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Can Cities Attract Affordable Housing for Economic Development? The Roles of Growth Management Policies and Urban Political Institutions

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While economic development and affordable housing are two important goals for city governments, pursuing both values is challenging due to their conflicting policy nature that is not easily harmonized. Cities inherently focus on economic development policies and tend to pay less attention to redistribution policies such as affordable housing. In this study, we examine why cities pursue both economic development and affordable housing simultaneously in spite of the challenge of balancing two contrasting goals. More specifically, we investigate the influence of state growth management policies and urban political institutions on whether cities support affordable housing to promote their key interest of economic development. Results indicate that state growth management policies are a critical factor that assists city governments attempting to pursue affordable housing and economic development simultaneously, while form of government is not significant.

Keywords: Affordable Housing, Economic Development, Growth Management Policies

Economic development and affordable housing are two important areas that have been studied in local and urban administrations. For local policymakers, there has been considerable debate regarding the advantages and disadvantages of economic development and affordable housing policies when considering local policy priorities. The debate makes local policymakers contemplate two potential policy perspectives. On the one hand, cities seek economic development as a basis for local public service provisions (Glaeser, 2013) and competition with neighboring local governments (Baybeck, Berry, & Siegel, 2011; Tiebout, 1956). On the other hand, when cities commit to economic development policies, they typically lack sufficient fiscal resources to invest in social redistributive programs or policies, such as housing provisions for low-income residents (Cowan, 2006; Goetz, 1993; Goetz & Kayser, 1993). Although interlinking economic development and affordable housing is challenging for local policymakers, some local

governments do make efforts to harmonize these seemingly incompatible agendas. For example, affordable housing can serve as a public policy tool used by local officials to stimulate developmental growth as it contributes to local economic development in the form of employment opportunities, improved local infrastructure, and revenue generation (Hsieh & Moretti, 2017; Tibaijuka, 2009).

In this study, we examine what factors help city governments use affordable housing as a tool for enhancing a city's key interest of economic development. More specifically, we focus on the influence of state growth management policies and urban political institutions on a city's provision of affordable housing in conjunction with economic development. Despite the consistent need for economic development and affordable housing, these two arenas are generally considered conflicting and difficult to balance for local governments. One of the responsibilities local governments are tasked with is how best to stimulate local economic growth while at the same time promoting affordable housing for their citizens. This research maintains that the provision of affordable housing is a local policy tool for achieving not only its traditional goal of providing redistributive programs but also encouraging economic development. While previous studies have considered the relationship between economic development and affordable housing incongruous, this research argues that the construction of affordable housing is a viable option for economic development and that cities can simultaneously pursue both goals. We conduct a series of empirical analysis using International City/County Management Association (ICMA) economic development survey data to test the effect of growth management acts and different forms of city government on the likelihood that a city government attracts affordable housing as a means of economic development.

City Policy Types and Priorities

Local governments contend with a multitude of policy priorities. In his seminal book, *City Limits*, Peterson (1981) outlines three policy types that play a key role in influencing city policymaking: developmental, allocational, and redistributive. Although *City Limits* was written over 35 years ago, the practical implications of the typologies outlined are still germane in today's local government and policy environment. Developmental policies are preferred when business leaders and local officials influence the policy process and when competition exists between cities (Peterson, 1981) and regions (Greenstone & Moeretti, 2004; Hansen, Ban, & Huggins, 2003). Economic development is a vital priority for local governments because it stimulates economic growth and increases local revenue, which is essential for the survival and growth of cities (Johnson, 2008; Kline & Moretti, 2013; Porter, 2000). When local governments face constrained budgets and anemic economic conditions, economic development policies assume a new level of significance. As federal and state funding continues to decrease, and economic crisis weakens local economies, local governments are forced to consider alternative economic development approaches as a means to increase revenue sources and stimulate economic growth.

Allocational policies allow local governments to maintain the provision of fundamental services for community members. These policies are necessary to provide basic housekeeping public services such as police and fire protection (Peterson, 1981; Rubin, 1992). As essential provisions, housekeeping services need to be sustained on a daily basis. Allocational policies generally have a neutral fiscal impact on local government budgets and are not considered controversial (Booth, 1988; Peterson, 1981).

Redistributive policies reallocate resources from one segment of society to a more disadvantaged segment (Peterson, 1981). Redistributive policies are social equity policies intended to level the

playing field for members of a community and include issues such as affordable housing and welfare assistance. The need responsiveness model of redistributive spending finds that, in some cases, spending is greater in communities with higher rates of poverty, thus prompting local governments to increase their spending on welfare programs (Chamlin, 1987; Pack, 1998). Because of this, local policymakers attempt to distance themselves from redistributive policies and are less likely to emphasize these types of policies (Brueckner, 2000). Moreover, Craw (2006) in his analysis of local social welfare and the various roles local jurisdictions play finds that local governments allocate very little of their own-source revenues toward redistributive policies. Instead, local governments prefer to coordinate their allocation for redistributive services with their states (Craw, 2006). The salience of this policy type stems from the negative impact it has on local policymakers' ability to pursue their preferred policy goals of economic development (Peterson, 1981). Adding to the salience of reallocating resources, past studies indicate that redistributive policies have been found to lead to less economic growth (Galor & Moav, 2004; Perotti, 1996) and reduced investment (Alesina & Perotti, 1996). Redistributive policies force local policymakers to consider reallocating monies from economic development agendas to social redistributive programs, which may not be well received by wealthy political elites who have more influence than lower-income groups (Stiglitz, 2012).

One critical issue for local governments is how to address the relationship between developmental and redistributive policies, as allocational policies have a neutral nature in the relationships with two other policy types. Regardless of the negative impact redistributive policies have on economic development, a city's interest is in the overall well-being of its citizens; thus, local governments are obligated to consider such policies as well. Cities may be proactive in how they incorporate redistributive policies into their main interest of economic development rather than having the single-minded approach toward economic growth, as Peterson argues.

Economic Development and Affordable Housing

The studies on affordable housing and economic development have typically focused on their incompatibility. The dichotomy in economic development and affordable housing policies coupled with their lack of policy congruency lends to the challenge local policymakers' face. Studies have portrayed the relationship between economic development and affordable housing as paradoxical; that is, the former as a developmental policy considered a positive economic stimulator, and the latter as a redistributive policy having a negative effect on the economy (Logan & Molotch, 1987; Molotch, 1976; Peterson, 1981; Tiebout, 1956). This view is an extension of Tiebout's (1956) public choice theory. This viewpoint argues that cities seek out economic self-interest in an effort to maximize local revenues over expenditures. Tiebout suggests that individuals decide to live in communities where their preferences for public goods are met.

In this research, we approach this incongruent view from an alternative theoretical perspective. We view affordable housing and economic development as having reciprocal roles. Affordable housing may not be as incompatible with economic development as theorized by the conventional approach. Moreover, concerns over the shortage of affordable housing is a pressing concern for many local governments. Thus, economic development in conjunction with affordable housing should be viewed as harmonious options where both policy agendas coexist. This issue is salient, especially due to the devolution of housing authority from the federal government (Graddy & Bostic, 2010) and continued reductions in fiscal support for affordable housing from the federal government, thus resulting in state and local governments taking a leadership role in affordable housing (Sirmans & Macpherson, 2003).

As such, the compatibility between economic development and affordable housing has been addressed in contemporary urban studies. Basolo (2000) suggests that, while cities must decide between economic development “versus” affordable housing, they attempt to pursue a balanced approach. In their examination of California cities with growth management challenges, Lewis and Neiman (2002) maintain that economic development and affordable housing projects are not necessarily incongruent with one another. Using data from mail questionnaires sent to 297 California planning officials, Lewis and Neiman found that 31% of officials required development projects to include some form of affordable housing component. Moreover, 25% of cities in Los Angeles County and 49% of cities in San Francisco Bay County were more likely to require developmental projects containing affordable housing elements (Lewis & Neiman, 2002, p. 34). In another avenue of research, where gentrification, a form of economic restructuring, is viewed as being compatible with affordable housing. Byrne (2003) suggests that gentrification has positive implications for low-income residents and that it is the failure of government and its inability to create affordable housing that creates negative conditions.

Malpezzi and Green (1996), in their national level examination of events transpiring at the bottom of the U.S. housing market, found that municipalities with less stringent economic development policies were able to increase the number of affordable housing units. Similarly, in Oregon, economic development and affordable housing projects include policy instruments that accommodate affordable housing prices, attractive communities, and less regulatory barriers (Nelson, Pendall, Dawkins, & Knapp, 2002). In addition, Oregon reformed its land use policies in the 1980s and created urban growth boundaries, which required local governments to develop affordable housing plans consistent with smart growth plans mandated by the state (Weiss, 2003). In 2004, in response to the affordable housing shortage, the Illinois General Assembly passed the Affordable Housing Planning and Appeal Act (AHPAA), thus placing funding responsibility for affordable housing development on local governments (Golz, 2006). The AHPAA encourages, but does not mandate, developers to reserve rental units at an affordable rate for a minimum 30-year period and home sales for a minimum of 15 years, i.e., local governments are encouraged to seek out and develop affordable housing units (Golz, 2006). In essence, affordable housing programs should be tailored to meet local conditions (Sirmans & Macpherson, 2003), thus creating economic development opportunities that support local government initiatives. When local economic development policies reflect affordable housing concerns, local officials are better able to accommodate both policy priorities. The confluence between economic development and affordable housing emphasizes the point that local officials view both options as necessities to stimulate developmental growth.

Growth Management Policies

Over the past 40 years, state governments have adopted first- and second-generation growth management policies to curtail urban sprawl. Growth management policies have been a response to mounting concerns over rapid population growth and urbanization, which indispensably cause fast land development. Growth management policies help constrain the “encroachment” of undeveloped land (DeGrove, 2005). These policies allow state and local governments to control urban sprawl by establishing growth boundaries and restricting the number of residential development permits approved in a year constricting available land (Anthony, 2006). As such, we define state growth management policies as an attempt by local government to contain the spatial expansion of land development (Paulsen, 2013).

First-generation growth control policies of the 1970s were orientated toward environmental preservation and social responsibility. Bengston, Fletcher, and Nelson (2004) maintain that the environmental movement of the 1970s focused on the social cost related to urban sprawl. As part of the environmental preservation movement, first-generation growth control measures

included restrictions on residential housing construction and zoning requirements (Feiock, 1994; Navarro & Carson, 1991). First-generation policies included the ability of local officials to tax newcomers in cities with growth control measures (Navarro & Carson, 1991). By taxing newcomers, areas operating with growth control measures were not required to subsidize new public infrastructure (i.e., schools, black water systems, and police and fire services) to meet the needs of growing populations. Because a tax was levied against newcomers in a growth control community, first-generation growth management policies were considered exclusionary; newcomers had to either pay the cost of new public infrastructure or reside elsewhere (Navarro & Carson, 1991).

By the 1980s, there was a gradual shift to second-generation growth control policies. Second-generation growth management policies provide a cohesive approach to the economy, environment, and social equity issues rather than simply limiting developmental activities. Second-generation policies rely on market and regulatory tools to manage and redirect development rather than on restricting growth (Feiock, Tavares, & Lubell, 2008). These policies are multifaceted and include comprehensive strategies to implement development impact fees and control growth spillover effects (Navarro & Carson, 1991). Smart growth emphasizes infill development as a way to conserve green space and encourage revitalization of the local economy, local density development, and affordable housing.

Second-generation growth management policies incorporate effective tools such as impact fees, urban service boundaries, and incentive zoning that allow local governments to pursue a more balanced approach toward preservation and development rather than limiting developmental activities (Feiock et al., 2008). Many studies have examined growth management and its effects on local governments' decision-making in the areas of land use policy patterns, the stringency of land use regulation, green and open space conservation, the adoption of land use policy incentives, affordable housing and land value (Anthony, 2004; Downs, 1994; Feiock et al., 2008; Nelson et al., 2002; Park, Kwak, & Kwon, 2012; Park, Park, & Lee, 2010; Park, Park, & Lee, 2012). However, the effects of the state growth management policy on mutually inclusive land use plans as an application to the production of affordable housing for economic development has not been sufficiently dealt with.

Current growth management acts based on the second-generation approaches aid local governments wanting to undertake economic development and affordable housing simultaneously. As a result, and to a degree, second-generation growth control approaches are exclusionary—but not from a socioeconomic perspective (i.e., rich versus poor); they are exclusionary based on the ability of new members or entrants to finance infrastructure associated with new development (Engle, Navarro, & Carson, 1992; Navarro & Carson, 1991). In addition, an objective of growth management acts is to assist local governments in addressing affordable housing and economic development without sacrificing one over the other. While affordable housing can be effective in deterring suburban development, and increasing population in already developed inner city areas, it involves the construction of affordable housing units as a form of developmental activities. Local governments that link affordable housing to economic development have latitude in how they implement their programs. Options that support both agendas are new affordable housing construction, rehabilitating existing units, or the acquisition of land or units. Thus, we anticipate local governments will actively address both affordable housing and economic development when they are under the influence of state growth management policies.

Hypothesis_i: City governments under state growth management acts are more likely to pursue economic development and affordable housing simultaneously.

Urban Political Institution

In the realm of urban politics and administration, scholars have explored the impact of local government institutions on local policy processes and found that form of government does influence local policy outcomes differently (for example, Clingermayer & Feiock, 2001; Feiock, Jeong, & Kim, 2003; Frant, 1996; Zhang & Feiock, 2010). Local government institutions can play an important role in either facilitating or creating obstacles to the simultaneous pursuit of economic development and affordable housing.

This study focuses on municipal forms of government, which have been a key interest in the local political institution literature. At the municipal level, the two most common forms of government traditionally investigated are mayor–council and council–manager forms. The mayor–council form of government is one in which an elected mayor is responsible for the executive functions of the city, and an elected council responsible for daily administrative functions (Frederickson & Johnson, 2001; Frederickson, Johnson, & Wood, 2004). The council–manager form of government consists of an elected city council responsible for constructing policy and appointing a professional manager to implement local policies. A key value for the council–manager form is professional and efficient administration (Frederickson & Johnson, 2001; Frederickson et al., 2004). By appointing a professional manager to carry out daily administrative functions, council–manager governments are able to facilitate a cooperative and organized institution (Newland, 1994).

Peterson (1981) argues that city governments are significantly less interested in redistributive policies as they are in focusing on economic development. For city governments, the survival of the city is paramount, and economic development policies are one way in which cities can continue to stimulate economic growth, thus solidifying their survival. Cities that view economic development as a primary interest are not eager to allocate city resources for redistributive policies, which include affordable housing. The perception is that redistributive policies have a negative impact on economic development. According to Peterson’s conventional view, seeking both economic development and redistributive policies simultaneously is not an initiative that city leaders frequently accept and implement in city administration. Following this assumption, the importance of economic development as a fundamental city policy priority does not significantly differ between cities, which then results in less focus on affordable housing. Thus, it is expected that city governments regardless of their forms of government are not interested in incorporating affordable housing into economic development agendas.

Hypothesis_{2a}: Both forms of city government are not likely to influence a city’s effort to pursue economic development and affordable housing simultaneously.

Contrary to the conventional view, previous research also suggests that urban political institutions may directly affect economic development and affordable housing. The mayor–council form of government is less administratively professionalized and less likely to integrate leading-edge tools in its delivery of public services (Ramirez de la Cruz, 2009). Because voters directly elect the mayor and council, this form of government allows citizens and interest groups to participate in the policy process. Elected officials who seek reelection tend to respond to specific local demands and pay more attention to redistributive issues. Cities with a strong mayor–council form are less likely to spend more on economic development than affordable housing (Basolo, 2000). The political nature of the mayor–council form helps cities actively address affordable housing issues while pursuing local economic development.

Conversely, council–manager governments are more inclined to take into account long-term economic development projects (Feiock, Jeong, & Kim, 2003). Focusing on such projects has the potential of stimulating the local economy and generating much needed revenue for local governments (Kwon & Gonzalez-Gorman, 2014). The structure of the council–manager form allows professional managers to be insulated from the pressures elected officials encounter when considering economic development and affordable housing policies. This administrative nature of the council–manager form makes it more difficult for cities to incorporate affordable housing for specific citizen groups into their city-wide economic development goal. Thus, we hypothesize the following:

Hypothesis_{2b}: Cities with a council–mayor form of government are more likely to pursue economic development and affordable housing concurrently.

Data and Method

The dependent variable measures whether a city government pursues both affordable housing and local economic development simultaneously. This variable is obtained from the 2009 Economic Development Survey conducted by the International City/County Management Association (ICMA).¹ One question in the survey asked local governments if they support affordable housing programs to promote economic development: response choices were “yes” or “no.” Because the response choice is binary, the dependent variable is coded as “1” if a city supports affordable housing to promote its economic development and “0” otherwise. A logit model for this binary response estimates the effect of growth management acts and different forms of city government on the likelihood that a city government attracts affordable housing as a means of economic development. The unit of analysis is city government.

We include two key independent variables. The first is whether a state government has a growth management act. The data are taken from Anthony (2004), Howell-Moroney (2008), and Park et al. (2010). This variable is coded as “1” if a city is located in a state that enacted a growth management act and “0” otherwise.² The second key independent variable is the form of government for each city. The data for this variable are drawn from the ICMA survey. Two binary variables are created and included, respectively, in separate models to examine the impact of each of the forms: 1) mayor–council form is coded as “1” and “0” for all other forms; 2) council–manager form is coded as “1” and “0” for all other forms.³

We also include various control variables. First, four demographic variables are controlled in the analysis: log of population (2010), population change (between 2006 and 2010), log of population density (2010), and percentage of non-Hispanic white residents (2010). The data for these variables are drawn from the 2010 Population Census and the American Fact Finder, which are provided by the U.S. Bureau of Census (U.S. Census Bureau, 2010a). Second, we use two variables to control for each city’s economic conditions: unemployment rate (estimates from 2006 to 2010) and log of median household income (estimates from 2006 to 2010). These two variables are also obtained from the U.S. Bureau of Census’ American Fact Finder.⁴ Third, we control for one locational variable drawn from the 2009 ICMA survey: the designation as a central city (“1” = central city; “0” = no). Fourth, we include three community conditions that directly relate to challenges in pursuing affordable housing. These three binary variables are taken from the ICMA survey that asked if a city experiences: a) inadequate infrastructure (“1” = yes, “0” = no); b) high cost of housing (“1” = yes, “0” = no); and c) traffic congestion (“1” = yes, “0” = no). Table 1 displays the in-sample descriptive statistics for all variables included in the fully specified empirical models.

Table 1. Variable Measures and Descriptive Statistics

	Measure	Mean	S.D.	Min	Max
Dependent Variable					
Pursuing both affordable housing and economic development	Supporting affordable housing to promote economic development	0.424	0.494	0	1
Independent Variables					
State growth management act	1 = if state government where a city is located has the act, 0 = no	0.327	0.469	0	1
Council-manager form	1 = if a city has council-manager form of government, 0 = no	0.740	0.438	0	1
Mayor-council form	1 = if a city has mayor-council form of government, 0 = no	0.218	0.413	0	1
Population	Log of 2010 population	10.453	0.876	9.068	14.184
Population change	Population change percentage between 2000 and 2010	14.757	27.862	-45.859	282.141
Population density	Log of population per square mile	7.665	0.708	5.094	9.747
White population	Percentage of non-Hispanic white population (2010)	68.147	22.570	2.2	97.6
Unemployment rate	Unemployment rate for 2006-2010	7.664	3.124	1.9	31.7
Median household income	Log of 2006-2010 median household income	10.932	0.376	9.921	12.376
Central city	1 = located in central city, 0 = otherwise	0.189	0.392	0	1
Inadequate infrastructure	1 = if a city has inadequate infrastructure, 0 = otherwise	0.233	0.423	0	1
High cost of housing	1 = if a city experiences high cost of housing, 0 = otherwise	0.141	0.349	0	1
Traffic congestion	1 = if a city experiences traffic congestion, 0 = otherwise	0.140	0.347	0	1

N = 733.

Results

Table 2 reports the results of the four logit regressions. We start with baseline models without any control variables [models (1) and (3)] to ensure that our main empirical findings are not empirical artifacts driven by control variables. Models (2) and (4) present the results of the fully specified models. For the form of city government variable, Models (1) and (2) use the council–manager form, and (3) and (4) use the mayor–council form. The results from all four models are noticeably consistent, which is understandable because most cities (95.8%) in the data set have

either a council–manager or mayor–council form and are coded “1” between the two forms of government as Table 1 shows.

The most consistent finding is that the coefficient estimate of the growth management act variable is positive and significant, implying that a city is more likely to attract affordable housing to promote economic development when it is located in a state that has a growth management act. Substantively, Model (2) shows that the predicted probability of pursuing affordable housing for economic development is expected to increase by about 24% as the growth management act variable changes from “0” to “1,” holding other variables constant at their mean. We ran a log-likelihood ratio test that compares the fully specified model [Model (2)] to one without the growth management act variable. The result shows that the model fit of the fully specified model is significantly better than the nested model ($p=0.04$). The area under the receiver–operating curve is about 0.69, which shows that Model (2) is moderately useful in distinguishing between true and false positives. These main findings are quite similar to those in Model (4).

A growth management act at the state level aids city governments’ efforts to seek affordable housing while enhancing economic development, which prevents excessive urban development that may happen in the economic development process. The case may be that a growth management statute sets the framework and goals for protecting critical land areas throughout a state. A growth management statute allows cities to promote their primary interest of economic development in a balanced way by incorporating affordable housing to reduce urban sprawl. In this context, cities proactively address affordable housing functions as a tool for economic development rather than perceiving these two policy areas contradictory.

The results indicate that form of city government is statistically insignificant, which supports H2a that is based on the conventional view on the relationship between development and redistributive policies. Although the provision of redistributive services contributes to the overall well-being of cities, this study shows that there is no significant difference between the two forms of government in incorporating affordable housing into economic development agendas.

The larger the population size, the more likely a city is expected to use affordable housing as a tool for economic development. The result indicates that cities with large populations have a higher demand for affordable housing. Housing affordability is a vital concern for cities dealing with large populations with various income levels resulting in affordability as a key initiative. Green space is also a premium in high-density population areas requiring government intervention in the form of affordable housing. Cities may encourage conservation and affordability through economic development agendas.

The negative coefficient of median household income suggests that cities with lower median income are more likely to use affordable housing as part of their economic development goals. Compared with wealthy communities, low-income communities have a higher demand for the provision of affordable housing. In these communities, it is easier to link an affordable housing program to economic development efforts, as housing affordability is a key and indispensable local policy goal.

The locational variable is also statistically significant. A city labeled as a central city in a metropolitan area is more likely to seek both economic development and affordable housing policies simultaneously. Metropolitan areas are characterized by various degrees of social and economic communities. The results may indicate that this variation is a catalyst for integrating

Table 2. Results of Logit Analysis

	(1)	(2)	(3)	(4)
State growth management act	0.494*** (0.162)	0.383** (0.186)	0.487*** (0.161)	0.367** (0.185)
Council-manager form	0.103 (0.176)	-0.011 (0.187)		
Mayor-council form			-0.189 (0.186)	-0.131 (0.197)
Population		0.246* (0.128)		0.240* (0.128)
Population change		0.003 (0.003)		0.003 (0.003)
Population density		0.025 (0.130)		0.032 (0.131)
White population		-0.000 (0.005)		0.000 (0.005)
Unemployment rate		0.017 (0.035)		0.018 (0.035)
Median household income		-0.876*** (0.290)		-0.889*** (0.291)
Central city		0.589** (0.266)		0.586** (0.266)
Inadequate infrastructure		-0.0004 (0.190)		-0.003 (0.190)
High cost of housing		0.480** (0.237)		0.474** (0.237)
Traffic congestion		0.574** (0.236)		0.578** (0.236)
Constant	-0.549*** (0.152)	5.940* (3.445)	-0.430*** (0.104)	6.078* (3.452)
Observations	734	733	734	733

Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

affordable housing into economic development agendas. Central cities tend to have concerns in two policy areas: responding to declining economic base and addressing housing demands from low-income residents. A desirable alternative for these central cities is to pursue both values simultaneously, and the provision of affordable housing can be used as a helpful tool favorable for economic development.

Of the three variables that are included to measure challenges related to providing affordable housing, two are statistically significant: high cost of housing and traffic congestion. Cities facing these barriers are more likely to address both issues simultaneously, rather than perceiving them as competing or contrasting goals. As a result, cities that are experiencing high housing costs and traffic problems are more likely to use affordable housing programs for economic development.

Discussion and Conclusions

This study finds that city governments are more likely to use affordable housing as a tool for economic development when (1) an existing growth management statute is instituted at the state

level, (2) a city has a large populace, (3) a city has a central city status in a metropolitan area, (4) a city has lower economic growth, and (5) a city is affected by higher housing cost and traffic congestion.

Cities are more likely to pursue affordable housing and economic development when state-mandated smart growth policies are adopted. Local governments are better able to find congruency in affordable housing and economic development policies as population size continues to increase in metropolitan areas. As population increases, the demand for green space is at a premium, thus growth management policies are introduced as a means for conserving green and open space while also encouraging revitalization of the local economy. The results also suggest that cities with lower community wealth are more likely to establish economic development policies that are linked to affordable housing as a way to stimulate economic growth and at the same time attract newcomers to affordable housing. This study also suggests that cities with a higher demand for affordable housing, due to high housing costs and traffic congestion, more actively link their affordable housing policies to those of their economic development initiatives than cities with less or no housing costs and traffic challenges.

In *City Limits*, Peterson (1981) proposes that economic development is necessary for the economic survival of a city. He maintains that city governments are not necessarily inclined to undertake redistributive policies and instead prefer to focus on economic development policies. This conventional view on city policy priorities explains why cities, whatever forms of government they have, are not interested in pursuing both affordable housing and economic development values simultaneously. Both forms of government may well consider affordable housing as a redistributive policy that negatively affects economic development. However, a state-level growth management policy may help city governments address these two policy areas in a more nuanced manner. Because redistributive policies involve increased scrutiny of the redistribution of resources, local officials emulate the approach used by federal and state governments that have historically dealt with public services such as welfare, unemployment, medical, and mental health.

Surviving competition from other local governments is paramount for city governments; thus, economic development policies can simultaneously stimulate economic growth and create a sense of revitalization in the community. When cities concurrently seek affordable housing and economic development policies, these efforts result in developmental agendas that attract potential homeowners, newcomers, and businesses to their cities, thus ensuring the survival of the city.

By examining affordable housing as a viable option for economic development, this research has synthesized two areas that have generally been examined independent of each other. While each of these areas has received much attention in the literature, little attention has been given to examining affordable housing and economic development as congruent policy options.

Notes

1. In October 2009, the ICMA mailed the Economic Development Survey to 3,283 municipalities with populations over 10,000 and to 556 counties with populations over 50,000. This yielded a response rate of 22.3% of local governments, including 734 municipalities, which are the units of analysis in this research. In addition, although the local economic development survey data conducted in 2014 are available, we use the 2009 ICMA's survey data to examine the influence of state growth management policy

on local economic development through affordable housing in an era before the economic crisis began in 2007 and 2008. In our future studies, we will conduct an examination of state growth management policy on local economic development through affordable housing before, during, and after the economic crisis.

2. While this dichotomous measure cannot fully show the variation among states (Park et al., 2010), we follow this measurement approach, which has been commonly adopted in previous studies.
3. In general, there are five forms of local government found in the ICMA survey: council–manager, mayor–council, commission, town-meeting, and representative town-meeting. However, this analysis only focuses on the two most common forms of government: council–manager and mayor–council. Most of the respondents (over 95% in the data) had either a mayor–council or council–manager form of government. Furthermore, we acknowledge a limitation in our data. The ICMA data might oversample the manager–council form of government, but to date it is effective data for survey research regarding municipalities across the country.
4. We use 2006–2010 data estimates on median household income and unemployment rate. Household income and the unemployment rate are measured using five-year averages as provided by the American Community Survey (ACS) (U.S. Census Bureau, 2010b). Five-year averages offer a larger sample size and are considered more reliable. While available, the 2010 data and 2008–2010 data estimates on these two variables are obtained for only a limited number of municipalities, whereas we were able to withdraw the 2006–2010 data estimates for most municipalities that are included in this analysis.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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