Financial Arrangements Regenerated

A research conducted to the Establishment of Financial Arrangements between Municipality and Social Housing Associations in Urban Regeneration

Roel Reuser

METRUM
GEBIEDSONTWIKKELING \ VASTGOEDECONOMIE

UNIVERSITEIT TWENTE.

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Preface

Enschede, 5 november 2009,

In de afgelopen jaren fietste ik regelmatig naar station Hengelo. Op de weg daarheen kwam ik altijd een aantal in de struiken verscholen borden met quotes tegen. Die staan daar bij wijze van kunstwerk. Één daarvan zette mij altijd aan het denken "Niets is, alles wordt". Leuk, maar wat moet je ermee. Op een vroege ochtend, onderweg naar een gesprek met mijn afstudeercommissie realiseerde ik me dat die uitspraak wel erg van toepassing is op mijn afstuderen, maar ook op mijn hele studietijd. Als ik iets heb geleerd in mijn studententijd is dat als je iets wilt, je er wel moeite in moet stoppen. Niks komt aanwaaien; niets is, alles wordt. Of dat is wat de beste man Heraclitus ermee bedoelde, doet er niet eens toe, dit inzicht heeft mij verder geholpen.

Zo begin ik vol goede moed aan het schrijven van deze scriptie. Het idee was duidelijk, de eindtermen ook. Slechts negen maanden scheiden mij van mijn einddoel, zo simpel. Negen maanden is veel tijd, maar met uitstellen komt er niks op papier. Met de quote in het achterhoofd realiseerde ik me steeds dat het behalen van het eindresultaat toch echt ook mijn inzet vereist. Uiteindelijk, na negen maanden (of beter, na 6 jaar studeren) ligt dat resultaat er: twee mooie scripties. Deze scriptie zal mij mijn Master Civiele Techniek bezorgen, de ander mijn Master Bedrijfskunde. Trots op het eindresultaat en blij er mee klaar te zijn, maar ook een beetje treurig; mijn studententijd zit er definitief op!

Hoe erg het ook klinkt als een cliché, maar dit onderzoek had ik echt niet kunnen doen zonder een aantal mensen. Deze wil ik dan ook allemaal bedanken. Als eerst mijn afstudeercommissie; Geert Dewulf, voor je input maar vooral ook voor je motiverende woorden, door jou heb ik onderzoek doen meer leren waarderen. Ik zie tegenwoordig dan ook overal om me heen causale relaties. Robin de Graaf, met name voor je input met betrekking tot de onderzoeksmethodologie en de altijd prettige samenwerking tijdens mijn studie. Wybe Theijse, begeleider vanuit Metrum, wil ik ook bedanken voor zijn nuttige tips en tevens zijn getoonde vertrouwen in mij. Metrum in zijn algemeenheid bedank ik voor het faciliteren van de afstudeerplaats en het geven van alle vrijheid. Alle medewerkers van Metrum hebben wel op één of andere manier bijgedragen en waren ook nuttig in het bieden van de benodigde afleiding. De getoonde interesse motiveerde mij steeds om mijn best te doen, maar leverde soms ook frustratie op als ik geen vooruitgang kon melden. Tot slot wil ik alle respondenten (Bram de Ruiter, Claudia Veltrop, Claudius van Unen, Floris Schrijvers, Hans Borsje, Hans Krabbe, Jan Hein Pos, Jos Buskermolen, Kirsten van Rijen, Moniek van Gerven, Niels Klein Lankhorst, Olaf de Croon, Wim Wang en Wouter van Honstede) hun bereidwilligheid heeft mijn zeer positief verbaasd!

Ik grijp deze kans meteen aan om nog een aantal mensen te bedanken. Ten eerste mijn vriendenclubje "PalleT # +", zij hebben mijn studententijd tot een fantastische tijd gemaakt; het schuim op mijn bier. Mijn ouders bedank ik graag voor hun vertrouwen en voor de financiële ondersteuning. Zij noemden het altijd een subsidie, "a fonds perdu", ik hoop dat ik kan bewijzen dat het toch ook een beetje een investering was. Tot slot en zoals het hoort niet als minst, wil ik Eveline bedanken. Voor de harde deadline die je mij onbewust hebt gesteld, maar ook voor de goede zorgen in de drukke afrondende fase.

Ik wens je veel leesplezier en hoor na afloop graag jouw reactie!

Roel Reuser

Samenvatting

Inleiding in problematiek
Na de tweede wereldoorlog stond de Nederlandse overheid voor de zware taak om Nederland weer op te bouwen. Nadat de vrede was teruggekeerd in Nederland werd begonnen met de wederopbouw. Dit leidde tot recht toe recht aan complexen, vaak in de vorm van de bekende "portieketageflats". Veel aandacht aan ruimtelijke ordening werd er tijdens de wederopbouwperiode niet besteedt. Pas in de jaren '60 kwam hier meer aandacht voor. Initieel richtte dit beleid zich voornamelijk op de stedelijke uitbreiding, maar door de jaren heen verschoof de aandacht meer richting de stadsvernieuwing. In de derde nota op de ruimtelijke ordening werd deze term geïntroduceerd. Er werd begonnen met het vernieuwen van de vooroorlogse huizen. Ondertussen nam de kwaliteit van de wijken met naoorlogse woningen steeds verder af. De wijken verloren de competitie met de wijder opgezette stadsuitbreidingen. Hierdoor groeide het aandeel van lagere inkomens in de naoorlogse wijken. Dit zorgde voor segregatie in de stad, dat de leefbaarheid in de naoorlogse wijken niet ten goede kwam. Met als gevolg, dat er nog meer midden en hoge inkomens wegtrokken uit de wijk; een neerwaartse spiraal.

Dit was de aanleiding voor een paradigmaverandering in het denken over stadsvernieuwing. De term stedelijke vernieuwing werd geïntroduceerd in het "Beleid voor de Stadsvernieuwing in de Toekomst" (BELSTATO). De overheid realiseerde dat sec een fysieke aanpak van de wijken niet genoeg was. Het nieuwe beleid richt zich op drie peilers; de fysieke, de sociale en de economische peiler. Het GroteStedenBeleid is de concrete uitwerking van dit beleid. Op deze manier wordt een substantiële verbetering van de leefbaarheid in de verpauperende naoorlogse wijken beoogd. De grondige aanpak gaat vaak gepaard met herstructurering (de gebruikte Engelse term in dit rapport is "regeneration").

Probleembeschrijving
Met een herstructurering is de wijk aan een ingrijpende fysieke verandering onderhevig. In de nieuwe plannen wordt rekening gehouden met de drie pijlers uit het GroteStedenBeleid. Zo worden er woningen teruggebouwd voor een gemixte doelgroep en is er meer aandacht voor de openbare ruimte en sociale voorzieningen.

De gemeentes zijn verantwoordelijk voor de uitvoer van het GroteStedenBeleid. Zij zullen vooral door middel van het toevoegen/verbeteren van sociale functies en openbare ruimte een bijdrage kunnen leveren aan de herstructurering. De meeste woningen in de te herstructureren wijk zijn in het bezit van de woningcorporaties. Zij zijn ook gebaat bij het verbeteren van de leefbaarheid van de wijk, omdat dit ten goede komt aan de verhuurbaarheid van hun woningen. Daarbij is met zes prestatievelden in het Besluit Beheer Sociale Huursector (BBSH) de maatschappelijke verantwoordelijk van woningcorporaties vastgelegd. In herstructurering wordt meestal een groot deel van de woningen gesloopt, om de kwaliteit van de woningen te verhogen en ook woningen te kunnen terugbouwen voor hogere inkomensgroepen. Dit brengt met zich mee dat de gemeente en de woningcorporatie op elkaar zijn aangewezen. Een succesvolle herstructurering is alleen mogelijk als ze op één of andere manier samenwerken.

Daarnaast is de lage verdiencapaciteit karakteristiek voor herstructureringsprojecten. Er zijn namelijk veel extra kosten gemoeid met een herstructurering, die niet spelen bij stadsuitbreiding. Zo moeten er veel sloopkosten gemaakt worden. Daarnaast vertegenwoordigt het te slopen vastgoed nog een bepaalde waarde. Deze waarde moet worden afgeboekt. De huidige bewoners van de wijk, zullen tijdelijk moeten worden gehuisvest, of krijgen een verhuisvergoeding. Tot slot is het voorzieningsniveau in herstructureringswijken hoog, wat ook extra kosten met zich meebrengt.

De gemeente en woningcorporaties zullen afspraken moeten maken om tot een gezamenlijke aanpak te komen. De financiële afspraken zijn een belangrijk aspect hiervan. Mede doordat de herstructureringsprojecten kampen met een lage verdiencapaciteit, komen de financiële afspraken vaak moeilijk tot stand. Hierdoor duurt het vaak langer voor de afspraken tot stand komen dan vanuit het oogpunt van woonbeleid wenselijk is.

Onderzoeksmethodiek
Doel van dit onderzoek is om te komen tot een theorie dat meer inzicht geeft in het totstandkomingproces van financiële afspraken. De theorie, bestaande uit een causale relatie tussen onafhankelijke en afhankelijke variabelen, die wordt ontwikkeld heeft twee functies. Enerzijds dient de theorie voorspellend te zijn; de succesvolheid van de financiële afspraken kan worden voorspeld op basis van de aanwezigheid van een aantal procesfactoren. Anderzijds dient de theorie verklarend te zijn; op basis van de theorie kan verklaard worden waarom de financiële afspraken al dan niet succesvol zijn geworden. Aangezien er al veel theorie is ontwikkeld over tot stand koming van samenwerking en het sluiten van financiële afspraken, is geen nieuwe theorie ontwikkeld, maar wordt bestaande theorie op de specifieke context van herstructurering getest.

De complexe context van het te onderzoeken proces, maakt een case study onderzoeksstrategie het meest geschikt. Vier herstructureringscasussen zijn daarom geselecteerd. Om grondig onderzoek in de beschikbare tijd mogelijk te maken, is de complexiteit van de herstructureringen beperkt. Er zijn daarom alleen projecten gekozen met ongeveer 200 woningen en met slechts één betrokken woningcorporatie. Daarbij zijn de projecten geselecteerd op hun afhankelijke variabele: de succesvolheid van de financiële afspraken.

De benodigde data is geanalyseerd op basis van documentenstudie en interviews met afgevaardigden van zowel de woningcorporatie als de gemeente. De data is geanalyseerd met de zogenaamde "patroon matching" techniek. Dit houdt het volgende in. De theorie voorspelt een patroon van onafhankelijke en afhankelijke variabelen. Dit voorspelde patroon wordt vervolgens vergeleken met de gevonden patronen in de casussen. Op basis hiervan kunnen conclusies getrokken worden over de veronderstelde causaliteit.

Theorie
In het kort bestaat de theorie uit drie onafhankelijke variabelen: het hebben van een gedeelde visie, een gelijk gevoel van urgentie en een wederzijdse erkenning van afhankelijkheid. De succesvolheid wordt bepaald op basis van drie afhankelijke variabelen: de tijd die nodig is om financiële afspraken te maken in vergelijking met de planning, de tevredenheid met de afspraken en de wederzijdse tevredenheid met de partner. De causale relatie tussen deze drie onafhankelijke variabelen en twee afhankelijke variabelen zijn beschreven met vijf hypothesen.

Casussen
De vier casussen zijn:
Toernooiveld, Schiedam – Een volledige herstructurering van een klein gebied in Schiedam door een VOF waarin de gemeente Schiedam en Woonplus Schiedam participeren. 220 portieketageflats worden gesloopt en daarvoor in plaats komen 130 woningen van verschillende typen.
Presikhaaf 1, Arnhem – Onderdeel van de grote na-oorlogse wijk Presikhaaf. De woningcorporatie Vivare is verantwoordelijk voor de vastgoedexploitatie en de openbare ruimte, de gemeente Arnhem neemt de infrastructuur en sociale functies voor haar rekening. De herstructurering omvat ongeveer 300 woningen.
Bergerhof, Renkum – Een herstructurering waarin 198 woningen worden gesloopt en 166 woningen nieuw worden gebouwd in verschillende types. Het project wordt getrokken door de woningcorporatie Vivare, de gemeente Renkum stelt een deel van de grond beschikbaar.

De Valuwe, Cuijk – Een gedeeltelijke herstructurering van een volkswijk in Cuijk. Samen ontwikkelen ze ongeveer 280 woningen en een nieuwe multifunctionele locatie.

Conclusie
Uit de case study komt naar voren dat het ontwikkelen van een gedeelde visie over doelen en financiële principes een positieve bijdrage levert aan het succes van de financiële afspraken. Echter blijkt het beginnen met een gedeelde visie niet voldoende om conflicten te voorkomen. De partijen dienen er ook voor te zorgen dat beide partijen in het geheel gedurende het proces gecommitteerd blijven aan de gedeelde visie. Veranderingen in de interne organisatie kan dit lastig maken.

Daarnaast blijkt opportunistisch gedrag van een van de participanten een negatieve invloed te hebben op het succes van de financiële afspraken. Twee condities bepalen voor een groot deel of er een kans bestaat op opportunistisch gedrag. Aanwezigheid van deze twee condities, een gelijk gevoel van urgentie en een wederzijdse erkenning van afhankelijkheid, verkleint de kans op opportunistisch gedrag. Dit heeft als gevolg dat de financiële afspraken succesvoller tot stand komen.

Tot slot blijkt dat de "persoonlijke klik" een belangrijke rol speelt in het succes van de financiële afspraken. Hoewel deze conditie bewust geen onderdeel was van de theorie, maar werd gezien als context, bleek de persoonlijke klik een grote rol te spelen. Wanneer deze conditie buiten beschouwing was gelaten in het onderzoek, dan hadden op basis van de patroon matching techniek de hypothesen verworpen moeten worden. De persoonlijke klik gaf hier enkele malen een verklaring voor.

Aanbevelingen
Op basis van de ontwikkelde theorie kan bepaald en verklaard worden of en waarom afspraken succesvol tot stand zullen komen. Dit betekent niet dat de herstructurering gestopt moet worden wanneer één van de drie condities afwezig is. De resultaten niedt een vergroot inzicht in hoe omgegaan moet worden met dergelijke gevallen. Zo zal bijvoorbeeld partij A er rekening mee moeten houden dat er meer concessies van hem verwacht worden wanneer party B een lager gevoel van urgentie heeft.

Verder dient de conditie "gedeelde visie" een nadere uitwerking. Alleen het proces beginnen met een gedeelde visie is onvoldoende, deze visie moet ook onderhouden worden. Dit verdient vervolgonderzoek.

In vervolgonderzoek zal meer aandacht uit moeten gaan naar de conditie "persoonlijke klik". In dit onderzoek bleek deze condities een zeer grote rol te spelen. Dit kan in vervolgonderzoek op twee manieren opgelost worden. De eerste mogelijkheid is door middel van casusselectie de conditie gelijk te houden in alle casussen. Dit is ook gedaan met andere variabelen in het onderzoek. De andere mogelijkheid is het betrekken van deze variabele in de theorie.

Tot slot heeft dit onderzoek ook nog gevolg voor het debat dat wordt gevoerd over de commerciële activiteiten van woningcorporaties. Vanuit het oogpunt van dit onderzoek is het onwenselijk dat woningcorporaties meer en meer denken vanuit commerciële belangen. Dit kan er namelijk toe leiden dat (delen van) probleemwijken worden verkocht. Zo is de woningcorporatie en verlost van haar probleem en verdient ze eraan. Dit zou de gemeente sterk afhankelijk maken van de woningcorporatie, wat onwenselijk is om succesvol financiële afspraken te maken.

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1 Introduction

After the Second World War, the Dutch Government faced the task of rebuilding the Netherlands. Directly when peace returned the government started to resolve the huge houses shortage [VROM, 2009], [van der Cammen & de Klerk, 2003, p.163]. This led most of the time to straightforward house complexes without much quality [Brouwer, 2006, p.1]. In 1962, after just 15 years, the millionth house was produced [van der Cammen & de Klerk, 2003, p.192]. The rebuilding task had asked so much attention of the predecessor of the ministry of public housing, spatial planning and environment, that they lacked attention to spatial planning. From the sixties they increased their attention to the spatial planning by introducing five white papers in the past fifty years. Initially specifically influencing the expansion areas, the focus of spatial planning more and more included redevelopment of inner-city areas. The redevelopment policy of inner-city evolved over the years till what now is called "urban regeneration". In this chapter an overview of these developments is given as an introduction to the main subject of this research: inner-city regeneration. The importance and difficulty of the regeneration task will become clear in next two sections. In the last section an overview is given about the different chapters describing this research.

<< Instead of giving a politician the keys to the city, it might be better to change the locks.>>
Doug Larson

1.1 Change in National policy

In the beginning of the nineties a paradigm shift can be depicted in Dutch spatial planning policy. This Before the seventies the development of inner-cities consisted for the far part of shack clearance and reconstruction [Breejen, 2006, p. 3]. The third white paper on spatial planning introduced serious attention on the regeneration of the cities. In this specific white paper, the term "city renewal" came into existence. The city renewal was mainly focused on rebuilding of the pre-war houses, a pure physical improvement. Renewing the city was especially destined for the former inhabitants, creating a larger share of social housing in the areas [Breejen, 2006, p.3]. Although the building quality of the houses in the urban area was successfully enhanced, it seemed that the neighbourhoods as a whole did not profit from the efforts [VROM, 1997, p.3], [Breejen, 2006, p. 3]. This problem was noticed and recognized in the policy for urban renewal in the future (in Dutch: BELSTATO) [VROM, 1997, p. 3]. The change of adage used by the politicians from "city renewal" to "urban renewal" preludes the shift in national policy which is described in the following section. This shift was primarily a result of the following developments.

First, the energy that was put in the redevelopment of urban areas did not have satisfactory results. It turned out that urban areas were not able to evolve in pace with the social and demographic developments, to meet the changing quality requirements [VROM, 1997, p.3].

Second, due to the increasing prosperity, society developed more in a multiform way and demanded higher quality. "People increasingly retain the right to make choices which fit more and more to individual preferences" [Kruythoff & Haars, 2003, p. 34]. As a result, middle and higher income families migrated out of the cities. This phenomenon increased the proportion of lower income families in the urban neighbourhoods. According to the Dutch policy makers and scholars this segregation is an undesirable situation for society [VROM, 1997, p. 20], [Musterd, 1999, p. 573 – 574], [Breejen, 2006, p. 3]. The segregation in urban area is a concept in literature called "the divided city". As a result of the high proportion of low income, the liveability is even further diminishing [Musterd, 1999, p. 573 – 574] and thus loosing competition with outer city expansions, ending up in a downward spiral [VROM, 1997, p. 3]. The policy makers increasingly realized that physical quality improvement alone was a weak basis to compete on and could not prevent that middle and higher incomes relocated in the new city expansions [minBZK, 2004, p. 70].

Third, compaction is seen as the only option for the government to cope with the still increasing demand of houses, without further affect the scarce natural environment [VROM, 1997, p. 16-17]. So more houses needed to be build within the existing city borders. To enable this, neighbourhoods needed to be restructured, to create more flexibility in planning. So in most cases it is necessary to demolish a substantial part of the real estate and infrastructure.

As a reaction on these developments a governmental note of the Dutch parliament in 1997 redefined regeneration as: "regeneration is a quality impulse, with the ambition to improve the social and economical vitality of a neighbourhood and the total city, by enhancing the neighbourhood's structure … the regeneration task not only embraces adjustment of the housing stock and the direct living environment. Also infrastructure, green area, business activity and other facilities inside the neighbourhood come up with regeneration" [VROM, 1997, p. 8, 24].

At this moment a web of policies is implemented, expressing the relevance of the task. Besides the ministry of public housing, spatial planning and environment (physical component), also the ministries of Home affairs (social component) and Economic affairs (economic component) implemented policy that covers the regeneration task. The umbrella of these policies is the Dutch Urban Policy (the English term for the *Grotestedenbeleid*). Each ministry provides budgets to these cities to help them to reach their targets. The budgets are just a fraction of the investment needed in the regeneration areas, the budgets act as investment leverage. The ministry of VROM provides municipality the so-called ISV budgets. Characterizing element of these budgets is that municipalities receive large autonomy in spending the money. The municipalities are considered to have more knowledge than the ministry on how to effectively spend the money. Besides the ISV budgets, another initiative for improving regeneration projects is running at the moment. This policy strives to accelerate neighbourhoods that are about to loose even more living quality. The policy is called the neighbourhood approach (in Dutch wijkenaanpak). Hundred neighbourhoods receive extra money from SHAs and from the government that has to be spend on social functions. Among these projects a specific group is worth mentioning; the so-called 'aandachtswijken' – meaning priority neighbourhoods- or more popularly called 'Vogelaarwijken' – named after a former minister of Public Housing, spatial planning and environment. These neighbourhoods – forty in total – are receiving increased attention and financial aid in the Netherlands. Last initiative, which is recently established, are the stimulation measures. These measures embrace a budget of about 300 to 400 million Euros to be spend on stimulation of the real estate market. Part of this will ultimately end in the regeneration projects [van Honstede, 2009], [Beckhoven et al, 2004, p. 6-7].

1.2 The Regeneration task

Regeneration, restructuring, revitalisation, urban renewal or redevelopment of inner-city residential areas in the Netherlands, are all different terms for the same type of projects. What these terms seem to agree on is the prefix "re-", showing exactly that what is going on: the targeted area is already occupied with functions which will (partly) be *re*placed. For the sake of convenience we speak of regeneration, simply because it is the most common used term[1]. The meaning of regeneration projects as we think of it today is a result of the described shift. Where the city renewal focused on a pure physical augmentation, the urban renewal augments the urban area on three dimensions: social, economical and physical. The objective changed from improving building quality to improving the liveability of the neighbourhood.

Regeneration are in most cases initiated by a SHA or the municipality. In case of the SHAs, they take the initiative for improving their real estate portfolio and improve the living conditions, which is necessary to prevent vacancy in their property. The municipality takes initiative for regeneration for the improvement of social and economical structure [Buskermolen, 2009],[de Ruiter, 2009]. Although there are some differences in emphasis, both parties strive for more living quality in the areas. The parties try to reach their goals by developing a more differentiated supply of houses, improve the building quality, enhancing public space, and by invest in social functions like schools and daycares. This can also be found in the Dutch Urban Policy (DUP).

Another characterizing aspect of regeneration projects, caused by the functions already occupying the area, is that all kinds of stakeholders are involved, e.g. municipality, inhabitants, SHAs, shopkeepers, real estate investors and so on. Among others, the mentioned stakeholders act in a network. Complex networks are a dynamic whole of stakeholders, which are mutual dependent [de Bruijn & ten Heuvelhof, 1995, p. 18-19]. As a result the hierarchy, in which government has a steering role, is lacking in a complex network [van Bortel & Elsinga, 2005, p. 4], [van Bemmel & Muller, 2005, p. 4].

The mutual dependency implies that it is impossible for parties to solve the problem separately [de Bruijn & ten Heuvelhof, 1995, p. 23], hence a sort of cooperation, intensive or just superficial, is necessary to come to regeneration. On the other hand, establishing this cooperation is a challenge itself [Klijn & Teisman, 2003, p. 137]. One aspect particularly causes many problems in establishing cooperation; coming to financial arrangements [VROM, 2003, p. 4], [ULI, 2009, p.7]. Therefore the objective of this research is to provide insight in the process of establishing financial arrangements between municipality and social housing associations in regeneration projects.

1.3 Outline

This thesis is divided in 7 chapters, combined giving a complete overview of the performed research. In this first chapter you, as a reader, are introduced to the subject of this thesis. In the chapter 2 the research design is described. The following two chapters encompass the theoretical part of the research. In chapter 3 the process of regeneration is more thoroughly described to enhance the understanding of the phenomenon and its context. Subsequently, in chapter 4, the developed theory about the process of establishing financial arrangements is described. Then the empirical part of the research follows in chapter 5 and 6. In chapter 5 the case studies on which the theory is projected are described and in chapter 6 findings of the case studies are combined. This all results in chapter 7 in which the conclusion that can be drawn from the research are given.

[1] Search performed in Google Scholar in combination with "urban development" on 18-03-09. Results: regeneration: 800.000+, redevelopment: 123.000, urban renewal: 145.000, restructuring: 159.000

2 Research Design

The forgoing chapter introduced the concept of regeneration and the problems surrounding it. This chapter further elaborates on the introduction with a problem analysis. The problem analysis identifies the exact direction of this research, verbalized in the research objective. In addition to this objective, research questions are formulated that need to be answered to reach the objective. The sections that follow describe the research strategy employed and the research steps taken to answer the research questions and, in the end, led to this master thesis.

<< If we knew what it was we were doing, it would not be called research, would it? >>
Albert Einstein
US (German-born), physicist (1879 - 1955)

2.1 Problem Analysis

From the information provided in the introduction it can be concluded that the regeneration task is both essential and difficult. Initiatives - whether taken by municipality or by SHA(s) – for regenerations are not receiving follow-up as they should have from the point of view of the housing policy [VROM, 2003, p.4]. Although joint efforts of municipalities, SHAs and real estate developers in improving this situation [VROM, 2003], all kinds of problems occur in the realisation process of the regeneration project [ULI, 2009, p. 7], [Breejen et al, 2006, p. 11]. One of these problems is the establishment of financial arrangements [VROM, 2003, p.4]. This researches focuses specifically on this problem. Therefore a further elaboration on this problem is made in the following section. The need for financial arrangements comes from the interdependency between municipality and housing associations; this is described in the first sub section. The difficulty of establishing these arrangements is enhanced by the typical low earning capacity in regeneration projects, which is described in the second sub section. This section is concluded with a problem statement.

2.1.1 Interdependency

The 'traditional' city expansion projects mainly deal with the owners on the, usually, agricultural destination. The regeneration projects however are planned in urban areas, hence a wider variety of functions are already located in the area. These functions are for example: infrastructure, commercial, residential and sometimes some industrial activity. Especially the residential function is well present in these neighbourhoods. Although the possession of houses and accompanying land is scattered, a huge part is typically occupied by social housing, often in possession of SHAs. This makes SHAs a key stakeholder in the whole process of regeneration. Besides that, SHAs have important knowledge about their tenants and the area [de Kam, 2005, p. 16]. This makes municipalities to a large extent dependent on SHAs in reaching the regeneration objective enforced by the DUP. The regulating document BBSH (in Dutch: Besluit Beheer Sociale Huursector) binds the SHAs to the regeneration projects [de Kam, 2005, p. 16]. The BBSH obligates the SHAs to act responsible on the following performance fields [VROM, 2000, p.8]:

- Providing proper housing for its target group;
- Maintain the quality of its real estate;
- involvement of inhabitants in policy and management;
- Secure financial continuity;
- Improvement of liveability in the neighbourhoods;
- Contribute to the combination of living and care.

Although the goals of the SHAs are to a large extent aligned with the DUP goals SHAs also are focused on their financial continuity [de Kam, 2005, p. 25]. On the other hand municipalities have their own agenda in the regeneration task partly coming from the DUP [Klijn & Teisman, 2003, p.141]. Regeneration has a major impact on the zoning of the targeted area, which makes the regeneration and the SHAs dependent on legislation and the authoritative municipality. These mutual dependencies force both parties to cooperate. The differences in initial objectives can cause problems when striving for cooperation in the regeneration process, leading to stagnation and disappointing quality [de Kam, 2002, p. 24], [Needham, 2006, p. 2], [Klijn & Teisman, 2003, p. 144].

Interdependency arises in many different forms [de Bruijn & ten Heuvelhof, 1995, p. 18] hence the described interdependency does not directly mean the parties are also *financially* interdependent. When both parties agree on a plan in which all participants develop their own part on their own land in principle they can realize the project without establishing financial arrangements. In practice this does not happen very often, since there are a lot of factors that make the project more complex and make the parties financially interdependent. The financial interdependency can be seen as overlap in the financial obligation of the parties. For this overlap municipality and SHAs should make arrangements. Establishing these financial arrangements turns out to be a difficult process in practice [ULI, 2009, p.6], [VROM, 2003, p. 4], but are essential for the progress of the regeneration project.

2.1.2 Earning Capacity

Negotiations about financial arrangements are put on the cutting edge as a result of the typical negative financial result of these projects. From practice it turns out that most regeneration projects have to cope with deficits on their budget (Breejen et al, 2006, p. 11). Municipality and SHAs both have their wishes in the project but both have problems with financing it. Hence direct willingness for regenerations from an economic point of view is absent. It also implies that the gap between the financial goals of both parties is relatively large, causing problems in establishing financial arrangements [Ahadzi & Bowles, 2004, p. 968].
A number of reasons can be given for the deficits that regeneration projects have to cope with in comparison with the outer-city area developments. First, capitalized cash inflows from social renting are commonly accepted to be lower than the investment needed to create a new rental house. This gap, called 'unprofitable gap'[2], is extenuated by the SHAs' social responsibility. SHAs can try to correct this gap by selling part of the houses or develop real estate for the commercial market [de Vos, 2005], [de Kam, 2005, p. 24]. Since a relative big proportion of social housing is present in regeneration areas, the zero-alternative: keep on renting the old houses and performing minimal maintenance will be more profitable [Harvey & Jowsey, 2004, p. 105]. Second, the targeted areas are already occupied by all kinds of activity, when the area is regenerated this results in costs, associated with this current occupation. Such as: a certain part of the real estate has to be demolished; inhabitants of houses that will be rebuild should be relocated temporarily; and value of the demolished real estate has to be depreciated [Breejen et al, 2006, p.11]. At last, the central government is one of the drivers behind regeneration. The government considers it necessary to start regeneration projects for social purposes. This social purpose takes shape by the development of real estate with social functions and with an upgrade of public space. Additional funds for these ends are to some extent made available in the DUP III [VROM, 2009]. Municipalities and SHAs both will claim their part of the budget, creating financial overlap which brings us back to the financial interdependency discussed in the latter subsection.

2.1.3 Problem Definition

The previous subsections result in the following research problem. Interdependency of municipality and SHA(s) makes cooperation of these parties necessary in all regeneration

[2] Unprofitable gap is a free translation of the Dutch term 'onrendabele top'.

projects. But this interdependency at the same time makes it difficult to reach cooperation. To come to cooperation, arrangements need to be established about the interdependencies. The proposed research therefore focuses on the establishment of these arrangements, specifically those arrangements on the financial interdependencies. The objective is narrowed down to financial arrangement because (1) this financial interdependency is often present in regeneration projects, and (2) there is a relatively large gap between the goals of municipality and SHA(s) in these financial interdependencies.

2.2 Research Objective

Objective of this research is delivering a contribution to the process of regeneration projects by:

Providing insight in how financial arrangements between municipalities and social housing association(s) can be established successfully in regeneration projects.

To reach this objective the research is divided in a number of research questions, which are discussed in
Section 2.4. First in section 2.3 the research model is given of which the questions are derived.

Research significance

2.3 Research Model

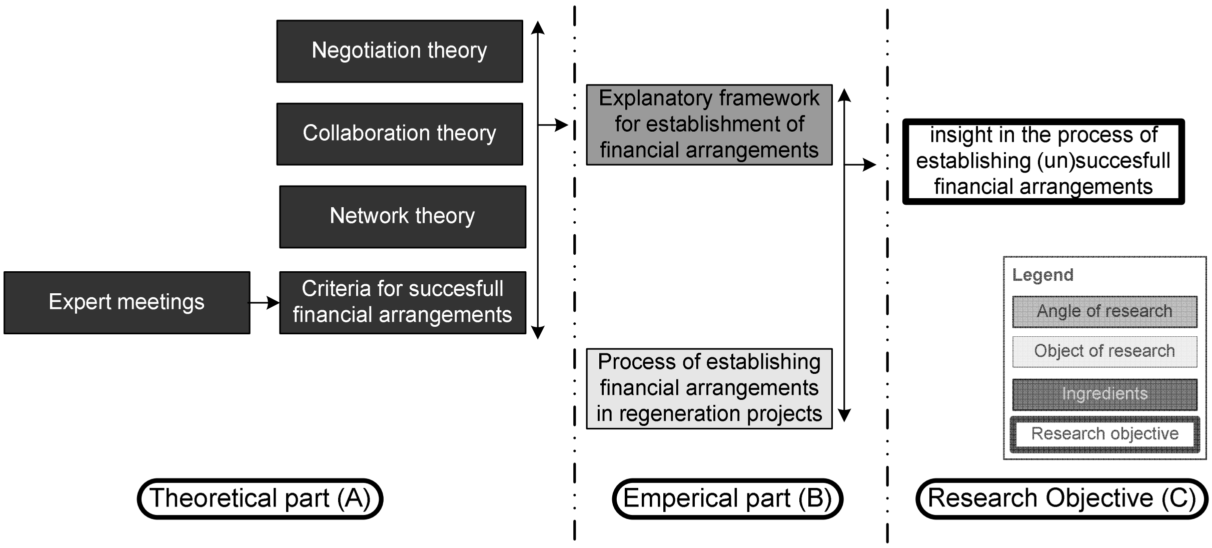

Figure 1: Research model according to Verschuren en Doorewaard (2005)

(A) A perspective on the relation between the process of establishing arrangements and the level of success of these arrangements, derived from network, cooperation and negotiation theory creates an explanatory framework which is used to (B) examine the process of establishing financial arrangements in practice, in order to get (C) insight in the relation between the process of establishing financial arrangements and the level of success of these arrangements in regeneration projects.

2.4 Research Questions

The research is divided in a theoretical and an empirical part, reflected in the research model with. The first part is pure theoretical and develops an explanatory framework which can be used in the empirical part. The explanatory framework will describe the causal relation – derived from theory - between the process of establishing financial arrangements and the successfulness of these financial arrangements. To develop the explanatory framework, the following research questions and its sub questions should be answered:

1. *How can the process of establishing financial arrangements in regeneration projects be described?*
   a. *What are regeneration projects?*
   b. *What are financial arrangements?*
   c. *How are the financial arrangements established?*
   d. *What criteria define the success of a financial arrangement?*
   e. *What conditions in process of establishing financial arrangements influence the success of the financial arrangements in a regeneration project according to theory?*

The second part is the empirical part, in this part the practice will be confronted with the developed theoretical framework. This part of the research is needed to study if the causal relations derived from theory matches the practice.

2. *What can be learned from the theory about the process of establishing (un)successful financial arrangements in practice?*
   a. *How are the financial arrangements established in practice and what is the level of success of these financial arrangements according to the developed criteria?*
   b. *Does the explanatory framework match with the reality of regeneration projects?*

An elaboration on the research strategy and method of answering these question can be found in next sections.

2.5 Research Strategy

To answer the formulated research question a case study research strategy was chosen. In this section is explained why the case study research was the most proper strategy for the research. This is followed by an explanation why other research strategies were less appropriate. The implication of the chosen strategy on the different research steps is explained in the next section.

2.5.1 Case Study Research

The definition of a case study given by Yin (2009) can clarify why this strategy fits the research problem:
"A twofold, technical definition of case study… the first part begins with the scope of a case study:
1. A case study is an empirical inquiry that
- Investigates a contemporary phenomenon in depth and within its real-life context, especially when
- The boundaries between phenomenon and context are not clearly evident"

This is similar to this research in which the phenomenon "process of establishing financial arrangements" cannot be examined separated from the context of regeneration. Different factors create financial interdependency and thus, influence the phenomenon (boundaries are not clearly evident).
The difficulty to distinguish between context and phenomenon leads to the second part of the definition:
"2. The case study inquiry
- Copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result
- Relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result
- Benefits from the prior development of theoretical propositions to guide data collection and analysis."

Many variables will influence the outcome of the research and therefore have to be taken into account. Hence in-depth research is necessary, triangulation ensures objectivity. To guide the data collection and data analysis theoretical propositions can be used. This partly shows that the common concern about case study research - that case studies

provide little basis for scientific generalization - is incorrect. The goal of a case study is to expand and generalize theories. To do this case studies offer the same possibilities of generalization as experiments. Both experiments and case studies cannot be generalized to population or universe but to theoretical propositions. This is called analytical generalization in stead of statistical generalization which can be derived from a survey [Yin, 2009, p. 15].
"Why" or "how" questions are usually directing research to a case study research strategy [Yin, 2009 p.8]. The proposed research has an objective which causes a typical why question: why are (un)successful financial arrangements established? This why-question implies an explanatory research, focused on the causal relation between the process of establishing financial arrangements and the level of success of the established financial arrangements. A large part of the process of establishing financial arrangements happens implicitly, but this is important to understand the process. This implicit information can be collected by observation and interviews as part of a case study. According to Yin (2009) the case study is not the only research strategy is applicable for an explanatory research. To further distinguish between the strategies, Yin (2009, p.8) comes up with two other criteria: "required control of behavioural events" and "focus on contemporary events". The proposed research focuses on a contemporary event but does not have control over these events. This is a situation in which only case study are preferred, according to Yin's taxonomy of research strategies.
The selectivity of the research units is the last argument that can be brought in for the use of a case study research. Units for the analysis can be chosen strategically [Verschuren & Doorewaard, 2005, p.171] in order to collect the greatest possible amount of information [Eisenhardt, 1989, p. 537]. Strategic - information oriented - selection is based on theoretical replication instead of literal replication which is used in random sampling [Flyvbjerg, 2006, p. 230]. This is useful since the research is demarcated on a specific type of project in a specific phase, there are too little units too make random sampling possible. Besides that, cases can be chosen in which the dependent variable, the successfulness of established financial arrangements, has maximum variation. This enhances internal validity.

2.5.2 Other Research Strategies

As discussed in the latter subsection the case study research is considered to be the strategy which best fit the research objective. To further support this argumentation the disadvantages of the other strategies compared to the case study are given. The different research strategies are: Survey, Experiment, Historical research and Grounded theory [Verschuren & Doorewaard, 2005, p. 149-151].

Survey Research

Survey research can deal with phenomenon and context, but the ability to deal with the context is very limited [Yin, 2009, p. 18]. This makes the survey unusable since the context plays an important role in the proposed research. Besides that survey research need incidence to come with broadly based results. There are too few units of analysis. Moreover, to arrive at explanations of the phenomenon, an in-depth research is needed, which is within the time limits only possible for just a few cases.

Experimental Research

Experimental research can also make analytical generalization and is able to make distinction between blurred boundaries of the phenomenon and context. Essential problem is that there is too little control over the different research variables to do this research in the form of an experiment [Yin, 2009, p. 18]. It will not be possible to put all relevant variables in an experiment. Even if it is possible to design an experiment for the research it will not be able in the financial budget of the research.

Historical Research

A historical research strategy is mostly used when the research focuses on non-contemporary events. For these events it is not possible to directly observe the events or interview participants. This is one of the greatest benefits of case study research which combines the historical research with the use of direct observations and interviews. Since the proposed research is addressing a contemporary research case study is possible and preferable [Yin, 2009, p. 18].

Grounded Theory

The grounded theory is a theoretical research in which new theory is developed to explain a phenomenon in practice [Christiaans, 2004, p.239]. It prescribes that the researcher has no or just prior knowledge about the subject being studied. To effectively study the phenomenon it is preferable to do this with already acquired knowledge. Without this knowledge, there is risk that the research is overwhelmed with empirical data without a clue where to look for. Looking to the time limits set for the research this is a disadvantage of the grounded theory. Besides that, results from a practical research have more potential for direct implementation in practice than theoretical research. A pragmatic reason therefore is to choose for a practical research since it is the preferred strategy by the consultancy firm for which this research is performed.

2.6 Research Method

In this section the different research steps are drawn up. In the tables is stated in what way collection of the necessary research evidence will be done.

2.6.1 Process description

First step in the research was to get a good understanding of the regeneration projects and insight in how financial arrangements are established. In this step the following sub questions are answered.:
What are regeneration projects?
What are financial arrangements?
How are the financial arrangements established?
A literature study and interviews with experts was conducted to obtain the desired knowledge. The literature study focused on network theory since it is applicable for examining the playfield of municipality and SHAs. Besides, a broad range of policy documents from the ministry of Public Housing, spatial planning and environment was examined. Last ingredient of the literature review are documents about area development in a Dutch and in an international perspective. The interviews were held with experts from different viewpoints to get a complete and objective view of the process.
When the process description was complete, the findings have been validated by an expert panel. This expert panel consisted of experienced consultants of Metrum from different disciplines in regeneration projects. From their experience in practice they reviewed the findings and suggested some adaptations to make a better fit with the reality.

Source type : Literature Study		
Document type	**Intermediary**	**Search for:**
Articles	http://www.scholar.google.nl,	Network theory, Network steering, financial arrangements, financial interdependency, regeneration/urban redevelopment/urban renewal, area development
Policy Documents	http://www.vrom.nl	Samenwerking, financiële afspraken
Books	http://www.vastgoedkennis.nl, www.utwente.nl/ub	Gebiedsontwikkeling, herstructurering, area development, regeneration, restructuring, urban renewal
Specialists journals	Real Estate, Property NL, Building business, Building Innovation, Aedes Magazine	Totstandkoming, financiële afspraken, samenwerking, woningcorporaties, gemeentes

Source type : Interview		
Function	**Organization**	**Name**
Project leader, development	SHA	Hans Krabbe, Jos Buskermolen
Department spatial investments	Municipality	Bram de Ruiter
Policy makers	Responsible Ministry	Claudia Veltrop, Wouter van Honstede
Consultants on the field of process management, economic calculations, land policy and real estate	Metrum	Kasper van Zundert Michiel Bots

Source type : Expert Panel		
Function	**Organization**	**Name**
Experienced consultants in Regeneration projects	Metrum	Stan Engels, Michel Rauwers, Ronald van den IJssel, Jan Janssen

2.6.2 Theoretical proposition

To answer the first research question, basically the theoretical part of the research, it is also to get an answer on the last two sub questions. This was done in two steps; first the definition of criteria for the success of financial arrangements and second the development of causal explanations.

Perspective on Successfulness of Financial Arrangements
This part answers the sub research question:
What criteria define the success of a financial arrangement?
This question has a very subjective element in it, thus should be handled with care. To define criteria for success first a viewpoint was chosen. Subsequently this viewpoint functioned as a starting point for a literature review and expert interviews to develop the criteria. The literature review was focused on cooperation theory and negotiation theory and on documents about the Dutch Urban Policy (English name for the GroteStedenBeleid). In the search for suitable criteria, attention was paid to their consistency and the rationale behind the criteria. The findings in this research step were again validated by the expert panel, consisting of the Metrum consultants.

Source type : Literature Study		
Document type	**Intermediary**	**Search for:**
Articles	http://www.scholar.google.nl,	Successful/performance/level of success, financial arrangements, arrangements, cooperation, conceptualizing success, process performance, negotiation theory
Policy Documents	http://www.vrom.nl	Herstructurering, GroteStedenbeleid

Source type : Interview		
Function	**Organization**	**Name**
Project leader, development	SHA	Hans Krabbe, Jos Buskermolen
Department spatial investments	Municipality	Bram de Ruiter
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Source type : Expert Panel		
Function	**Organization**	**Name**
Experienced consultants in Regeneration projects	Metrum	Stan Engels, Michel Rauwers, Ronald van den IJssel, Jan Janssen

Development of Causal Explanations

The remaining sub question of the theoretical part is answered by the following research step:

What conditions in process of establishing financial arrangements influence the success of the financial arrangements in a regeneration project according to theory?

To answer this question literature was studied to find causal relations between the process of establishing arrangements and the level of success of the arrangements. The examined theories are: cooperation, negotiation, and network theory. When studying these theories a focus is laid on explanation – a set of independent variables - for the successfulness of financial arrangement. In some cases these independent variables are derived from theory at other fields of research, like cooperation in social care. Next step then was to, more or less, examine *if* these theories could also be applied on the specific field of this research (= financial arrangements between municipality and SHAs in regeneration projects). When this was the case, understanding of this type of problems is further developed and the research objective is met. The developed causal relations are shaped in an explanatory framework, propositions are derived from this framework. The findings in this research step are again validated by the expert panel consisting of the Metrum consultants.

Source type : Literature study		
Document type	**Intermediary**	**Search for:**
Master theses	Http://www.vastgoedkennis.nl, http://www.mastercitydeveloper.nl/	Creation/coming to/building, cooperation/partnerships/financial arrangements, barriers, key factors (regeneration)
Articles	http://www.scholar.google.nl articles mentioned in literature overview of Wildridge (2004) and Dowling (2004)	Creation/coming to/building, cooperation/partnerships/financial arrangements, barriers, key factors (regeneration)

Source type : Expert Panel		
Function	**Organization**	**Name**
Experienced consultants in Regeneration projects	Metrum	Stan Engels, Michel Rauwers, Ronald van den IJssel, Jan Janssen

2.6.3 Data collection by case study

When the theoretical part of the research was finished, the findings were projected on practice. This was done by performing case studies.

Case Study Protocol

First necessary step to take when doing a case study is the design of a case study protocol. The protocol describes how cases are selected and subsequently how desired data is gathered and analyzed. Especially in a multiple case study a protocol is very important [Yin, 2009, p. 79]. The findings in the theoretical part of the research has to give direction to the case study, thus the exact content depended on theoretical part.

Case Selection

The protocol defines the proper way of selecting cases. This case selection is information-oriented in order to derive the greatest possible amount of information from the case studies [Eisenhardt, 1989, p. 537]. This information oriented selection is based on theoretical replication instead of literal replication which is used in random sampling [Flyvbjerg, 2006, p. 230]. Besides the methodological criteria, also some pragmatic criteria are used in the case selection.

Data Collection and Documentation

From the case studies the necessary data is collected and later on documented. Which data exactly should be derived was directed by the formulated propositions. By this a focus is given to the case study, preventing the researcher for an overflow of information.

All cases are documented in a uniform case report and data is stored in the case study database. To enhance internal validity the case reports are reviewed critically by the involved consultant of Metrum as an objective observer. They can test if the case reports are not biased by the researcher's or respondents opinion [Yin, 2009, p.72].

Data Analysis

This step in the research answers the following sub questions:

How are the financial arrangements established in practice and what is the level of success of these financial arrangements according to the developed criteria?

Does the explanatory framework match with the reality of regeneration projects?

The case study has an explanatory purpose; the strategy and technique of analysis is adapted to this.

2.6.4 Conclusions

Cross Case Analysis

The cross case analysis compared the results of the different case studies. A proposition could only be considered valid if it is not falsified by one of the cases.

Conclusions

In this last phase of the research, conclusions are drawn based on the cross case analysis. If, from the cross case analysis, it turns out that the propositions are matching practice, insight is acquired about the causal relation between the process and the level of success of the established financial arrangements. In this case, theory is developed and valuable knowledge is acquired which can be used when financial arrangements have to be made in daily practice between municipality and SHAs. But also when one or more of the propositions are falsified, a contribution to theory is delivered and the information can be translated to useful knowledge in practice.

2.7 Enhancing Validity

All measures that are taken to enhance validity are translated into activities in the research method. To stress the importance of the validity for research, this section is especially devoted to these activities. All four described aspects contribute to the validity of the research [Yin, 2009, p. 40-41] [Shadish e.a., 2002]:

- Construct validity: about selecting the proper operational measures for the concepts being studied and preventing that subjectivity plays a role.
  Case study tactics: (1) use of different sources of evidence, (2) operational measures are backed-up by findings in literature as much as possible (3) reports of interviews are checked by the respondents.
- Internal validity: "the validity of inferences about whether observed covariation between A and B reflects a causal relationship from A to B as those variables were manipulated or measured" [Shadish e.a., 2002, p. 38].
  Case study tactics: (1) Found causal relations are verified after interviews with both municipality and SHA. (2) Colleagues at Metrum critically evaluated case reports and the case study database [Yin, 2009, p.72].
- External validity: determines to what extent the findings can be generalized over other projects.

Case study tactics: (1) Clear description of the project type used for a case, (2) cases are selected with a maximum variation on the dependent variable [Flyvbjerg, 2006, p. 230].

- Reliability: to what extent the research can be repeated by another researcher without delivering different results.
  Case study tactics: (1) use of protocols for literature research, interviews and case study (2) clear and consequent use of references.

3 Description of the Researched Phenomenon and its Context

The researched phenomenon is the process of establishing financial arrangements in regeneration projects. Just like most phenomenons in the complex world in which we live, the phenomenon cannot be seen as an independent process. Many aspects influence the phenomenon, often making establishing financial arrangements even more difficult. To effectively study the phenomenon, these influences need to be identified. In order to create a complete image the process of regeneration is described on an abstract level, followed by a conceptualization of the process of establishing financial arrangements. At last, the context in which regeneration projects are embedded is described.

<< *In the middle of difficulty lies opportunity.* >>
Albert Einstein
US (German-born), physicist (1879 - 1955)

3.1 The Process of Regeneration

The urban regeneration projects are characterized by the fact that the area is already occupied with functions. This has its impact on the process of regeneration, which distinguishes itself from the traditional land developments. In this chapter the process is described as a basis for the research.

3.1.1 Phases and Activities

The area development process describes the transformation of a piece of land from initiation to maintenance inclusive. This will seem a satisfactory definition of area development, but some scholars like to add some specific criteria to it. According to de Zeeuw (2007) Area development is a multifunctional and multi stakeholder problem. Dewulf et al (2004) further specifies this: "integral area development means interaction between governments, between governments and civilians/interest groups and between governments and private parties. Dewulf et al (2004) also stretches the complexity of area development in product and process.
The process can be schematically divided in phases which can be distinguished in most area development projects; this is made explicit in Figure 2 [VROM, 2003, p. 9], [Commissie fundamentele verkenning bouw, 2008, p. 13-14]. These phases do not differ in regeneration projects. Also the activities do not differ that much, except that normally more demolishing has to be done in regeneration projects. The stakeholders that are involved are varying over the different types of area developments. In regeneration projects more different stakeholders can typically be found. The management with these stakeholders is an important task that stretches from initiative to a new development. Two parties in the core of this process, especially in regeneration projects, are the municipality and SHA(s). These parties are responsible for the realisation of the regeneration project, because they have the financial resources and the objective to serve the social interests. According to Gray (1989, p.11), this is the essence of cooperation: "collaboration involves a process of joint decision making among key stakeholders of a problem domain about the future of that domain". Part of the joint decision making is the establishment of financial arrangements. These arrangements are thus only made between the municipality and SHA(s); other stakeholders are only involved sideways. This research focuses on the process of these financial arrangements, so stakeholders not being municipality or SHA fall outside the point of focus.

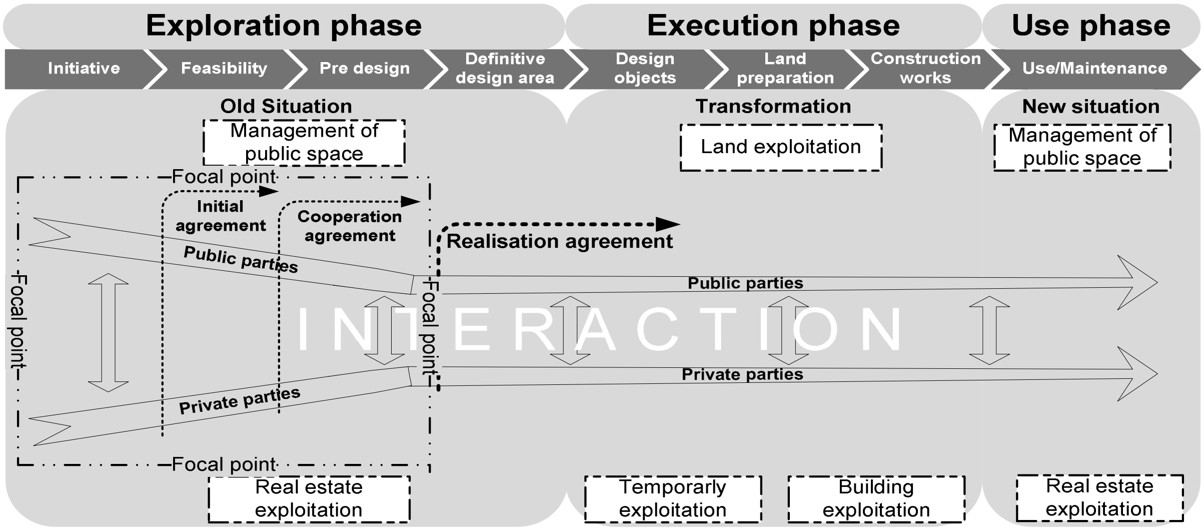

Figure 2: Overview of Area Development process

In the figure the focal point of the research can be found. The focal point is stretching approximately up to the realisation. In the process of coming to realisation many different actions are performed by the different parties which are outside the scope of the research. This research only focuses on the establishment of financial arrangement, one aspects of the complex process in the focal point. The financial arrangements can have different forms in the process – intention, cooperation, and realisation agreements can all contain some financial arrangements – which are all included in the proposed research. This demarcation is showed in Figure 3.

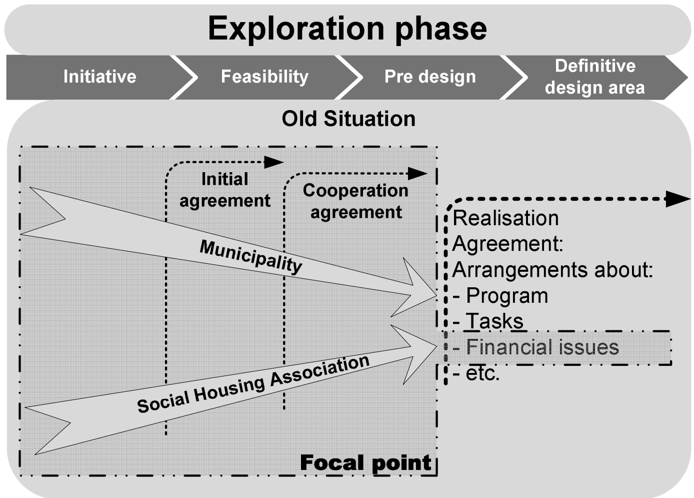

Figure 3: Demarcation of the process of financial arrangements

Reaching agreement is the responsibility of the participants of the intended cooperation [Gray, 1989, p. 14]. In practice many different arrangements with even more different names are established [Buskermolen, 2009], [Bots, 2009]. Often these arrangements are made in different steps, from abstract to concrete [van Zundert, 2009]. Very similar to these steps are the steps that Gray (1989, p.14) describes as being a typical process of reaching agreement:

1. "the joint search for information about the problem." In practice initial agreements are often the keystone of such a phase. Intentions are drawn in the document in which the problem is confirmed. This document does not have any legal binding.
2. "the invention of a mutually agreed upon solution about the pattern of future exchanges between stakeholders". The cooperation agreement is established when problem and solutions are explored. In this document the terms for cooperation are written down. This document has legal binding.
3. "ratification of the agreement and plans for implementing it." When the arrangements are made in three steps, the process is often finalized with a realization agreement. In this document is described what the participants are obliged to do and contribute in the cooperation.

3.1.2 Stakeholders

One of the characteristics of regeneration projects are all the different stakeholders that are involved. To complete the description of the regeneration projects, in this section a limitative list of the most important stakeholders is given.

Public Parties:

- Municipality: sometimes initiator, responsible for the urban planning and execution of the DUP.
- Ministry of Public housing, Spatial Planning and Environment (in Dutch: 'VROM'): initiator and coordinator of the DUP [VROM, 2009].
- Province: partly responsible for planning policy

Interest groups:

- Inhabitants: due to regeneration they are forced to (temporarily) leave their houses, due to quality improvements they can be faced with an increase of rent.
- Local residents: They can suffer from inconvenience of construction activities and their real estate can cope with devaluation.
- Environmental organization: they come up for the well being of the environment.

Private Parties

- Entrepreneurs in regeneration area; they have to cope with loss of income during construction, in some regeneration projects new accommodation is incorporated for the entrepreneurs.
- Developer: will develop certain profitable parts of the regeneration
- Social housing associations: can have the role of developer of (social) housing and/or the commercial activities of the regeneration. This can - but is not a fixed condition - be a derivative from their possession of real estate and land in the area.
- Contractor: can perform the construction activities necessary for the regeneration.

This research only focuses on the municipality and the SHA(s), since these parties are subject to the most financial overlap as meant in this research. If necessary, other stakeholders will be threatened sideways. The developer, which role is marginal in most regeneration projects, will be dealt with like the SHAs. In fact SHAs are a specific kind of developers. The need for financial arrangements also arises between SHA(s) and inhabitants when the houses of the latter will be demolished in regeneration projects. The need and the establishment of these financial arrangements will not attract specific attention in this research, but will be dealt with along side when necessary.

3.2 The Process of Establishing Financial Arrangements

The process of a regeneration project is characterized by the cooperation of the municipality and social housing association. "The negotiation process that follows is a conversational interaction among collaborating parties as they try to define a problem, agree on recommendations, or design action steps" [Gray, 1989, p. 25]. The cooperation can be institutionalized in different ways, but in most cases financial arrangement are indispensable and on an abstract level similar. The process that leads to these financial arrangements, which is the focus of research as can be seen in Figure 3, is described in this chapter. Essence of the negotiation process is that there is more than one set of terms that could produce an agreement [Kennedy, 1998, p.6]. In the following subsections this concept is further described. First a definition of financial arrangements is given. Then the Starting point of financial arrangements is described; the interests and resources of involved parties. When these parts then decide to cooperate, financial interdependencies originate, about these interdependencies arrangements are necessary. These financial interdependencies are described in the last sub section.

3.2.1 Definition of Financial Arrangements

First step in this elaboration on the process of financial arrangements is the definition of the financial arrangements itself. Although the meaning of financial arrangements will seem obvious, an accurate description is necessary for the research since concepts appear to be more nuanced in practice. This section therefore will define the exact meaning of financial arrangements in this context. Municipality and social housing associations are interdependent in regeneration projects which creates the need for cooperation [de Bruijn & ten Heuvelhof, 1995, p. 23]. To come to this cooperation, arrangements are necessary, but this does not directly implies that also *financial* arrangements are needed. The need for financial arrangements arises when there is *financial* interdependency between both parties. A broad but useful definition of financial arrangements, that simultaneously shows the connection with the financial interdependencies, is derived from Fishers' definition (2006): "a financial arrangement is the right to receive, or obligation to provide, something of economic value".

The definition shows that a financial arrangement is an arrangement between two or more parties involved with a transaction of economic value. The term economic value points out that it is not necessarily a cash transaction, but a transaction of resource or action that can be expressed in monetary terms. The fact that the transaction of economic value happens between two parties creates the financial interdependency between both parties. This immediately underlines the statement that the definition is broad: the purchase of a bottle of milk in the supermarket is also a financial arrangement. Namely a dollar is paid by one party to another party, to receive the bottle of milk. This is an example in which the financial arrangement is not made very explicit, since it is by far not a one-of-a-kind transaction. The financial arrangements made between municipality and SHA on the other hand are indeed one-of-a-kind and are thus made more explicitly.

Besides that the financial arrangements are explicit in contrast to the purchase of a bottle of milk, the financial arrangements are most of the time not instantly made. In Figure 4 this is visualized, both parties will initially take a position from which they will begin negotiation. This position is schematically shown in the figure by a certain contribution of the party to the total costs of the project. Since there is more than one set of terms that could produce an agreement, parties are not eager to accept the first bid [Kennedy, 1998, p. 6]. Hence somewhere between these *initial positions* both parties have to meet each other in order to settle. When they reach each other the financial arrangements can be closed. The figure shows the conflicting aims which participants are wrestling during the negotiation process. On the one hand how to configure the collaboration so as to achieve the greatest possible level of mutual gains, and on the other hand how to get the best deal for you [Child, 2005, p. 144]. Or as Bacharach and Lawler (1981, p. 4) describes the dilemma: "bargainers need to reach some settlement but, at the same time, wish to settle on terms favourable to themselves". This corresponds to the statement of De Bruijn en ten Heuvelhof (1995, p. 9), who describe that to get something done in networks, steering is based on a certain extent of voluntariness. In networks, there is no hierarchical structure, so public and private parties are on the "same level". Authoritative steering methods are therefore not useful; it is not possible to steer the other party into a certain arrangement. To reach an arrangement, the voluntariness of all parties is needed to meet each other somewhere in the middle. Hence there should be some perspective on value for a party, an incentive [Bacharach & Lawler, 1981, p.4].

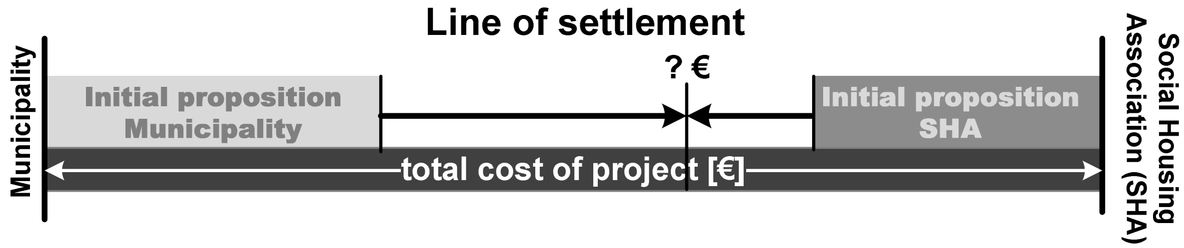

Figure 4: Line of Settlement

The goal of the negotiation process is the establishment of financial arrangements, in terms of the figure spoken: that both parties come to each other. Although the arrows seem to tell that this is a straightforward process, these kinds of processes are volatile in networks. This volatility comes in two forms: temporal volatility and substantial volatility. Temporal volatility means that the process is irregular in time (no clear and unambiguous, distinct phases) and no clear beginning or endpoint can be distinguished. Substantial volatility means that the content of the problem, solutions and actors changes overtime [Bruijn & ten Heuvelhof, 1995, p. 19-22].

The key elements that can be derived from the definition of financial arrangements are 'the transfer of economic value' and that the arrangements are binary. These are therefore the conditions that have to be fulfilled to be qualified as a financial arrangement. This means that a financial arrangement should be made between at least two parties and that the arrangements involve transfer of economic value.
Moreover an extra condition is that the economic value of the financial arrangement is determined with mutual approval. This last condition is to prevent that arrangements between two parties only encompass a division of tasks, without a negotiation or even a settlement of financial issues. Now examine the following case; parties agree on a division of tasks and again decide that no funds have to be transferred from one to the other, but this time the decision is based on a calculation of the contributions that both parties do. In this case both parties made an arrangement about their efforts of which the economic value is known. Hence in this case it is a financial arrangement.

3.2.2 Roll of Financial Interests and Resources in Negotiation Process

If a party takes initiative for the regeneration or not, when a party is willing to cooperate in a regeneration project, the party will also have their interest in the project. This does not mean that these interests are perfectly aligned to each other. At this point fundamental differences emerge between private – which is more or less the status of a SHA - and public – in this case the municipality - sector. The private sector is accountable to and seeks to maximize benefits/minimize costs to a closed circle. The parties are not inherently interested in the impacts on external interests (except to the extent that they are forced to by law) [Lichfield, 1998, p. 100]. The public sector is less focused on these aspects, but must be more focused on serving the public interest [Lichfield, 1998, p.100]. Municipality are for example interested in fulfilling their ambition to create a more diversified composition of population in their neighbourhoods, the SHA will be interested in rebuilding some parts of real estate contending with high levels of vacancy.

These interests are not being priceless for both parties. Municipality and SHA will determine for their selves what the regeneration and especially certain aspects of the regeneration are worth for them. This is also very much dependent on the available financial resources. When they reach agreement to collaborate "public and private parties interests pool their resources and undertake joint planning to tackle economic redevelopment, education, housing, and other protracted problems that have plagued communities" [Gray, 1978, p. 8]. In the following subsections the financial interests and resources of respectively municipality and SHA are discussed. With this knowledge the line of settlement, presented in first subsection can be extended, providing more insight in the process of establishing financial arrangements. The financial interests can be found in the proportion of the total cost that the parties take for their account. The resources are visualized by the lower part of the figure. This shows what proportion of total cost of the project a party can take for its account. When these bars do not overlap, it will be clear that there are simply not enough financial resources to execute the project.

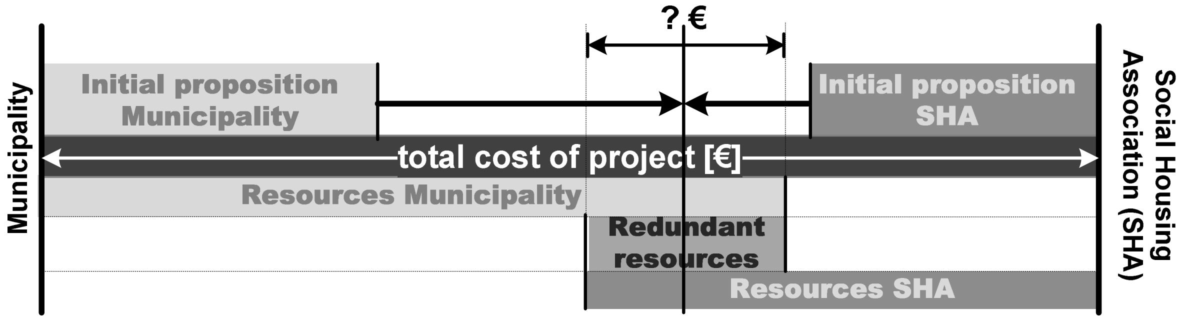

Figure 5: Extended line of settlement

<u>Interests and Resources of a Municipality</u>
Municipality will strive to keep the cost of regeneration as low as possible, without downgrading their ambition which will result in loss of quality. To reach this, they will try to give SHAs as much of the financial responsibilities as possible. This is because it is believed that SHAs have more earning capacity in the regeneration neighbourhoods [de Ruiter, 2009]. Municipality can utilize all kinds of funds for the regeneration projects which will else be used for maintenance in the specific area. For example: maintenance of public space and infrastructure. In some cases, for example when public space is made available for houses, municipalities can earn money by the exploitation of land. In first instance the municipality will try to keep the project within the available budgets. Often this is not possible which challenge the municipality to go beyond a threshold by making extra money available. All kinds of possibilities are there for municipalities to do this, like increasing real estate tax or by saving on other fields. Problem is that the municipalities are tied to their budgets. Adapting of their budgets is not easy to do.

<u>Interests and Resources of a Social Housing Association</u>
Although SHAs have their social responsibility, laid down in the six performance fields of the BBSH [VROM, 2000], it is not the only motive for SHAs to initiate a regeneration project. Regenerations are also initiated from a financial and a continuity motive. It is possible that houses are occupied, when the SHA decides to regenerate the houses. This is then a strategic choice to prevent the houses from further decay to keep them rentable in the (near) future. The reason for regeneration is for SHAs therefore a more economical choice than for municipality. Important factor in this economical choice is the book value of their property in the regeneration project. Real estate with (still) high book value will be difficult to regenerate. Besides that the program of the regeneration project is important, SHAs need space in the program to develop more expensive houses with which they can make up the loses they make on social houses. Of course they profit from improved public space – value of the houses will rise with higher quality of the environment – but they will avoid contribution to the public space. For SHAs there is also a sort of threshold in the projects. When the project itself cannot be developed without a loss, their equity position is harmed which is a serious threat for the viability of any company. Attracting additional equity is then the only sound option to invest in the regeneration project. In practice SHAs do this by the selling of existing property, an easy way to increase equity since book value of their property is often much lower than the market value.

3.2.3 <u>Subject of Financial Arrangements: Financial Interdependencies</u>

It is already argued that the need for financial arrangements arise when financial interdependencies exist, but it is not yet defined where these financial interdependencies come from. Whereas knowledge of the origin of the financial interdependencies will help to get further insight in the process of establishing financial arrangements. The existence of financial interdependencies depends on many factors. It is possible that regeneration projects are developed without financial interdependencies and thus without financial arrangements. This will be the case when both parties agree on a regeneration project, the SHA will renovate their houses in the area (which they also own) and the municipality will upgrade public space. Also the parties never negotiate about a financial contribution from one party to the other. Finally these arrangements are never made explicit in a contract, because it would then be "an obligation of returning something of economic value". In this case no financial interdependency exists and probably the regeneration efforts of the parties do not influence each other at all. This will in common not be the case in the more complex regeneration projects. Some examples of financial interdependencies are [van Zundert, 2009]:

- Liveability of a neighbourhood depends on a combination of the quality of the public space and its real estate. When one of these two are upgraded, it will only have a satisfactory result on the liveability when the other component is upgraded as well. Therefore the municipality or the SHA will always try to commit the other party to an upgrade of either public space or real estate. When this is fixed in an agreement, financial overlap emerges in the form of obligations to deliver economic value.
- Land or real estate possession; when the regeneration project comprehends a (small) restructuring of the land, the chance exists that land should be transferred to the other party. In this case they will have to agree on the price of the land.
- The municipality can ask the SHA to contribute in the upgrading of public space since they profit more than proportionally from the improved public space.
- Both parties can decide to do a joint realization of some social functions, or the municipality can ask the SHA to realize a social functions. In these cases, again they need to agree on financial implications of this (co-)realization.
- When funds are made available by the national government for the regeneration projects, both parties will apply for a share in these funds. Agreements about this division are once more necessary.

Now, when the definition of financial arrangements is used, it is possible to recapitulate the given interdependencies by noticing that in all cases financial overlap may be created. As mentioned before, the negotiation process of networks is volatile, which means that these financial interdependencies can change during the process.

3.3 The Context of regeneration

The process is embedded in its context. By their interaction process and context influence each other. For the research the process can therefore not be seen separate from the context. In this chapter the context is analyzed. This is necessary to identify influences from the context on the examined process during the case studies. The context is discussed on four fields: the political context, the legal context, the economic context, and the social context. These fields are a variant on the commonly used macro environmental PEST-analysis. Some differences with the PEST analysis; the technological view is not included, because no important influences are identified. Also a specific sub section is devoted for the legal context, which could also be part of the political context. Due to its importance, a specific sub section elaborates on the legal context.

3.3.1 The Political context

The paradigm shift that is described in the chapter about urban regeneration still determines the policy on urban planning. The focus moved, more and more, towards an integral approach of urban governance. This resulted in the Dutch Urban Policy (DUP) in which aims are focused on physical, social and economical improvement of the inner-city. The budgets specially meant for the implementation of the DUP policy is the IUR budget (Investmentbudget Urban Redevelopment, in Dutch: Investeringsbudget Stedelijke Vernieuwing, ISV). The 31 biggest municipalities of the Netherlands receive their share of the budget directly, the other municipalities depend on the province administration. The allocation of the budget is calculated with a formula containing variables for the number and state of the houses and some liveability indicators [VROM, 2009]. The ISV budget are assumed to have a multiplier effect of 10, which means that one Euro invested from the ISV, will attract 10 Euro of private investments [den Breejen e.a., 2006, p. 6).

The ministry also appointed 40 projects that received the label "priority neighbourhood" (in Dutch: aandachtswijk). These neighbourhoods receive extra money to accelerate the social and economical improvement of the area. This can but will not always lead to a regeneration in the physical sense of the word. The extra budget that is invested in the neighbourhoods also should have a multiplier effect on investments.

The extra budgets that are granted by the national government influence the negotiations. The gap between the propositions of both parties is reduced due to the extra funds that are made available by the national government.

Another part of the political context are the ambitions of state government or municipality. The ambition that is declared by politicians can be very high, which will be sometimes nearly impossible to reach, making the negotiation process unnecessarily difficult. In some cases this high ambition is declared for the wrong reasons like opportunism, a problem that is especially present in times of elections.

3.3.2 The Legal context

One of the causes for the strong dependency between municipality and SHA is the right on self realisation. This means that every person has the right to realize plans of the government when capable. The SHA appeal to this right when a restructuring is started. This right seems to be in a conflict with the European procurement law, which prescribed that works of these sizes should be procured publicly. This can has its effect on the way municipality and SHA work together which moreover has its effect on the way financial arrangements are established. The content is for a large part determined by the type of cooperation that is chosen for. The cooperation models differ in the division of tasks and risks. The different types of cooperation are [Bindels e.a. 2005, p. 14-15], [Habiforum, 2009]:

- Traditional model: in this model the municipality has full direction over the process. The necessary lands are obtained and subsequently developed. In this case there is no cooperation between public and private parties. Since there will be no cooperation in this model, also no financial arrangements are made. Moreover, in regeneration projects, this model is not very useful and will not be found in practice.
- Building-claim model: in this model responsibility lies mainly in the hands of the municipality. The municipality buys the ground from the owner in the regeneration area and prepares it for construction after which the former owner can buy it back. In this type risk, contribution and added value is divided between parties, cooperation is limited to the minimum.
- Joint venture model: this model embraces the only real partnering model. Private parties and municipality together develop the area with the share of profit and risk. This type is often applied in the city expansion projects in the Netherlands.
- Concession model: in this model the responsibility and control lies very much at the side of the private party. The municipality basically specifies the area and the boundary conditions and the private party will develop it. This model is not applied very often in area development in the Netherlands, but some experience is collected in the development of infrastructure, schools and governmental buildings [Bult-Spiering & Dewulf, 2006, p. 120-122]

The choice of partnership type will depend on different factors. Some examples are: the desired risk distribution, the possession of land, desired control over the end result, the preferences of the private parties [Wolting, 2008, p. 158].

3.3.3 The Economical context

Regenerations are also influenced by the economic context, which is made very clear in today's conjuncture. The low conjuncture in 2009 is accompanied with decrease of house prices and less demand for new houses. This means that developers and SHAs can earn less money with the development of new houses. On the other hand the government is establishing investment funds which is an artificial increase of demand. The fund is meant to stimulate real estate projects that are put on hold as a result of the financial

problems. These opposite mechanisms are both important to be aware of during the case study.
On a smaller scale there is another influence on economic level; the presence of competitive projects near by. Not only the supply of new houses will be bigger, but also the pressure on the municipal funds will be higher. Other specific traits of a regeneration project influence the project as well. The density of houses in the old and planned situation, the proportion of houses for the commercial market, the necessary investments in public space and so on.

3.3.4 The Social Context

Last field of the context of the regeneration is the social domain. An important step in regeneration is the social plan that is made with the occupants of the buildings that will be demolished during regeneration. In the social plans the SHA and sometimes the municipality make arrangements about the compensation for all caused harm, for temporary housing and for new rent prices. These arrangements will for a large part determine costs, future income and thus financial capabilities of the SHA. Another social aspect that is important, is the liveability in the neighbourhood before the regeneration. The more worse the situation, the more investments are needed to improve the situation. These investments need to be made in public space and real estate with social functions (such as a school). It will be clear that the social context also threatens the financial feasibility of a regeneration project and influences the establishment of financial arrangements.

3.3.5 Demarcation

Regeneration projects are a specific type of project, but still some demarcation is needed. These demarcations follow from the two sections above.

First demarcation is done on the complexity of the project. Regeneration projects are by itself complex, but some are even more complex than the other. The most complex projects have very scattered land positions divided over not only different SHAs, but also over private persons and private parties. This will make the process even more complex and the financial arrangements even harder to reach. This type of complex projects can be found in the major cities of the Netherlands, which usually also receive a lot of attention. This attention often goes by the numerous regeneration projects of a slightly smaller scale in smaller cities. These types of projects are specifically addressed in this research. These projects can easily be distinguished by their complexity. The land positions in regeneration projects that are subjected to redevelopment should be in possession of one or more SHAs and maybe a care institution. The care institution that is often interested in a redevelopment of their complex or in a development of a new complex in a regeneration project is taken equal as a SHA. When a regeneration project fulfils this criterion, the project is suitable for this project as a case study. This directly means that the results of this research reach for all projects with this situation. The results cannot be used one on one for the more difficult regeneration projects, but can serve as a basis for further research on this type of projects.
Second demarcation is that no traditional models of area development are used in the regeneration projects. But this demarcation is maybe abundant, because, as stated before, the chance is small that the project is executed by a traditional model. The other cooperation models are all inside of the scope of this research. The cooperation model determines the tasks and risks after the financial arrangements are closed, so the content itself will not influence the process. But, it is imaginable that the cooperation model can have influence on the process, because the division of risks and tasks makes the negotiation complex. Still the research does not distinguish between the models, since the negotiation on the type of model is seen as part of the negotiations.

4 Theory Development

The research provides insight in the process of establishing Financial arrangements. This is done by the development and testing of a theory about the relation between the process of financial arrangements and the outcome of this process; the success of the financial arrangements. According to Bacharach (1989, p. 496), "a theory is a statement of relations among concepts within a set of boundary assumptions and constraints. It is … a linguistic device used to organize a complex empirical World". The concepts of the theory of this research are described in the sections "dependent variables" and "independent variables", the relations are described and visualized in the section "mechanisms". Combining the independent variables, mechanisms and dependent variables are combined in a theory. In the section "explanatory framework" this theory is visualized. In the last section of this chapter the theory is formulated in propositions. These propositions are needed to give the case study direction.

<< The grand aim of all science is to cover the greatest number of empirical facts by logical deduction from the smallest number of hypotheses or axioms.>>
Albert Einstein
US (German-born), physicist (1879 - 1955)

<< Any business arrangement that is not profitable to the other person will in the end prove unprofitable for you. The bargain that yields mutual satisfaction is the only one that is apt to be repeated.>>
B. C. Forbes

4.1 Dependent Variables

First concept in the theory are the dependent variables, in this section the dependent variables are determined and operational measures are designed.

4.1.1 Operationalization of success

So far the term "successfulness of financial arrangements" is often mentioned. This term stands for the dependent variable in this research and is derived from the objective of this research:
"Providing insight in how financial arrangements between municipalities and social housing association(s) can be established successfully in regeneration projects."
Unfortunately this term still possesses a broad range of interpretations. Therefore a further specification of the term is made in this section based on the problem definition:
"It is difficult to reach cooperation […] as a result the process is not going as fast as desirable from the viewpoint of housing policy."
With the use of the problem definition the perspective of the research objective can be determined. The determination of the perspective is an important choice when measuring successfulness; what can be seen as a success for party A, can be experienced as a failure for party B. "The approaches of the private and the public sectors to measuring success and effectiveness, while having some common stands, are often quite different because they aim to serve different purposes, follow different models of evaluation, and use different criteria and values" [Lichfield, 1998, p. 98]. The concept of success and the ways of measuring and evaluating it are therefore important. The "housing policy" can be seen as the common good for the regeneration project. Although some inhabitants can

be against the regeneration, for the population as a total the regeneration provides perspective on better living conditions.

Key question for the definition of criteria now is: "When are financial arrangements established successful in order to fulfil the regeneration objectives as good as possible?". In order to answer this question, experts from municipality and SHAs were consulted (see 8.2Appendix A:). This resulted in a combination of process and outcome oriented criteria. For the regeneration project it is important that municipality and SHA come to financial arrangements (outcome criterion) without losing unnecessary time (process criterion), both parties are satisfied with the arrangements (outcome criterion) and had good experience with the partner (process criterion) [de Ruiter, 2009], [Krabbe, 2009], [Buskermolen, 2009]. The first criterion, is an exclusion criterion and is not used in the research. It would have complicated the research after the causal relations, since the rest of the criterion cannot be determined when the arrangement is not established. This research therefore focuses only on the arrangements that, successful or not, are established. Hence, the success is operationalized by the three remaining criteria which thus form the three dependent variables in this research. The following three sub sections elaborate further on these three dependent variables.

Criteria to measure the result of a negotiation process according to the scholars of the Mutual Gains Approach (MGA) correspond to a large extent with the suggested criteria of this research. The four criteria designed by the MGA scholars are; (1) satisfaction with the arrangements by most involved parties, (2) enduring arrangements, (3) Efficient time spending and no critical aspects are avoided on the negotiation table, and (4) improved relations so future cooperation will be improved [Evers & Susskind, 2006, p.81], [Susskind et al, 1999].

4.1.2 Dependent Variable 1: the duration of establishing financial arrangements

The duration of establishing financial arrangement is a variable to determine the success, because it is important for the regeneration project that no time is unnecessarily lost. As some experts argue during interviews, time spoiled is not that of a problem when a higher ambition level is reached [Krabbe, 2009], [de Ruiter, 2009]. This does not take away, according to Buskermolen (2009), "that you should prevent that during evaluation it turns out that needless time is spent". To determine if unnecessary time is lost, the planned duration is compared to the actual duration. With "unnecessary" in this context is meant that time is lost due to internal causes; causes that can be influenced by at least one of the participants. Time lost due to conflicts about already agreed financial aspects is therefore an example of unnecessary time loss.

The planned and actual duration of the process can be determined by a document study. If the delay was unnecessary should be determined by the causes for the delay. First the exact activity or decision which caused the delay is traced and then the reason for this is determined. This variable is determined again on the three-point-scale: -1 (= substantial unnecessary time) / (0 = little unnecessary time loss) / +1 (=no unnecessary time loss). The opinion of the respondents is asked about the delay. This generates important context information to determine the reason for the possible delay. Besides that the answers play an advisory role in scoring the third dependent variable.

4.1.3 Dependent Variable 2: Mutual satisfaction with the partner

Financial arrangements are considered to be successful from the viewpoint of the social housing policy. This means that the process of establishing financial arrangements should contribute to a successful regeneration project in each way it can. Hence also the experiences with the partner when establishing financial arrangements should be considered. This is because experiences in this process will have its effect on the perception of each other during the following stages in which the parties need to cooperate even more. This is comparable with the influence of previous joint working.

Previous successes will positively influence the process of cooperation [Gray, 1989, p. 261], [Hudson & Hardy, 2002, p.53], [Wildridge, 2004, p.6]. This variable also arises in the interview with a project leader of a SHA; "annoyances or irritations are an indicator for unsatisfied participants of the process" [Buskermolen, 2009]. So the way participants, SHA and municipality, perceive each other behaviour during the establishment of financial arrangement, influences the successfulness of the arrangements.

This variable is measured by identifying the subjective experiences with the partner in the process. The variable is measured on a scale of -1 (= bad experiences) / 0 = (variable experiences) / +1 (=good experiences). The score on this variable is determined by the researcher based on the opinions of the respondents. The lowest individual score will be leading for the mutual satisfaction with the partner. The experiences are strictly focused on the experiences with the establishment of financial arrangement. Hence experiences concerning other arrangements that were established or negotiated in the same time, should be taken out of the analysis.

4.1.4 Dependent Variable 3: Mutual satisfaction with the arrangement

The measurement of the criterion "satisfaction" is a well treated subject in literature, the many different indicators for "satisfaction with agreements", identified by the ECR, proofs this [ECR, 2006, p. 17]. In the literature review of Dowling (2004) also different useful indicators are given.

The financial arrangements are a basis for further cooperation; when participants are not satisfied with the arrangements their willingness to cooperate can be expected to be lower [Child e.a., 2005, p. 145]. For participants, financial arrangements are a balance between their own objectives and the shared objectives [Bacharach & Lawler, 1981, p.4]. A phenomenon that is noticed by Child et al (2005, p. 144) "two frequently conflicting aims … first how do we configure the collaborative agreement so as to achieve the greatest possible level of competitive advantage for the joint enterprise, and secondly how do we get the best deal for our company". A balance is needed because when arrangements are made, "the 'successful' negotiator who has driven a hard bargain may come to regret his 'success' when he encounters resentment in working with his new partners" [Child e.a. 2005, p. 144]. Kennedy conceptualizes the mutual gains by the product of the utility of the different participants, derived from utility theory [Kennedy, 1998, p.12]. In this case this is more difficult to do, since no quantifiable data is available, but is worthwhile to mention since it also underlines the relation between own interest and mutual gains. Assuming that the level of ambition, reflected by the financial arrangements, influences the attractiveness of the regenerated neighbourhood. The mutual gain in the case of regeneration projects is the level of ambition, since both parties have interest in an attractive neighbourhood. Hence, besides that high mutual gains satisfy both partners with the deal, it has also a positive effect on the neighbourhood itself.

The level of ambition for a neighbourhood is an subjective and sensitive subject [Buskermolen, 2009], [de Ruiter, 2009]. Since you can unlimitedly invest in the neighbourhood to improve it, but this is of course not feasible for all neighbourhoods. So, it makes no sense to determine the absolute height of the ambition. Solution is the measurement of a relative level of ambition; what is a high level for the specific neighbourhood. The reference to measure this relative level is then obvious; the original level of ambition that the participants had in mind. Although this reference can be biased it is the best option, since these parties are best aware of what is good for the neighbourhood. This indicator is measured based on a scale of -1 (= low level of ambition) / 0 (= average level of ambition) / +1 (high level of ambition) The measurement of this variable is also based on the satisfaction with their own contribution. If one or more of the parties strongly have the feeling that they contributed more then is reasonable it affects the satisfaction with the deal. This indicator is scored on a scale -1 (= contributed too much) / +1 (= fair contribution). So, in total, four scores are derived from the interviews. These scores are combined into one score for the parties' mutual satisfaction with the arrangements. A three point scale is again used.

4.1.5 Operational Measurement Framework

To conclude this part, all indicators are structured in a table. By showing the indicators, more insight is provided in the composition of the dependent variables. Indicators can be traced back in the framework with the numbers, mentioned in the table.

Table 1: Summary of criteria

#	Variable	Indicator	Source
1	Mutual satisfaction with the partner	Experience with participants in the process	Involved people
3	Mutual satisfaction with the arrangement	Satisfaction with the level of ambition that is reflected in the financial arrangements	Involved people
		Satisfaction with the participant's contribution to the project	Involved people
4	Duration	Planned duration	Involved people, Documents
		Actual duration	Involved people, Documents

When these variables and indicators are put together in a framework, the underlying relations can be visualized as well. This results in the following framework which can be used to evaluate the successfulness of the established financial arrangements, as defined in the forgoing chapters. Now the dependent variables are defined, major choices have been made in fixing the direction of this research.

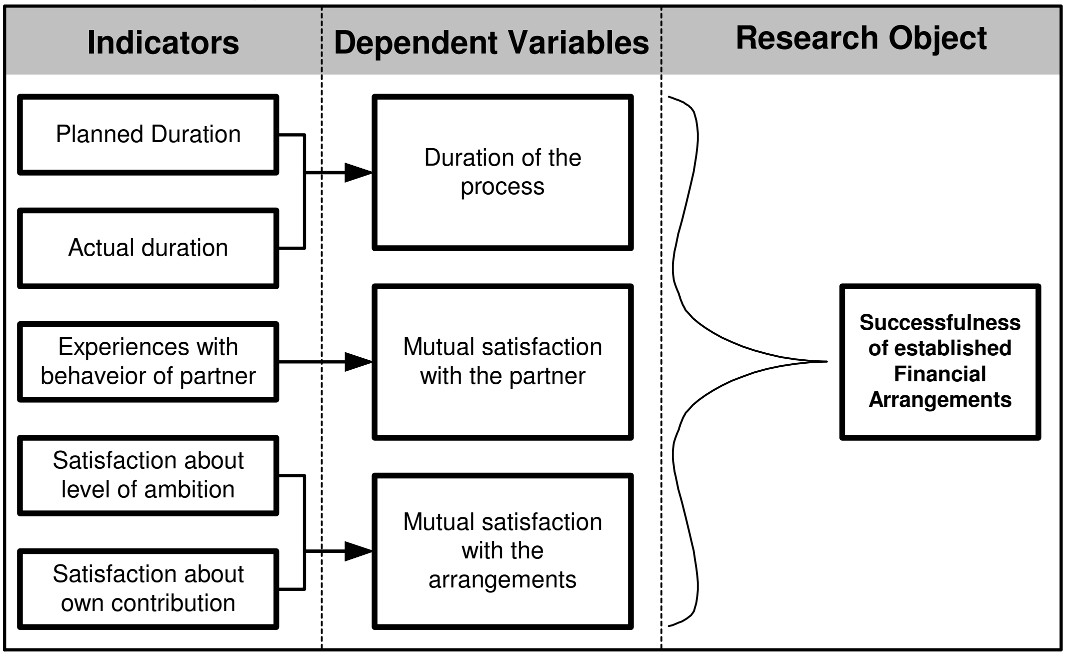

Figure 6: Operational Measurement Framework for Successfulness of Financial Arrangements

4.2 Independent variables

Second concept in the theory are the independent variables, in this section the independent variables are determined and operational measures are designed.

4.2.1 Operationalization of the process of establishing financial arrangements

Kennedy (1998, p. 6) argues that the essential characteristic of a negotiation process is that it has more than one set of terms that could produce an agreement. In other words, even if the parties reach an arrangement, it is not possible to predict what the exact content of the arrangement will be. This is a result of the many different factors influencing the process. To get more satisfactory financial arrangement, it is important to map these factors and analyze how these should be influenced to get better results. This is done by the case study; first propositions are formed based on existing literature, which are then tested in real life cases. Due to the many different factors that can be identified, this research will focus on just a selection of these factors. To determine which factors will be researched a taxonomy of influence factors is made.

The taxonomy distinguishes three groups of factors, each with different focus and each with different research effort. The three groups are: project, process and people, named after the field focus. The project level focuses on the project structure. Research on this level will focus on the characteristics of the project (size, program, land positions, current state of the neighbourhood etc.) and on external factors (extra public funds, competition of nearby projects, economic situation, national spatial policy) [Dowling, 2004, p. 313]. This level is out of the scope of this research. By identifying the possible project traits that can determine the outcome of financial arrangements, cases can be selected which are not influenced by causes from the project level. This is further elaborated on in part "case selection". The factors on this level that cannot be excluded are held into account during the analysis.

The process level focuses more on the organizational level of the projects. This encompasses characteristics of the organizations involved (policy, transparency, goals etc.) and relations between the involved organizations (experience, steering capabilities). Theories that are related to this field of research are among others network theory, game theory and cooperation theory. The research scope is aligned with the process level.

The third group, the people level, focuses more on human level. This detailed level focuses on the specific traits of the negotiators. "A basic fact about negotiation … is that you are dealing not with abstract representatives of the 'other side,' but with human beings … this human aspect of negotiation can be either helpful or disastrous" [Fischer et al, 1991, p. 19]. A lot of research about this level is also done, specifically from more psychology oriented research. Related theories are among many others: Mutual Gains Approach and Robert's rules of order. This level also falls out of the research scope. Of course borderlines can be vague, which sometimes calls for pragmatic choices. In the next section the different factors on process level that are identified as a result of an extensive literature review are given.

Table 2: Different levels of influences on the process

Name	Level	Scope	Related theories
Project	Project structure level	Outside research, through case selection and attention for context	Financial theories
Process	Process level	Research scope	Network theory, Game Theory
People	Human level	Outside research scope, attention for context	Mutual Gains Approach, Robert's rules of order

The literature study resulted in six independent variables, reduced for pragmatic reasons on a later stadium to only three variables. In combination with the three dependent variables the theory would have become to complex to sufficiently test it within the time limits of the research. The variables "trust", "transparency" and "prior relations" are omitted from the theory. These specific variables are chosen because: "transparency" and "trust" are difficult to operationalize and "prior relations" has a strong relation to human level factors (see demarcation). Hence the three remaining independent variables that are ingredients for the theory are: *shared vision, commitment, and recognized interdependency*.

4.2.2 Independent Variable 1: Shared Vision, Need and Purpose

Through the whole research it is argued that cooperation is needed in regeneration projects because parties are interdependent. In practice this means that parties start cooperation thinking that "at least some of their objectives will be more successfully achieved through concerted efforts than through a single-party operation" [Lichfield, 1998, p.99]. This implies that parties are willing to cooperate and to some extent willing to strive for mutual gains. This means that parties are involved in a game of balancing between own and joint interests. To prevent that these interests are misunderstood or mixed-up by the other participants, it is necessary to be open and honest to each other. Parties should clearly decide on issues that are negotiable and issues that are nonnegotiable [Inkpen, 1999, p. 45]. Then parties can start from a basis of recognized need to come to a shared vision, which is regularly cited as a key element for successful cooperation [Wildridge, 2004, p. 6], [Gray, 1989], [Krabbe, 2009]. As part of the shared vision, agreement about the purpose and need of the partnership is necessary [Dowling, 2004, p. 313], [Hudson & Hardy, 2002, p. 53, 55]. One of the important aspect of the shared vision, identified by the expert panel, is the completeness of the vision [van den IJssel e.a., 2009]. This is best explained by an addition from one of the interviews. An interviewed expert stated that postponement of coming up with sensitive or fragile issues, or incompleteness of the original shared vision, is a huge treat for the process [Buskermolen, 2009]. It is better to discuss points of conflict at an early stage of the project then there is still sufficient time to find solutions. A complete shared vision is a condition that should be present to come to successful financial arrangements in regeneration projects.

An shared vision, need and purpose can only be present when meetings have been planned to achieve this and it is laid down in one or more documents. These document can be an intention agreement, but also a jointly developed urbanistic development plan (in Dutch: stedenbouwkundig plan) should be established. The presence of this condition is determined on a "present (+1) / absent (-1)" -scale

4.2.3 Independent Variable 2: Levelled sense of urgency

The second condition that influences the success of the financial arrangements on the process level is the sense of urgency. This factor is related to the shared vision, the parties namely commit specifically to the shared vision in which the need is described. With the establishment of a shared vision, the urgency for regeneration is expressed. This does not mean that the level of urgency is the same among participants. The sense of urgency has to do with the question "do we want to act now, or do we act later". If the answer to this question is different for the participants, the sense of urgency is not levelled out. The cooperation is started from the belief that an objective is achieved more successfully in a joint effort. When the sense of urgency is higher for one participant it will try its best to urge the partner to come to financial arrangements. This urgency can be increased when the mutual commitment to the project are laid down in contractual provision [Das & Rahman, 2009, p.9], the financial arrangements. With one's sense of urgency is higher than the partner, there is an asymmetry in the commitment to the project. The party with the lower commitment has more time to come to arrangements and get the best out of the deal.

It will be clear that at least one of the parties senses urgency for the regeneration, else the project would not have been initiated at all. The condition that need to be present for a successful establishing financial arrangement is that both participants sense the urgency of the regeneration project. To determine if this condition is present, the SHA and municipality will be asked for their sense of urgency. This will be measured on a two point scale: -1 (= little or no sense of urgency) / +1 (= high sense of urgency). When both parties indicate a +1, the condition is present, when one party scores a -1 the condition is absent. According to logical reasoning, two parties that score a -1 will not occur, since there will be no reason and initiator to commit to the project.

4.2.4 Independent Variable 3: Mutual perception of dependency

The basis of networks are that partners are interdependent [de Bruijn & ten Heuvelhof, 1995, p.18], [Gray, 1989, p.11]. The perception of independency will not result in much voluntariness among the participants. Hence it is necessary that parties recognize their interdependencies, before they try to come to arrangements [Hudson & Hardy, 2002, p.53]. Parties that are in conflict typically forget their underlying interdependencies. So when parties are made more aware of their interdependence often causes renewed willingness to search for mutual beneficial solutions [Gray, 1989, p.11]. It can help to be open about what resource they seek in a partner as well as what resources they can contribute to enhance the awareness of the interdependency [Stafford, 1994, p. 70]. De Bruijn en ten Heuvelhof (1995, p.46) take this a step further by giving strategies to maintain the interdependency. For example: parties that have power to hamper the process should be given a gain situation in prospective. By this the parties become interdependent and will be more willing to cooperate.

The recognition of interdependency is closely related to a factor on the project level, division of negotiation power. This factor came to the light in the interview with ministry of VROM (van Honstede, 2009) and in the session with the expert panel (van den IJssel et al, 2009). Although no project level factors are part of the theory, it determines to certain extent the recognition of interdependency. The division of negotiation power depends on the size and knowledge of the organisation. In small municipalities the SHAs are relatively much stronger than the municipality, in these cases municipality have difficulties with giving enough attention to their own interests in negotiations. In contrast to this, in bigger municipalities this is often the other way around. When all parties are seen as full, then arrangements are likely to be more successful. The importance of an equal division of power is also described in literature. Power can be divided better by providing resource such as "knowledge and local legitimacy" [Wildridge, 2004, p.7]. The other disadvantage of unequal power division is that parties can feel marginalised which results in erosion of trust and commitment [Hudson & Hardy, 2002, p. 58].

This last condition is measured by determining if one of the participants perceived that it was (partly) able to fulfil its objective alone. When one of these parties think that they could do it on their own, their was no mutual perception of dependency. The recognition of interdependency is measured on a "perceived (+1) / not perceived (-1)" –scale. The answer of both parties is necessary to determine if the condition is present. The condition is only present if both parties indicate that the could not solve their problem on their own.

4.3 Mechanisms

The causal relation between independent and dependent variables also has an explanatory purpose when the mechanisms of the causal relations are known. In the following three subsections, the mechanisms that connect the independent variables with the dependent variables are described.

4.3.1 Mechanism 1

When the participants agree on a complete shared vision, it can be prevented that interests are misunderstood or mixed-up by the other participants, it is necessary to be open and honest to each other. Parties should clearly decide on issues that are negotiable and issues that are nonnegotiable [Inkpen, 1999, p. 45]. "Through the difference in interest, lack of transparency, and false notion of each others' interest and background (an incorrect image) a wide scope of obstacles can occur. Examples are irritations, frustrations, distrust, slow decision making, exploitation problems, reduction of the group cohesion and group" [de Wit, 2007, p.2]. Hence a shared vision aligns the interests and purposes of participants. This can be measured by determining if misperception about each others intentions have occurred during the process of establishing financial arrangements (e.g. as a result of an incomplete vision. The risk exists that potential conflicts between parties are postponed in the process, so the agreement on the shared vision is easier to reach. As a result, later on in the process the conflict might occur with probably a larger impact. Hence the incomplete shared vision only gave the perception to the parties that their interest and purposes were aligned, which was in fact not the case. When conflicts occur later on in the process, it costs a lot of time to be solved.

So, according to mechanism 1, a shared vision results in more aligned interests and purpose which will reduce the chance of conflicts. When conflicts arise during the process this takes a lot time and will therefore have a negative influence on the dependent variable 1: duration of the process. Examples of possible conflicts are "breaking promises, not sharing resources or facilities as per agreement, bluffing, lying, misleading, misrepresenting, distorting, cheating, misappropriating, stealing, etc.'' [Das & Rahman, 2001, p. 43). When a conflict arises, the partner's expectation of this opportunistic behaviour of the perpetrator will increase. These negative experiences, will negatively influence the satisfaction with the partner. The mechanism connects the independent variables shared vision with two dependent variables that determine the successfulness of the established financial arrangements.

4.3.2 Mechanism 2

Mechanism 2 combines two conditions with the concept of opportunistic behaviour. Financial arrangements are established between more than one party, two in this case, this creates the circumstances where opportunism is possible [Das & Rahman, 2009, p. 3]. Opportunism is defined by Williamson (1975, p.9) as "self-interest seeking with guile". In a more systematic approach, "opportunism can be categorized into four groups: evasion, refusal to adapt, violation, and forced renegotiation" [Wathne & Heide, 2000, p. 41]. Opportunism is shaped by economic considerations; parties engage in opportunistic behaviour when economic benefits can be increased [Das & Rahman, 2009, p. 8]. The independent variables "levelled sense of urgency" and "mutual perception of dependency" represent two conditions that shape the possibility of opportunistic behaviour. When both conditions are present, their no possibility of opportunistic behaviour. How these conditions influence the possibility of opportunism is described in the following paragraphs.

Independent variable 2 determines if there is a levelled sense of urgency among the partners. When a party has a high sense of urgency, it is willing to make concessions in order to reach an agreement. In contrast to this; if one participant does not feel the urge for the regeneration, it will not be eager to come to an arrangement. When both parties sense urgency, both parties are prepared to make concessions. This is a necessary situation for reaching a successful financial agreement. Sense of urgency will make the party committed to establish financial arrangements. When there is an asymmetry in commitment the chance on opportunism is created [Das & Rahman, 2009, p.9]. The partner can wait longer with the regeneration project, so will be more reserved in making concessions.

Independent variable 3 determines if both parties perceive their interdependency. When party A is aware of its dependency on party B, party A will act to a certain extent voluntary in favour of party B. Ergo, when the dependency is mutually recognized, both parties will voluntarily search for mutual beneficial solutions [De Bruijn & ten Heuvelhof, 1995, p.9]. When parties do not see this interdependency, they will try to steer the other parties in stead of cooperate with them [Bacharach & Lawler, 1981, p. 4]. This is what happens in hierarchies. In hierarchies there are no or less interdependencies among parties, so there is no reason for cooperation [Hudson & Hardy, 2002, p.53], [de Bruijn & ten Heuvelhof, 1995, p.11]. This is again a form of opportunistic behaviour. The party which perceives independency from the potential partner, has alternatives to solve the regeneration project [Das & Rahman, 2009, p. 9]. It does not need to satisfy the potential partner to reach their goals.

When one of the two above mentioned conditions is not present in the process, there will be a chance for opportunistic behaviour from one of the participants. Parties behave opportunistic to better their position on the expense of the other parties. When a party behaves opportunistic, conflicts can arise. The other participants will suffer from the opportunism, probably resulting in a bad deal. When both conditions are present, there is no possibility for opportunistic behaviour and no conflicts will arise. Both parties will also be satisfied with the arrangements [Hudson & Hardy, 2002, p. 56]. The possibility of opportunistic behaviour will also make the partner reserved, so it will also influence the satisfaction with the partner. This mechanism is described in the following sub section. To summarize, the combination of these two independent variables, influence all three dependent variables. So these condition have a broad influence on the successfulness of the financial arrangements.

4.3.3 Mechanism 3

Last mechanism is somewhat different from the first two. Mechanism 3 does not connect, like mechanism 1 and 2, an independent variable to a dependent variable. It is a intermediary between mechanism 1 and and the dependent variable "satisfaction with the partner". Mechanism 3 deals with concept of expectation of opportunistic behaviour. This concept is often called trust, but a definition of trust is a bottle neck in research. "We have seen that the concept of trust is so complex that it may easily lead to understanding and confusion. After all. Since a certain trustor trusts a certain trustee, to a certain extent, on certain grounds, in certain aspects, and under certain conditions, people may easily have totally different things in mind when answering questions about trust" [Laan, 2008, p. 132]. Laan (2008, p. 24-25), defines trust as expectation that the trustees will not engage in opportunistic behaviour, although the possibility exists. So when the partner can act opportunistic but no large conflicts occurred, partners will start to trust each other which has a positive influence on the satisfaction. Hence, trust is hard won and easily lost and for a large part depends on the other participants. The maintenance of trust is therefore an endless and reciprocal task [Hudson & Hardy, 2002, p.57]. The two other mechanisms are connected with two arrows to the "expectation of opportunistic behaviour; conflicts that occur and the possibility of opportunistic behaviour. When conflicts occur, expectations will rise of opportunistic behaviour. Also when the possibility exists of opportunistic behaviour, the partner will be alert on opportunistic behaviour. When time passes and the partner does not engage in opportunistic behaviour, this expectations will decrease. This mechanism is described by Das & Rahman (2009, p. 12). The importance of "trust" for reaching successful cooperation is also stated by other scholars like Wildridge (2004, p.7) and Dowling (2004, p.313).

4.4 Explanatory Framework

The success of financial arrangements is determined by three dependent variables (DV). It is assumed that the three identified independent variables (IV) all influence these dependent variables. In combination with the above described mechanisms, the causal relations can be described. These causal relations combined constitute the theory that this research aims to develop. To clarify the theory, it is visualized in an explanatory framework. This explanatory framework is visualized in the figure below. All arrows stand for a causal relation, the minus or plus sign indicates if the relation is positive or not. All variables are undefined in the explanatory framework. On every path two negative relations are crossed, this means that all positive scores on the independent variables, lead to positive scores on the dependent variables. To visualize that the explanatory framework is worked out for two examples in appendix A; one when all independent variables are positive (all conditions are present) and one when all independent variables are negative.

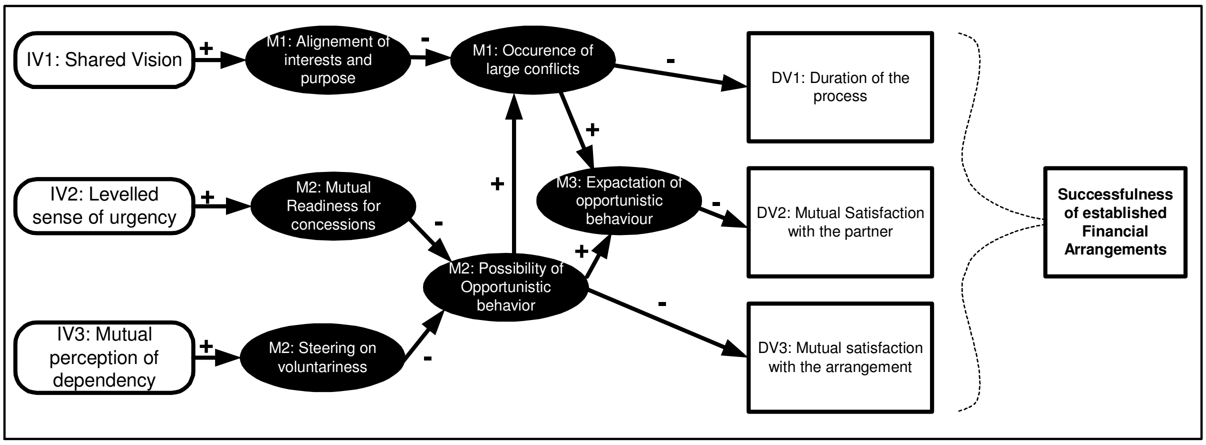

Figure 7: Explanatory framework with undefined scores on independent variables

4.5 Propositions

The explanatory framework can be translated in theoretical propositions. These propositions give direction to the case study. In the case study the propositions are tested. Each proposition contains one of the factors identified as being an influence factor on process level. These propositions together explain how the process relates to the financial arrangements. The propositions therefore serve two purposes; (1) it *predicts* outcome and (2) *explains* how the process resulted in that outcome. All propositions are in the following format: [independent variable x] has a [positive/negative] relation with [dependendent variable y]; [according to mechanism z]. The independent variables "mutual perception of dependency" and "Levelled sense of urgency" are combined in the same hypothesis, since both independent variables function via the mechanism of "possibility of opportunistic behaviour". This mechanism depends on both independent variables.

Proposition 1: A Negotiation based on a complete shared vision is positively related with a short duration of the process; a shared vision aligns interests and purpose which prevents the participants of getting into conflicts which cost many time.

Proposition 2: A Negotiation based on a complete shared vision is positively related with the mutual satisfaction with the partner; a shared vision aligns interests and purpose which prevents the participants of getting into conflicts, without conflicts expectation of opportunistic behaviour are decreased which positively influence the mutual satisfaction.

Proposition 3: Levelled sense of urgency and mutual perception of dependency are positively related with a short duration of the process; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, opportunistic behaviour can result in conflicts which cost many time.

Proposition 4: Levelled sense of urgency and mutual perception of dependency are positively related with the mutual satisfaction with the partner; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, without possibility of opportunism the partner's expectations of this behaviour will decrease which results in a higher satisfaction with the partner.

Proposition 5: Levelled sense of urgency and mutual perception of dependency are positively related with the partners satisfaction with the financial arrangement; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, without possibility of opportunism negotiations are more balanced, resulting in mutual satisfaction with the arrangements.

5 Within case study

Now the developed theory is thoroughly described, empirical information can be collected to test the propositions. In this chapter the empirically collected data is provided. The collection method, case study research, is first described. Subsequently the four cases that are examined are described and discussed. The formulated propositions serve as a guidance in these case descriptions.

<< *Truth is what stands the test of experience.*>>
Albert Einstein
US (German-born), physicist (1879 - 1955)

<< *A theory must be tempered with reality.*>>
Jawaharlal Nehru
Indian politician (1889 - 1964)

5.1 Case Selection.

The cases for the case study should be selected strategically, to provide as much evidence as possible from a minimal amount of cases. The more case study evidence is collected the stronger causal inference can be drawn [Yin, 2009, p. 137]. Case selection is therefore an unexpectedly important part of the case study.

5.1.1 Strategy

In the theoretical part of the research a theory is developed, but "it is the intimate connection with empirical reality that permits the development of testable, relevant, and valid theory" [Eisenhardt, 1989, p.532]. This connection happens by comparing the theory with data from several cases, the case studies.
In order to collect the greatest possible amount of information from the case studies an information-oriented selection is used [Eisenhardt, 1989, p. 537] [Rosch, 1978, p.190]. A representative case or a random sampling is not the most appropriate strategy, because typical or average cases or often not the richest in information. Information oriented selection seeks atypical or extreme cases, since "these case activate more actors and more basic mechanisms in the situation studied. It is often more important to clarify the deeper causes behind a given problem and its consequences than to describe the symptoms of the problem and how frequently they occur. [Flyvbjerg, 2006, p.229]. Information oriented selection is based on theoretical replication instead of literal replication which is used in random sampling [Flyvbjerg, 2006, p. 230]. The difference between both methods of sampling is described by Yin (2009, p. 54) as: literal replication predicts similar results, whereas theoretical replication predicts contrasting results but for anticipatable reasons. Different strategies defined by Flyvbjerg (2006, p. 230) and Miles and Huberman (1994, p.28) are given for theoretical replication, of which "maximum variation cases" and "typical case" is best applicable in this research. The purpose of a "maximum variation case" –strategy is to obtain information about the significance of various circumstances for case process and outcome and at the same time examples of polar types are provided [Eisenhardt, 1989, p.537]. "Generally speaking, a finding emerging from the study of several very heterogeneous sites would be more robust and thus more likely to be useful in understanding various other sites than one emerging from the study of several very similar sites" [Schofield, 2002, p. 184]. The typical case strategy highlights what is normal or average. Although apparently opposing, a combination of both strategies will be implemented in the case selection. To do this, the cases should first be selected on their "typicality". The cases should match the criteria that are derived from the demarcation earlier in this research. This increases the generalizability of the research [Schofield, 2002, p.181]. Then cases should be selected which are very different on one single dimension. The maximum variation on this single

dimension is the dependent variable; successfulness of the process of establishing financial arrangements. In total four cases will be selected, two successful projects, and two unsuccessful projects. In this way polar projects are selected. Two projects of each category is chosen so more data can be gathered.

5.1.2 Methodological Criteria

Type of Project

First criterion is that the case should be a regeneration project that matches the description and demarcation given in this research to enhance external validity [Yin, 2009, p. 91]. It will be clear that the selected cases should be a regeneration project in urban residential area. This means that the project should encompasses rebuilding of houses and maybe some social functions in post-war neighbourhoods with primarily a residential function. Moreover this criterion is further narrowed done by two demarcations made in the chapter "Process Description".

First demarcation is done on the complexity of the project. Regeneration projects are by itself complex, but some are even more complex than the other. The most complex projects have very scattered land positions divided over not only different SHAs, but also over private persons and private parties. This will make the process even more complex and the financial arrangements even harder to reach. This type of complex projects can be found in the major cities of the Netherlands, which usually also receive a lot of attention. This attention often goes by the numerous regeneration projects of a slightly smaller scale in smaller cities. These types of projects are specifically addressed in this research. These projects can easily be distinguished by their complexity. The land positions in regeneration projects that are subjected to redevelopment should be in possession of one or more SHAs and maybe a care institution. The care institution that is often interested in a redevelopment of their complex or in a development of a new complex in a regeneration project is taken equal as a SHA.

Second demarcation is that no traditional models of area development are used in the regeneration projects. But this demarcation is maybe abundant, because, as stated before, the chance is small that the project is executed by a traditional model. The other cooperation models are all inside of the scope of this research. The cooperation model determines the tasks and risks after the financial arrangements are closed, so the content itself will not influence the process. But, it is imaginable that the cooperation model can have influence on the process, because the division of risks and tasks makes the negotiation complex. Still the research does not distinguish between the models, since the negotiation on the type of model is seen as part of the negotiations.

The final criterion of the project type is the size of the cases. The project size has to embrace at least hundred houses. This is to make sure that the project is of significant importance for both municipality and social housing association.

Successfulness of financial arrangements

When the right cases are selected, the cases are not yet selected on their richness of information. Therefore these criteria are made; not to exclude cases, but to reach the desired variation of successfulness. This enhances the internal validity of the research.
The criteria for the successfulness are the same as described in section 4.1.

1. Satisfaction with the partner
2. Satisfaction with the arrangements
3. Duration of establishing Financial arrangements

For the selection of cases, these scores on these criteria are determined by a quick scan based on the opinion of Metrum Consultants and Project documents. A further measurement of the successfulness on the cases is done during the case study itself. Hence this is described in next part; the case study protocol. As will be clear, the cases are selected based on the dependent variable. This enables backward reasoning, which is better applicable in this research since cases are scarce.

5.1.3 Pragmatic Criteria

Availability of information

The theoretical oriented selection is based on the richness of information in cases. This does not naturally mean that enough information is available for a thorough case study. So next to the existence of information, the information also needs to be available.

To enhance the chance that sufficient information is freely accessible, project of Metrum are chosen. This is not only because the relation Metrum has with the participants in the project, but also because consultants who worked on the project can serve as a source of information. The precondition that Metrum is involved in the project can result in a biased selection. Further examination of Metrums' projects however shows a representative selection of projects in the Netherlands. Metrum tends to have a slightly more than proportional projects with two specific attributes. First Metrum is especially active and specialized in urban area; "the red fragment" of an area development. This is showed by the real estate team that is specifically established for these issues and therefore specialized in real estate issues. Since regeneration projects are per definition in urban area, this attribute does not obstruct a representative sampling of regeneration projects. In contrast to expansion areas, which sometimes are coupled to large expansions of nature; "the green fragment" (e.g. de Blauwe Stad in Groningen). The second attribute is the financial specific background of Metrum (two, of a total of five teams, are specialized in financial issue). As a result clients often chose Metrum when the cope with a project with financial issues. A substantial part of the assignments of Metrum therefore have a financial component. Further examination of these projects makes clear that this also do not threat the representative sample. Presence of financial issues in a project does not automatically mean that there are financial problems, in which case a serious threat would be present. Every project copes with financial issues, since all projects need to be calculated. So, all in all the "Metrum precondition" does not cause a bias in the case selection.

Usefulness of information

Last pragmatic criterion has to do with the usefulness of the information. This can mainly be found in the timeliness of the case. Causal relations can only be examined if the variables of those causal relations can be measured. This means that the process should be progressed through the dependent variable, or at least so far that the dependent variable can be accurately measured. This means that the financial arrangements are established, or at the point of reaching completion. Indicators of this criterion can be derived from the demarcation described in the part "financial arrangements". A financial arrangement should be made between at least two parties and the arrangement should involve a transfer of economic value. Moreover the economic value of the financial arrangement should be determined with mutual approval. This is to prevent that arrangements between two parties only encompass a division of tasks, without a negotiation or even a settlement of financial issues. Now examine the following contrasting case; parties agree on a division of tasks and again decide that no funds have to be transferred from one to the other, but this time the decision is based on a calculation of the contributions that both parties do. In this case both parties made an arrangement about their efforts of which the economic value is known. Hence in this case it is a financial arrangement. Only when the cases

Figure 8: Locations of selected cases

fulfil these conditions, the successfulness of the arrangements can be measured and thus the causal relation can be examined.

5.1.4 Selection of Cases

These cases are selected by a quick scan with the help of involved consultants of Metrum. The mentioned criteria gave direction to this pre-scan. Toernooiveld in Schiedam and Presikhaaf 1 in Arnhem are the successful cases, de Valuwe in Cuijk and Bergerhof in Renkum are the unsuccessful cases. The successfulness is determined in more detail during the case studies. Figure 8 gives an overview of the locations of these projects in the Netherlands.

5.2 Case Study Procedure

To enhance the reliability of the case study, a case study protocol is designed. The procedure that is described in this protocol is given in this section.

5.2.1 Structure of the Case Study

It is important that, next to a chronological description of the process of financial arrangements, the context receives attention as well. The exploration of the context can be done with the help of the earlier described developments in the context. To keep information as objective as possible the data is collected from documents and by interviews with involved consultants of Metrum. For the chronological process description the interviews with municipality and SHA are used as well.

5.2.2 Data Collection and Documentation Procedures

The data collection should comply with the three principles given by Yin (2009, p. 114).
First principle is the use of multiple sources of data to collect reliable evidence. In this case study, data is collected by interviews and document studies. Especially the procedure of the interviews deserves attention. In essence, the answer on one question may not influence the answer to the other questions. This is often a serious threat in interviews that aim to get insight in a causal relation, especially when this relation is followed by several steps of causes [Dewulf, 2009]. The interviews are recorded and immediately after the session processed. This is to prevent that valuable information, about both the phenomenon and the context, is lost. The interview reports are sent to the respondents so the acquired data is checked for interpretation mistakes of the interviewer. The complete interview, in Dutch can be found in the appendix.

The second principle is the creation of a case study database. The obtained information from the case studies is put in this database in a structured manner. The case study database makes the data analysis easier, since all variables, independent and dependent, from all cases are easy to compare. This form of putting the data together is called a case-ordered predictor-outcome matrix by Miles and Huberman (1994, p. 217). "A case-ordered predictor-outcome matrix is most appropriate when the objective of the study is to see how several contributing factors function together in relation to different levels of a criterion measure".
Last principle is a focus on maintaining the chain of evidence. This enables external observers to independently follow the derivation of any evidence from initial research questions to ultimate case study conclusions [Yin, 2009, p. 122].

The dependent variables
The operational measure framework serves as a guide for the collection of the necessary data.

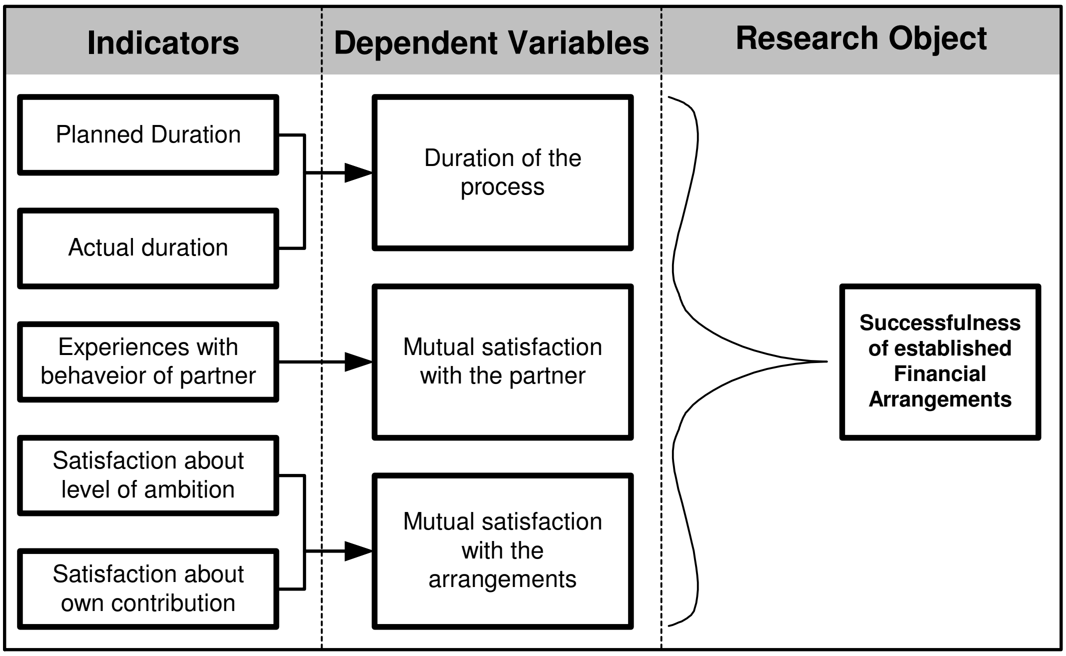

Figure 9: Operational Measurement Framework for Successfulness of Financial Arrangements

The necessary data can be derived by interviews and documents. When possible, both sources are used for triangulation means. All different viewpoints need to be collected by the interviews. This means that all involved parties in the negotiations are subject of an interview. The respondent that is most familiar with the choices made in the negotiation process, is the person that posses the right to decide. In the case of municipality, this is a member of the city council. Problem is that they are difficult to reach and in many cases are not anymore at that position. Besides that, they are advised about the content by their department responsible for the land economy (LE department). The head of the LE department is therefore in practice more capable in providing insight in the process. Since there is a bigger chance that the head of the LE department is still on its place and he or she is easier to approach, the head of the LE department serves as respondent. In the case of SHAs this is mostly the head of the investment department.
Besides these respondents, also an objective observer is needed to check the acquired information. This respondent is found in the person of the Metrum advisor that was closely involved in the process. In special cases this respondent can also be a process manager that was involved with the negotiation process. The objective observers have to critically review the case descriptions.
The interviews are structured; all variables are dealt with separately. Special attention is given to context factors that have influenced the successfulness. These context factors are a threat for the causal explanations were the research focuses on [Shadish et al, 2002, p. 40].

Independent variables

The independent variables are all conditions which are, to a large extent, subjectively determined by the participants of the financial arrangements. Therefore the variables cannot be determined by documents, but should be determined only by interviews. These interviews can be held structured and open. The advantage of structured is that it is a more efficient and directed way of data collection, the disadvantage is that all concepts should be exactly defined with operational measures. The open interview prevents the time consuming and difficult process of defining the concepts, disadvantage is that coincidence becomes a factor in the data collection. When the specific cause was present but it does not come up in the mind of the respondent, the causal relation may not be found. Therefore a combination of both strategies is used. In first instance the respondent was faced with an open question about the causes for the specific score on a dependent variable. When the specific conditions of the theory were not mentioned, the question was made more specific, guided by the theoretical propositions. This specific

question was accompanied with a definition of the concept by the respondent. The method for defining the causal relation is repeated for all dependent variables.
When conditions are mentioned without directing the respondent, this is documented.

5.2.3 Data Analysis Procedures

The case study has an explanatory purpose; the analytical technique has to be matched to this. To provide some background information about the chosen analytical technique, some other techniques which are less suitable are also discussed. First the technique of explanation building, in which an iterative process of proposition building and testing has to lead to an explanation, is not possible due to time restriction of the research. The time series analysis is not the must suitable option since it focuses on small number of variables and a larger number of data points. In contrast to this, it was expected that the found patterns consist of a larger number of variables but with just small number of data points. The logic model is distinguished since it uses sequential stages in which dependent variables change into independent variables. Again, the propositions about the researched patterns do not predict this.
Hence, in this research the pattern matching logic is most suitable. This pattern matching logic compares an empirically based pattern with a predicted one [Yin, 2009, p. 136], [de Vaus, p. 252, 2002]. The case study database enables the pattern matching, since it describes the independent and dependent variables. In the following figure the predicted patterns are given, as a result of the theory:

Table 3: Predicted pattern of dependent and independent variables

			Independent variables			
		Shared vision	Present		Absent	
		Levelled Sense of urgency and Mutual perception of dependency	Both are present	One or both are absent	Both are present	One or both are absent
Dependent variables	Duration of the process[3]	Low				
		Avr.				
		High				
	Mutual satisfaction with the partner	Low				
		Avr.				
		High				
	Mutual satisfaction with the financial arrangements	Low				
		Avr.				
		High				

The score of the cases on the all variables is determined by the researcher, based on the interviews from both participants in the negotiation process. The score is validated by the objective observer of each case.

5.3 Case 1: Toernooiveld, Schiedam

5.3.1 Project Description

Schiedam consists almost totally out of regeneration neighbourhoods as a result of its industrial history. Toernooiveld, being just a small project, is no exception to this. The 220 dull apartments occupying the neighbourhood were of the typical kind (in Dutch: portiekflat) that were build all over the Netherlands just after the Second World War. "The neighbourhood was an example of a neighbourhood you do not want to live", a sort of no-go area. In the seventies the apartments were renovated, but the investments did not have any effect. This project is characterized by the completeness of the

[3] Low means that a lot of unnecessary time is lost, high means that the process did not experienced any serious delay

regeneration: all real estate in the neighbourhood is integrally demolished and replaced by new houses.

Table 4: Core information of project Toernooiveld

Number of houses renovated	0	
Number of houses demolished	220	
Number of new houses developed	130	
	Old situation	Planned situation
Social functions	-	-
Public space (peculiarities)	-	Built parking spaces
Proportion social rental houses	100 %	

Figure 10: Situation of project Toernooiveld

5.3.2 Process Description

The Social housing corporation *Woonplus Schiedam* was the owner of the buildings and needed to intervene in Toernooiveld. When they did nothing, they could soon be faced with vacant property. Therefore they took initiative in 2001 for the regeneration by asking the municipality if they wanted to cooperate. The fusion of two SHAs into Woonplus Schiedam, strengthened their wish to regenerate the neighbourhood. In the previous millennium, the municipality of Schiedam was against demolishing real estate. In the beginning of the new millennium Schiedam did a research after the composition of its population. This showed that people moving out of Schiedam were mainly higher incomes and the people moving in were mainly lower income. This changed the mind of municipality, and declared that they want to offer new "living products". The cleared the path for Woonplus Schiedam to demolish a substantial part of its stock, also Toernooiveld. First the Urbanistic Development Plan was developed. Subsequently the process of establishing financial arrangement was started, that went for the largest part according to planning. The municipality and the SHA reach an agreement about the plans and the financial aspects in 2005. The valuation of the old real estate turned out to be a bit of a bottle neck. In the end they decided to establish a general partnership (in Dutch: V.O.F.) in which both parties participated for 50%. This means that the parties also divided the risk equally. In wide variety, a total of 130 houses are newly built.

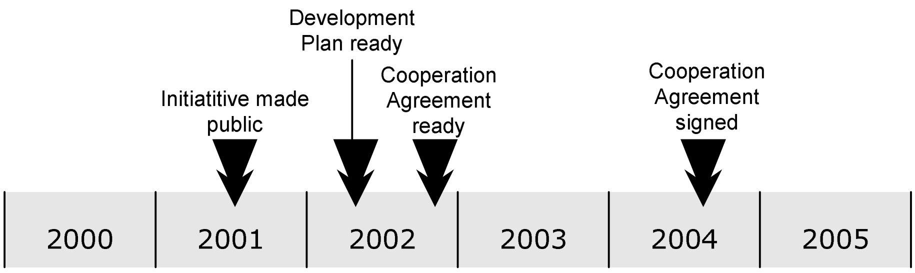

Figure 11: Chronological overview of milestones at Toernooiveld

5.3.3 Testing the propositions

Proposition 1

The project suffered from some significant time losses. In the beginning the steps were taken quickly, but according to Borsje (2009) all processes face at a certain moment some delay, especially when everything starts thriving. First concepts of the arrangements were ready on 2002, but it took until 2004 to sign the contract. Both respondents indicate that the time losses are especially caused by the slow decision making procedures of the municipality. At the end of the process also the some delay is caused by the decision making of the SHA. During the process it turns out that both parties question some details of the plans. Huge conflicts did not occur, thanks to the good personal connection of involved people, but all small conflicts together caused delay. The duration of the process is unanimous awarded with -1, low. The shared vision was established by a program of requirements (PvE) and UDP, but the plans had some flexibility, which is necessary to cope with unexpected changes. Although the shared vision was present, some conflicts occurred because there are many different opinions and voices. The respondents experienced that it is sometimes hard to prevent that the own organization turns against the established intentions and arrangements.

Proposition 2

The partners both indicate to be satisfied with each other, although there were some frustrations. The good experience is for the far part assigned to the personal connection between the delegates of the SHA and municipality. Both delegates knew each other and both organizations are also experience partners in two other large scale regenerations in Schiedam. Irritation grew from the small conflicts and the slow decision making of the municipality. Again the shared vision that was established, could not prevent that small conflicts occurred during the process.

Proposition 3

Both parties indicate that they were aware of the urgency of the neighbourhood, it was almost a no-go area. The SHA initiated the regeneration, but the municipality also wanted to demolish it, driven by the statistical research that was performed about the composition of its population. Both parties indicate that there was no doubt about that. Also the interdependency was perceived. The real estate was possessed by the SHA, the municipality could not ignore that fact, but on the other hand, the apartments were build on land that was in leasehold (in Dutch: erfpacht) by the municipality. The law prescribes that when real estate is demolished no this land, the possession of the ground automatically returns to the original owner, the municipality. Hence according to theory there was no possibility of opportunistic behaviour, and they indicate that this also did not occur, at least not in the front of the process, the responsible parts of the organizations. But as already mentioned, the respondent found it hard to stick their whole organization to the shared vision. According to Borsje (2009), the Municipality is a "Janus head", it has a private and a public side, at one moment someone of the green party (in Dutch: Groenlinks) demanded more parking space. The one who proposed this appeared to live next to the neighbourhood, a typical example of opportunistic behaviour. This was possible since the public side is not directly involved in the project.

Proposition 4

The clear presence of a levelled sense of urgency and mutual perceived dependency, prevented the possibility on opportunistic behaviour. This resulted in that both parties were willing to come to the arrangements as quick as possible and huge concessions are made. The SHA for example finally brought in the real estate almost for nothing, while the apartments had probably a value of € 60.000 each on the market, according to Wang (2009). This increased the "trust" in each other that both parties would do what was best for the project and thus not behave opportunistic. The increased trust played a role in the good experience with each other.

Proposition 5

Both parties indicate that they are satisfied with the level of ambition reflected by the arrangements and with the own contribution. The presence of the conditions that disable the possibility of opportunistic behaviour played a role. Thanks to these conditions the parties were both willing to come to arrangements and thus to make concessions. Borsje states that it is also partially caused by the experiences in other projects in Schiedam. The parties had arrangements in the two other, large scale regeneration projects in Schiedam. The concept of the arrangements has stayed the same, the financial arrangements for Toernooiveld only differed on some details.

Table 5: Found pattern of dependent and independent variables at Toernooiveld

	Independent variables		
	Shared vision		Present
	Levelled Sense of urgency		Present
	Mutual perception of dependency		Present
Dependent variables	Duration of the process	Low	
		Avr.	
		High	
	Mutual satisfaction with the partner	Low	
		Avr.	
		High	
	Mutual satisfaction with the financial arrangements	Low	
		Avr.	
		High	

5.4 Case 2: Presikhaaf 1, Arnhem

5.4.1 Project Description

Presikhaaf 1 is one of the three parts that combined form the neighbourhood Presikhaaf. Presikhaaf, a huge neighbourhood, was developed in the period from 1947 till 1970. Presikhaaf was a typical fruit of the period of reconstruction. After the Second World War, the development of houses was focused on providing the Dutch as much payable houses as possible. As a result the small size and the optimal arrangement characterize the houses. To give the house more glance, the apartment blocks were surrounded by green area and the houses were equipped with a lot of window surface. This case focuses on Presikhaaf 1, a part that encompasses a regeneration of about 300 houses and some improvement of the public space. The financial arrangements are established about three years ago between the municipality Arnhem and the SHA Vivare, without any problems that are worth mentioning. The plans are based on a development plan on which the inhabitants at that time could participate. Presikhaaf is, during the process, assigned as a priority neighbourhood.

Table 6: Core information of project Presikhaaf 1

Number of houses renovated	20	
Number of houses demolished	300	
Number of new houses developed	400	
	Old situation	Planned situation
Social functions		Multifunctional centre, health centre, live and care centre
Public space (peculiarities)		Park redevelopment
Proportion social rental houses	100 %	50 %

Figure 12: Situation of project Presikhaaf 1 and future map

5.4.2 Process Description

At the end of the nineties, the social housing Corporation *Vivare*, regenerated a part of the neighbourhood Presikhaaf. This resulted in a substantial improvement of that part of Presikhaaf. At that moment they intended to regenerate their whole possession, piece by piece. The inhabitants of the neighbourhood did not agree on this approach and asked for an overall vision about Presikhaaf. As a reaction on this *Vivare*, *Portaal* – another SHA active in Presikhaaf – and the municipality Arnhem started a joint effort to establish a development plan. The neighbourhood was divided in Presikhaaf 1, in which *Vivare* only had property and in Presikhaaf 2 were both parties had property. All inhabitants could react on the development plan which took some time. In 2003 the development plan was finally established. Just shortly after that *Vivare* and the municipality signed an intention agreement. A year thereafter the realisation agreement was signed which was the basis for the further development. The parties agreed that the public space and the real estate were autonomously developed by *Vivare*, the municipality was assigned to take care for the infrastructure and social functions. Vivare is able and prepared to take such a huge share of the tasks and responsibility, since the new plans exchanges 100 % social houses, for just 30% social houses. For the development just minor land exchanges need to be done, but this is just marginal.
A visit of the minister of housing, was a reason for the parties to speed up their process. They appointed the visit of the minister as the deadline, so they could show their progress.
At the moment the first houses of the project are in use. The parties are also renegotiating some terms in the realisation arrangement, to better adapt the plans and arrangements to the current conjuncture.

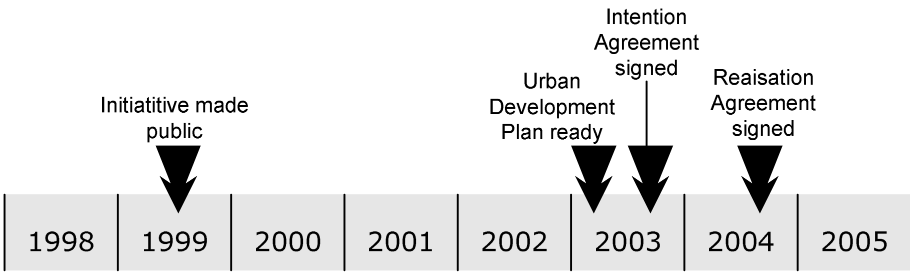

Figure 13: Chronological overview of milestones at Presikhaaf 1

5.4.3 Testing the propositions

Proposition 1
Although the total process from initiation till the financial arrangements took more than five years, the negotiations about the financial arrangements itself went quite fast. The respondent of the SHA indicates that it took long, but the time it took to develop an UDP with participation of inhabitants was the main cause for the long process. The stakeholders could influence the content of the plans, on which the financial arrangements are based. This delay should not be taken into account when considering

the duration of the financial arrangements. Besides that, the decisiveness of municipalities suffers from elections. Once in the four years elections are held, municipalities tend to postpone decisions about large projects in the initial phase in the last year before elections. The plan making was therefore put on hold sometime before the SHA and municipality really could start with establishing financial arrangements.
According to the respondent of the municipality the arrangements itself were established in just a year. The respondent therefore awards the duration with a =1. No unnecessary time is lost by large conflicts that arose during the process. The shared vision was established in the development plan and received further refinement in the intention arrangement in 2003. It took some time to establish this document due to the participation of other stakeholders, but when it was established both parties did not deviated from it. Partly because the parties were so loyal to the arrangements, no conflicts arose, according to the respondent of the municipality. The municipality adds to this that in the development plan the common interests were written down. This does not mean that there were no discussion point left or differences in opinion, but we could point to the arrangement when one of us was deviating. So it seems that the shared vision was an important enabled the smooth process.

Last cause for the short duration of the process was the clear process arrangements; "good agreements were made about; when we can discuss, but also when do we send the issue to a higher level" [van Rijen, 2009].

Proposition 2

Although, in common, the experiences were "variable" it can be stated that both parties were rather satisfied with each other. The satisfaction is awarded with a 0 and +1. van Rijen (2009) states: "Problems with each other are especially caused by the different voices at both organizations. This led to some frustrations, but in the end, both parties were aware of there common goal". The minor conflicts that occurred did not substantially affected the relation with each other. Other important cause that both respondents indicate for the satisfaction with each other was the personal connection. On personal level, the people trusted each other and could easily reach each other. "When I had a problem, I could (and can) immediately call the representative of Vivare, the lines are short" according to van Rijen (2009). Trust is often mentioned in the interviews. When was asked for a definition, it came down to the fact that they did not expected the partner to operate in an opportunistic way. To reach this, they worked with "open books", but of course both parties were of course not fully open. This is not necessary according to Vivare; there is always a sort of natural reservedness in fully trusting each other. Of course the stereotypes of the parties play a role in this. It is a public opinion that SHAs sleep on their money; that can make other parties keeping some distance. Nevertheless, the trust did contribute to the positive experience with each other.

Proposition 3

Vivare expresses their dependency of the municipality. To execute their regeneration plans, they need the municipality to adapt the zoning plans. Besides that, a complete regeneration is also dependent on the improvement of social functions and the infrastructure. This is a core task of the municipality, so when they want the regeneration to be a success they needed the municipality. Vice versa, the municipality was also dependent on the regeneration. All real estate was possessed by the SHA and they cannot force them to regenerate. Hence an autonomous regeneration of the municipality was nearly a death end. *Vivare*, felt the urge for the regeneration, which was why they initiated the original regeneration activities. The municipality was aware of the neighbourhood and its problems. Hence the urge for regeneration was also present by the municipality. At the moment that the arrangements were almost ready, the process was beginning to stagnate. Both parties solve this by stressing the urge for an arrangement; they wanted to come to agreement before the visit of the minister. So, at the moment that the feeling of urgency was diminishing, both parties together created new urge, which was stimulating for reaching the agreements. It can be concluded that both the mutual perception of dependency as the levelled sense of urgency conditions were present. Chance on opportunistic behaviour was only perceived by the different voices at the municipality. Van Gerven (2009) states that "the possibility of opportunistic behaviour of the municipality is always part of the risk analysis of the SHA". At the same time; "but no real opportunistic behaviour occurred, the municipality stuck to its word". It is imaginable that, since the SAH took initiative, the municipality could abuses the sense of urgency of the SHA. This did not occur in the process according to van Gerven (2009).

Proposition 4

As stated above, both conditions were present. According to van Rijen "Parties can always act arrogant. I experienced in some other projects that in a moment in time you ask yourself if the partner is still busy with the common good or is just aiming at there own good. This was certainly not the case in this project. There was no sign of opportunism and therefore we trusted each other." The presences of the conditions that prevent opportunistic behaviour have played a role in the good experiences with each other.

Proposition 5

The level of ambition is high according to both parties. According to *Vivare*; "the level of ambition that is established was absolutely the highest possible. Now four years after the arrangements, in the middle of the credit crisis, this is uncovered. The arrangements that were made, had never been made in the current conjuncture." Both parties indicate that they are satisfied with both the level of ambition reflected by the deal as their contribution to the project. The municipality is only responsible for the main infrastructure and social functions, this is part of the municipality's daily core tasks. This case scores high on the "satisfaction with the arrangement" -variable. The ambition level and the own contribution is by both respondents awarded with a +1. All different departments at the municipality come up for there own interest and want a good deal, but "in the end establishing arrangements is making compromises" [van Gerven, 2009].

Table 7: Found pattern of dependent and independent variables at Presikhaaf 1

<table>
<tr><td colspan="2" rowspan="4"></td><td colspan="3">Independent variables</td></tr>
<tr><td colspan="2">Shared vision</td><td>Present</td></tr>
<tr><td colspan="2">Levelled Sense of urgency</td><td>Present</td></tr>
<tr><td colspan="2">Mutual perception of dependency</td><td>Present</td></tr>
<tr><td rowspan="9">Dependent variables</td><td colspan="2" rowspan="3">Duration of the process</td><td>Low</td><td></td></tr>
<tr><td>Avr.</td><td></td></tr>
<tr><td>High</td><td>■</td></tr>
<tr><td colspan="2" rowspan="3">Mutual satisfaction with the partner</td><td>Low</td><td></td></tr>
<tr><td>Avr.</td><td></td></tr>
<tr><td>High</td><td>■</td></tr>
<tr><td colspan="2" rowspan="3">Mutual satisfaction with the financial arrangements</td><td>Low</td><td></td></tr>
<tr><td>Avr.</td><td></td></tr>
<tr><td>High</td><td>■</td></tr>
</table>

5.5 *Case 3: De Valuwe, Cuijk*

5.5.1 Project Description

A post-war residential neighbourhood is regenerated after the municipality received signals of the decreasing living quality. The regeneration encompasses the rebuilding of a substantial part of the houses (a total of 280), the development of a living and health centre and a school. The project is executed by the municipality of Cuijk and the SHA "Mooiland". The ink under the financial arrangements is still fresh; in June 2009 the arrangements were signed, more than a year behind schedule. The project is unique in its approach. Next to a physical "line" that they established to improve the liveability, a social "line" is established. The social line has its own project leader, budget and organizes all sorts of activities to improve the living quality.

Table 8: Core information of project de Valuwe

Number of houses renovated		
Number of houses demolished		
Number of new houses developed	280	
	Old situation	Planned situation
Social functions	Church	New multifunctional location
Public space (peculiarities)		
Proportion social rental houses		

Figure 14: Situation of project de Valuwe and future map

5.5.2 Process Description

In the beginning of the 21^{st} millennium, the municipality received signals of decay of the neighbourhood *de Valuwe*. Therefore they initiated the regeneration of *de Valuwe*. Since the SHA *Mooiland Maasland* possessed a large part of the houses, the SHA was involved in the plans. After two years a master plan for the neighbourhood was established. To discover the alternatives for the regeneration, the parties held a design contest. "The plans that were submitted were full of utopian elements, e.g. according to one plan, the railway had to be lifted." Besides that it turned out to be a pitfall to concentrate on designing without calculating. So the alternatives turned out to be useless. Subsequently the parties designated a firm which helped them to establish an UDP. During the development, the inhabitants of *de Valuwe* were enforced to participate in the decision process. Now, parallel to the design process the parties established a process of calculating (in Dutch: proces van rekenen en tekenen). The pitfall that now appeared was that the parties concentrated too late on the division of costs. That turned out to be a bottle neck in establishing the intention arrangement, which can better be characterized by a mini-cooperation arrangement due to the level of detail. In June 2006 the mini-CA was established, but it took until October 2007 before it was signed. This delay was caused by difficulties in the decision process of the SHA. Since the IA had so much detail, the final step to the CA was only small. What was planned to be an easy process of half a year, was postponed twice and took, in the end, almost 2 years. Part of the delay can be subscribed to the economic crisis, which was for the SHA reason to ask for a reconsideration of already negotiated elements. In the cooperation arrangements, established in June 2009, it is agreed that the municipality is responsible for the land exploitation, the SHA for the real estate exploitation.

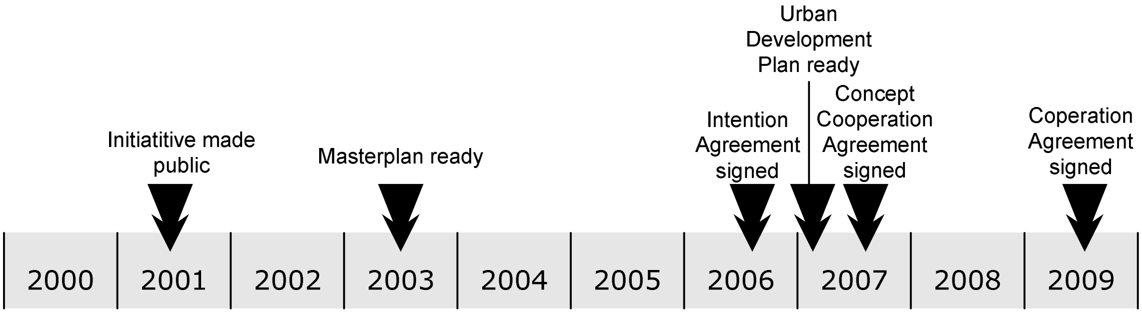

Figure 15: Chronological overview of milestones at de Valuwe

5.5.3 Testing the propositions

Proposition 1

A lot of, unnecessary, time is lost during the process. It took very long to establish the financial arrangements. First because it was difficult to reach a fair division of contribution between both parties. This was finally laid down in the "mini-cooperation agreement". The step to the final agreement was small but took almost four times as many time than planned. Hence, the municipality awards the duration of the process with a -1. The respondent indicates a "0", but it should be noted that he was not involved during the whole process. When the planning is compared with the actual duration of the process, the duration should be awarded with a -1. The parties started from a shared vision, which was described in a couple of documents, the UDP was one of the documents. The long duration can be traced back to some big conflicts that occurred during the process. Different causes are given for the conflicts. The problem was that the SHA was in the middle of a merge. The internal decision making therefore lacked of consistency. A lot of decisions were reviewed by different people. During the negotiation process, three different project leaders represented the SHA. "This asks for troubles, all decision that were made, turned out to be less rigid than expected by the municipality" [de Croon, 2009]. Even in the last, small, step to the cooperation agreement a lot of delay was causes due to the wish of the SHA to renegotiate some decision already made. Besides this, there were a lot of differences between the points of departure of both parties.

Proposition 2

Both respondents indicate that the experiences were "variable". Especially the municipality implied that there were frustrations about the cooperation with the SHA. The SHA lacked in consistent decision making. There were also some good experiences, "in the end, both parties can look each straight in the eyes. For that matter, both parties have come to a deal" [de Croon, 2009]. The experience with each other is therefore awarded with a 0, as advised by both respondents. The shared vision seemed to have an undesired effect on the negotiations. Although the purpose and interest were aligned with the document, conflicts arose because early agreements turned out to be not definitive. This caused a lot of frustration which is not good for the experience with each other. On the other hand, both parties have many relations via other projects. Mooiland is the biggest developer in Cuijk, both have huge ambitions and plans with Cuijk so they are tightly connected to each other. That is why parties know what they can expect from each other. It also makes the process dependent on other projects, one of the respondents indicated that interests in other projects were also involved in the negotiation of *de Valuwe*. "It is a game of take and give, which should be viewed on a higher level then *de Valuwe* on its own."

Proposition 3

Both parties are convinced about the need for regeneration of de Valuwe. De Valuwe is a large neighbourhood in a just a small municipality. Problems were very diverse and growing. De Valuwe was the neighbourhood that coped with the biggest decay in the region. Mooiland was the biggest owner in the neighbourhood, so was very much concerned with the problems. Van Unen (2009) states that is was good that the municipality also felt the urge for regeneration. If this was not the case, the municipality could have said; "okay, go your gang, come with a plan and then we will decide if it is a good plan". Both parties were made well aware of the problems by the neighbourhood council. From the beginning of the process, it was clear for both parties that they were mutual dependent. The real estate that needed regeneration was totally owned by the SHA. Hence when the municipality wanted to do something about the bad living quality in the neighbourhood, they needed the cooperation of the SHA. On the other hand, the SHA was dependent on the municipality. De Valuwe is an important neighbourhood for the SHA, but when they wanted to change something, they needed permission of the municipality. Besides that, the regeneration involves also a school and a "multifunctional accommodation". The SHA need the municipality to develop this.

Because both conditions were present, there was no possibility for opportunistic behaviour. De Croon (2009) indicates that the municipality can always act opportunistic because the need to give their permission for the plans. Since this would also harm their own interests, this chance was small. Although the possibility of opportunistic behaviour was small, the process took very long, but this cannot be explained by opportunistic behaviour.

Proposition 4

The conditions were present but the experiences were variable, awarded with a 0. The cause for bad experience lies in the fact that many conflicts arose during the process, as stated before. The causes for the good experience are that there was a combined ambition for regeneration. It strengthens the relation during the process. Hence, when the conditions "levelled sense of urgency" and "mutual perception of dependency" were not present, the experiences with each other were probably even worse. This is showed by an anecdote of the municipality's respondent "at the end, the SHA took responsibility and explained the situation to the neighbourhood. This shows the good intention of the SHA, which gives confidence in a further successful cooperation" [de Croon, 2009].

Proposition 5

Both parties are satisfied with the level of ambition that is reflected in the arrangements, but indicate that there is nothing special about it. The regeneration plan is based on the spatial structure of the neighbourhood. Besides that the plans have incorporated the ambition to lower the house density. Otherwise the public space is improved, but nothing special is added in the plans. All in all, both parties think that "the nicest neighbourhood of north-east Brabant will arise." Also the contribution to the plan is by both parties considered as a wise investment. A rather good balance is found between the spending of money and the level of ambition, which is also showed by the indications given by the respondents; all four indicators were given a +1. The reason for the satisfaction with the financial arrangement is according to van Unen (2009) "the urge in the field". Again, both conditions were present, so there was just little chance of opportunistic behaviour. This resulted in the satisfaction with the arrangements.

Table 9: Found pattern of dependent and independent variables at de Valuwe

			Independent variables	
			Shared vision	Present
			Levelled Sense of urgency	Present
			Mutual perception of dependency	Present
Dependent variables	Duration of the process	Low		
		Avr.		
		High		
	Mutual satisfaction with the partner	Low		
		Avr.		
		High		
	Mutual satisfaction with the financial arrangements	Low		
		Avr.		
		High		

5.6 Case 4: Bergerhof, Renkum

5.6.1 Project Description

In the small municipality Renkum, a neighbourhood is awaiting regeneration. Bergerhof again is a typical neighbourhood with remarkable similarities with the case *Toernooiveld*. It consisted of the typical apartment blocks. The building quality was bad and also the rentability was decreasing. The SHA, *Vivare,* wanted to demolish the buildings to regenerate the neighbourhood. Just like Toernooiveld, all houses are demolished and Vivare will build 166 new houses in a mix of apartments, stand alone and terraced houses. The SHA possessed the land underneath the apartment blocks, the rest was owned by the municipality.

Table 10: Core information of project Bergerhof

Number of houses renovated	0	
Number of houses demolished	198	
Number of new houses developed	166	
	Old situation	Planned situation
Social functions	-	-
Public space (peculiarities)	average	average
Proportion social rental houses	100%	50%

Figure 16: Situation of project Bergerhof and future map

5.6.2 Process Description

When Vivare noticed that the living quality in Bergerhof was so bad that the rentability of the houses was becoming questionable, they decide to take action. They wanted too demolish the whole neighbourhood. "When they communicated their plans to the inhabitants, 80% was enthusiastic about it, they even received applause when presenting it." So the commitment of the inhabitants was assured. This enabled the parties to start a concept called "community planning". In this process, the inhabitants received a lot of possibilities for participation. In 2006, inhabitants and local residents were given the opportunity to contribute to the project with their ideas about what it should look like after regeneration. Arrangements between SHA Vivare and municipality were signed last year. An intention arrangement is established in November 2006 and was followed by a process to design an urbanistic development plan. After four months the municipality, the municipality decided that they wanted to receive money for the land that was transacted. This was not the intention of the SHA, who were in the belief, based on the IA that this was not necessary. The conflict that was started escalated even more when external advice was hired to consult the parties. A higher government level, the governmental body of the region started a mediation process. A professor of the Radboud University was assigned as mediator. This resulted in an arrangement about the amount the SAH needed to pay for the land. When this was arranged, the establishment of the financial arrangements followed soon.

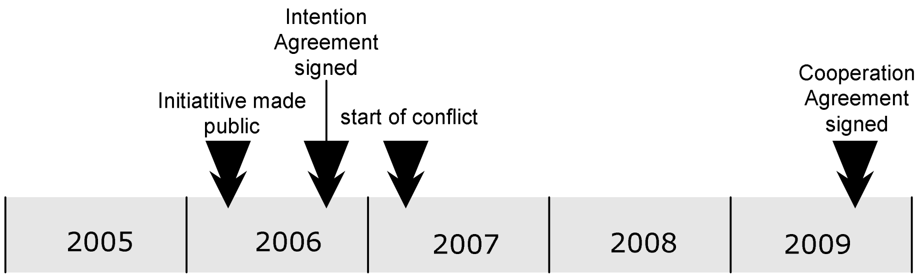

Figure 17: Chronological overview of milestones at Bergerhof

5.6.3 Testing the propositions

Proposition 1

The project experienced some serious delay. The respondents indicate that the cooperation agreement is established about one or two years later than planned. Both parties award the duration of the project with a -1. the delay is caused by a conflict about the valuation of the land. The municipality wanted to profit from the land transaction, the SHA was not intended to do this. A shared vision was established at the beginning of the process, laid down in the intention agreement. The SHA thought that the arrangement was clear but about half a year after the agreement was established, the conflict came to the light. Hence, the shared vision did not have its desired effect. Pos (2009) states that "it is maybe a wise life lesson, that you should not postpone conflicts. That is what happened in the project". Without making a judgement about if the conflict was postponed on purpose, it can be stated that the shared vision had the undesired effect.

Another cause of the delay, indicated by the municipality's respondent, is the slow decision making procedures of the municipality. The city council confers about 8 times per year and proposals need to be delivered six weeks in advance. When you are one week too late with the documents, it immediately means a delay of about 2 months. All public actions take considerable time" [Pos, 2009].

Proposition 2

The experiences with each other were somewhat variable. The municipality indicates a +1, the SHA a 0. On personal level, there was good connection which played a role, but the conflict that arose was of course not good for the relation. According to Schrijvers (2009) the problem with the municipality is some lack of capabilities. The small municipality needs to hire all knowledge, which caused some changes in personal during the project. Besides that a lot of different voices come from the municipality; the city council can for example all of a sudden express its ambition to make profit on the land. Consequently, next to the big conflict about the land valuation, there were small frustrations. In contrast to this Vivare is a large and experienced organisation, the came towards the municipality. They offered transparency of their documents, if they should not have done that the relation would be built even more on distrust according to Schrijvers (2009). The regeneration would not have been possible when the relation was based on distrust. This is also recognized by the representative of the municipality. Pos (2009) adds to this that Vivare and the municipality of Renkum have experience with each other in other projects. This creates a web of relation which is beneficial for the satisfaction with each other.

Proposition 3

Especially the SHA felt a high urge for regeneration. Although municipality also indicates that the regeneration was necessary, according to the SHA the municipality saw the regeneration as a task of the SHA. So there was a matter of unlevelled sense of urgency. Of course the municipality plays a role in a good liveability of their neighbourhoods, but in essence they considered that Vivare was responsible. Since the municipality also had no property which needed some action, they could just lean back and wait [Schrijvers, 2009]. At the same time there was also some difference in the perceived dependency. The municipality needed to give permission for the plans and possessed pieces of land that the SHA needed for the regeneration. Pos (2009) even indicates that they could have asked more developers for there plans, after all they could do with their land what they want. Hence the SHA depended very much on the municipality, but in contrast to this, the municipality was not very dependent on the SHA since they also did not felt that much urge for regeneration. The absence of both conditions is favourable for the possibility of opportunistic behaviour. This is also what happened at some moment in time. The municipality wanted to profit from the land transaction, this caused a huge conflict, with eventually delayed the process of establishing financial arrangements.

Proposition 4

the conditions that prevent participants from opportunistic behaviour were absent. The SHA recognized the possibility of opportunistic behaviour, but did not expected that the municipality would engage in opportunism. Nevertheless the municipality behaved opportunistic, in the eyes of the SHA, which was not beneficial for the satisfaction with each other.

Proposition 5

The satisfaction with the arrangements is in general moderate. Both parties think that they could have had a better "own" deal. The municipality thinks they could have received more for the land, the SHA thinks it paid too much for the land. Also the about the ambition level the parties are moderate, they both score it with a 0. The plans comply with the program of requirements of the municipality, and further it will be just an average neighbourhood. The conditions that influence the arrangements according to theory were also absent, but the mechanism presented by the theory is not fully describes the situation. The municipality behaved opportunistic when trying to get more money for their land, which partly explains the dissatisfaction of the SHA with their own deal. But, in the end, the municipality did not received its target that was at the base of the conflict. As a result the municipality is also not satisfied with the arrangements. Hence somehow, the municipality was not able to exploit their possibility of opportunistic behaviour, which evolved from the absence of the earlier presented conditions. Maybe this difference can explained with the lack of experience and knowledge of regenerations.

Table 11: Found pattern of dependent and independent variables at Bergerhof

			Independent variables	
			Shared vision	Present
			Levelled Sense of urgency	Absent
			Mutual perception of dependency	Absent
Dependent variables	Duration of the process	Low		
		Avr.		
		High		
	Mutual satisfaction with the partner	Low		
		Avr.		
		High		
	Mutual satisfaction with the financial arrangements	Low		
		Avr.		
		High		

6 Cross case analysis

The within case studies delivered interesting information, but no conclusion can yet been drawn from the analyses of the separated cases. To make strong causal inference, the cases should be compared with each other, which is done in this chapter. First a general overview of the cases is given and then all propositions are discussed one by one, dealing with the information from all cases.

<< In theory, there is no difference between theory and practice; In practice, there is. >>
Chuck Reid

6.1 Overview of Case Analyses

The four studied cases are thoroughly analyzed. The necessary information is collected with two interviews and document study. For each project a representative from both the SHA and the municipality is interviewed. With the collected information it was possible to determine the pattern of the dependent and independent variables for all regeneration projects. Subsequently the found patterns could be compared with the predicted patterns. This comparison provides a tool to test the propositions.

The pre-scan of the successfulness of the established financial arrangements turned out to be effective, because the cases had various outcomes. It should be noted that the differences in successfulness are more nuanced than initially predicted. However the cases were all quite similar on the criteria which were used in the selection. All four regenerations involved about 300 houses. Also the financial arrangements were established in between one social housing associations and a municipality in the cases. The cases were used to test the propositions

6.2 Proposition 1

A Negotiation based on a complete shared vision is positively related with a short duration of the process; a shared vision aligns interests and purpose which prevents the participants of getting into conflicts which cost many time.
The patterns that are found in the four cases matches only two times with the predicted pattern. All four projects started from a shared vision, but only in the projects Toernooiveld and Presikhaaf 1 this led to a short duration of the process. In de Valuwe and Bergerhof serious conflicts occurred during the process as a result of interests that were not aligned. It turns out that the shared vision cannot ensure that the interest stays aligned. In both projects many shifts of involved individuals occurred that can be seen as one of the causes of the conflict. Also the different voices that come from an organization, especially from the municipality, undermine the effect of a shared vision. This is showed in the project de Valuwe en Bergerhof, but also in Toernooiveld en Presikhaaf 1 frustration of the different voices were found. Although these frustrations did not led to serious conflicts, it made it difficult for the project leaders to keep the process on track. The low score of Bergerhof is also influence by the other dependent variables, but that is discussed in the section of proposition 3.
The mechanisms that were predicted were found in all cases. If shared vision are established, and the participants can maintain the commitment of the organizations to the vision, conflicts are not likely to occur and thus the process will not take much longer than planned.

Table 12: Found patterns for proposition 1

			Independent variables			
	Case		Toernooiveld	Presikhaaf 1	De Valuwe	Bergerhof
	Shared vision		Present	Present	Present	Present
DV	Duration of the process	Low				
		Avr.				
		High				

6.3 Proposition 2

A Negotiation based on a complete shared vision is positively related with the mutual satisfaction with the partner; a shared vision aligns interests and purpose which prevents the participants of getting into conflicts, without conflicts expectation of opportunistic behaviour are decreased which positively influence the mutual satisfaction.

For this proposition almost the same can be stated as for proposition 1. In the cases Toernooiveld and Presikhaaf 1 similar patterns are found as predicted. The patterns from found in the case De Valuwe and Bergerhof, differ from the predicted pattern, for the same reason as they pattern differs in proposition 1. The projects started from a shared vision, but both organizations were not able to align their own organization to the shared during the processes. This resulted in both projects in serious conflicts between the municipality and the SHA. This negatively influenced the experience with each other. That the mutual satisfaction is not rated as low, can be explained by several factors. First, the other two independent variables influenced the outcome, but that will be dealt with in the section of proposition 4. Other important reason is that in both cases, the SHA and the municipality have much experience with each other. This creates a web of relations that has a positive influence on the outcome of this dependent variable.

The mechanism that was predicted again can be traced back in all four cases. The reason that the predicted patterns are not found in two cases, is caused by variations on the independent variable. A shared vision in the beginning appears to be insufficient to keep the interests and purposes aligned.

Table 13: Found patterns for proposition 2

			Independent variables			
	Case		Toernooiveld	Presikhaaf 1	De Valuwe	Bergerhof
	Shared vision		Present	Present	Present	Present
DV	Mutual satisfaction with the partner	Low				
		Avr.				
		High				

6.4 Proposition 3

Levelled sense of urgency and mutual perception of dependency are positively related with a short duration of the process; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, opportunistic behaviour can result in conflicts which cost many time.

The pattern predicted is found in three cases, with variation on the outcome. In Toernooiveld and Presikhaaf 1 the conditions "Levelled Sense of urgency" and "Mutual perception of dependency" are both present. As predicted the cases both score high on the duration variable; both cases experienced a smooth process. In contrast to this, in the Case Bergerhof both conditions were absent and it also scored low on the duration variable; the process coped with a lot of delay. Only in the case de Valuwe the predicted pattern was not found. Both conditions were present, but the project experienced many delay in the process of establishing financial arrangements. When the mechanisms are examined, they can be found in all cases. The three cases in which both conditions were present, the participants did not behave opportunistic. In project Bergerhof, the party that felt less dependent on the partner and did not sense much urgency, behaved opportunistic. It is difficult to determine with certainty, but the conflicts of de Valuwe seems to be not an act of opportunism. The reason for the conflicts was that the mandate for the project changed during the years and also the organization was in a transition process due to a merge. The conflicts grew from renegotiations of already established arrangements, but it seems that this renegotiations were not started because the SHA wanted to exploit there position. As the municipality indicates, there was no interest for SHA to stall the negotiations. This explains why the pattern found in the case of de Valuwe differs from the predicted pattern.

Table 14: Found patterns for proposition 3

			Independent variables			
	Case		Toernooiveld	Presikhaaf 1	De Valuwe	Bergerhof
	Levelled Sense of urgency		Present	Present	Present	Absent
	Mutual perception of dependency		Present	Present	Present	Absent
DV	Duration of the process	Low				
		Avr.				
		High				

6.5 Proposition 4

Levelled sense of urgency and mutual perception of dependency are positively related with the mutual satisfaction with the partner; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, without possibility of opportunism the partner's expectations of this behaviour will decrease which results in a higher satisfaction with the partner.

The patterns found in Toernooiveld and Presikhaaf 1 again correspond to the predicted pattern. The conditions are present and the satisfaction with the partner is also high. Strong causal inference can only be made when the other patterns also correspond, especially when the opposite pattern is found I these projects. That is a problem for this proposition because the cases de Valuwe and Bergerhof both do not show the exact pattern that was predicted. For both cases an explanation can be found, when the mechanisms are examined. In the first cases the mechanisms are found, parties did not engage in opportunistic behaviour since they both felt urgency for regeneration and mutual dependency. This decreased the expectations of opportunism and increased the satisfaction with each other. In the case of de Valuwe the experience with the other party was very distorted by the conflicts that were stumbled upon. At the same time, they indicate that they did not expected opportunistic behaviour of each other, since the sense of urgency was very present at both parties. Maybe the neighbourhood council played a role, since they made both parties aware of the problems in the neighbourhood. This shared ambition had a positive effect on the trust in each other. Hence, although a lot of conflicts, thanks to the shared sense of urgency, the satisfaction of each other was still rated "average". In project Bergerhof the mechanism also provides an explanation. The conflicts arose from opportunistic behaviour, which was not expected by the partner. This had a bad influence on the satisfaction with each other. That the parties are still rate their experience with each other as "average" is due to good personal connections and many other relations in other projects. Also the transparent attitude of the SHA contributed to the good experiences.

Table 15: Found patterns for proposition 4

			Independent variables			
	Case		Toernooiveld	Presikhaaf 1	De Valuwe	Bergerhof
	Levelled Sense of urgency		Present	Present	Present	Absent
	Mutual perception of dependency		Present	Present	Present	Absent
DV	Mutual satisfaction with the partner	Low				
		Avr.				
		High				

6.6 Proposition 5

Levelled sense of urgency and mutual perception of dependency are positively related with the partners satisfaction with the financial arrangement; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, without possibility of opportunism negotiations are more balanced, resulting in mutual satisfaction with the arrangements.

For propositions 5 strongest causal inference can be made based upon the found patterns. In the cases Toernooiveld, Presikhaaf 1 and de Valuwe both conditions were present, no opportunistic behaviour was experienced. Besides that, the parties were in all three cases prepared to make concessions. This resulted in a high rated satisfaction on the financial arrangements itself. This dependent variable encompasses the satisfaction with the party's contribution and the satisfaction with the level of ambition reflected in the arrangements. In the case Bergerhof, both conditions were absent and serious opportunistic behaviour was found, but still they score an average on the satisfaction. While according to the predicted pattern this should have been low. Some distortion on this pattern can be found, because also the mechanism is not completely traced in this case. Although the municipality acted opportunistic, they are still not satisfied with their contribution. They have the feeling that they could have get more out of the project. This is in contrast to what would be expected according to the mechanism. An explanation for this can be found in the inexperience of the municipality with regeneration projects.

Table 16: Found patterns for proposition 5

			Independent variables			
	Case		Toernooiveld	Presikhaaf 1	De Valuwe	Bergerhof
	Levelled Sense of urgency		Present	Present	Present	Absent
	Mutual perception of dependency		Present	Present	Present	Absent
DV	Mutual satisfaction with the financial arrangements	Low				
		Avr.				
		High				

6.7 Other findings

Next to the findings that are used to test the propositions on, some other findings are done during the research. In this section the most important factors encountered during the case studies are mentioned. Although these factors do not fit the process level as described in sub section 4.1.1, the research should not pass on these findings. First factor is that in three projects the role of the decision making procedures at municipality causes delay. In the four year cycle there is almost a year in which the decision making around big projects like the regeneration are put on hold. This is because before the elections the politicians do not want to burn their fingers on the projects and in the beginning of the new cycle everybody first needs to find its place. Besides that, also during the four years cycle, especially in small municipalities, it takes considerable time to get approval on a proposal by the city council.

Another well-known source of delay is the participation of the inhabitants in the development of the development plans. Especially in the case Presikhaaf 1 this caused much delay, this is important since agreement about the plans is necessary to make financial arrangements.

Further well defined process arrangements contribute to a smooth process. Parties should arrange in the beginning of the process, parallel to the shared vision, how they are going to develop the plans. Simple rules about mandates and about bringing issues to a higher level, are beneficial for a smooth process and for the experiences with each other.
Relation in other projects is also mentioned often as a beneficial factor for successfully establish financial arrangements. SHAs are often bounded to some municipalities, hence there is a considerable chance that both parties cooperate a more projects. Experiences in other projects affect the attitude towards each other in the focal project. At the same time, both parties are more used to each other, they know what they can expect.

Last factor that is mentioned in three projects is the personal connection between the people who are responsible for the regeneration. When there is a good personal connection, it is immediately more likely that they will establish successful financial arrangements. Due to the good personal connection, parties trust each other more and the lines are short when they problems occur.

7 Conclusion

Last step in research is to arrive at conclusions. These conclusion are based on the preparatory study, described in chapters 3 and 4, and research evidence that is collected in the case studies, described in the latter two chapters. With these conclusions the research questions are answered. In the second section recommendations are given about how the conclusion can be of use in daily practice. Last section of this master thesis is devoted to the discussion of the research results. This section elaborates on the weak and strong elements of the research and provides starting points for further research.

<< The outcome of any serious research can only be to make two questions grow where only one grew before. >>
Thorstein Veblen
US economist & social philosopher (1857 - 1929)

7.1 Conclusion

In this research the phenomenon is directly examined with the use of 5 propositions. These 5 propositions directed the case studies, so the right data was collected. Next to this focused research a boarder scope was also applied to take the context into account. This context often offers an explanation for a certain pattern that has been found. With the data about the phenomenon and its context collected and analyzed from four cases, conclusion can be drawn.

7.1.1 Proposition 1

A Negotiation based on a complete shared vision is positively related with a short duration of the process; a shared vision aligns interests and purpose which prevents the participants of getting into conflicts which cost many time.
Evidence is found that validates this proposition, but in two other cases the predicted patterns are not found. Evidence that falsify the proposition certainly has more ways, according to the falsification principles of Popper. When the mechanisms are examined, it is wiser to adjust the proposition. The problem in the cases that falsify the theory is that the established shared vision could not be maintained in the whole organization. Due to the different voices, but also due to organizational changes, the shared vision could not be maintained in the internal organizations. To the proposition the addition should be made that the shared vision is also maintained during the process, by the frontline individuals that are responsible for the project but certainly also at the internal organizations.

7.1.2 Proposition 2

A Negotiation based on a complete shared vision is positively related with the mutual satisfaction with the partner; a shared vision aligns interests and purpose which prevents the participants of getting into conflicts, without conflicts expectation of opportunistic behaviour are decreased which positively influence the mutual satisfaction.
To this proposition basically the same can be stated as for proposition 1. The found evidence that falsify the proposition forces to adjust the proposition. Starting the negotiation process from an complete shared vision is not enough, because this does not ensures that later on in the process one or both parties diverge from the arrangements made in the shared vision. The relation between the occurrence of conflicts and the satisfaction with each other, is found in all four the cases. The mechanism described by proposition 2 is therefore validated, the “problem” of the proposition lies are the

independent variable; the shared vision. A shared vision is not enough to prevent the process from conflicts and thus from low satisfaction of each other.

7.1.3 Proposition 3

Levelled sense of urgency and mutual perception of dependency are positively related with a short duration of the process; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, opportunistic behaviour can result in conflicts which cost many time.

In three of the four cases the patterns matched the predictions. Strong causal inference is made because at one of the case the opposite pattern was found. The fourth case, in which the predicted pattern was not found, does not provide reason to falsify or change the proposition. In that case the conditions were present but the process took considerable time. When the mechanism is examined, the parties did not behave opportunistic as predicted. So opportunistic behaviour is not the explanation for the time wasted in the process. This is caused by the mechanism that is dealt with in proposition 1 and 2. Therefore the case does not give reason to falsify the proposition. In other words the proposition withstands the test on four cases from practice.

7.1.4 Proposition 4

Levelled sense of urgency and mutual perception of dependency are positively related with the mutual satisfaction with the partner; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, without possibility of opportunism the partner's expectations of this behaviour will decrease which results in a higher satisfaction with the partner.

This proposition can is also backed-up by three of the four cases. Again, the other case does not provide a reason to falsify the proposition. In this fourth case the conditions are present, both parties did not engage in opportunistic behaviour, but the experience with each other is average. The explanation is again found in the mechanism of the first two propositions. Conflicts arose as a result of a "malfunctioning" shared vision. It is even stated by one of the respondent, that because of the shared ambition, which was product of their sense of urgency, there was mutual trust. Although conflicts arose between the two parties, caused by the organizational changes, the partner did not expected opportunistic behaviour. Hence, this had a positive influence on the satisfaction between the partners. Consequently, the fourth case does also support the proposition.

7.1.5 Proposition 5

Levelled sense of urgency and mutual perception of dependency are positively related with the partners satisfaction with the financial arrangement; levelled sense of urgency makes both parties willing to make concessions and the mutual perception of dependency enables steering on willingness, both conditions need to be present to eliminate the chance of opportunistic behaviour, without possibility of opportunism negotiations are more balanced, resulting in mutual satisfaction with the arrangements.

No clear evidence is found in the four cases to falsify this proposition. But, it is necessary to mention the irregularity found in the fourth case. The conditions "levelled sense of urgency" and "mutual perception of dependency" were absent and, as predicted, opportunism occurred. The municipality felt less dependent on the SHA and did not sensed the urgency of the project, as the SHA did. As a result the municipality acted opportunistic during the process by renegotiating the already made arrangements, to profit from the regeneration project. The SHA therefore was somewhat unsatisfied with their contribution. Contradictorily with what was expected, the municipality was also not very satisfied with their contribution. This is not predicted by the proposition, and also conflicts with common sense. An explanation for this occurrence is that the municipality is inexperienced with this type of projects. So they do not have feeling for what a fair deal is.

7.2 Recommendations

7.2.1 Practical Implications

The research acquired some useful knowledge for daily practice. It first discovered three conditions that influence the success of financial arrangements. The first condition, "starting from a shared vision" will lead to fewer conflicts and by this positively influence the success of the financial arrangements. This is only true when the parties are able to maintain this shared vision. Based on this research no statements can be made about ways of maintaining a shared vision. The conditions "levelled sense of urgency" and "mutual perceived dependency" also appear to influence the success of financial arrangements. When both conditions are present, the chance that one of the partners engage in opportunistic behaviour is marginal.

In practice, it is wise to determine the presence of these three conditions when a SHA and municipality want to establish financial arrangements. With the knowledge about the conditions, the success of financial arrangements can be predicted (ceteris paribus). When one or more of the conditions are absent, it does not mean that the parties should abort the project. It only means that as a process manager you should explicitly steer on these absent conditions. When party A does not feel the urgency for regeneration, party B should be aware that it will probably have to make more concessions. That these cases occur is made clear with the case studies. It would be good if these, in principle, potent initiatives for regeneration can arrive at successful financial arrangements.

The condition "mutual perceived dependency" is especially interesting to place in the public debate that is held in the Netherlands at the moment. The debate is about the status of SHAs, can they initiate commercial activities and to what amount? With commercial activities they can also provide other classes in the society with proper housing and at the same time they can earn extra money to invest in social housing. On the other hand many questions are raised about commercial initiatives of SHAs. An often heard opinion is that SHAs should stick to social housing. When this research is placed in this debate, arguments arise indeed to limit commercial activity. From a commercial point of view, in some cases it is the best option to sell the social houses from an economical point of view. One of these cases is for example Toernooiveld. When the SHA decided to sell the apartments, they could have received some amount of money for it. Although it would probably be under the market price, it could have delivered the SHA about € 60.000 per unit. Which is far more than they earned from the regeneration, which is nearly € 0 per unit. By selling the units the SHA also losses the problem. The municipality will end up with an even bigger problem, because buying all the single units from private persons will cost them much more. Hence a more commercial nature of SHAs would make the municipality far more dependent on the SHAs for their housing policy. Commercial activities should therefore be limited from the viewpoint of this research. Besides that, the BBSH regulations can be considered to be necessary to keep the SHAs to their social responsibility.

7.2.2 Theoretical Implications and Starting Points for Further Research

Some valuable knowledge is acquired for theory with the performed research. Causal inference is made about the function of starting from a shared vision when financial arrangements need to be established. Starting with a shared vision about the goals and financial principles is a way of "frontloading". By discovering and discussing differences, or potential conflicts, in the beginning the chance on conflicts later on in the process is smaller. This is beneficial for the duration of the process, since conflicts will be more intense when partners already made some progress in establishing financial arrangements. The developed propositions about shared vision are falsified by two of the four cases. This means that this part of the developed theory turned out to be incorrect. Empirical evidence showed that establishing a shared vision alone is insufficient. The whole organization needs to commit to the shared vision during the whole process. The shared vision, an often-mentioned success factor, needs a more specified definition. More insight should be derived about the exact attributes of a shared vision as a success factor. Further research should therefore focus on the differences in shared visions between successful and unsuccessful developed financial arrangements.

Although the found patterns did not all correspond to the predicted pattern, the context information provided explanation for these differences. Strong causal inference is made about the other two propositions. This means that part of the developed theory is validated. The conditions "levelled sense of urgency" and "mutual perceived dependency" influence the possibility on opportunistic behaviour. With this strong causal inference, the research contributed to theory development.

The case study also showed that the examined variables could not be separated fully from its context. Some dependent variables were also influenced by a factor that was not incorporated in the theory; the personal connection. This factor influences the negotiation process for a large extent and should therefore receive more attention in further research.

7.3 Discussion

7.3.1 Research design

The case study approach turned out to be very valuable for the research objective. In the case studies, context information was collected that was necessary to effectively analyse the viability of the propositions. Without the context information, propositions were mistakenly falsified since the predicted patterns were not found. The influence of factors that were not part of the theory could be distinguished in the different cases.

The selection of maximum variation on the independent variable enhanced the information richness of the cases. This selection method delivered some contrasting cases on the success of the financial arrangements. Small remark that need to be made is that the selection achieved not as much variation as was intended.

The most important limitation of the research is the demarcation on the type of projects. To enable drawing causal inference from a case study within the available time, projects were chosen that are not very complex. In the four examined cases, only one SHA and a municipality needed to establish financial arrangements. In practice this only happens in just a part of all cases. Many regeneration projects are much more complex. In these projects more key actors are involved in the regeneration. An extra SHA can have a substantial possession in the neighbourhood, but also a health organization or real estate developer can participate in the project. The findings provide some insight in the process, but cannot be fully projected on these cases.

In this research also an important assumption is made that should be kept unnoticed. It is assumed that the successful financial arrangements as defined in this research contribute to a successful regeneration. This assumptions is made to limit the scope of the research. Although it seems to be a logic choice, the causal link between the financial arrangements and the regeneration is not examined. This is an interesting causal link that needs further research. This means that the developed theory does not tell anything about the successfulness of the regeneration project itself.

8 References

In this chapter all references are given, first the literature and second all interviews.

<< Copy from one, it's plagiarism; copy from two, it's research. >>
Wilson Mizner
US screenwriter (1876 - 1933)

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8.2 Interviews

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Bots, M. Senior Advisor Real Estate. Metrum. Held on April 27 2009.

Buskermolen, J. Developing manager. social housing association "De Alliantie". Held on June 3 2009.

Croon, O. de. Land economist and project coordinator at municipality of Cuijk, involved in the regeneration of de Valuwe. Interview held on 21 September 2009.

Dewulf, G.P.M.R., member of graduation committee and professor Planning and Development at University of Twente. Several meetings held between February and October 2009.

Gerven, M. van. Project manager at social housing association “Vivare”, involved in the regeneration of Presikhaaf 1. Interview held on 11 September 2009

Graaf, R.S. de, member of graduation committee and academic member of Department Construction Management and Engineering at University of Twente. Several meetings held between February and October 2009.

Honstede, W. van. Senior policy advisor. Ministry of Public Housing, Spatial Planning and Environment. Held on July 9 2009.

IJssel, R.T.A. van den, Janssen, J.P.M., Engels, C.C. & Rauwer, M.F.M. Expert panel. Session held on July 20 2009.

Krabbe, H. Senior advisor. “Wonen Limburg”. Held on may 28 2009.

Linssen, J.A.H. Head of team land economics and senior advisor land economics. Several meetings from March till June.

Pos, J.H. External project manager at Renkum, involved in the regeneration of Bergerhof. Interview held on 8 September 2009

Rijen, K. van, Project manager at municipality of Arnhem, involved in the regeneration of Presikhaaf 1. Interview held on 22 September 2009

Ruiter, B. de. Head of the spatial investment department. Municipality of Arnhem. Held on may 28 2009.

Schrijver, F. Project manager at social housing association “Vivare”, involved in the regeneration of Bergerhof. Interview held on 22 September 2009

Theijse, W.C. Member of graduation committee and Director of Metrum. Several meetings held between February and October 2009.

Unen, C. van. Project developer at social housing association “Mooiland Maasland”, involved in the regeneration of de Valuwe Interview held on 11 September 2009

Veltrop, C. Senior policy developer. Ministry of Public Housing, Spatial Planning and Environment. Held on July 9 2009.

Wang, W. Former external advisor at municipality of Schiedam, involved in the regeneration of Toernooiveld. Interview held on September 14 2009

Wieggers, R. Senior advisor land economics. Metrum. Held on May 12 2009.

Zundert, K. van. Senior Advisor Process management Centre Area and Housing. Metrum. Held on April 10 2009.

Appendices

Appendix A: Two examples of the explanatory framework

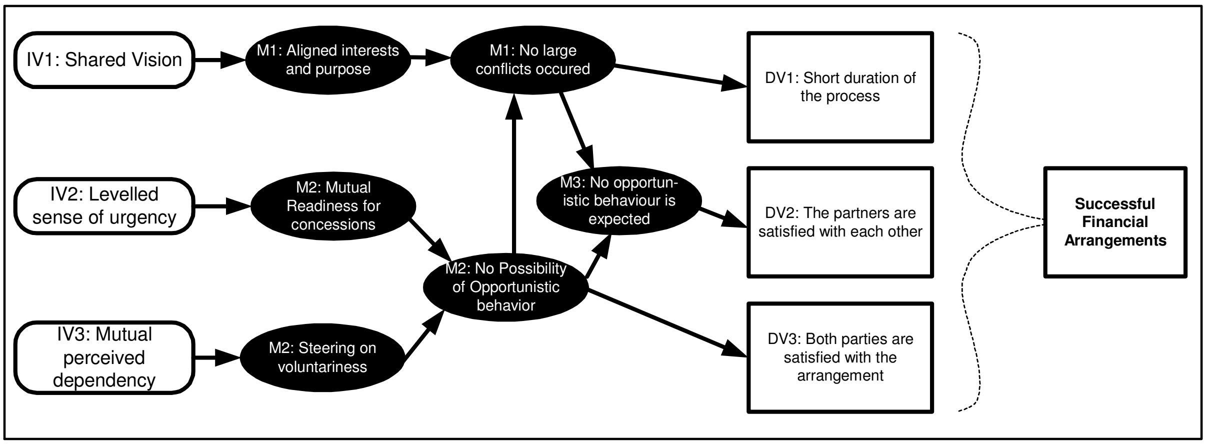

Figure 18: Worked out explanatory framework with all conditions present

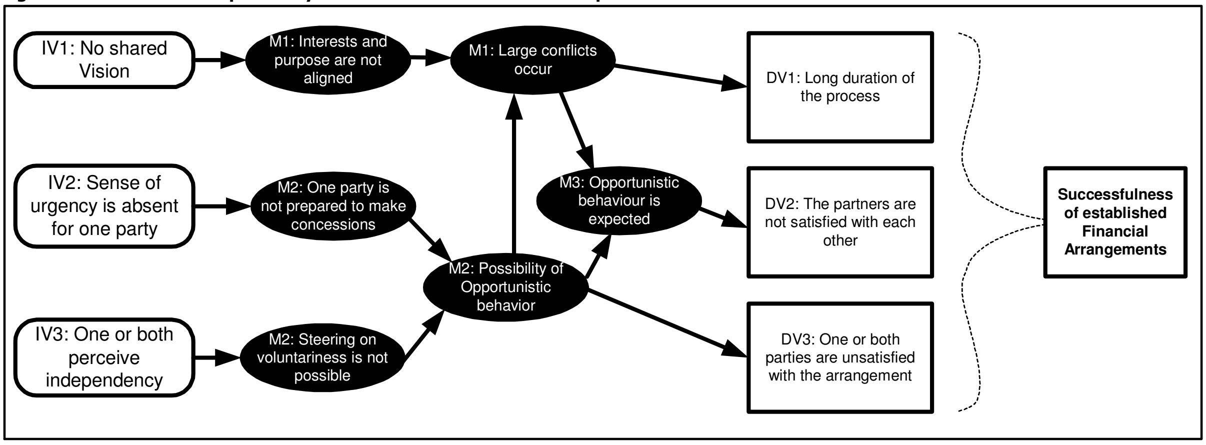

Figure 19: Worked out explanatory framework with all conditions absent

Developing Financial Arrangements between Social Housing Association and Municipality for a Regeneration Project

Roel F.J. Reuser.

Part of the Master thesis for the Master Civil Engineering & Management at the University of Twente

ABSTRACT

In Dutch regeneration projects, public and private parties are mutual dependent. They have a common interest, but often disagree on financial issues. The development of financial arrangements is a well discussed topic in literature, but is not specifically applied on regeneration projects. This study identified the process conditions that contribute to successfully developing financial arrangements in regeneration projects.

Based on literature we first developed a model that explains which conditions and mechanisms contribute to the success or failure of developing financial arrangements. Based on this model we derived four propositions and tested them in four regeneration projects. The basis for the case selection was the dependent variable; two of the cases were successful, two cases were not. The cases were analysed using pattern matching.

The findings show that starting with a shared vision, although necessary, is insufficient. Partners that develop a shared vision in the beginning of the process, should maintain it as well. Furthermore, the findings show that opportunistic behaviour can have a negative effect on the success of financial arrangements. The existence of i) levelled sense of urgency and ii) mutual perceived dependency influence the possibility of the opportunistic behaviour. When one or both conditions are absent, opportunistic behaviour is expected, resulting in less successful financial arrangements.

Keywords: Urban regeneration/renewal; process conditions; financial arrangements; financial interdependency

INTRODUCTION

In the Netherlands, local and national governments try to improve the city as an economic junction [Van der Cammen & de Klerk, 2003, p. 313]. An important element of their approach is the regeneration of urban neighbourhoods that cope with decay. These neighbourhoods offer low living and building quality caused by monotonous apartment buildings developed in the rebuilding period after WW II. The composition of the city's population is segregated. Mainly low-income households occupy the deteriorated neighbourhoods. The neighbourhoods have lost the competition with new developed city extensions and as result ended up in a downward spiral. Authorities try to break this spiral with the regeneration of these neighbourhoods. By providing economic and social stimuli and by improving the physical quality of the public space and houses the regenerated areas should strengthen the position of the city.

In the decentralized nature of the Dutch government, the municipality is responsible for improving the problem areas and to regulate spatial planning. Their responsibility for the public space and the several social functions commit the municipalities to the projects. The social housing associations (SHA) are the organizations in the Netherlands that are responsible for the provision of affordable rented houses. SHAs are private non-profit organizations that own the bulk of social housing [de Kam, 2007, p. 3]. As a result, they also own the far largest part of the real estate occupying the deteriorated neighbourhoods. Besides the risk of vacant property, as result of the bad state of their property and the neighbourhood, the regulating document BBSH (in Dutch: Besluit Beheer Sociale Huursector) also binds the SHAs to the regeneration projects [de Kam, 2005, p. 16]. The BBSH obligates the SHAs to act responsible on the following performance fields [VROM, 2000, p.8]:

- Providing proper housing for its target group;
- Maintain the quality of its real estate;
- Involvement of inhabitants in policy and management;
- Secure financial continuity;
- Improvement of liveability in the neighbourhoods;
- Contribute to the combination of living and care.

Since responsibilities are divided, both parties are mutually dependent in completing the regeneration task. The mutual dependency implies that it is impossible for parties to solve the problem separately [De Bruijn & ten Heuvelhof, 1995, p. 23], so cooperation, extensive or just superficial, is necessary to come to regeneration. This means that the playing field of regeneration projects is characterized by a network in which the steering role of municipalities has decreased [Van Bortel & Elsinga, 2005, p. 4], [Van Bemmel & Muller, 2005, p. 4].

On the other hand, reaching agreement about the terms of the cooperation is a challenge itself [Klijn & Teisman, 2003, p. 137]. One particular aspect that causes many problems in developing cooperation is the agreement on financial issues [VROM, 2003, p. 4], [ULI, 2009, p.7]. Financial agreement is a basis for further cooperation; when the arrangements do not satisfy the participants, their willingness to cooperate is expected to be weak [Child e.a., 2005, p. 145]. When developing the financial arrangements the participants search for a balance between their own objectives and the shared objectives [Bacharach & Lawler, 1981, p.4], [Child et al, 2005, p. 144], [Kennedy, 1998, p.12]. Therefore, the gap that usually exits between the financial goals of both parties causes difficulties with developing financial arrangements [Ahadzi & Bowles, 2004, p. 968]. Experience shows that most regeneration projects face budget deficits [Breejen et al, 2006, p. 11], which explains the gap. A few reasons can be given for the deficit. First, in common it is accepted that capitalized cash inflows from social renting are lower than the investment needed to create a new rental house [de Kam, 2005, p. 24] [Harvey & Jowsey, 2004, p. 105]. Second, all kinds of activity already occupy the targeted area, which results in extra costs. Such as: the involved parties have to demolish a certain part of the real estate; they have to temporarily relocate inhabitants of houses that will be rebuild; and they have to depreciate the value of the demolished real estate [Breejen et al, 2006, p.11]. At last, the typical high ambition on upgrading public space and social functions in regeneration projects, are expensive to fulfil.

Cooperations are started when parties think that, “at least some of their objectives will be more successfully achieved through concerted efforts than through a single-party operation” [Lichfield, 1998, p.99], [Gray, 1989, p. 5]. Scholars have spent much effort in the research after utilizing the potential of cooperation. Despite the conducted research, still a high percentage of cooperations end as failures [Das & Rahman, 2009, p. 1]. In her book, Gray (1989) describes the dynamics and possible designs of collaboration. According to her, “collaboration is a process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible. Collaboration is based on the simple adages that “two heads are better than one” and that one by itself is simply not good enough” [Gray, 1989, p.5]. De Bruijn and ten Heuvelhof (1995) provide network management strategies to reach objectives while dealing with interdependency. Network management aims to steer stakeholders based on voluntariness. Voluntariness is needed, because parties will always act for their own good and thus behave opportunistic where possible. Recent work of Das en Rahman (2009) addresses the problem of opportunism more specifically. They developed a framework with the most important determinants for opportunism. The exact content of their framework is too complex to elaborate on in this article comprehensively, but it provides determinants categorized in three groups:

- Economic (Equity Involvement, Asymmetric Alliance-specific Investments, Mutual Hostages, Payoff Inequity);
- Relational (Cultural Diversity, Goal Incompatibilities);
- Temporal (Alliance Horizon, Pressures for Quick Results).

Williamson (1975) stipulates the negative side of opportunism. Kennedy (1998) and Bacharach (1981) focus more specifically on the financial aspect with their research on negotiation. “Negotiation is a process by which we search for terms to obtain what we want from somebody who wants something from us” [Kennedy, 1998, p. 5]. All these researchers provide starting points for a theory about successful development of financial arrangements. Because of the characterizing context of regeneration projects, we examined the appropriateness of the theories for the researched phenomenon. Most distinguishing element of regeneration projects is the status of a SHA; although they show similarities with private parties, they are tightly bound to regulations about their objectives and tasks. Another element that characterizes regeneration project is that it commonly comes with a financial deficit. By testing the existing theories on the specific case of regeneration, we can derive more insight about the process of developing financial arrangements in regeneration projects. Therefore the objective of this research is:

Enhance insight in the process of developing financial arrangements between municipality and social housing associations in regeneration projects.

We divided the article into five parts. In the first part, we describe the developed theory on the development of financial arrangement, specifically for regeneration projects. In the second part, we elaborate on our used methodology, which includes a description of data collection and analysis methods. In the third part, we provide the empirical evidence of our findings by presenting the studied cases. In the fourth part, we describe the results of the research, following from the developed theory and the empirical evidence. In the last part, we conclude this article by indicating significant implications of our findings on theory and practice. In addition, some suggestions for further research are made.

THEORY DEVELOPMENT

Ingredients of a theory for successful financial arrangements

We developed a theory to enhance insight in the process of developing financial arrangements. This theory aims to:

- Predict the success of the financial arrangements based on certain process conditions and;
- Explain why a specific set of process conditions leads to success of financial arrangements.

This part describes the theory consisting of four propositions.

First, we demarcate the scope of the theory. Success of financial arrangements depends on the way parties can achieve their own goals. When a regeneration project does not face a deficit, there is a larger chance on successfully developed financial arrangements [Ahadzi & Bowles, 2004, p. 968]. Hence, profitability of a regeneration project plays a role in the development of financial arrangement. This research is performed for the specific nature of regeneration projects, which is partly determined by the low profitability of the project. Incorporating factors that enhance the profitability of a project would be inconsistent with the rationale for this research. Therefore, the theory provided in this article does not incorporate factors that are associated with profitability. These factors are thus an essential element in the context. Another factor that is not incorporated in the theory, but seems to have a decisive influence on negotiations, is the personal connection between negotiators [Evers & Susskind, 2006, p.81], [Susskind et al, 1999]. The undeniable role of the personal connection between negotiators will take this research to other fields of research. Within the time limits of research, this is not possible. So also, the personal connection is considered as context information.

An extensive literature review derived three process conditions that are assumed to play a decisive role in the development of financial arrangements:

- Shared vision about goals and financial principles. The existence of a document in which common goals and the financial principles of the cooperation are mutually determined at the start of the process;
- Levelled sense of urgency. A sense of urgency for the regeneration that is shared by both parties;
- Mutual perceived dependency. Perception of interdependency by both parties.

We treat the latter two conditions combined, since both conditions are assumed to be connected with the dependent variable by the same mechanism. Both conditions namely are assumed determinants of opportunistic behaviour, which is the mechanism connecting them with the dependent variable. The relation is further specified later on in this article.

To determine the success of the financial arrangements, two dependent variables are used based on Susskind et al (1999):

- Duration of the process. To determine this, the planned duration is compared with the actual duration;
- Mutual trust. A subjective element of the success, determined by the opinion of both parties.

A third dependent variable provided by Susskind was omitted from the theory since it turned out that no reliable data could be collected about this variable. This third dependent variable was the mutual satisfaction with the arrangement, consisting of a party's satisfaction with their contribution and the achieved mutual gains. In essence, it is difficult to determine if the deal is a good deal. Besides that, since the respondent is responsible for the deal, a respondent cannot be asked to classify its own work, especially not when the parties already agreed on the arrangements. A fourth variable "enduring arrangements" is omitted to restrict the research scope. It would make the research too complex to consider this dependent variable as well.

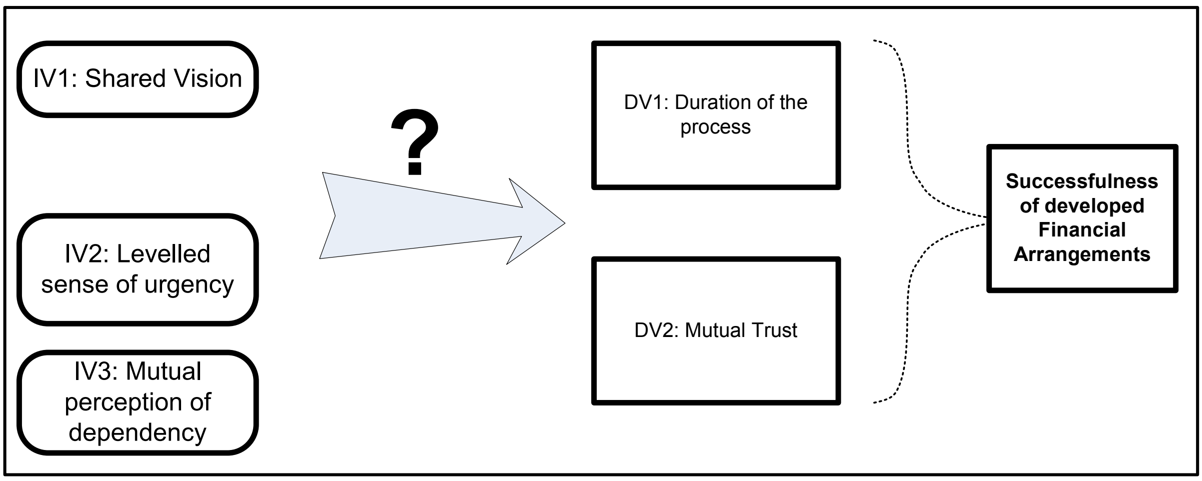

Figure 1: Collection of independent and dependent variable

Process condition 1: Shared vision about goals and financial principles

When parties agreed on initiating a regeneration of a specific urban area, they should start with fixing some goals and financial principles of the regeneration. If partners do not agree on a shared vision, space exists for self-interest seeking behaviour. On the contrary, when a shared vision is developed, both partners can pursue their own interests without harming those of the partner [Das & Rahman, 2009, p. 12]. Without a shared vision, parties are also not fully aware of each other's intentions, resulting in wrong presumptions. Parties base their presumptions often on stereotypes. This risk of stereotyping plays a role in this mechanism: "stereotypes cause us to discount the legitimacy of the other's point of view and cause both sides to ignore data that disconfirm their stereotypes" [Gray, 1989, p.13]. Parties cannot avoid these differences; eventually these will be part of the negotiations. "Through the difference in interest, lack of transparency, and false notion of each others' interest and background (an incorrect image) a wide scope of obstacles can occur. Examples are irritations, frustrations, distrust, slow decision making, exploitation problems, reduction of the group cohesion and group" [de Wit, 2007, p.2]. The earlier the parties clear their differences, the smaller the impact. The risk on conflicts decreases when participants are well informed about each other intentions and background [Inkpen, 1999, p.45], [Gray, 1989, p.261]. Parties should therefore clearly decide on issues that are negotiable and issues that are nonnegotiable [Inkpen, 1999, p. 45]. Conflicts are a substantial source of delay in the process of developing financial arrangements. Hence, a shared vision about goals and financial principles in the beginning of the process will lead to faster developed financial arrangements. This leads to the following proposition:

Proposition 1: When the process of developing financial arrangements is started from a shared vision about goals and financial principles, the original planning will not be exceeded, since no conflicts will occur during the process.

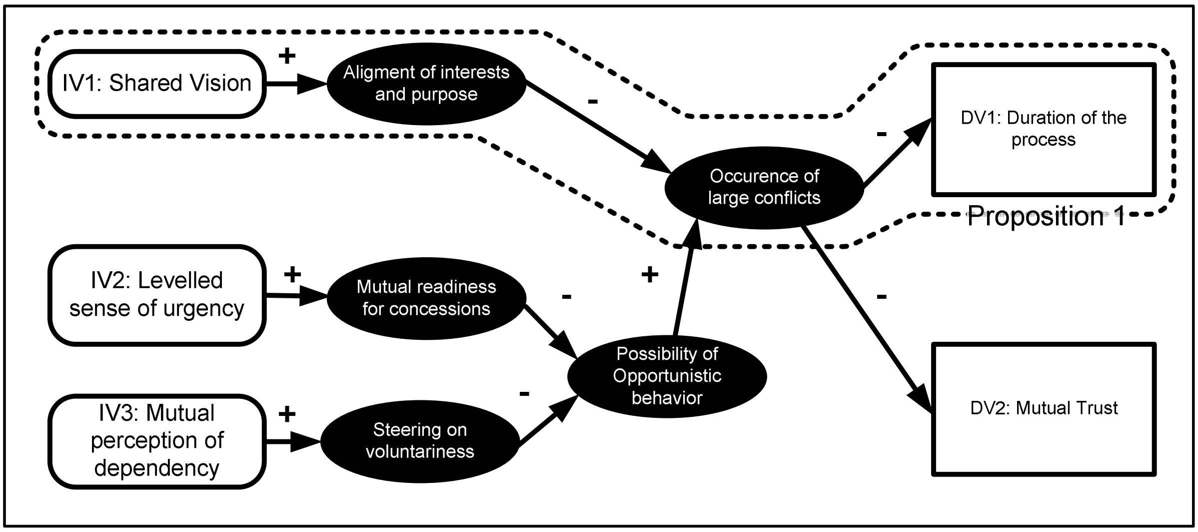

Figure 2: visualization of proposition 1

If a shared vision is not in place, a partner trying to accomplish its own goals may seem to behave uncooperative [Das & Rahman, 2009, p. 12]. When the participants agree on a shared vision about goals and financial principles, negotiations are held in the beginning of the process. Hence, the chance that interests are misunderstood or mixed-up by the other participants on a later moment in the process is decreased. As described before, subsequently this reduces the risk of conflicts. Conflicts have a negative influence on the experience with each other. When experiences are bad during the process of developing financial arrangements, confidence in cooperation in following phases of the regeneration process will be lower. "The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which are associated with such qualities as consistent, competent, honest, fair, responsible, helpful, and benevolent" [Morgan & Hunt, 1994, p.23]. Hence, trust is hard won and easily lost and for a large part depends on the other participants. The maintenance of trust is therefore an endless and reciprocal task [Hudson & Hardy, 2002, p.57]. This leads to the following proposition:

Proposition 2: Starting the process from a shared vision about goals and financial principles will lead to mutual trust among the partners, since no conflicts will occur during the process.

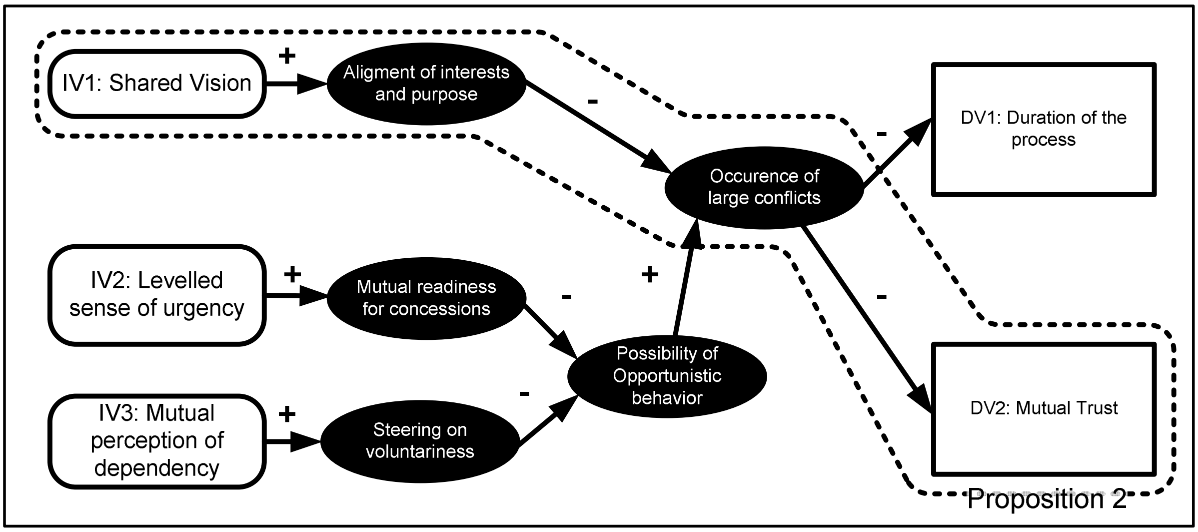

Figure 3: visualization of proposition 2

Process conditions 2&3: Levelled sense of urgency & mutual perceived dependency

An important source of conflicts is opportunistic behaviour. Financial arrangements are developed between more than one party, two in this case, which create the circumstances where opportunism is possible [Das & Rahman, 2009, p. 3]. Opportunism is defined by Williamson (1975, p.9) as "self-interest seeking with guile". In a more systematic approach, "opportunism can be categorized into four groups: evasion, refusal to adapt, violation, and forced renegotiation" [Wathne & Heide, 2000, p. 41]. Important in this definition is the negative nature of opportunism. Economic considerations shape opportunism; parties engage in opportunistic behaviour when economic benefits can be increased [Das & Rahman, 2009, p. 8].

We have identified two conditions that determine the possibility of opportunistic behaviour. The first condition determining the possibility of opportunistic behaviour is the levelled sense of urgency. The sense of urgency has to do with the question "do we want to act now, or do we act later". If the answer to this question is different for the participants, the sense of urgency is not levelled out. When there is an asymmetry in commitment, the possibility on opportunism is created [Das & Rahman, 2009, p.9]. The partner can wait longer with the regeneration project, so will be more prudent with making concessions. Parties start cooperation from the belief that they can achieve an objective more successfully in a joint effort. When the sense of urgency is higher for one participant it will try its best to urge the partner to come to financial arrangements. This urgency can be increased when the mutual commitment to the project are laid down in contractual provision, the financial arrangements [Das & Rahman, 2009, p.9].

The second condition determining the possibility of opportunistic behaviour is the mutual perceived dependency. When party A is aware of its dependency on party B, party A will act to a certain extent voluntary in favour of party B. Ergo, when the dependency is mutually recognized, both parties will voluntarily search for mutual beneficial solutions [De Bruijn & ten Heuvelhof, 1995, p.9], [Gray, 1989, p.11]. When party A perceives an alternative for cooperation with party B, party A perceives itself in a position independent from party B [Bacharach & Lawler, 1981, p. 4], [Das & Rahman, 2009, p. 9]. It means that party A possesses to some extent unchallenged power to influence the regeneration projects. The raison d'être of collaboration is therefore absent for party A [Gray, 1989, p.24]. As a result, party A does not need to satisfy the potential partner to reach its goals and steering based on voluntariness is not possible. This example shows the necessity of parties recognizing their interdependencies, before they try to come to arrangements [Hudson & Hardy, 2002, p.53].

When one of the two above-mentioned conditions is not present in the process, there is a possibility for opportunistic behaviour from one of the participants. Parties behave opportunistic to better their position on the expense of the other parties. When a party behaves opportunistic, conflicts can arise. This leads to the following proposition:

Proposition 3: When a levelled sense of urgency and mutual perceived dependency are present in the process of developing financial arrangements, the original planning will not be exceeded, since no conflicts will occur due to the absence of harmful opportunistic behaviour.

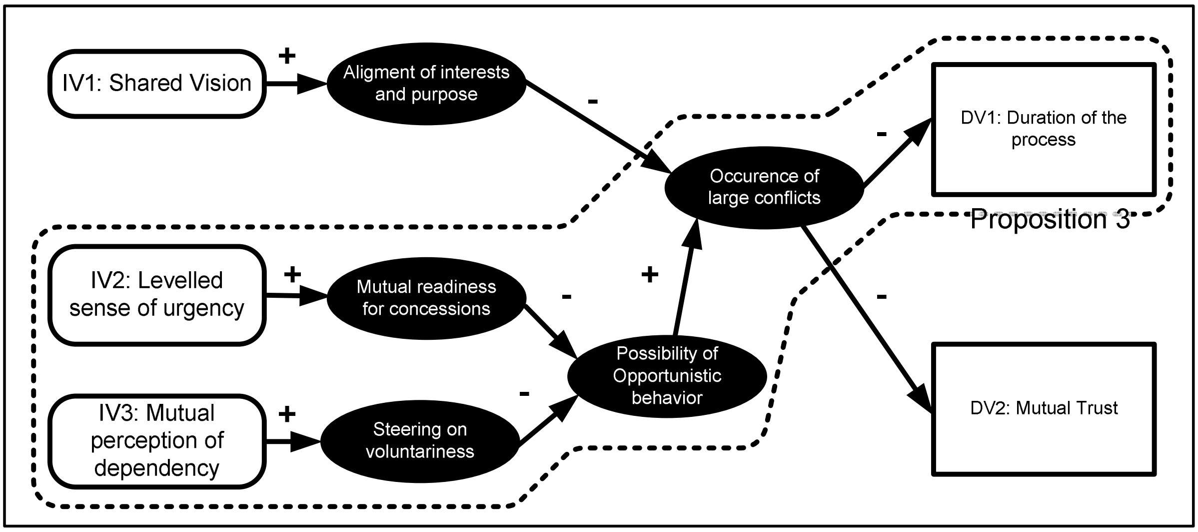

Figure 4: visualization of proposition 3

Laan (2008, p. 24-25), defines trust as expectation that the trustees will not engage in opportunistic behaviour, although the possibility exists. Therefore, when there is no possibility on opportunistic behaviour, because of the presence of the two conditions, trust is build. When the partner can act opportunistic but no large conflicts occur, partners will also start to trust each other. In this way the conditions "levelled sense of urgency" and "mutual perceived dependency" also affect the mutual trust created during the process of developing financial arrangements. This leads to the following proposition:

Proposition 4: The presence of a levelled sense of urgency and mutual perceived dependency in the process of developing financial arrangements will lead to mutual trust among the partners, since no conflicts will occur due to the absence of harmful opportunistic behaviour.

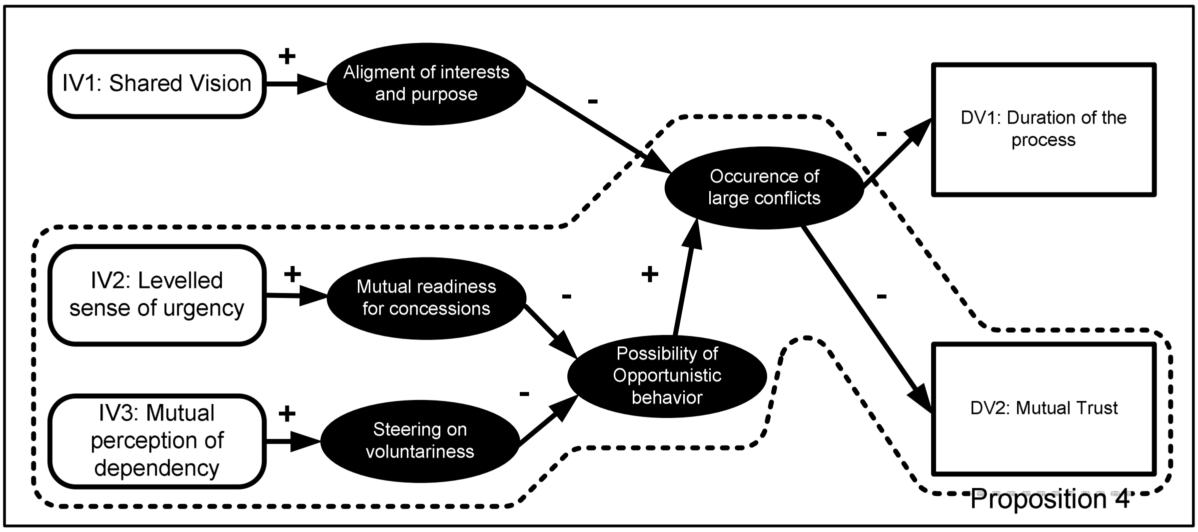

Figure 5: visualization of proposition 4

METHODOLOGY

Chosen research strategy: Case study research

We conducted a multiple case study research to develop an evidence-based theory about the development of financial arrangements in regeneration projects. Several reasons are at the basis for this strategy choice. First reason is that the studied phenomenon is embedded in and influenced by its complex context. Case study research investigates a phenomenon in depth and within its context. This is especially useful when the boundaries between phenomenon and context are not clear [Yin, 2009, p. 18].

Second reason is that the developed theory needs to be both predictive as explanatory [Bacharach, 1989, p. 496]. Experimental, historical and case study research strategies are appropriate for arriving at explanations. Experimental research requires control of the events, which is not sufficiently possible. Historical research does not focus on a contemporary event. Hence, case study research is the appropriate strategy.

Third reason is that case study research combines theory with practice. “It is the intimate connection with empirical reality that permits the development of testable, relevant, and valid theory” [Eisenhardt, 1989, p.532]. Moreover, the developed theory directs the case research with the help of theoretical propositions. This prevents the researcher from an overflow of information [Christiaans, 2004, p.239].

Last argument is the selectivity of the research. Units for the analysis can be chosen strategically [Verschuren & Doorewaard, 2005, p.171] in order to collect the greatest possible amount of information [Eisenhardt, 1989, p. 537] [Rosch, 1978, p.190]. Strategic - information oriented - selection is based on theoretical replication instead of literal replication, which is used in random sampling [Flyvbjerg, 2006, p. 230]. This is useful since the research is demarcated on a specific type of project in a specific phase; there are too little units to make random sampling possible. To collect the greatest amount of useful information, cases are selected on maximum variation on the dependent variable [Flyvbjerg, 2006, p. 230] [Miles and Huberman, 1994, p.28].

We used multiple cases because we can interpret and compare findings across cases, which strengthen findings [Yin, 2009, p.53]. The selection on maximum variation strengthens this because “generally speaking, a finding emerging from the study of several very heterogeneous sites would be more robust and thus more likely to be useful in understanding various other sites than one emerging from the study of several very similar sites” [Schofield, 2002, p. 184].

Case selection

We selected cases based on four criteria. First obvious criterion is that a case should be a regeneration project in urban residential area [Yin, 2009, p. 91]. This means that the project should encompass rebuilding of houses in post-war neighbourhoods with primarily a residential function. The project size has to embrace at least hundred houses. This is to make sure that the project is of significant importance for both municipality and social housing association. Moreover, ideally we examine the processes of developing financial arrangements under ceteris paribus among the cases. By selecting projects that are not too complex, we aimed for projects with quite similar contexts. The most complex projects have very scattered land positions divided over not only different SHAs, but also over private persons and private parties. This would have influenced the phenomenon to such an extent that comparison across the projects would not have been possible.

Secondly, cases were selected to create maximum variation on the dependent variable; success of financial arrangements. This enhances the information richness of the case studies. We selected two unsuccessful cases and two successful cases.

Third criterion is the availability of data. To enable the pattern matching, we needed to derive both the dependent and independent variables from the cases. This means that the negotiation processes could be reconstructed based on documents. In addition, the representative of the municipality and SHA were willing to cooperate with the interview.

Finally, a more pragmatic criterion is used in the selection; the status of the case. The projects need to be progressed to such a stage that dependent variables can be measured. This means that financial arrangement should already be developed. Furthermore, the projects cannot be too old. Data gathering would then be difficult, since respondents could have forgotten important details. In addition, the context of regeneration projects is changing rapidly nowadays. Hence, a case today could not be compared with a case in the far past.

Data collection

First step was to develop a clear description of the background of all cases, based on a document analysis. Subsequently we started the data collection of the dependent and independent variables. The formulated theoretical propositions gave direction to it. The dependent and independent variables were determined as well as the mechanisms that occurred in the process. Backed-up by the preceding document analysis, the interviews with both the municipality as the SHA delivered the necessary data. The use of these three data sources cause data triangulation. The independent variables - the three process conditions – are scored on a present/absent scale. The independent variables – the duration of the process and the mutual trust – are scored on a -/0/+ scale. The minus stands for a negative score; a long relative duration and a low level of mutual trust. The plus stand for a positive score; duration according to schedule and a high a level of mutual trust. This 3-point scale is a narrowed version of the more usual 5-point scale. This is done because more detail in the scale is not necessary in the first place. Secondly, the scale is further refined during the case study with the gathered context information.

The mechanisms are derived with *backward reasoning*; the respondent determines the score on the dependent variables first and is then asked for the causes of that score. This way of interviewing prevents the respondent from being influenced by the researcher.

Data Analysis

The data analysis uses a pattern matching technique [Yin, 2009, p. 136], [de Vaus, p. 252, 2002]. The predicted pattern by the theory is compared to the found patterns in the cases. The combination of the selection on maximum variation on the dependent variable and pattern matching is an effective method to make strong causal inference. We can draw a pattern for each case based on the collected data. We have put these patterns in a table to easily compare the found pattern with the predicted ones, see Table 1. To explain the score on the different variables, we provided key information per variable in the case specific patterns.

Table 1: Predicted patterns of dependent and independent variables

		Outcome		Short Description
Independent variables	Shared vision	Present	One or more absent	...
	Levelled Sense of urgency and	Present		...
	Mutual perception of dependency	Present		...
Dependent variables	Duration of the process	+	-	...
	Mutual trust	+	-	...

The table serves only as a base for comparison between the found and the predicted patterns. The tables cannot be used to test the explaining function of the theory; this is done with the use of the context information.

ANALYSIS

Case study 1: Toernooiveld, Schiedam

Schiedam consists almost totally out of regeneration neighbourhoods because of its industrial history. Toernooiveld, being just a small project, is no exception to this. In the seventies, the SHA renovated the apartments, but the effort and investments did not have any effect. The 220 monotonous apartments became more and more a no-go area. The municipality and the SHA were well aware of the urge for measures. The SHA *Woonplus Schiedam* was the owner of the buildings and needed to intervene in Toernooiveld. The municipality, initially being against demolishing of real estate, changed their opinion after they performed a population survey. The survey showed that Schiedam only remained attractive for lower income families. To turn the tide the municipality needed to offer new "living" products and thus permit some demolishing of real estate. This cleared the path for a joint effort to regenerate Toernooiveld.

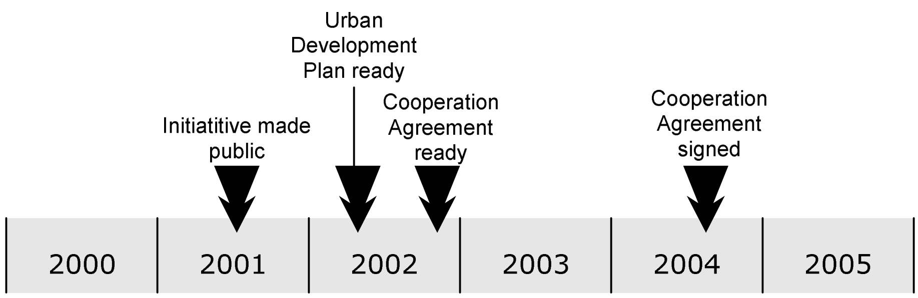

Figure 6: Chronological overview of milestones at Toernooiveld

The SHA possessed the real estate; the municipality could not ignore that fact. On the other hand, the apartments were build on land that was in leasehold (in Dutch: erfpacht) by the municipality. Dutch law prescribes that when the real estate that occupies land in leasehold is demolished, the possession of the land automatically returns to the original owner; the municipality. Hence, for a complete regeneration, both parties were interdependent.

First the Urban Development Plan was developed. The municipality and the SHA reached an agreement about the plans and financial aspects in 2005, almost according to the original schedule. The valuation of the old real estate turned out to be a bottleneck. To reach an agreement about the valuation, both parties needed to make huge concessions. The SHA finally brought in the real estate almost for nothing, while the apartments had probably a value of € 60.000 each on the market. This increased the confidence that both parties would do what was best for the project. They decided to develop a general partnership (in Dutch: V.O.F.) in which both parties participated for 50%. This meant that the parties also divided the risk equally. In wide variety, the SHA is building 130 new houses.

Although huge conflicts did not occur, thanks to the personal connection of involved people, both parties questioned some details of the plans during the process. The respondents experienced that it is sometimes hard to prevent that the own organization turns against the developed intentions and arrangements. Irritation grew from the small conflicts and the slow decision making of the municipality.

No opportunistic behaviour of the responsible persons was experienced, but the municipality appeared to be a Janus head. Some opportunistic behaviour came from someone in the city council with personal interests.

Table 2: found pattern of dependent and independent variables at Toernooiveld

		Outcome	Short Description
Independent variables	Shared vision	Present	An program of requirements, but flexible during the process
	Levelled Sense of urgency and	Present	SHA's property was of very bad quality, Municipality wanted to offer houses for higher income families
	Mutual perception of dependency	Present	Land was in leasehold
Dependent variables	Duration of the process	+	Just slight delay on original schedule
	Mutual trust	+	No expectations for opportunistic behaviour

Case study 2: Presikhaaf 1, Arnhem

The neighbourhood Presikhaaf was developed in the period from 1947 till 1970 and is a typical fruit of the post war period. This case study focused on Presikhaaf 1, a part that encompasses a regeneration of about 300 houses and some improvement of public space. At the end of the nineties, the SHA *Vivare* regenerated a part of the neighbourhood Presikhaaf with success and intended to regenerate subsequent parts of Presikhaaf. As a reaction on the expressed dissatisfaction of the inhabitants with this approach, *Vivare*, *Portaal* – another SHA active in Presikhaaf – and the municipality Arnhem started a joint effort to develop an overall development plan. The neighbourhood was divided in Presikhaaf 1, in which *Vivare* only had property and in Presikhaaf 2 where both parties had property.

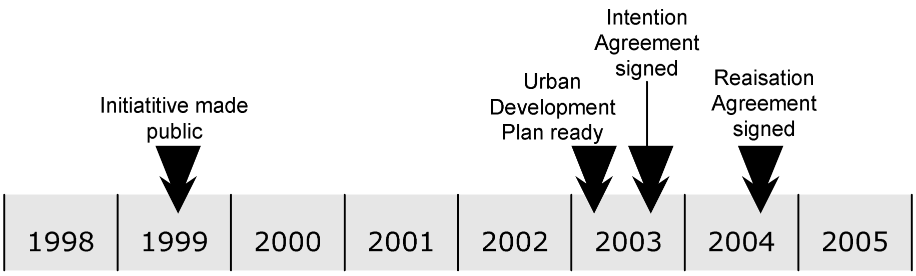

Figure 7: Chronological overview of milestones at Presikhaaf 1

With *Vivare*'s intention, they expressed their sense of urgency for regeneration. The municipality indicates that they also were aware of the urgency. Later on in the process, the neighbourhood is assigned as a priority neighbourhood by the National government.

Vivare needed the municipality to adapt the zoning plans in order to execute their regeneration plans. Besides that, a complete regeneration also depended on the improvement by the municipality of social functions and the infrastructure. Vice versa, the municipality was also depended on the SHA. The SHA possessed all real estate and the municipality could not force the SHA to regenerate. Hence, a successful autonomous regeneration of the municipality was not very likely.

The parties wrote the mutual recognized urgency down in the development plan. All inhabitants could react on the development plan, which took some time. In 2003 the development plan was finally developed. Just shortly after that, *Vivare* and the municipality signed an intention agreement. A year thereafter the realisation agreement was signed which was the basis for the further development. The parties agreed that Vivare autonomously developed the public space and the real estate; the municipality was assigned to take care for the infrastructure and social functions.

At the moment that the arrangements were almost ready, the process was beginning to stagnate. The partners solved this by stressing the urge for an arrangement. A visit of the Dutch Minister of public housing to examine the progress made was promoted to a strict deadline; they wanted to reach agreement before the Minister visited Presikhaaf. Therefore, when the feeling of urgency was diminishing, both parties together created new urge, which was stimulating for reaching the agreements.

Although the SHA indicated that they are always aware of the chance that the municipality behaves opportunistic, no real opportunism occurred. Different voices that were heard at both parties caused some irritations, but did not substantially affect the progress of developing financial arrangements.

Table 3: found pattern of dependent and independent variables at Presikhaaf 1

		Outcome	**Short Description**
Independent variables	Shared vision	Present	Development plan, describing the why and how the regeneration will take place
	Levelled Sense of urgency and	Present	SHA started already on their own, Municipality was asked by their inhabitants
	Mutual perception of dependency	Present	SHA needed to build the houses, Municipality the social functions and public space
Dependent variables	Duration of the process	+	The development of the plans itself took long, but the financial arrangements about just a year
	Mutual trust	+	Short lines between the organizations

Case study 3: Bergerhof, Renkum

In the small municipality Renkum, a neighbourhood was awaiting regeneration. Bergerhof was a typical neighbourhood with remarkable similarities with the case *Toernooiveld*. It consisted of about 200 of the typical apartment blocks. The building quality was bad and the rentability was decreasing. *Vivare* decided to take action. They wanted to demolish the whole neighbourhood and rebuild 166 new houses in a mix of apartments, stand-alone and terraced houses. The inhabitants were all very enthusiastic about the regeneration plans. To involve them the parties started a community planning development.

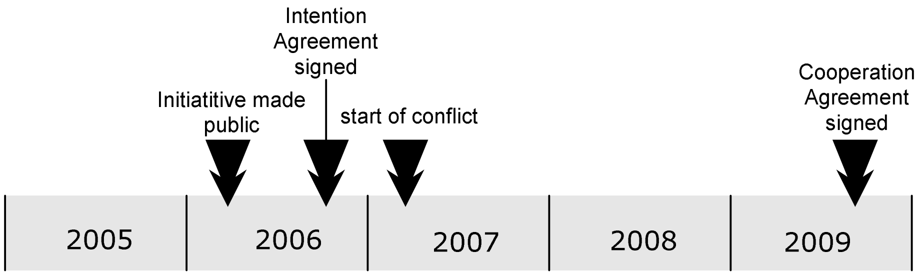

Figure 8: Chronological overview of milestones at Bergerhof

The municipality indicated that the regeneration was necessary, but saw it as a task of the SHA. Since the municipality had no property in Bergerhof that needed some action, they could just await action of the SHA.

The SHA possessed only the land underneath the apartment blocks; the municipality owned the rest of the land. As a result, the municipality did not feel very dependent. They even indicated that they could have asked another party to develop a part of the neighbourhood. Hence, all conditions for opportunistic behaviour were in place according to theory and this is exactly what happened. The parties laid down a shared vision in an intention arrangement in November 2006, followed by a process to design an Urban Development Plan. After four months, the city council of the municipality decided that they wanted to earn money on the transaction of land. This was not the intention of the SHA, who were in the belief, based on the IA that this was not necessary. Subsequently a long and tough conflict delayed the progress of developing the financial arrangements. Therefore, the shared vision did not have its desired effect.

Another cause of the delay is the slow decision making procedures of the municipality. The city council confers about 8 times per year and proposals need to be delivered six weeks in advance. When you are one week too late with the documents, it immediately means a delay of about 2 months. All public actions take considerable time.

Table 4: found pattern of dependent and independent variables at Bergerhof

		Outcome	Short Description
Independent variables	Shared vision	Present	In a intention agreement
	Levelled Sense of urgency and	Absent	The municipality saw it as a task of the SHA
	Mutual perception of dependency	Absent	The municipality owned substantial part of the land; they could have asked another party to develop on this part.
Dependent variables	Duration of the process	-	Giant conflict resulted in 2 years of delay
	Mutual trust	0	The opportunistic behaviour affected the trust of the SHA in the municipality

Case study 4; de Valuwe, Cuijk

A post-war residential neighbourhood is regenerated after the municipality received signals of the decreasing living quality. Since the SHA *Mooiland Maasland* possessed a large part of the houses, the SHA was involved in the regeneration plans. The regeneration encompasses the rebuilding of a substantial part of the houses (about 280), the development of a living and health centre and a school. The municipality of Cuijk and the SHA "Mooiland" execute the project. In June 2009, the parties signed the arrangements.

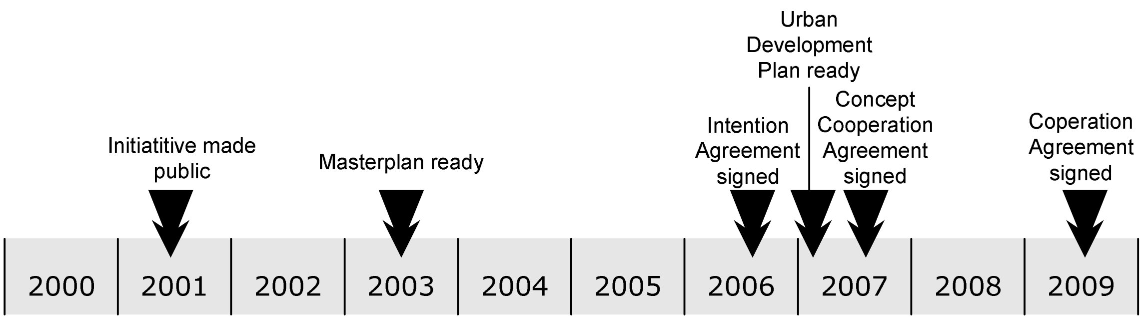

Figure 9: Chronological overview of milestones at de Valuwe

The neighbourhood council made both parties well aware of the problems in their neighbourhood. Problems were very diverse and growing. From the beginning of the process, it was clear for both parties that they were mutual dependent. The SHA owned all the real estate that needed regeneration. Hence, when the municipality wanted to do something about the bad living quality in the neighbourhood, they needed the cooperation of the SHA. On the other hand, the SHA needed permission of the municipality when they wanted to change something. Besides that, the regeneration involves also a school and a "multifunctional accommodation" for which the municipality is responsible.

In the process that followed to develop financial arrangements, a couple of pitfalls occurred. First pitfall was that they concentrated in the beginning only on designing. This resulted in plans that had utopian elements. To reach plans that are more feasible they started a process of calculating, parallel to the design process. The pitfall that then appeared was that the parties concentrated too late on the division of costs. This turned out to be a bottleneck in developing the intention arrangement. Another reason for delay of the process was that, although the partners started with a shared vision, renegotiations were needed. These renegotiations were a result of a lack of consistency in the internal decision-making at the SHA, caused by changes at the SHA. The SHA was in a merge process and during the negotiations period, three different project leaders of the SHA were involved. Part of the delay can also be subscribed to the economic crisis, which was for the SHA reason to ask for a reconsideration of already negotiated elements. In the cooperation arrangements, signed in June 2009, the parties agreed that the municipality is responsible for the land exploitation, the SHA for the real estate exploitation.

All the conflicts caused much frustration among the partners. That both partners did not totally distrust each other is caused by the presence of the conditions "levelled sense of urgency" and "mutual perception of dependency". The municipality had enough reason to distrust the SHA, but some events occurred which rebuilt that trust e.g. the SHA took responsibility by explaining the delay to the neighbourhood.

Table 5: found pattern of dependent and independent variables at de Valuwe

		Outcome	Short Description
Independent variables	Shared vision	Present	Divided over a couple document like the Urban development Plan
	Levelled Sense of urgency and	Present	The neighbourhood council made them well aware of the problems
	Mutual perception of dependency	Present	The plans included both houses as social functions
Dependent variables	Duration of the process	-	Many conflicts occurred that resulted in years of delay
	Mutual trust	0	The conflicts negatively influenced the trust, but some actions also increased trust in the SHA

RESULTS

We compared the information derived from the case studies, summarized in Table 6, with the predicted pattern. Similarities and differences are subsequently analysed more closely by looking to the context information. The conclusions drawn from this analysis are given in this chapter.

Table 6: found patterns of dependent and independent variables at the four cases

		Toernooiveld	Presikhaaf 1	Bergerhof	De Valuwe
Independent variables	Shared vision	Present	Present	Present	Present
	Levelled Sense of urgency and	Present	Present	Absent	Present
	Mutual perception of dependency	Present	Present	Absent	Present
Dependent variables	Duration of the process	+	+	-	-
	Mutual trust	+	+	0	0

Proposition 1

The patterns found in the four cases match only twice with the predicted pattern. All four projects started from a shared vision, but only in the projects Toernooiveld and Presikhaaf 1, it led to a short duration of the process. In de Valuwe and Bergerhof serious conflicts occurred during the process because of differences that were not previously recognized. It turned out that starting with a shared vision does not automatically mean that interests stay aligned. In both projects, many shifts of involved individuals occurred that could be seen as one of the causes of the conflict. In addition, the different voices that come from an organization, especially from the municipality, undermine the effect of a shared vision.

Proposition 2

For this proposition, we can state almost the same as for proposition 1. In the cases Toernooiveld and Presikhaaf 1, we found similar patterns as predicted. The patterns found in the case De Valuwe and Bergerhof, differed from the predicted pattern for the same reason as the patterns differed from proposition 1. The projects started from a shared vision, but during the processes, the organizations were not able to align their own organization to the shared vision. In both projects, this resulted in serious conflicts between the municipality and the SHA. This had a negative effect on the mutual trust in both projects.

Proposition 3

We found the predicted pattern in three cases. In Toernooiveld and Presikhaaf 1, the conditions "Levelled Sense of urgency" and "Mutual perception of dependency" are both present. As predicted, the cases both scored high on the duration variable; both cases experienced a smooth process. In contrast to this, in the Case Bergerhof both conditions were absent and it scored low on the duration variable; the process coped with a lot of delay because of opportunistic behaviour. The party that perceived to be less dependent and did not feel the urge as much as his partner, engaged in opportunistic behaviour.

Only in the case de Valuwe we did not found the predicted pattern. Both conditions were present, but the project experienced much delay in the process of developing financial arrangements. It is difficult to determine with certainty, but the conflicts of de Valuwe does not seem to be an act of opportunism. Causes for the occurred conflicts were the changing mandates at the SHA and the transition process of the SHA due to a merger.

Although conflicts grew from already agreed issues, renegotiations were not started because the SHA wanted to exploit their position. As the municipality indicates, there was no interest for the SHA to stall the negotiations. This explains why the pattern found in the case of de Valuwe differs from the predicted pattern.

Proposition 4

The patterns found in Toernooiveld and Presikhaaf 1 again correspond with the predicted pattern. The conditions were present and the mutual trust was high. Strong causal inference can only be made when the other patterns also correspond, especially when the opposite pattern is found in these projects. That is a problem for this proposition because the cases de Valuwe and Bergerhof both did not show the exact pattern that we predicted. For both cases we found an explanation. In the case of de Valuwe, the conflicts that occurred harmed the mutual trust variable. These conflicts did not seem to be a result of opportunistic behaviour. The respondents in the project also indicate that when the parties did not share the urge for the regeneration, the mutual trust would even be worse. In the case of Bergerhof, opportunistic behaviour did lead to a harmed mutual trust. The reason that there was still some trust among the partners was because of their good personal connections, according to the respondents.

DISCUSSION

Implications for Theory

The performed study delivered valuable knowledge for theory. Causal inference is made about the function of starting from a shared vision when financial arrangements need to be developed. Starting with a shared vision about the goals and financial principles is a way of “frontloading”. By discovering and discussing differences, or potential conflicts, in the beginning the chance on conflicts later on in the process is smaller. This is beneficial for the duration of the process, because the impact of the conflicts will increase when partners already made progress in developing financial arrangements. Two of the four cases falsify the developed propositions about shared vision. This means that this part of the developed theory turned out to be not correct. Empirical evidence showed that the development of a shared vision alone is insufficient. The whole organization needs to commit to the shared vision during the whole process. The shared vision, an often-mentioned success factor, needs a more specified definition. More insight should be derived about the exact attributes of a shared vision as a success factor. Further research should therefore focus on the differences in shared visions between successful and unsuccessful developed financial arrangements.

Although the found patterns did not all correspond to the predicted pattern, the context information provided explanation for these differences. Strong causal inference is made about the other two propositions. This means that part of the developed theory is validated. The conditions “levelled sense of urgency” and “mutual perceived dependency” influence the possibility on opportunistic behaviour. With this strong causal inference, we contributed to theory development.

The case study also showed that the examined variables could not be separated fully from its context. Some dependent variables were also influenced by a factor that was not incorporated in the theory; the personal connection. This factor influences the negotiation process for a large extent and should therefore receive more attention in further research.

Implications for Practice

The research acquired some useful knowledge for daily practice. It first discovered three conditions that influence the success of financial arrangements. The first condition, “starting from a shared vision” will lead to fewer conflicts and by this positively influence the success of the financial arrangements. This is only true when the parties are able to maintain this shared vision. Based on this research we cannot make statements about ways of maintaining a shared vision. The conditions “levelled sense of urgency” and “mutual perceived dependency” also appear to influence the success of financial arrangements. When both conditions are present, the possibility that one of the partners engage in opportunistic behaviour is marginal.

In practice, it is wise to determine the presence of these three conditions when an SHA and municipality want to develop financial arrangements. With the knowledge about the conditions, we can now predict the success of financial arrangements (ceteris paribus). When one or more of the conditions are absent, it does not mean that the parties should abort the project. It only means that as a process manager you should explicitly steer on these absent conditions. When party A does not feel the urgency for regeneration, party B should be aware that it would probably have to make more concessions. That these cases occur is made clear with the case studies. It would be good if these, in principle, potent initiatives for regeneration can arrive at successful financial arrangements.

Strengths and limitations of the method

The case study approach turned out to be very valuable for the research objective. In the case studies, we collected context information that was necessary to analyse effectively the viability of the propositions. Without the context information, we would have mistakenly falsified the propositions since we did not found the predicted patterns. The influence of factors that were not part of the theory could be distinguished in the different cases.

The selection of maximum variation on the independent variable enhanced the information richness of the cases. This selection method delivered some contrasting cases on the success of the financial arrangements. Small remark that we need to make is that the selection achieved not as much variation as was intended.

The most important limitations of the research are the demarcation on the type of projects. To enable drawing causal inference from a case study within the available time, we chose projects that are not very complex. In the four examined cases, only one SHA and a municipality needed to develop financial arrangements. In practice, this only happens in just a part of all cases. Many regeneration projects are much more complex. In these projects, more key actors are involved in the regeneration. An extra SHA can have a substantial possession in the neighbourhood, but also a health organization or real estate developer can participate in the project. The findings provide some insight in the process, but cannot be fully projected on these cases.

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