

Building Consensus for Affordable Housing

Charles G. Field
National Association of Home Builders

Abstract

At one time the national goal of affordable housing was a widely held consensus that led to decent housing for millions of Americans. Today, proponents of affordable housing must negotiate with diverse and sometimes hostile parties to secure project approvals. Discussions are frequently adversarial, and stalemate is too often the result. The consensus has collapsed.

If progress toward affordable housing is to be made, proponents will have to recast the way they operate within this new environment. More than new financing plans or recommendations for regulatory relief are needed. Attention must also focus on the processes by which groups address divergent interests and come to agreement. “Principled negotiation,” a form of joint problem solving, when coupled with third-party intervention, offers a promising and effective means of dealing with this hostile environment.

Keywords: Affordability; Community; Housing

Introduction

The lament of an affordable housing developer

You’re dealing with powerful non-rational issues.... [W]e’re dealing with increased crime, drug activity, racism—these are the perceptions and myths about affordable housing. I don’t care what rationale you have. If we all put ourselves in the situation of having the house that we love ... and right next door, I put in an affordable housing project, I don’t care how good a builder I am or how nice [the nonprofit organization] is or how many pictures we show you, you’re not going to like it. It’s second only to a nuclear waste dump site being next door to you. So if we each get real about it and think about a project next door, you’re concerned, you’re upset, you’re scared for all these particular reasons. (comment by developer William Fleissig in Fannie Mae 1993, 100)

While America has made significant progress toward meeting affordable housing needs, developers and other providers of affordable housing increasingly face resistance and hostility to their projects. Even though the low interest rates of the 1990s have spurred recoveries in the rates of homeownership over the past few years, millions of families still do not enjoy affordable, decent housing. The developer's lament sounds an alarm, increasingly voiced by providers of affordable housing in our communities, as proponents of affordable housing face greater and greater resistance from community groups. This cry raises serious questions about our resolve and our ability to provide the needed housing.

Following World War II, tremendous progress was made toward addressing America's housing needs. Millions of families found decent rental or owned housing. However, there remain a significant number of families who cannot afford decent housing. In 1990, some 3.8 million owners and 5.7 million renters spent more than half their incomes on housing (Joint Center for Housing Studies 1990, table A-5). Of these households, 2.7 million were low-income owners, and 5.4 million were low-income renters. While many middle-income families have moved into decent housing, progress at lower income levels is still a pressing problem, leaving the national housing goal more than 6 million short. The Joint Center for Housing Studies of Harvard University, in its 1997 *State of the Nation's Housing*, concludes that we are still far short of the goal despite the recovery of homeownership over the past few years.

Affordable housing can be thought of as physically adequate housing that is made available to those who, without some special intervention by government or special arrangement by the providers of housing, could not afford the rent or mortgage payments for such housing. Physically adequate housing builds on notions about overcrowding, plumbing, and sound structure. Affordability involves normative judgments about the proportion of income a family should pay for rent or monthly ownership costs. "Special intervention" means arrangements that are not ordinarily made in the conventional marketplace. These arrangements may involve creative financing, waivers of land use or building regulatory requirements to reduce costs, construction of smaller "starter" homes, or financial assistance from public sources. Affordable housing requires some special effort to bring adequate shelter within reach of unserved households.

Families with affordable housing problems come from different circumstances requiring different solutions. In some suburban

areas, teachers, firefighters, or young families seeking their first homes may create the principal demand for affordable housing. They may have the same demographic characteristics as other households in the suburban community but lack the income or savings to secure affordable homes. The something extra that could place affordable housing within their reach might involve cost reductions through land use and building code regulatory relief or the availability of creative financing that solves a down payment problem. By contrast, many lower-income households, often concentrated in the older urban areas, will require subsidy assistance to supplement inadequate incomes. For other families, who because of race or ethnicity do not have ready access to affordable housing in locations of their choice, enforcement of fair housing laws is part of the solution.

The need for something special to make the housing affordable attracts the attention of a wide group of parties. Some more visible groups are members of the housing industry, who traditionally work together to produce housing; local citizens' groups, whose interests reflect diverse concerns about neighborhood quality, neighborhood stability, the environment, the property tax burden, traffic congestion, and crime; religious, civil rights, labor, or local advocacy groups, who promote the housing interests of moderate- and low-income families; employers, who need accessible, affordable housing for their workforce; elected officials and administrators, who need to deal with the politics of affordable housing; and nonresidents, who would move into the community if housing were available at a price they could afford. Often the interests of these groups are seen to be in conflict with one another. The importance of any particular group varies over time and by location.

This mosaic of interests is complicated by social concerns. In the 1970s and 1980s, Americans were becoming increasingly alarmed about the dangers of drugs and crime that were making some neighborhoods less desirable places to live. A common stereotype was that these problems were characteristic of people living in the inner city—the poor and minorities. These groups were disproportionately and visibly present in the center city. To the extent that affordable housing need was equated with lower-income families, housing projects placed in non-inner-city neighborhoods raised the specter of introducing crime and drugs into “nice” neighborhoods.

Resistance grew quickly to affordable housing programs as people attempted to protect their neighborhoods from change. This local opposition to the building of affordable housing has

earned the name NIMBY (“not in my backyard”). The Advisory Commission on Barriers to Affordable Housing, established under President Bush, described NIMBY this way:

The NIMBY syndrome is often widespread, deeply ingrained, easily translatable into political actions, and intentionally exclusionary and growth inhibiting. NIMBY sentiment can variously reflect legitimate concerns about property values, service levels, community ambience, the environment, or public health and safety. It can also reflect racial or ethnic prejudice masquerading under the guise of these legitimate concerns. It can manifest itself as opposition to specific types of housing, as general opposition to changes in the character of the community, or as opposition to any and all development. (Advisory Commission on Regulatory Barriers to Affordable Housing 1991, 1-1)¹

The term “NIMBY,” originally used to describe local opposition to projects that would threaten the environment and public health, such as landfills and hazardous waste sites, is now used to describe broad-scale opposition to many changes in neighborhoods, including the provision of affordable housing.

Affordable housing can bring out strong community opposition, even if the housing is priced only slightly below the local market rate. For example, the *Washington Post* reported on opposition to affordable housing efforts in Montgomery County, MD, an affluent suburb of Washington, DC (Kyriakos 1994a, E1):

Montgomery County is facing the ultimate Not-in-My-Back-Yard decision: Should 64 town houses costing \$162,000 apiece be built for middle-income people in a neighborhood of sprawling million-dollar-and-up mansions?

The residents along and near Newbridge Drive in Potomac certainly don’t think so and have angrily vented their wrath at the proposal of some Montgomery officials, who think that affordable housing ought to be dispersed throughout one of the nation’s wealthiest jurisdictions.

¹ While the reports of the National Commission on Urban Problems (1968) and the President’s Commission on Housing (1982) do not specifically single out and highlight NIMBY, the type of opposition to housing that they describe is the same as that associated with NIMBY situations.

The *Washington Post* story illustrated the diversity of reasons presented by opponents of affordable housing. Status was important to one resident: “I don’t want to be part of somebody’s social experiment.... A person that makes \$60,000 a year is not a poor person, but they don’t belong in this neighborhood. They should be in Gaithersburg where everybody makes \$60,000” (p. E6).

Another resident feared that affordable housing would alter the character of the neighborhood and thus violate the legitimate expectation he had held when buying into the area. This was “not just another not-in-my-back-yard dispute. The public just does not care. We are talking about something else: That you can choose a community, and all of a sudden, it can be uprooted on you and changed” (p. E7).

Others objected on environmental grounds. One resident said, “The Good Hope tributary is the only trout spawning ground left in the Paint Branch.... We kill that one, and we kill it all. That area is very, very fragile right now” (Kyriakos 1994b, F1).

Finally, others argued that the project was incompatible with other uses of land in the area: “Of all the locations to foster more residential development, close to an airport is really very poor public policy.... On the weekends, this is the third busiest airport in Maryland. Every time [a plane] goes over your house, it makes noise. An airport is not an ideal neighbor” (p. F1).

These residents articulated a broad range of concerns in their opposition to the construction of affordable housing in their neighborhoods. These reasons are echoed in some combination in community after community.

Background

Has the nation lost its will to provide affordable housing? Opposition to affordable housing has not always been widespread: President Franklin D. Roosevelt, in his second inaugural address, described one-third of the nation at the depth of the Great Depression as “ill-clothed, ill-housed, ill-fed.” In a phrase, he recognized housing as a need around which Americans could rally. Americans responded with major housing and finance legislation to shore up a devastated housing finance system and to correct major deficiencies in private mortgage instruments. Public support also extended to assistance for those with insufficient incomes in the form of public housing or mortgage interest subsidies. Although there were sharp debates over the form of

government intervention, there was broad agreement that some action was necessary (Carliner 1991; Keith 1973).

The era was not without its debates and sharp differences. The principal debate regarding housing programs in the 1930s through the 1950s was over the appropriate role of government in housing production programs. Bitter debates separated builders, bankers, materials suppliers, and other industry interests, who favored the private sector approach, from mayors, unions, churches, and other advocates for lower-income families, who favored public support for public housing (Keith 1973). Outright opposition to subsidized housing also existed in the postwar years. Most public housing was built in the larger cities, which had established the public housing authorities that were prerequisites to receiving funds. Many suburban jurisdictions opted out of the public housing program by not establishing these authorities (Danielson 1976).

This national consensus began to wither in the 1970s as advocates emerged on the public stage to promote nonhousing causes.

Environmental advocates built a coalition of Americans willing to endorse a full array of regulatory programs directed at ending pollution of land, air, and water; eliminating hazardous wastes; and protecting endangered species. In their drive to achieve results, the advocates had little incentive to evaluate side effects. Consequences of environmental regulation for housing were restrictions on the availability of land (e.g., wetland protections), increased costs of construction (e.g., controls for storm water runoff), or increased processing time for new developments (e.g., wetland permits and endangered species habitat determinations).

Energy advocates, spurred by the oil embargo of the early 1970s, sought to reduce U.S. reliance on foreign oil. One means was to promote more energy-efficient residential design through the use of stringent construction standards. The consequence was higher first costs of construction, making it increasingly difficult for moderate- and middle-income families to qualify for financing.

In the 1980s and 1990s, health and safety advocates increased their efforts, pushing for protective regulations, whether they were construction standards (e.g., radon mitigation requirements) or worker safety requirements (e.g., specific standards for workplace practices). Advocates of historic preservation mounted campaigns to preserve the cultural fabric of communities by placing restrictions on the rehabilitation of older structures. In

the late 1980s, advocates for the disabled fought for accessibility standards for new multifamily structures. While each group of advocates sought a socially desirable result, unless the increased costs were offset by some other cost reduction, real housing costs increased and housing affordability declined.

Popular support for affordable housing programs from families who were helped by the early governmental policies began to turn. When they needed help, many consumers supported prohousing policies. When they moved into their affordable homes and improved their circumstances, however, their concerns turned elsewhere—toward preserving their investments in their homes, preserving the quality of their neighborhoods, and keeping their neighborhoods safe for their children. Those who fled from more congested, older urban settings wondered how they could keep their new neighborhoods from becoming like their old neighborhoods. As America prospered, middle-income family support for affordable housing policies began to waver.

During this period, public attitudes about growth began to change. Once seen as the solution for community health, growth increasingly was evaluated in terms of its perceived costs. Growth brought demands for additional public services. Larger populations required more infrastructure in the form of schools, roads, supporting service industries, and hospitals. These demands introduced the need for higher taxes. Traffic congestion gave rise to increased needs for roads and bridges. Once neighborhoods began to change and increased costs became apparent, antigrowth advocates sought political standing to halt the cost spirals. They used various controls to limit growth, including limitations on the number of building permits issued, impact fees, moratoriums on permits, large minimum sizes for lots, staging of infrastructure development, zoning of large lots, and farmland preservation ordinances (Frieden 1982). Affordable housing was an early casualty as these actions increased the costs of new homes.

The number of new regulations, permits, and reviews imposed on development dramatically escalated in response to these groups (Frieden 1982; U.S. House of Representatives 1991). Traditional controls—building codes, subdivision requirements, and zoning—were made more stringent. New requirements dealing with energy standards, growth, and environmental controls were put in place. Critics pointed to the use of excessive requirements that increased housing costs unnecessarily (Advisory Commission on Regulatory Barriers to Affordable Housing 1991; Seidel

1978; U.S. General Accounting Office 1978).² These various regulatory requirements complicated what had once been a relatively simple process by inserting more steps and requiring developers to negotiate agreements with more parties.

In the earlier period, a developer would line up his land, secure financing, and obtain regulatory approvals. He did not need the approval of neighbors. That process has changed for builders of affordable housing.

No longer is project approval a matter solely between the developer and local authorities. The developer must deal with other groups first—groups that are quick to strike an adversarial posture. The once straightforward process of project approval has become unpredictable, time consuming, and costly. Proponents of affordable housing must confront an approval process for which they are not well prepared. Issues of process and obtaining agreements have come to dominate the agenda. Housing proponents must master a new language of consensus building in order to reach agreements.

The role of process

Various national housing commissions looked at the reasons for the nation's failure to reach its affordable housing goal, as set forth in the National Housing Act, of providing every American family with the opportunity to afford a decent home in a suitable environment (Advisory Commission on Regulatory Barriers to Affordable Housing 1991; National Commission on Urban Problems 1968; President's Commission on Housing 1982; President's Committee on Urban Housing 1969; U.S. Department of Housing and Urban Development [HUD] 1973). Their analyses and recommendations invariably focused on such substantive matters as financing, regulatory reform, counseling, and discrimination. Beginning in the 1980s, commissions also began to recognize the importance of process or procedural reforms, but matters of substance still received primary emphasis. There should be little question today that process plays a major role in our ability to produce affordable housing results.

² Stephen Seidel's exhaustive analysis of this issue looked at the following specific areas of regulation: building codes, energy conservation, subdivision standards, zoning, growth controls, environment, and settlement and financing.

The use of compulsion

Process could be short-circuited if parties were compelled by law to come to agreement. However, compulsion in the form of state law or court decisions has met with only limited success. The prime illustration of the state law approach is Massachusetts's 1969 Zoning Appeals Law (Mass. Gen. Laws Ann., chap. 40B, sections 20–23 [1971]). Under this law, each jurisdiction is obligated to make available at least 10 percent of its housing to meet affordable housing needs. When a developer is denied a comprehensive permit by a local authority for an affordable housing project and that locality has not satisfied its affordable housing obligations, the developer can appeal the decision to the State Housing Appeals Committee, which has the power to overrule the local government in favor of the developer. The appeals committee has readily shown its willingness to rule in favor of the developer. The state's willingness to reverse a local community's decision has forced local governments to enter into negotiations with developers, knowing that they might get a better result if they strike a bargain with the developer rather than the state. This program has resulted in approximately 20,000 units of affordable housing over its 25-year history (HUD 1995). However, no other state has followed Massachusetts's lead.

The best-known judicial intervention is the 1975 *Mount Laurel* decision, in which the New Jersey Supreme Court held that developing communities have a state-based constitutional duty to provide their fair share of housing opportunities for all residents (*Southern Burlington County NAACP v. Township of Mount Laurel*, 67 N.J. 151, 336 A.2d 713 [1975], *appeal dismissed*, 96 S. Ct. 18 [1975]; for a detailed history of this topic, see Haar 1997). The court assigned a master to supervise its decree. When it became clear that the court was ill suited to administer its decree, the New Jersey legislature in 1985 established the Council on Affordable Housing, an administrative body, to carry out the court's judgment (Fair Housing Act, § 2046, § 2334, 1985 New Jersey Laws). The law also permits New Jersey communities to buy and sell their obligations with one another to satisfy their fair-share obligations. If one community wanted to build more than its fair share, it could approach communities that wanted to provide less than their shares. Calavita, Grimes, and Mallach (1997) discuss how this process works. The latter communities may legally trade away up to half their obligations in exchange for a negotiated payment. As of late 1994, some 30 trades had been executed, involving some

3,750 units of affordable housing (Wheeler, Field, and Gilbert 1994). However, no other state has followed New Jersey's lead.

Mandated solutions have also been considered at the federal level but not adopted. In the 1991 report of the Advisory Commission on Regulatory Barriers to Affordable Housing, the commission proposed (recommendations 6-1 and 6-3) that certain federal funds be restricted to state and local governments based on their barrier removal strategies (for discussion, see Downs 1991). The commission found substantial fault with the regulatory policies of many local governments. Its report was highly controversial (U.S. House of Representatives 1991). The report's title, *Not in My Back Yard*, signaled a direct attack on restrictions at the local level. Representatives of local governments strongly objected to the recommendations that would place state and federal governments in a coercive position in relation to local governments. While sympathetic to the need for affordable housing and recognizing that regulations did produce some barriers to it, local governments rejected any preemptive role by higher levels of government. No actions to compel solutions have followed.

Operating within an environment of negotiation: Joint problem solving

Most affordable housing projects and policies will be resolved in a noncompulsive environment that requires interested parties to negotiate agreements. These negotiations, as discussed above, take place now within an environment of conflict. How parties deal with conflict becomes critical. Thus, one needs a framework for thinking about conflict. Some theorists see conflict as a disruptive force that causes imbalances in a system of interrelated parties. Others view conflict as a potentially positive force that can promote change, integration, and adaptability (Turner 1991).

The work of sociologist Lewis A. Coser provides a useful framework. Coser views society as a dynamic system in which social groups are continuously in conflict over concerns such as the actual or perceived distribution of scarce resources. The ability of these groups to channel these conflicts in constructive or destructive ways is a product of such factors as the functional interdependence of groups, the availability of mechanisms within and between groups for handling tension and conflict, and the mobility between groups. Depending on the strength of these factors, conflict can cause the groups to converge toward or diverge away from integration and adaptability of the social

system (Turner 1991). In sum, conflict resolution is a key element in promoting constructive social change.

Divergence occurs when the parties engage in conflict over unrealistic goals that evoke “core” values, when institutional means are lacking for handling conflict, and when leaders cannot perceive the costs of prolonged conflict—for example, the conflict between Protestants and Catholics in Northern Ireland or between Israelis and Palestinians in the Middle East. The longer and more intense the conflict, the more likely that the groups will develop stronger ideological justifications for their positions. Affordable housing projects that evoke core concerns about race or public safety often follow this pattern.

Integration or resolution of issues, by contrast, is more likely to occur when parties engage in conflict over real issues, when institutional means exist for handling conflict, and when leaders of groups can accurately measure the costs of prolonged conflict. The more differentiated and functionally interdependent the social groups, the more likely that conflicts will occur, but these conflicts will probably be less intense. If this is the case, conflict and conflict resolution can result in greater innovation and creativity, allow hostile energy to dissipate before parties become polarized, increase the groups’ awareness of realistic issues, and promote associative coalitions between the groups.

We need to find a negotiation approach that handles conflict in a way that can lead to an integrative result. Pruitt and Rubin (1986) classify five strategies for dealing with the conflict: contention, yielding, problem solving, withdrawal, and inaction. Affordable housing efforts often involve contending behavior wherein the parties seek to impose their will on each other. The developer seeks to “bulldoze” his way through, or the neighborhood group storms the city council in protest. Yielding behavior occurs when a developer changes the nature of the project by eliminating or minimizing the affordable housing elements. A neighborhood group might oppose a project but feel that it has no power to affect the outcome. It either withdraws from the discussion or remains at the table without participating. None of these strategies moves parties in Coser’s integrative direction, which entails debating real issues, building institutional means for handling conflict, and facilitating accurate assessment of costs.

The most promising strategy for achieving these conditions of integrative resolution is joint problem solving. Joint problem solving is a process that recognizes that each party has its own set of interests or needs that must be satisfied if an agreement is

to be reached. Instead of denying the other party's interests, joint problem solving encourages each party to define its real needs, to accept the real needs of other parties in order to allow the exploration of options that can embrace both sets of needs, and to move toward mutually satisfactory solutions. Using this process, parties with seemingly divergent interests, when given the opportunity to explore their mutual interests, often can find accommodation that leaves each party better off. Joint problem solving requires that the parties actively collaborate to resolve their issues. The challenge is how to shift negotiations toward a joint solving of problems.

"Principled negotiation" offers a practical and conceptually useful approach to joint problem solving. Principal developers and proponents of this approach are Roger Fisher, William Ury, and their colleagues at the Harvard Program on Negotiation (Fisher and Brown 1988; Fisher and Ury 1991; Ury 1991). This school of principled negotiation has grown out of the analysis of vexing international disputes in such settings as the Middle East and South Africa, where these techniques were used to reach agreements. This approach to negotiation has also been widely applied to conflicts ranging from business disagreements to environmental land disputes (Bacow and Wheeler 1984; Susskind and Cruikshank 1987). It has been applied only on a limited basis to community and housing disputes.

Principled negotiation can be described as a seven-element framework that, if fully analyzed and understood, can help parties reach integrative results. These elements are *interests*, *options*, *legitimacy*, *communication*, *relationships*, *commitment*, and *alternatives*. When viewed as a whole, these elements provide a structure for joint problem solving.

Interests, options, and legitimacy. Central to effective joint problem solving is the process of making explicit the parties' interests, developing a broad range of options for action, and agreeing to standards of legitimacy.

At the heart of any affordable housing conflict are the *interests* of those affected. Interests are the needs, aspirations, fears, and desires that motivate behavior. Can a housing solution be shaped that provides housing at the right price, in a setting that preserves community character, without unreasonable costs to others? Interests may be shared (a common interest in homeownership), complementary (a need for higher density that retains an architectural and spatial design consistent with the existing character of the neighborhood), or in conflict (family

housing in a retirement community). Making interests explicit enables parties to understand one another, identify real issues, and seek means of accommodation. Negotiations that begin with an understanding of interests stand a better chance of reaching mutually beneficial results than negotiations that ignore such an understanding.

Options are possible actions that parties can take together to satisfy their interests. Affordable housing can be new housing, rehabilitated existing housing, or manufactured homes. Cost reduction options, for example, can involve flexible use of local regulations, reduction in profits for lenders and businesses involved in the building process, or conveyance of city-owned land at sharply discounted prices. Parties are encouraged to brainstorm options before any particular one is discarded. During brainstorming, options are identified but not evaluated. Evaluation comes later. In this way the various parties are encouraged to be as creative as possible, knowing that their ideas will not be summarily discarded. With a full range of options on the table, the challenge becomes one of knitting together actions that respond to as many interests as possible. A full range of options also allows the parties to investigate combinations of options that move them toward solutions that maximize the benefits to all.

Legitimacy is the search for objective standards to which each party can subscribe as producing fair results when used to evaluate the options. Traditional standards used in housing are appraised value, qualification requirements for mortgage financing, consistency with national consensus standards, and compliance with building codes and other local regulations. Agreeing on standards for affordable housing is more difficult. What standard should be used to define a community's fair share of meeting housing needs? Should the standard focus on families who currently reside or will likely reside in the community? What responsibility does an outlying community have for housing lower-income families who live in the central city? Establishing legitimacy can be a difficult and time-consuming task, but it is critical to the success of the negotiation.

Communication and relationships. The ability of the parties to discuss their interests, identify options, and select standards of legitimacy will be shaped by their communication with one another and the way they handle their relationships.

Effective *communication* between the parties can produce outcomes that minimize wasted expenditure of time and resources.

Learning to communicate effectively is a problem in all negotiation situations, not just in those that concern affordable housing. Communication often breaks down because the parties do not feel that their interests are being understood or considered. When parties do not believe that they are being heard, they tend to turn up the volume. In city councils, it is not unusual for communications involving affordable housing to be loud and confrontational. Communication also fails when parties make assumptions without questioning—such as assumptions that lower-income families will bring crime and drugs along with them or that affordable housing will reduce neighborhood housing values and cause taxes to go up in response to the perceived need for municipal services. Communication requires that the parties specifically question these and other assumptions. Communication also breaks down, not surprisingly, because many groups do not want to talk to the other side. Forming coalitions of like-minded groups is a natural action, which by itself can hinder joint problem solving. Hearing similar views tends to reinforce a group's predisposition. When groups in conflict come together, their discussions are often limited and positional.

Effective communication can be reached through active listening. Asking yourself, "What is this person actually saying?" while the other person is speaking helps you understand the message. Parties who listen and provide feedback that others' concerns are heard tend to zero in more quickly on solutions that work for all. It is not enough to listen actively; one must also be open to persuasion. An active listener seeks clarification of what others say and explores the ramifications of suggested actions. Finally, improved communication requires that parties holding opposing views sit together on an ongoing basis.

A workable *relationship* between the parties is also important to reaching agreement. The parties do not have to like one another. They must, however, work together to find solutions that are responsive to their respective interests and that are enduring. An ability to work together is critical if the parties know that they will be negotiating again. If they cannot trust one another, they need to find a third party or institutional mechanisms that allow them to work together. An illustration of an institutional mechanism is the use of escrow agreements in home purchase transactions. Considerable thought must be given to the nature of the relationships. Personal contact between members of different groups may be crucial to a positive outcome if negative stereotypes are to give way to trust.

Commitment and alternatives. The parties to a negotiation can reach one of two conclusions: Either they reach a commitment (agreement) between the parties, or they pursue alternatives that do not require mutual consent.

Commitment or agreement occurs when the parties decide to work together. There must be a proposition that all parties can agree to. Careful consideration must be given to the credibility of the agreement and the feasibility of compliance. Parties cannot be asked to perform what they are incapable of performing, or the agreement will collapse through nonperformance. Given that affordable housing agreements are derived from conflict, agreements should contain provisions for resolving disputes when they arise—through mediation, arbitration, or use of a mutually acceptable technical expert. A well-structured commitment is critical for long-term success. Most affordable housing efforts will involve small numbers of units. It is likely that the parties will have to come back together to do other deals if the community is to have an impact on its housing needs.

Alternatives are actions that each party can take unilaterally to satisfy its interests without the approval of the other parties to the negotiation. For-profit builders, for example, must ask whether their time is better spent building upper-scale housing elsewhere instead of inching along with affordable housing projects. Fisher and Ury (1991) say that each party should identify its “BATNA”—the best alternative to a negotiated agreement. As a general proposition, no party should commit to an agreement that is worse than its BATNA. If a builder can earn a higher profit by not constructing affordable housing, then the rational choice for the builder, ipso facto, is not to construct it. The problem in making this determination is that some parties do not reality-test their BATNA. People believe that they will receive what they “should” have. They do not ask what the *likelihood* of achieving an alternative is. As a result, beneficial agreements are often rejected because the parties rely on these unrealistic evaluations of their alternatives when deciding whether the alternative is superior to the best set of options defined as acceptable by the parties.

A good outcome in principled negotiation terms would go as follows: The agreement is better for each party than what it could gain by exercising its BATNA. Each participant sees the agreement as satisfying its interests well, the interests of the other parties acceptably, and the interests of other groups (those not at the table who can influence the final decision) tolerably. A good outcome consists of the best of the options so that there is

little or no waste. All parties feel that the outcome is fair; no one feels cheated. The agreement itself is well planned and capable of being implemented. The process has been efficient because of good communication. And the process has fostered improved relationships between the parties.

Principled negotiation does not guarantee an agreement. It does move the parties to address real interests and issues, to evaluate a range of options in terms of their benefits and costs, and to deal with the interaction between the parties. This framework provides parties with a more powerful means of organizing and controlling their negotiations. When properly used, this approach also moves discussions toward Coser's definition of integration.

Principled negotiation, however, does not fully satisfy Coser's requirements. Even though individuals may have some exposure to principled negotiation, many will revert to the old ways of negotiating during the heat of the negotiations. When reversion takes place, little progress will follow, and conflict moves into stalemate. Some institutional means of handling these situations is needed. A third party may be an important element in serving this purpose by guiding the discussions past such impasses. The third party may be a facilitator or mediator that can assist the parties in moving forward in their discussions. The third party may either play an active role in shaping the possible actions or encourage the parties themselves to shape possible actions.

Use of a third party does not guarantee success. While the third party can help guide the dialogue between the parties, conflicts that involve deep-rooted or protracted social conflict pose serious if not impossible challenges to successful resolution. Highly visible illustrations of deep-rooted conflicts are those in the Middle East, Northern Ireland, and Korea. In the affordable housing arena, projects that evoke concerns about race, security, or quality of life can give rise to similar difficult situations. The developer's lament and the Montgomery County illustration mentioned earlier are reflections of this deeper complexity. In these cases, a more sophisticated, deliberate intervention by the third party will be needed.

Rouhana (1995) suggests that these situations may be approached through carefully structured processes that build on the elements of principled negotiation. Writing about a Harvard University-based effort in the early 1990s to bring Israelis and Palestinians together to engage in joint problem solving,

Rouhana describes a process called the “continuing problem-solving workshop.” The Harvard third-party team organized a structured process in four phases.

The process first focuses on breaking down the psychological and cognitive barriers separating the groups. This phase seeks to have each group move from a unilateral explication of its own motivating factors (needs, concerns, fears, and constraints) to achieve a cognitive empathy or comprehension of the other group’s needs. Building on such cognitive empathy, the Harvard team sought in the second phase to move each group’s thinking toward a willingness to take the other group’s motivating factors into account when considering possible agreements. If they can reach this stage of empathy, the third phase is designed to move the groups toward “joint thinking,” in which each is willing to think together to shape options acceptable to both groups. The final phase is “working together”—the implementation of joint options. According to Rouhana, considerable progress was made through the first three phases, but political events in the Middle East abridged movement into the fourth phase. The benefit of this effort was not lost, though, because some of the members of the group became involved in the negotiating teams leading up to the Israeli-Palestinian accords.

Rouhana maintains that the role of the third party is critical to success of a continuing problem-solving workshop. Moving through the four phases is not natural to the conflicting groups. Working with an adversary with whom one is in mortal combat is not natural or acceptable within one’s own group. Individuals need to shift from thinking in “I” terms to considering actions in “we” terms. The third party will ask that groups operate contrary to their thinking patterns. While progress may be made within the workshop, outside events between the conflicting groups may disrupt or nullify that progress. The third party does not have a well-defined road map to handle all the dynamics that enter into the discussions. At some points, the third party will be working in uncharted waters. Timing is also uncertain. When to move from one phase to the next is not well defined. Yet Rouhana feels that continuing problem-solving workshops hold promise for addressing contentious conflicts.

Might principled negotiation work in the affordable housing context? This approach to joint problem solving has been used successfully in a growing number of nonhousing situations. Several applications in the community and housing areas also suggest that it can work for affordable housing.

Joint problem solving at the community level

In Norfolk, NE, the city administrator³ explicitly used principled negotiation to have parties sit together, collaborate, and find mutually acceptable solutions. As problems arose, he would bring the interested parties together and engage them in problem solving using a mediated process. He required that all stakeholders with significant interests be represented in the discussions. As background reading, he would send all participants Fisher and Ury's (1991) book *Getting to Yes* and request that they read it before negotiations. In the initial sessions, he would ask the parties to identify their interests and list these on a flip chart for all to see. The group then would conduct brainstorming sessions to identify options that might satisfy their collective interests. Up to this point, no judgments would be made as to better or worse ways of satisfying interests. Next, the parties would seek to identify standards for judging the various options and then go through a ranking process. This approach assured each participant that his or her option, and therefore interest, would be considered. Invariably, new and improved options would be identified.

The city administrator played a dual role in these discussions. He served as a representative of the city, placing the city's interests into play, and as a third party, guiding the discussions between the parties. His grasp of principled negotiation allowed him to switch back and forth, but he always made it clear to the participants which role he was serving. Participants accepted his dual involvement. They felt that he treated them fairly and could be trusted.

Using this form of joint problem solving, Norfolk reorganized city agencies, resolved zoning variance requests, and created an affordable housing zone in part of the city. In each case, the city would use a facilitator, often an individual from within the city trained in mediation techniques. According to the city administrator, "We've incorporated this process into everything we do and it is so second nature now that everybody in the staff uses it on every problem that we have with citizens" (Fannie Mae 1993, 242-43). Parties doing business with the city soon learned that

³ The city administrator, Michael Nolan, was a graduate of the Harvard Program on Negotiation, where he learned principled negotiation. Seeing the potential application of these techniques to the types of disputes and decisions his community was engaged in, upon returning to Norfolk after the course he began to use his newly learned techniques on a full range of city problems. The information recounted here was obtained through discussions with Nolan beginning in 1992 and a visit to Norfolk to see the process in operation.

when they brought their problems to the city for solution, they had to engage in joint problem solving.

A significant conclusion reached by the Norfolk parties was that the process legitimized the governance process. City and private interests expressed satisfaction that they were being treated fairly during the problem-solving process. According to the city administrator, the use of principled negotiation “has completely revolutionized the way we do everything, and I think the biggest benefit it has created is that we have a lot more legitimacy with citizens than we had five years ago because they know ... whether they agree with us or not on the substance of the issue that the process will be a fair one and that they will have an opportunity to articulate their interests and to have those interests fairly considered” (Fannie Mae 1993, 243). This view was confirmed in interviews with the local home-building group and city officials.

Joint problem solving at the metropolitan level

An illustration of joint problem solving is the fair-share agreement for affordable housing developed for the Hartford, CT, metropolitan region. The goal was to reach agreement among 29 area jurisdictions as to each one’s share of affordable housing responsibilities. The Hartford region succeeded, and its political jurisdictions have been implementing their commitments. A look at the Hartford process is instructive (Podziba 1992).

Instead of pursuing a strategy of compulsion, as Massachusetts and New Jersey did, Connecticut chose to use incentives to induce communities to address their affordable housing problems. In 1988, the Connecticut legislature passed novel legislation (Public Act 88-334 Conn. Stat.) to encourage metropolitan regions to find fair-share arrangements for providing affordable housing. The law provided several carrots in the form of limited funding to support the use of expert mediators experienced in land use and environmental issues. Preferential treatment to obtain state funding for infrastructure was to be accorded to those jurisdictions that implemented a metropolitan-area-wide agreement. The agreement had to be reached by the negotiating parties within a statutory deadline of six months, and it had to be ratified by 100 percent of the jurisdictions. While the deadline was tight and the requirement of unanimity stringent, the effect was to force the various parties to work with one another.

The Capitol Region Council of Governments (COG) organized the Capitol Region Fair Housing Compact on Affordable Housing. The compact consisted of one representative from each of the 29 jurisdictions in the region and representatives from the State Office of Policy and Management, the Department of Housing, and the Board of COG to negotiate the agreement. Other groups were kept informed of the deliberations as the discussions progressed, but they were not represented at the table.

Third-party mediators were retained who were versed in the techniques of principled negotiation. Their first task was to help the participants make their interests and concerns explicit. On the basis of an initial meeting and follow-up phone calls to each participant, the mediators created an agenda of concerns that covered (1) definitions of affordable housing, (2) formulas for determining fair-share targets, (3) environmental and land use constraints, (4) maintenance of community character, (5) beneficiaries of affordable housing, (6) a regional approach, (7) possible solutions, (8) funding for new initiatives, and (9) the statutory deadline. Knowing that all of their concerns were captured in this agenda enabled the committee members to comfortably proceed, analyze each issue, and brainstorm options.

The mediators realized from the distribution of concerns and circumstances of the various jurisdictions that a strategy that imposed one uniform solution would fail. The resolution reached by the parties was that each community was to select that strategy most appropriate (politically or otherwise) for it. The test would be whether the community moved toward its target. This decision freed participants in the negotiating committee to identify a broad range of strategy actions or options. Ultimately, 50 were listed that fell into the categories of production, subsidies, regulatory relief, leadership, and taxation. Each community was free to tailor the action to fit its particular political and economic situation. Solutions were to be chosen, not imposed.

The negotiation succeeded in large measure because of the skills of the mediators. They helped the participants define their respective interests and identify a range of options. They established legitimacy through discussions about the numerical targets for each jurisdiction. They struggled to find a calculation method that was fair to all. Communication was enhanced by the facilitated meetings and the production of proposals generated at mediated working group sessions. Commitment was accomplished by allowing each jurisdiction to choose the actions best suited to its political, economic, and geographic circumstances.

The negotiation process also built commitment that allowed the parties to overcome local opposition. In Hartford, all representatives to the negotiation reached agreement, but only 26 of the 29 jurisdiction representatives were able to persuade their communities to ratify the agreement. Because the Connecticut statute required unanimous approval, the agreement was not valid. The proponents of ratification, having worked together to develop a plan that met their interests, would not accept defeat. They closed ranks and went to the legislature to change the law so that only a two-thirds ratification would be necessary. They succeeded.

Principled negotiation had produced real results, if one measures success in terms of affordable housing opportunities provided to families. The compact had set a goal of creating 4,583 to 5,637 new affordable housing opportunities in the region over a five-year period. By the end of the fifth year (March 31, 1995), 4,657 new affordable housing opportunities and initiatives had been provided. Of these, 15 percent were new family units, 12 percent new elderly units, 16 percent rehabilitated units, 34 percent new mortgage assistance, 21 percent new rental assistance certificates, and 3 percent other initiatives. Of the households served, 37 percent were very low income (less than 50 percent of median income), 29 percent low income (51 to 80 percent of median income), and 34 percent moderate income (81 to 100 percent of median income). Some 88 percent of the units were in suburban communities, and the rest were in Hartford (Capitol Region Council of Governments 1997).

This successful collaboration has resulted in continuing cooperation. Although the compact's five-year process ended in March 1995, the communities elected to extend the life of the compact until a new regional housing policy could be created. The process of defining a new plan began in November 1995. To become official regional policy, the new plan had to be ratified by two-thirds of the communities (at least 20). The new plan is similar to the compact in that it leaves creation of housing opportunities to the discretion of local governments. It differs from the compact in that it does not set numerical housing targets, and it seeks to integrate housing with community development goals. As of October 1997, 22 communities had ratified the plan.

According to COG staff, the success of the compact process laid the groundwork for a more efficient working relationship in developing the second plan. The participants, moreover, had developed such trust in and comfort with the process that they elected not to use a mediator the second time around (phone

discussion with Mary Ellen Kowalewski of COG, October 16, 1997).

Joint problem solving at the project level

Joint problem solving has been introduced into the U.S. Army Corps of Engineers' construction program with striking results. While the corps does not build affordable housing, its experience in the construction field is instructive. The corps had been faced with consistent problems of cost overruns and eventual litigation involving almost every one of its construction projects. Frank Carr, chief legal counsel with the corps, described it this way:

Construction traditionally involves contentious individuals and a litigious environment at the job site oftentimes marked by distrust, hostility, poor or no communication between the parties and if there is communication, it's in writing and it's supported by a hollow documentation. It's not surprising, therefore, that in such an environment, in such a climate, that this breeds conflict, it breeds disputes, and it leads to costly and time-consuming litigation. And the Corps being like any other organization within the construction industry, that's exactly what we were experiencing working with traditional approaches on the job site. (Fannie Mae 1993, 111)

The corps implemented a voluntary process called "partnering" to address these problems. When a contract is signed, and before construction starts, the stakeholders have the option of initiating a partnership process. They form a team consisting of parties to the contract and other stakeholders. In a hospital project, for example, representatives of the doctors would be invited to participate. The team members would be assisted by a facilitator of their choice. They would hold an initial workshop to go over negotiation techniques and team-building exercises. They would then define an action plan to address anticipated problem areas. Action working groups would be formed and would meet to identify problems at an early stage and find solutions. They would report periodically on progress and problems to the larger team. The parties to the contract, rather than spending time defending their actions, would engage in tasks to improve the product. The corps supported this problem solving by incorporating into the contract incentives to encourage value-added improvements, and moneys saved were to be divided between the parties.

To Frank Carr, the process was critical:

The facilitator's going to help the people come together, to identify their own personalities and how they can effectively communicate, work on identifying the interests of the individuals that are common interests, and identify particular problems that they can anticipate that may arise.... You work up-front to talk about things that you might anticipate that are going to be problems, whether they are scheduling problems, whether they are problems with the contract, whether they are problems with supplies, and whether it involves dispute resolutions. You actually form teams within these large groups of individuals to work on an action plan to try to resolve these problems or have a process for resolving them. (Fannie Mae 1993, 118–19)

Partnering has been successful beyond expectations. At a 1993 Fannie Mae roundtable, Carr reported that of the 200-plus partnering arrangements tried by that time, many had achieved value-added improvements and not one had ended up in litigation—truly an amazing turnaround from previous experience. According to Carr, other important benefits also had been realized: (1) significantly less paperwork; (2) increased concentration on quality, not on confrontation; (3) meeting of project goals within budget; (4) on-time completion; and (5) enhanced project quality (Fannie Mae 1993). He recently confirmed that these results have continued, although no specific survey to quantify the results has been conducted.

The American Arbitration Association's Dispute Avoidance and Resolution Task Force (DART) has also embraced partnering. DART's members, consisting of the leading construction industry trade associations, signed the group's *Declaration of Principles for the Prevention and Resolution of Disputes in the Construction Industry* (American Arbitration Association 1996). DART's declaration endorses the use of nonlitigious means of conducting construction business, including partnering, negotiation, and mediation. The list of endorsing associations reads like a who's who of the construction industry; it includes the American General Contractors of America, the Associated Builders and Contractors, the National Association of Home Builders, the American Institute of Architects, and the U.S. Army Corps of Engineers—37 groups in total.

In another case, three Massachusetts communities tried procedural changes as a means of institutionalizing affordable

housing negotiations. Dorius (1993) reports on the experiences with affordable housing and joint problem solving in Yarmouth, Brewster, and Scituate. He describes a “negotiated permit process” for affordable housing, which dealt with the procedures for obtaining approval for affordable housing projects. Built into the procedures were dispute resolution processes to resolve issues of project acceptance. Impartial third parties such as the Fair Housing Committee in Yarmouth were used to facilitate the discussions and to broker discussions of conflict resolution.

Permit-processing procedures were modified. The traditional approach of requiring a formal application followed by regulatory and public reviews was changed to an approach using informal negotiations as part of a preliminary review phase. Developers and community interests were brought together in a first phase, before the filing of a formal application, to discuss informally and resolve the various affordable housing issues specific to each project. Steps were taken at this initial phase to identify the interests and concerns of each party, specify issues, and find options to resolve these issues. The resolutions were incorporated into a memorandum of understanding. The second phase, permit approval, then followed the more traditional process of submission of the formal application based on this memorandum. Review and public hearings followed. Not surprisingly, this second stage moved efficiently because of the first stage’s focus on issue resolution.

Dorius reports that the process worked extremely well in Yarmouth and Brewster, resulting in successful project approvals. The Scituate experience was less successful at reaching agreement, although the sticking point was not the affordable housing element but the existence of a sewer access moratorium. Dorius concludes in these cases that joint problem-solving procedures are more efficient than traditional processes in achieving affordable housing results. The innovation introduced here was the establishment of an informal first stage in which the parties, with the assistance of a third party, could explore interests, options, and standards relating to the proposed development and could resolve conflicts. This added step institutionalized the process by which groups could explore their real interests.

Lessons learned

If we are to rekindle progress toward affordable housing, we must learn from the past and address a number of difficult

problems. Fights over affordable housing projects likely will increase. The current approval environment is not conducive to progress for affordable housing. There are no acceptable compulsory approaches that ensure favorable affordable housing outcomes. Because many different groups with diverse agendas hold an interest in the outcomes of affordable housing efforts, these groups often come into conflict when specific projects are proposed. The existence of these multiple parties with multiple issues complicates agreement building. As a result, a few groups, or just one, can block an affordable housing initiative.

Social concerns about race, class, and neighborhood quality severely complicate the situation. When these factors are in play, opposition to affordable housing becomes extremely difficult to overcome. Given demographic trends that point toward increases in the numbers of lower-income and minority households (defined to include immigrant households) with affordable housing problems, the probability that these social concerns will play an important role in affordable housing disputes increases.

Groups in conflict tend to view matters in an adversarial framework. Perhaps this is due to the American predisposition to assume a competitive situation in which group participants consider themselves either winners or losers (a zero-sum-game mentality). Groups often think that their best options are litigation or seeking intervention by city councils as means of stopping projects.

When we look for answers, we tend to look for substantive solutions such as new financing programs or land use reforms. We pay little attention to process, thinking that it is relatively unimportant or that groups do not have time to spend on it. While substance is essential to good outcomes, if the parties do not have effective processes for understanding and reconciling their differences, progress will be limited.

Despite this tendency to focus on substance, there have been increased efforts to look at process. The increasing frequency of international disputes involving intergroup tensions has forced us to look at alternative means of resolving conflicts. Use of compulsion has become less successful in resolving these disputes. Principled negotiation has emerged as a promising vehicle for guiding the negotiation process. It has been successfully applied in a range of complex disputes and selectively tried in affordable housing and construction settings with some success.

Principled negotiation builds on the assumption that individuals and their groups will take a more active and constructive role in negotiations when they see that their interests are being addressed. The experience with principled negotiation appears to affirm this assumption. Parties will more readily negotiate if they know what alternatives are available to them so that they know under what conditions they will walk away from the table. There is some comfort in knowing that negotiation does not mean reaching agreement under just any terms. The concept of legitimacy also can play a major role as parties look for what is fair. No one wants to feel cheated. Finally, the principle of separating issues of relationship from substance (options, standards, interests) helps individuals when dealing with difficult parties. When there is conflict with the other party, one does not have to choose between a good relationship and a good substantive outcome.

One cannot hand parties to a negotiation a primer on principled negotiation and say, "Go at it." We are still heavily influenced by our own habits and ways of viewing the world. Consequently, third parties can play a critical role in helping groups negotiate their differences and reach agreement. Third parties also have been instrumental in moving parties to agreement in various affordable housing or construction situations. In partnering, where the parties are reasonably sophisticated and the incentives are structured to get them to work together, a process-oriented facilitator seems to be sufficient. In the Massachusetts situations, institutionalizing informal negotiation through modification of the project approval process to two stages, and the use of third-party facilitation, produced successful results. In Hartford, the third party not only guided the process; the mediators played substantive roles in recommending approaches to the parties.

Norfolk, NE, stands in contrast because the facilitation support came from the city administrator. Having one of the principal parties instead of a neutral third party play an effective mediating role is a delicate task. A central problem is whether the other parties will come to trust the actions of such a mediator. There will likely be a nagging question in their minds as to whether the mediating party is actually operating in his or her own self-interest. The mediating party may have difficulty reconciling the role of a negotiator representing his or her own group needs and the role of a third party moving the process forward. Norfolk demonstrates that this arrangement can work; however, it took a well-trained individual to pull it off.

Where affordable housing efforts raise social concerns or are seen as threatening intrusions into a neighborhood, these efforts often fail. A more intensive negotiation process, sensitive to these concerns, will be needed. The continuing problem-solving workshop approach used in the Israeli-Palestinian dialogue illustrates one approach that might be applicable to the affordable housing setting. Much is still to be learned about the dynamics of groups and individuals when deeply held social concerns and values are at issue.

Negotiating affordable housing agreements will be time consuming, particularly in the initial stages when parties learn to expand their thinking from an “I” focus to one that takes into account the concerns of the other parties. When confronted with adversaries, most people do not naturally think in joint problem-solving terms. Joint problem solving, however, offers the most productive avenue to advancing affordable housing initiatives. Without viable alternatives to negotiation, such as compulsion, we need to push forward with improvements in our negotiating approaches if progress on affordable housing is to be realized.

Recommendations

Principled negotiation as a way of handling conflict, when joined with third-party intervention, offers a promising and powerful combination for dealing with affordable housing negotiations. The challenge is how to convert these tools into common use. The following six recommendations flow from this analysis:

1. *Use principled negotiation and third-party intervention.* Enough is known about principled negotiation and the use of third parties to warrant their use in affordable housing initiatives.

Parties to affordable housing efforts should become familiar with these approaches and seek to use them. The introduction could be as simple as reading *Getting to Yes* (Fisher and Ury 1991), which Michael Nolan, the city administrator in Norfolk, NE, asked parties to disputes in his community to read before they began substantive discussions with the city. Increasing numbers of academic institutions, particularly law schools and other professional schools, offer programs on conflict resolution. The parties could invite someone associated with such a program to come and advise them.

Alternatively, they could consult professional mediators who have a background in the subject.

2. *Develop joint problem-solving skills.* Real-time options should exist that give participants to a negotiation the opportunity to acquire joint problem-solving skills as they negotiate affordable housing outcomes. One option could be to incorporate training workshops as part of the negotiation process. These workshops would be designed to give participants an in-depth exposure to joint problem solving. One value of such a workshop, if properly conducted, is that the parties develop a common language (the seven elements), which allows them to communicate more effectively and efficiently. A model training program should be developed and made widely available. Financial resources will be needed to support such workshops.

Another option would be to support programs or institutes that provide special programs for communities working on community and housing problems. These institutes could be places where teams from communities can come to learn joint problem-solving skills and to become informed about substantive options on such matters as finance, design, and regulation. Universities are ready places for these activities, with their access to an interdisciplinary team of faculty. Some universities already provide programs on negotiation and have faculty in the various professional schools who are versed in housing or housing-related subjects.⁴

3. *Train housing and community professionals in the skills of joint problem solving.* There is a need for a cadre of trained third parties who are versed in joint problem solving and conflict resolution techniques. Professional schools in business, law, architecture, planning, social work, and public administration should provide negotiation and joint problem-solving courses to train tomorrow's professionals and decision makers. A working knowledge of this subject matter should be a core element of any graduate degree from these schools.

⁴ The University of Maryland is developing a pilot education and training program for community-based housing and community development organizations. The program will focus on negotiation and problem-solving techniques and how to leverage resources that communities need to provide affordable housing. The program is funded by a grant from the Fannie Mae Foundation.

These individuals will become the third parties needed in many affordable housing disputes.

4. *Undertake demonstrations, and disseminate the results widely.* We need a better understanding of how principled negotiation and third-party intervention can benefit affordable housing efforts. Only a handful of examples of the outcomes of using these techniques have been reported. We still have much to learn. HUD and other parties with a commitment to affordable housing should support a number of affordable housing projects, provide joint problem-solving training to the participants, and monitor what happens, with particular emphasis on the process by which agreements were reached or not reached. This effort could be linked to the establishment of university training centers as a way of providing skilled learning opportunities to the demonstration participants. The demonstrations could also become a source of case studies for use in the university programs.
5. *Support research into difficult social issues.* Additional research is needed to improve our understanding of difficult social issues. This research would focus on housing or related domestic problems where these social issues have played a significant role in shaping the outcomes. One objective of this research would be to gain substantive insights into the dynamics of these social issues. Another objective would be to learn about intervention strategies that were employed to contain these social issues and allow the parties to reach satisfactory conclusions. A final objective would be to extract lessons and insights applicable to affordable housing efforts.
6. *Establish a feedback loop to enrich policy making.* A feedback loop can provide policy makers with an opportunity to evaluate and learn from the analyses and actions under recommendations 1 through 5. Such learning could enrich future policy decisions. Lessons learned will likely be applicable to other housing and community development problems. Policy makers should not lose the benefits of these insights. One possible format might be an ongoing, policy-level advisory group of public and private leaders.

We need to throw away old notions that process is not important or that we can make up process as we go along. Process is as important as substance for achieving results. Both are necessary and sufficient for moving forward on America's agenda for affordable housing.

Author

Charles G. Field is Staff Vice President and Regulatory Counsel, National Association of Home Builders, and teaches conflict resolution in the Office of Executive Programs, School of Public Affairs, University of Maryland. He holds a Ph.D. in City and Regional Planning from Harvard University and a J.D. from Georgetown University. His views do not necessarily reflect the views of the National Association of Home Builders.

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