets annually, in practice the accrual accounting system has allowed municipalities to carrying debt from year to year (Allers and Merkus, 2013). A second structural reason that may have facilitated active engagement in the land market is the connection between so-called 'bail out' rules of the national government and the lending practices of the aforementioned banks. The current system was introduced in 1960 by the Financial Relations Act (Wet Financiële Verhoudingen). Article 12 of the Act provides for an additional grant from the Municipal Fund (not from the national government budget) if a municipality is not able to support its debt and is under threat of bankruptcy (Allers and Merkus, 2013). As explained by several interviewees, because municipalities are sheltered from bankruptcy under Article 12, banks are also protected and willing to provide municipalities with access to low cost borrowing. With respect to municipal borrowing, project-specific risk assessments are typically not carried out by the lending institutions (Interview 2). This structure and practice results in very little incentive and experience, given the risk and required expertise, to seek private financing in the bond market (Interviewees 1, 2, 3, 7); sharply stated by one interviewee: '..why float a bond? There is no need. We have money 'on tap''(Interviewee 1). A third element, that incentivises market activities, is that profits derived from market activities are not included in the Municipal Fund grant formula; this means that while increases in the local tax base can potentially result in less grant funding, municipalities are not required to claim land market-based profits in the Municipal Fund formula (Interviewee 1).

Apart from market activities and intergovernmental grants, Dutch municipalities have a modest income stream from taxes, fees, and levies (15 per cent of municipal income). Property tax is the largest component of municipal income at approximately 7 per cent (Allers, 2011), which represents only 1.5 per cent of the national tax revenue (Allers et al., 2013). The Netherlands uses a market assessment system to determine property tax payments: in 2013 the national average property tax rate for residential dwellings was 0.1 per cent and the non-residential rate was 0.38 per cent (Allers et al., 2013). Although these rates are low, municipalities have more freedom to determine how these funds are used compared with grants from the Municipal Fund. Municipalities are also able to increase the property tax rate independently, without a limit; the only structural limitation is set by the national government. In 2008 the national government introduced a national ceiling on the total rise in property tax revenues for all municipalities; in previous years an absolute cap was imposed on municipalities rather than on a national aggregate. As Vermeulen and Allers comment, despite the national ceiling being binding, '…paradoxically, however, individual municipalities can raise property taxes as much as they like' (Vermeulen and Allers, 2013). Nonetheless, the

salient point is that the national government plays a role in defining property tax rates and there is a structure in place to keep property taxes low.

*Role of property taxes*

As in other European countries, property taxes in the Netherlands are a conventional source of income for municipalities. While there is a structural disincentive to raise taxes represented in the national ceiling, from a political perspective, politicians in the Netherlands, like politicians in other countries (Slack and Bird, 2014), prefer not to raise taxes (Interviewees 1, 3). This is particularly true in the Netherlands because national-level politics are inextricably linked to municipal politics. One financial director from a third section association commented that national politicians are very concerned about local taxation rates because if '…municipalities raise the taxes too high it will interfere with voters at the national level…' (Interviewee 4). Several interviewees noted that reliance on the Municipal Fund also creates a disincentive for local politicians to fully utilise taxation mechanisms, including raising property taxes. One public finance expert said that it is more expedient to blame the national government when funds are insufficient to support local programs and services (Interviewee 1). Accordingly, insufficient funding is also a problem for national politicians because most Dutch citizens feel that resources should be equally distributed between municipalities. As suggested by a financial director, Dutch people '….don't and won't accept too many differences….everybody from the northern part, to the southern part, to the western part should have access to more or less the same thing' (Interviewee 4). Another public finance expert said that to ensure equity, the formula-based approach is used to equalise potential differences in the distribution of Municipal Fund resources (Interviewee 1). The national government's goal is to provide the financial means and sufficient autonomy to local governments to achieve service and programme objectives based on local circumstances (Boerboom and Huigsloot, 2007). Property taxes, therefore, according to a senior ministry official and a financial director, are meant to act as a '…buffer to equalise for the small problems in the distribution of the [Municipal Funds]' (Interviewee 3) and not to pay for local services (Interviewee 4). More specifically, taxpayers do not make an explicit connection between their property taxes and investments in local services. A national research institute economist commented that there is '…a path dependence in the sense that most of the revenue comes from the central government. People do not see the connection between local taxes and local services and there is no willingness to change' (Interviewee 7). A senior ministry official said, '…you have to have a big change…you have to lose the idea that local taxes are just to close the gap, they have to have a much bigger important role in local decision-making' (Interviewee 3). Thus, property taxes play a minor role in the overall municipal financing system while the national distribution system plays the primary role.

The disconnect between property taxes and financial support for local area-specific

infrastructure investments has significant implications for the implementation of TIF. The results of our questionnaire conducted with 39 senior municipal tax officials from across the country reveal that none of the municipalities used property taxes in a manner that reflect a TIF construction. With respect to using property taxes in the context of TIF, 56 per cent expressed doubts as to whether it was a promising new financing instrument. Reasons cited include: 1) the assertion that using property taxes for area specific development purposes is inconsistent with its perceived function as an income for general purposes; 2) pre-designating future property tax earnings on a multi-year basis reduces flexibility offered by property tax income, and; 3) commitment of future revenue represents a financial risk, despite the modest income stream generated by property taxes. Respondents identified other available instruments to generate local revenue that they preferred: imposing fees on outdoor advertising; utilising business improvement districts, with annual levies on local businesses within the designated area; and focusing on cooperation with market players, such as real estate developers and social housing corporations. Conversely, 44 per cent stated that they were interested in finding out more about TIF. According to those respondents, the shift away from land development means that alternative ideas and strategies are needed.

This section has identified the key revenue streams and outlined conventionally accepted social-political norms based on ideas about fairness and equality and the technical administrative infrastructure that has been developed to support municipal financing institutional structures. However, we turn to an example in our case study that illustrates how local practitioners and decision-makers utilised the existing rules in alternative ways and, as a result, defied accepted norms in relation to property taxes. Its unique application of the expected property tax value increment as a component of the redevelopment project budget provides an opportunity to analyse the reasons for the decision and the outcomes.

## Unconventional practice: future property tax increment

### *Waalfront redevelopment project*

Nijmegen is located on the east side of the Netherlands. In 2003, the City Council approved an ambitious plan to redevelop 33 hectares of industrial waterfront lands in close proximity to the city centre. In 2007, the redevelopment budget was based on profits from the sale of land (49 per cent), external subsidies (21 per cent), and from the city's own budget (18 per cent). The city's contribution included reallocation of expected grants from the national government (10 per cent), an agreement between the political parties with respect to internal allocations (2 per cent), and the use of expected income from property taxes that would be generated as a result of the redevelopment (6 per cent). The amount of future property taxes was capped at

€15.7m until 2022 (2006a; 2006b). The use of property taxes was considered unprecedented, particularly because the revenue would be directed toward a specific area and earmarked for land acquisition and land development costs (Interviewees 5 and 8).

### *Key lessons and reflections*

Project actors cited three key reasons for why future property taxes were applied to the project budget, which can be characterised as typical TIF 'but-for' rationales as described in section 2. First, the project had to be self-financing because it could not rely on the general city budget. The plan was expected to generate new taxes, which would be absorbed into the redevelopment budget (Interviewees 5, 6, 8, 10). Project planners did not expect the general city budget to be impacted because the 'future' income had not been designated for other programmes and services. Accordingly to one project tax official, 'the mechanism was chosen because the plan generates money and it generates taxes, we wanted the plan to finance itself…and that is why the [property taxes] are put back into the plan because otherwise it would not be finance-able' (Interviewee 6). The degree of political interest to move the project forward, because it was considered an important city-building initiative, was also a critical factor according to project actors – without the property tax increment the project would be a 'no-go' (Interviewee 8). In short, to balance the budget and improve the project's feasibility, future property tax was identified as the source to close the 6 per cent gap.

The economic downturn profoundly affected the Waalfront project. In 2012, the plan was substantially revised in response to the drop in housing demand and the associated reduction in land prices (Kunst, 2012; Matthieu, 2012; Nijmegen, 2012). The project duration was expanded from 2020 to 2030, and the master planning approach that initially drove the project evolved into an incremental approach. According to project planners, this means that each project phase will not be advanced until income is available to support the project costs (Interviewees 6, 8, 10). Unlike in recent years, when there was political support for debt financing, politicians are no longer willing to absorb financial risk (Interviewee 10). Revisions to the development plan have reduced the estimated project value due to fewer market housing units and more social rental housing units. Project planners anticipate that there will be less revenue to support the project's capital budget and the additional interest costs related to financing land and property acquisitions. A project director stated that because there will be '….less in quantity in price and value [and because] we have already [budgeted] €15 M… we will have to donate the €15 M but not from the building of houses..but we have to find another source…it is a high risk profile'. The City Council subsequently acknowledged that substantial project losses are expected, and in November 2013 staff and external advisors recommended using funding from the city's reserve fund (van der Ploeg and Bruls, 2013).

The Waalfront case illustrates several key points. First, it is technically and politically possible to apply future property tax streams to local redevelopment budgets in the Netherlands. However, a decade later the original political perspective has profoundly changed. As a planning economist noted in reference to assuming the future property tax increment into the project budget, '….nowadays, they say: how is it possible that they would have done this?.... now they (politicians) have decided that the €15.7 M is the end. We don't do it again…it is a one-time experience' (Interviewee 8). Local politicians have returned to more conventional perspectives regarding the use of property taxes, according to municipal officials, because they are not in favour of containing revenues generated by property taxes to a specific area, but rather for general uses that provide broader benefits (Interviewee 10). At an estimated 6 per cent, the use of property taxes was comparatively minor relative to the budgeted revenue of 49 per cent from land development, yet it is clear that the reliance on real estate performance in Dutch spatial planning practice is at a crossroads. The Nijmegen case demonstrates that municipal officials did push the parameters of conventional practice, but are now returning to strategies and means traditionally used by the Dutch planning sector. The next section applies the assessment framework that was introduced in section 4 to address our research questions.

## Institutional dimensions: assessing the potential of tax increment financing in the Netherlands

The aim of this paper was to probe the applicability of TIF in the Netherlands to facilitate investment in localised public infrastructure. The approach was to consider the interconnectivity between structural issues and the socio-political dynamics that may play critical roles in operationalising the mechanism in the Dutch planning context. Table 2 focuses on the fundamental issues that either makes TIF an institutional 'fit' or 'misfit' in relation to application in the Netherlands. The objective is not to identify strengths and weaknesses of TIFs in general, but rather to identify the particular institutional characteristics of the Netherlands in relation to TIF as a financial instrument for local investment.

The existing planning regulatory framework provides an essential structure to embed a TIF approval process. The planning system is understood as legitimate and contains pre-existing mechanisms to ear-mark revenue for area specific investments. Property taxes are a local revenue that, while modest, are reasonably flexible in their usage by municipal decision-makers. Similarly, when considering the socio-political dimensions, evidence suggests that the entrepreneurial practices of Dutch municipalities, coupled with a proactive perspective regarding the provision of local public goods based on activities in the land market, implies that government intervention using the market is acceptable. This perspective is fundamental to the application of TIF.

**Table 2 Tax increment financing : assessing the applicability for Dutch planning and local public infrastructure investment**

| *Institutional dimensions:* | *Institutional fit* | *Institutional misfit* |
|---|---|---|
| *Technical: formal dimensions*<br>• Operational<br>• Regulatory<br>• Financial | • No restrictions imposed on property tax use<br>• Existing planning process and regulatory framework provides basic governance/approval structure<br>• Instruments already exist (i.e., cost-recovery mechanisms) to earmark revenue for local area investments | • Low property tax rate and macro cap in place to contain property tax level based on the national aggregate<br>• Low cost financing and national government guarantee backed lending practices could be a disincentive to use future property tax income and to seek funds in the private bond market |
| *Socio-political: informal dimensions*<br>• Values and norms<br>• Modes of practice | • Responds to debates for more local revenue tools<br>• Dutch planning and development practice is akin to development-led model<br>• Government intervention to facilitate provision of public goods is accepted practice | • Potential to constrain future political decision-makers and ability to use general budget as 'buffer' for 'soft' local programmes and services<br>• Municipal Fund premised on equity of services. TIF (market mechanism) = winners and losers<br>• Weak connection between local services and provision using local revenue<br>• Slow pace of actualising property tax value out of step public sector practice of steering development process<br>• Financial risk based on property value not aligned with current spatial planning discourse<br>• Public sector inclination towards absorbing risk implies possible TIF models to allocate risk to market players less applicable in the Netherlands |

But if we dig deeper, by applying an institutional analysis we see that the applicability of TIF in the Netherlands is confronted with both technical and socio-political dimensions that may impede its application. Beyond conventional concerns about relying on positive real estate performance,the need for a TIF specific approval process/risk assessment framework or the potential risk of burdening future administrations with debt due to the unrealised tax increment, the low taxation rate is a substantial matter particularly given it is constrained politically and structurally. That is to say, even though research has found that a TIF designation is an effective device to signal government commitment to area investment that can result in economic development and increasing property values (Man and Rosentraub, 1998), the current low tax rate limits the application of this mechanism as a significant revenue generator. Secondly, if we consider conventional TIF financing models, which seek private financing in the bond market, the market-back models are not likely applicable in the Netherlands. As

described in section 5, municipalities, generally speaking, are able to access low cost financing that is backed by a national guarantee under Article 12 of the Financial Relations Act. This is a structural disincentive for municipalities to seek more risky, complex, and expensive funds in the private bond market or to require, or persuade, market-players to do so. From a normative perspective, we find that there also might be a mismatch between TIF and its use in the Netherlands. Property taxes are a minor player insofar as the evidence points to their role as a buffer for 'soft' programmes and services, not 'hard' public infrastructure investment in a capital plan. In the minds of taxpayers, according to several interviewees (Interviewees 1, 4,7), there is a weak connection between expenditures related to the latter investments and local property tax revenue.

Despite the issues identified in Table 2, the Nijmegen case provides empirical evidence that it is technically and politically possible to use a future property tax increment as part of a larger redevelopment project budget. The findings also suggest that there is sufficient space within the institutional context for municipal actors to exert agency and reinterpret how existing instruments are used – in this case, property taxes. However, rather than proving to be an exception, the Nijmegen example demonstrates that project actors are now facing scrutiny over the use of property taxes, despite the limited financial commitment in comparison to the overall project budget. The findings provide an evidence-based counterpoint to conventional practice, but rather than representing an exception to the rule, it illustrates the durability of conventional modes of practice.

This research on TIF as a potential financing instrument in the Netherlands was carried out during weak economic times. As an instrument for the foreseeable future, the notion of basing an investment strategy on future economic growth may be perceived of as out-of-step with shifting ideas about municipal financial risk. Indeed, current debates in the spatial planning sector are focused on identifying alternative strategies that do not rely on real estate value (Savini et al., 2014). Nevertheless, it is perhaps not the speculative nature of TIF financing models, but rather that the slow pace of actualising property tax value that might be out of step with public sector practice of driving the development process. Similarly, if one of the positive attributes that is noted in the TIF literature is the ability to shift a degree of financing risk to the private sector, in the Netherlands, there is a historic tendency of the local authorities towards absorbing risk. Therefore, if a policy objective of using TIF would be to shift financial risk to market players , it is a mechanism that provides ample space for municipalities to continue with similar practices that are currently done with existing tools. That is to say, we cannot assume that by introducing a new tool that modes of practice would necessarily substantially change.

## Reflections and conclusions

By scaling the assessment of TIF to the Dutch institutional context, this case study illustrates the complexity of operationalising a potential financing mechanism. It also emphasises the need to pay attention to socio-political dynamics rather than limiting analyses to technical considerations. As a potential new financing instrument for the Dutch planning and land development toolkit, the application of TIF may be constrained by socio-political dimensions in comparison to technical dimensions. If we return to our original ascertain that TIF is simply a financial instrument, which has certain characteristics, we can reflect on the degree to which the institutional context informs how it would be used. Indeed, rather than acting as an instrument to incentivise investment by providing the structural means for market-players to absorb financial risk, such as market-backed TIF financing models (section 2) , the corporatist nature of Dutch planning culture implies that the instrument may not inherently facilitate such a shift in practice. Nonetheless, rather than ruling out TIF as a possible mechanism, the findings illustrate the degree of flexibility that is available with the Dutch municipal context to reinterpret the use of existing mechanisms. As suggested by Theonig, (2012) public affairs are co-constructed and public organisations are constantly restructuring in terms of social norms. Together with austerity measures from the national level and discourse around the current planning model we might expect that perspectives may gradually shift thereby creating more space in the use of existing revenue streams, such as property taxes, in alternative applications.

The intersection between the legal administrative apparatus of municipal financing and spatial planning acts as the backdrop to the governance process, which shapes how investment in localise public infrastructure is done at the local level in the Netherlands. The findings contribute to the literature by empirically analysing the degree to which TIF is applicable to the Dutch institutional context. In doing so, the results provide both theoretical and practical insights about the role of structures and norms. From a theoretical perspective, research about TIF in relation to the Netherlands tells us about the dominant dimensions and dilemmas that shape planning and municipal finance. In a recent article, Savini et al., (2014) present a well developed analytical review about the three dilemmas of planning, in terms of the inherent tension and uneasy coexistence between intervention, regulation, and investment. The economic crisis, they contend, highlights the failures of the modernist project to control, regulate, and predictably manages the investment process. The current juncture, they argue, represents an opportunity to re-calibrate towards a demand-led planning model with an emphasis on '..participatory, bottom-up, and adaptive planning…' (3) processes. While careful to identify the weaknesses of offering simple answers about how to 'navigate the dilemmas' (14), there is a predisposition to emphasise the potential of governance (with less government). Yet, we ought not to

ignore Pierre's (2011) contention that often broader governance perspectives tend '...to play down structures, but that doesn't mean that they disappear' (21). Further research should empirically test the degree to which an institutional space[12] is opening in the Netherlands and how such change is actualised in structures, planning practice, and policy instruments to deal with current and future challenges. In doing so, such an investigation should explore the degree to which a new financing tool makes a difference or whether enduring institutional norms offer a steadfast resistance to change. Indeed, for Dutch municipalities that are still looking for alternative financing mechanisms for public infrastructure investments, the 'negative outcome' of using a TIF model in the Nijmegen project, and the overall negative assessment by those public officials of the instrument, means that they must still continue with their search for an alternative to the public land development model.

## References


ALEXANDER, E. (2005). 'Institutional transformation and planning: from institutional theory to institutional design', *Planning Theory,* **4** 209–23.

ALEXANDER, E. (2012), 'Institutional design for value capture and a case: The Tel-Aviv Metropolitan Park', *International Planning Studies,* **17**, 163–77.

ALLERS, M. (2011), *Spending and Revenues of Subnational Governments in the Netherlands* (Les depenses des collectivités locales aux Pays Bas), Paris, Editions du Moniteur.

ALLERS, M. (2012), 'The financing of municipalities is unnecessarily complicated ('De financiering van gemeenten is onnodig ingewikkeld'), *Tijdschrift voor Overheidsfinancien,* **44**, 38–57.

ALLERS, M., HOEBEN, C., JANZEN, L., VEENSTRA, J., GEERTSEMA, J. and MERKUS, E. (2013), *Atlas of Local Taxes 2013* ('Atlas van de lokale lasten 2013'), Groningen, Centre for Research on Local Government Economics, University of Groningen.

ALLERS, M. and MERKUS, E. (2013), *Soft Budget Constraint But No Moral Hazard? The Dutch Local Government Bail Out Puzzle*, Groningen, Faculty of Economics and Business, University of Groningen.

ALM, J. (2013), 'Financing urban infrastructure: knowns and unknowns and a way forward', *Journal of Economic Surveys,* **2**, 181–99.

BIRKMAN, J., GARSCHAGEN, M., KRAAS, F. and QUANG, N. (2010), 'Adaptative urban governance: new challenges for the second generation of urban adaptation strategies to climate change', *Sustainability Science,* **5**, 185–206.

BOBYLEV, N., HUNT, D., JEFFERSON, I. and ROGERS, C. (2013), 'Sustainable infrastructure of resilient urban environments', In C. S. Zhou (ed), *Advances in Underground Space Development*, Singapore, Research Publishing.


12 As noted in section 5.2.2, 44 per cent of the questionnaire respondents expressed interested in finding out more about tax increment financing. This finding suggests an interest in alternative instruments and an opening of a potential institutional space.

BOERBOOM, H. and HUIGSLOOT, P. (2007), 'The equalized allocation of local expenditure needs in the Netherlands: an optimalized mixture of objectivity and politics', Paper presented at *Measuring Local Government Expenditure Needs: The Copenhagen Workshop,* 13–14 September 2007, Copenhagen, http://english.oim.dk/media/671304/measuring-localgov-expen-needs.pdf (accessed 20 April 2015).

BRIFFAULT, R. (2010), 'The most popular tool: tax increment financing and the political economy of local government', *The University of Chicago Law Review,* **77**, 65–95.

BUITELAAR, E., GALLE, M. and SOREL, N. (2011), 'Plan-led planning systems in development-led practices: an empirical analysis of the (lack of) institutionalization of planning law', *Environment and Planning A,* **43**, 928–41.

BUITELAAR, E., LAGENDIJK, A. and JACOBS, W. (2007), 'A theory of institutional change: illustrated by Dutch city-province and Dutch land policy', *Environment and Planning A,* **39**, 891–908.

BUITELAAR, E. and SOREL, N. (2010), 'Between the rule of law and the quest for control: legal certainty in the Dutch planning system', *Land Use Policy,* **27**, 983–89.

CHAPMAN, J. and GORINA, E. (2012), 'Municipal fiscal stress and the use of tax increment financing (TIF)', *Town Planning Review,* **83**, 195–212.

DE ALCANTARA, C. (1998), 'Uses and abuses of the concept of governance', *International Social Science Journal,* **50**, 105–13.

ECORYS (2010), 'Financieringsmiddelen uit gebiedsontwikkeling en bestemmingswijzigingen: Een verkenning van de publiekrechtelijke mogelijkheden van planbatenheffing, bovenplanse verevening en verruiming van het huidige kostenverhaal', (Funding resources from regional development and zoning changes: An exploration of the possibilities of public income tax plan, Bovenplanse settlement and expansion of the current cost recovery), Rotterdam, Ministerie van VROM.

FARQUHARSON, K. (2005), 'A different kind of snowball: identifying key policymakers', *International Journal of Social Research Methodology,* **8**, 345–53.

FISCHEL, W. (2000), 'Municipal corporations, homeowners, and the benefit view of the property tax', Paper presented at the Property Taxation and Local Government Finance Conference, Paradise Valley, Arizona, 16–18 January 2000.

GERRING, J. (2007), *Case Study Research: Principles and Practice*, Cambridge, Cambridge University Press.

HALLEUX, J. M., MARCINCZAK, S. and VAN DER KRABBEN, E. (2012), 'The adaptive efficiency of land use planning measured by the control of urban sprawl: the cases of the Netherlands, Belgium and Poland', *Land Use Policy,* **29**, 887–98.

HEIJKERS, B., VAN DER VELDEN, J. and WASSENBERG , F. (2012), 'The future of urban renewal after 2014', (Toekomst van de stedelijke vernieuwing na 2014), NICIS Institute & KEI, The Hague, Netherlands.

HEURKENS, E. (2012), *Private Sector-Led Urban Development Projects: Management, Partnerships and Effects in the Netherlands and the UK,* Delft, TU Delft.

JANSSEN-JANSEN, L. (2012), 'The Dutch office space tragedy: unlocking the lock-in', In T. Hartmann and B. Needham (eds), *Planning by law and property rights reconsidered*, Farnham, Ashgate, 189–205.

JANSSEN-JANSEN, L., LLOYD, G., PEEL, D. and VAN DER KRABBEN, E. (2012), 'Planning in an environment without growth', Invited essay for the Raad voor de leefomgeving en infrastructuur (Dutch Council for Living Environment and Infrastructure), The Netherlands, Raad voor de leefomgeving en infrastructuur (Rli).

JANSSEN-JANSEN, L. and WOLTJIER, J. (2010), 'British discretion in Dutch planning: establishing a comparative perspective for regional planning and local development in the Netherlands and the UK', *Land Use Policy,* **27**, 906–16.

KITCHEN, H. (2006), 'A state of disrepair: how to fix the financing of municipal infrastructure in Canada', in C. D. H. Institute (ed), *Commentary*, Toronto, C.D. Howe Institute.

KUNST, H. (2012), 'Waalfront 1.2: consequenties voor de GREX 2012 (consequences for the GREX 2012)', Powerpoint presentation by Councillor Kunst.

LE ROY, G. (2008), 'TIF, greenfields, and sprawl: how an incentive created to alleviate slums has come to subsidize upscale malls and new urbanist developments', *Planning and Environmental Law,* **60**, 3–11.

LEFCOE, G. (2011), 'Competing for the next hundred million Americans: the uses and abuses of tax increment financing', Law and Economics Working Paper No. 120, Los Angeles, CA, University of Southern California Law School.

LEVÄINEN, K. and KORTHALS ALTES, W. (2005), 'Public private partnership in land development contracts: a comparative study in Finland and in the Netherlands', *Nordic Journal of Surveying and Real Estate Research,* **2**, 137–48.

LOWE, E., VAN DER KRABBEN, E. and PRIEMUS, H. (2003), 'Spatial development policy: changing roles for local and regional authorities in the Netherlands', *Land Use Policy,* **4**, 357–66.

LOWNDES, V. (2005), 'Something old, Something new, something borrowed: how institutions change (and stay the same) in local governance', *Political Studies,* **26**, 291–309.

LOWNDES, V. (2009), 'New institutionalism and urban politics', In J. Davies and D. Imbroscio (eds), *Theories of Urban Politics*, London, Sage, 90–105.

MAKROPOULOS, C. and BUTLER, D. (2010), 'Distributed water infrastructure for sustainable communities, *Water Resources Management,* **24**, 2795–816.

MAN, J. and ROSENTRAUB, M. (1998), 'Tax increment financing: municipal adoption and effects on property value growth', *Public Finance Review,* **26**, 523–47.

MATTHIEU, P. (2012), 'Crisis and second opinion: 1.2', PowerPoint presentation of project director, Nijmegen, The Netherlands.

MCGREAL, S., BERRY, J., LLOYD, G. and MCCARTHY, J. (2002), 'Tax-based mechanisms in urban regeneration: Dublin and Chicago models', *Urban Studies,* **39**, 1819–31.

MINISTRY (MINISTERIE VAN BINNENLANDSE ZAKEN EN KONINKRIJKSRELATIES), O.I.A (INTERPROVINCIAAL OVERLEG), VNG VERENIGING VAN NEDERLANDSE GEMEENTEN), & NEPROM (VERENIGING VAN NEDERLANDSE PROJECTONTWIKKELING MAATSCHAPPIJEN) (2009), 'Reiswijzer Gebiedsontwikkeling een praktische routebeschrijving voor marktpartijen en overheden', (Area development expedition: practical directions for market and government), Den Hague, Ministerie van VROM.

NEEDHAM, B. (1982), 'Choosing the right policy instrument: an investigation of two types of instrument, physical and financial, and a study of their application to local problems of unemployment', Doctorate, University of Nijmegen, The Netherlands.

NEEDHAM, B. (2007), *Dutch Land Use Planning*, Den Haag, Sdu Uitgevers.

NIJMEGEN (2003), 'Koersdocument Koers West: samen bouwen aan een sterke stad', (Koers document for Koers West: building together for a strong city), Nijmegen, The Netherlands.

NIJMEGEN (2006a), 'Koersdocument Koers West: samen bouwen aan een sterke stad', (Koers Document for Koers West: building together for a strong city), Nijmegen, The Netherlands.

NIJMEGEN (2006b), 'Voorstel ann de Raad', (Report to City Council), GoNoGo Koers West. (261/2006), Nijmegen, The Netherlands.

NIJMEGEN (2012), 'Brief aan de Raad Betreffende Ontwikkelingvisie Waalfront 1.2 en de Concept GREX 2012 op Hoofdlijnen', (Letter to the board regarding development vision Waalfront 1.2 and the Concept GREX 2012), (12.0012977), Nijmegen, The Netherlands.

NORTH, D. (1990), *Institutions, Institutional Change, and Economic Performance*, New York, Cambridge University Press.

OFFERMAN, R. and VAN DE VELDE, D. (2004), 'Value capturing: potentieel financieringsinstrument voor Nederland?' ('Value capturing: a potential financial instrument for the Netherlands?'), Erasmus University, Rotterdam.

PIERRE, J. (2011), *The Politics of Urban Governance*, New York, Palgrave Macmillian.

PLANBUREAU (PLANBUREAU VOOR DE LEEFOMGEVING) (2014), 'Bekostiging van publieke voorzieningen bij organische gebiedsontwikkeling', (Funding of public facilities in organic area development), The Hague.

PLANBUREAU AND URHAHN (PLANBUREAU VOOR DE LEEFOMGEVING AND URHAHN URBAN DESIGN) (2012), 'Vormgeven aan de Spontane Stad belemmeringen en kansen voor organische stedelijke herontwikkeling', (Shaping the spontanious city: barriers and opportunities for organic urban redevelopment), The Hague.

PRICEWATERHOUSE COOPER. (2008), 'Tax increment financing to fund infrastructure in Australia', (draft report), Sydney, The Property Council of Australia.

ROOT, L., VAN DER KRABBEN, E. and SPIT, T. (2014), 'Bridging the financial gap in climate adaptation: Dutch planning and land development through an institutional lens', *Journal of Environmental Planning and Management*, **58**, 701–18, doi: 10.1080/09640568.2014.885412.

SAVINI, F., SALET, W. and MAJOOR, S. (2014), 'Dilemmas of planning: intervention, regulation, and investment', *Planning Theory*, doi: 10.1177/1473095214531430.

SLACK, E. and BIRD, R. (2014), 'The poltical economy of property tax reform', *OECD Working Papers on Fiscal Federalism*, Paris, OECD Publishing.

SQUIRES, G. (2012), '"Dear Prudence": an overview of tax increment financing', *Journal of Urban Regeneration and Renewal*, **5**, 1–12.

SQUIRES, G. and LORD, A. (2012), 'The transfer of tax increment financing (TIF) as an urban policy for spatially targeted economic development', *Land Use Policy*, **29**, 817–26.

THOENIG, J. C. (2012), 'Institutional theories and public instititions: new agendas and appropriateness', In G. Peters and J. Pierre (eds), *The Sage Handbook of Public Administration*, London, Sage.

TOONEN, T. (1987), 'The Netherlands: a decentralised unitary state in a welfare society', *West European Politics*, **10**, 108–29.

VAN DER DUSSEN, J. (1992), 'Financial relations between central and local government in the Netherlands: Why are they different?', *Local Government Studies*, **18**, 94–105.

VAN DER KRABBEN, E. and JACOBS, H. (2013), 'Public land development as a strategic tool for

redevelopment: reflections on the Dutch experience', *Land Use Policy,* **30**, 774–83.
VAN DER KRABBEN, E. and NEEDHAM, B. (2008), 'Land readjustment for value capturing: a new planning tool for urban redevelopment', *Town Planning Review,* **79**, 651–72.
VAN DER PLOEG, B. and BRULS, H. (2013), 'GREX 2013 Waalfront', (report to City Council), (OB10/13.0014292), Nijmegen, City of Nijmegen.
VAN DER VALK, A. (2002), 'The Dutch planning experience', *Landscape and Urban Planning,* **58**, 201–10.
VAN HAL, A. and VAN BUEREN, E. (2012), 'Managing Change', In E. van Bueren, H. van Behemen, L. Itard and H. Visscher (eds), *Sustainable Urban Environments, Dordrecht, Springer, 365–98.*
VERMEULEN, W. and ALLERS, M. (2013), *Fiscal Equalization and Capitalization: Evidence from a Policy Reform*, 245, The Hage, CPB Netherlands Bureau for Economic Policy Analysis.
VROM (MINISTERIE VAN INFRASTRUCTUUR EN MILIEU) (2010), 'VROM Council recommendations for sustainable urban development', The Hague.
WEBER, R. (2003), 'Equity and entrepreneurialism: the impact of tax increment financing on school finance', *Urban Affairs Review,* **38**, 619–44.
WEBER, R. (2010), 'Selling city futures: the financialization of urban redevelopment policy', *Economic Geography,* **86**, 251–74.
YOUNGMAN, J. (2011), 'TIF at a turning point: defining debt down', Lincoln Institute of Land Policy Working Paper No. WP11JY, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1865995 (accessed 20 April 2015).