

Planning for Compact Cities: The Interplay of Housing Provision and Urbanisation¹

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Abstract

Due to its role as a major driver of urbanisation, housing provision should be given significant attention in contemporary debates on compact urbanisation policies. However, housing systems' relationship with planning is often opaque, characterised by informal institutions and planning practices. We discuss the opportunities provided by housing system theory concepts – particularly the housing provision chain – as a powerful aid in analysing public action in planning and the resulting modes of urbanisation. We provide the case of Croatia to demonstrate the ways in which the trajectory of the housing system influenced and was influenced by spatial planning practice, and how it can account for apparently paradoxical and unsustainable urbanisation outcomes, hinting at the potential of housing policies to achieve compact urbanisation objectives.

Keywords Housing Systems; Housing Provision; Spatial Planning; Croatia; Planning practices

1. Introduction

Recent policy discussions at the level of the EU and some of its member states on the introduction of quantitative targets to contain land take (ESPON, 2024) appear to loom over another great European challenge – that of housing affordability. Questions are being raised over the way housing provision will be impacted by and respond to restrictions in the supply of developable land (Evers, Katuriċ and Van Der Wouden, 2024). These discussions present an opportunity to rethink the ways in which housing provision, spatial planning, and the resultant modes of urbanisation are interlinked and to sharpen our conceptualisations of their mutual relationships in different characterised by diverse planning and housing systems.

The concern with land take and soil sealing and the policy initiatives such as “no net land take” originate in environmental policy, but strongly impact spatial planning (Tennekes and Evers, 2024; Evers, 2025) the European Union has affected spatial planning in the member states through its environmental policies. To investigate the mechanism by which EU policy becomes joined up to spatial planning, we invoke the concept of ‘coupling’ from systems and organizational science. We show that coupling is established not only at the EU policymaking level (e.g. within a directive's text. Spatial governance and planning authorities - whose practices are in often oriented toward growth - will increasingly need to adapt their practices to promote more compact urbanisation. A great deal of spatial planning researchers and professionals may share this ambition, as the concerns with social, economic, and environmental costs of “urban sprawl” and the benefits of compact urban planning are widespread in planning literature. However, achieving these ambitions in practice is all but simple.

Firstly, taking stock of all relevant drivers influencing the demand for and supply of developable land is made difficult by their multiplicity and heterogeneity. Some drivers can be directly controlled by public policy; a part of those are accounted by spatial planning policy (zoning, urban regeneration), but decisions impacting these drivers are also made in other policy sectors, which may not be well-coordinated with spatial planning – for instance, transport infrastructure, public transport, agriculture, property taxation, territorial governance and inter-municipal competition. Some drivers cannot be directly controlled by legislation and regulations, and those

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include demographic changes, dynamics of the economy, and preferences of consumers and enterprises (Colsaet, Laurans and Levrel, 2018).

Secondly, spatial planning inevitably involves trade-offs between competing claims on the use of limited space. Different economic and policy sectors require land to operate, and spatial governance and planning has the final, formal say on what land is allocated to which use. As part of its broad overview of the sustainability of urbanisation in Europe, the ESPON project SUPER (2020) conceptualised these concerns as trade-offs between the three dimensions of sustainability – social, environmental and economic. In the report, three ideal-typical modes of urbanisation² – compact, polycentric and diffuse – were weighed against each other along the dimensions of sustainability. To take the example of housing, as one of the sectors which compete for land, SUPER's assessment found that urban containment policies, theoretically, cause housing prices to rise as land supply is decreased, which could negatively affect social sustainability due to reduced affordability. However, compact urbanisation contributes positively to other aspects of social sustainability, such as more equitable spatial distribution of public services, as well as environmental and social sustainability through several mechanisms (e.g. by preserving ecosystems in unbuilt areas or contributing to agglomeration economies). Conversely, diffuse urbanisation could positively contribute to housing affordability, while negatively impacting many aspects of the social, economic, and environmental dimensions.

To understand why planning systems produce certain modes of urbanisation, one should ask how these trade-offs are managed in practice in a particular context. European spatial governance and planning systems exhibit significant variation in their capacities to control spatial development, in formal tools which they use to regulate urbanisation, in levels of flexibility and certainty, and in the less formal practices and institutions through which they operate. (ESPON, 2018; Berisha et al., 2021, 2024), as well as in the relationship between spatial planning and property rights (Hartmann et al., 2025). Trade-offs are made most explicitly in planning systems traditionally seen to belong to the comprehensive integrated family, but they are also, naturally, made in other systems, where the influences of different policy areas and the rationales of trade-offs may be less explicit.

Especially the latter group of cases, turning the researcher's attention to these practices and informal institutions would lead to enhanced understanding of the planning system's operation – knowledge which may pay off by helping to design more effective policies. Aspirations of planners and policymakers often run afoul of the institutions in which they operate (Dembski, 2025). New regulations designed to boldly alleviate systemic issues are put forward with normative optimism, only to find that “changes in planning law are unsuccessful if they are not congruent with informal and formal institutions at the ‘street-level’ and if there is a lack of sufficient incentives to change the behaviour of local actors.” (Buitelaar, Galle and Sorel, 2011, p. 928). If newly introduced compact city policies are to avoid that fate, their design should be more grounded in the qualitative understanding of institutions. The SUPER report conceptualised varied planning systems as a “black box of local practices,” which, in a particular territory, “converts” land supply and demand into specific urbanisation outcomes through its decision-making process. Understanding, conceptualising, and empirically studying planning systems entails prying the lid off the “black box” to reveal the formal and – crucially – informal institutions which determine how trade-offs are made in a particular context and which may make or break attempts at policy reform.

In this paper, we argue that this should be done to qualitatively understand the relationship between planning and housing provision. Housing is a major driver of urbanisation, which is why it is important to understand how it factors in planning trade-offs in different territories. The answers are invariably very far from the simplistic relationship between housing land supply and demand. To begin the analysis, we start with the postulates of housing system theory, a well-developed body of work that explores the ways through which housing is embedded in wider welfare regimes. Specific relations between the state, market and family – which form deep-seated, structural factors in a society – condition particular systems of housing provision. They are composed of varied

² Instead of *urban sprawl* or *land take*, the authors of SUPER use *urbanisation* to refer to the expansion of built areas. As a more analytically precise term unburdened by negative connotations, it facilitated the multi-dimensional evaluation undertaken by the project. Our paper adopts this terminology.

arrangements between land supply, the scale at which housing is produced, the profit regime of developers and builders, modes of public value capture and opportunities by actors in housing provision to extract developer gain. Conceptualised in this way, the components of housing provision clearly hold great relevance for planning and modes of urbanisation. Spatial governance and planning tools in a given system enable or inhibit the forms which various dimensions of housing provision will take, and, conversely, planning systems and their tools are shaped by the broader housing system. Modes of housing provision are central to housing system literature and its classifications of housing systems, but explicit links between housing system theory and the form of urbanisation to which it housing provision is inextricably tied remain underexplored.

We argue that there is potential in applying housing regime theory to spatial planning as a way to explicitly conceptualise those planning practices and institutions that often work in a hidden way, sometimes producing counter-intuitive outcomes and frustrating attempts at reform – such as the turn to more compact and resource-efficient urbanisation. The next section seeks out the links between housing and planning systems, after which those links are examined empirically in the case of Croatia, where the transformation of the housing system since the 90s produced changes in the prevailing modes of urbanisation, leading to pervasive diffuse development, contrary to stated objectives of national policy.

2. Housing system theory: exploring the links between housing provision, spatial planning and urbanisation

Housing system theory has been developed since the 1990s as a response to the limitations of earlier comparative housing research. At the time, much of the literature either lacked a coherent theoretical framework or was dominated by convergence theories, which assumed that globalisation would lead all developed countries toward a uniform, market-oriented housing model. This perspective tended to dismiss national differences as mere bumps on the road toward a homogenised housing system in all developed countries (Kemeny and Lowe, 1998). Some housing scholars discovered welfare regime theory as a powerful foundation to explore housing systems. Applying to housing the concepts from Esping-Andersen's *The Three Worlds of Welfare Capitalism* (1990), the approach explored the enduring influence of deep-seated institutional and societal structures on housing systems. This approach has since been developed by a range of scholars (e.g. Matznetter, 2002; Allen et al., 2004; Arbaci, 2007, 2019; Mandić, 2012; Stephens and Sunega, 2015; Hoekstra, 2020; Stephens, 2020) who have explored the ways in which housing systems are embedded within broader welfare regimes.

Within this framework, three broad regime types are typically identified: liberal, corporatist, and social-democratic. The strand of literature focusing on housing provision developed the idea that each regime type is associated with distinct configurations of housing provision, which can be analysed through four key dimensions: promotion, production, land supply, and consumption (Barlow and Duncan, 1994). These dimensions form what is often referred to as the housing provision chain. The structure of this chain determines the extent to which promoters and producers are able to capture development gains, and it reflects the broader political and institutional context in which housing is provided.

In liberal regimes (most frequently associated with English-speaking countries), housing provision is typically dominated by large private developers who both promote and build housing speculatively for the market. These actors are able to capture substantial development gains. In contrast, social-democratic regimes (most prominent of which are the Nordic countries) tend to tightly control development gains through a combination of public land ownership, binding zoning regulations, and non-profit housing promotion. These systems aim to decommodify housing by limiting its exposure to market forces and ensuring access based on need rather than ability to pay. In corporatist regimes (usually encompassing Central European countries), decommodification and control of development gain are partial, less overt and less ideologically symbolic. Self-promoted housing is a frequently encountered method of partial decommodification.

Understanding the dominant modes of housing provision in a given context is essential for assessing the degree of commodification or decommodification within the housing system, which is a central concern of welfare re-

game studies. However, the housing provision framework also offers valuable insights into other areas of urban development, including spatial planning and urban form.

For example, Arbaci (2007, 2019) including for the first time Southern Europe. It investigates the ways in which the diverse housing systems, embodied in wider welfare regimes, shape and reflect different principles of stratification, and consequently, it reveals the different ways in which the resulting mechanisms of differentiation crucially influence the scale and nature of patterns of ethnic and socio-spatial segregation, particularly among low-income and vulnerable groups. Spatial and social dimensions of segregation are disentangled in each welfare/housing regime (four ideal-typical clusters has used housing system theory to explain patterns of socio-spatial segregation in Southern European countries. She argues that the prevalence of familialistic housing systems, which are characterised by limited direct public intervention in housing, the prevalence of self-promoted and self-built dwellings, high rates of homeownership and intergenerational transfers of housing wealth, has produced distinctive forms of urban segregation that differ markedly from those observed in other parts of Europe. These patterns cannot be understood without accounting for the role of housing provision in shaping the spatial distribution of social groups.

This line of inquiry builds on earlier work on Southern European housing systems (Allen et al., 2004; Allen, 2006) who examined how Southern European countries were able to meet massive post-war housing demand without direct state involvement. Their answer lies in the widespread practice of self-promotion, which was facilitated through indirect state support. Authorities often chose to ignore informal housing promotion and to zone sufficient land for development, thereby enabling rural-urban migrant households to mobilise family resources and construct their own homes. This led the authors to employ the concept of public action, which focuses on the horizontal coordination of policy areas and includes not only direct interventions but also indirect actions and strategic inaction. In this view, what is left unregulated or unenforced can be as significant as formal policy measures.

In exploring and theorising planning systems it is difficult to account for such indirect action or even inaction - not least because of the often-opaque nature of planning practices, which demand a researcher's substantial qualitative familiarisation with the workings of the planning system in a particular context, leading to case studies providing the most insights. In planning literature, the influences on planning beyond the formal regulations and plans have been theorised through the concepts of planning cultures (Knieling and Othengrafen, 2009; Sanyal, 2025) and institutions (Buitelaar, 2007; Buitelaar, Galle and Sorel, 2011; Salet, 2018). The former refers to "the beliefs, discourses and behaviours of practitioners and depositories of technical knowledge in shaping the concrete practices through which spatial governance and planning systems make their purposes operational" (Berisha et al., 2021, p. 3), and the latter attempts to understand planning through rules and norms that condition the relationships between subjects, such as governments, businesses and citizens, which refers to both formal rules, such as regulations and zoning plans, as well as informal norms.

Housing system theory can provide a powerful lens through which to interpret these dynamics. By linking housing provision to broader institutional arrangements, it allows researchers to explain specific planning practices and outcomes that might otherwise appear idiosyncratic or contradictory. Rather than treating such cases as anomalies, the theory enables a more systematic understanding of how housing and planning systems co-evolve. In the remainder of this paper, offer the case of Croatia to illustrate the application of housing system theory to explain planning institutions and concepts. We begin by examining the formal regulations that shape urbanisation and the ways in which planning authority is exercised in practice. We then turn to the housing provision system, tracing its transformation over time and analysing how it has influenced and been influenced by spatial planning practices.

3. Housing systems, spatial planning and urbanisation: The case of Croatia

3.1 Croatian spatial governance and planning system and practices

According to the Physical planning act (Official Gazette 153/13 - 67/23), the 556 municipalities of Croatia are responsible for zoning land within their territories and granting building permits based on zoning plans. These municipal spatial development plans are binding and there is little room for negotiation or discretion in the permitting process. The plans define the boundaries of the building area of a settlement (građevinsko područje naselja, GPN), which functions as an urban growth boundary. Residential development is strictly prohibited outside of this delineated area. Within the GPN, land is further categorised into developed and undeveloped parts, with the latter representing the reserve of greenfield land for future urbanisation. In theory, this system provides municipalities with considerable autonomy in shaping urban development. However, in practice, it has led to the widespread zoning of large reserves of undeveloped land, often far exceeding the volume of development that could be realistically expected based on declining or at best stagnant demographic projections (Vlada RH, 2021).

A second policy area highly influential in determining the mode of urban development is the provision of communal infrastructure. Municipalities are responsible for developing and maintaining local infrastructure, including roads, sewage systems, electricity grids, and public lighting (Utilities act, Official Gazette 68/18 - 145/24). To finance these services, they levy communal contributions (a one-time fee paid by developers) and communal fees (a recurring charge for property users). The former represents the only land value capture mechanism available in the planning system. However, the communal contribution is typically lower in peripheral areas of a settlement, effectively subsidising infrastructure provision for greenfield development. Moreover, the scope of infrastructure required to develop the undeveloped part of the GPN is minimal - usually limited to road access, sewage facilities, and electricity - without obligation to provide public green spaces, schools, healthcare facilities, or public transport. The financial burden of even this limited infrastructure is likely considerable. Although comprehensive data is lacking, it can be inferred that the costs are often not fully covered by the collected fees. Some municipalities have recently raised their communal contributions in response to inflation, despite the political unpopularity of such measures, indicating that communal infrastructure costs can indeed pose a significant strain on municipal budgets.

Despite the considerable freedom theoretically afforded by the planning system for municipalities to shape the urbanisation of their territories, municipalities across Croatia appear to converge on similar, unsustainable urbanisation practices - i.e. zoning of excessive amounts of developable land which invites diffuse urbanisation and subsidising infrastructure for peripheral development. The outcome of this convergence is the proliferation of diffuse urbanisation, with many newly-constructed settlements lacking services and requiring residents to depend on personal vehicles in meeting their basic needs (Šišak and Lukić, 2025). This process of metropolitanisation should not be equated with the development of idyllic middle-class suburbia of the Western European imagination. Aside from the lack of urban amenities, the urban form, while still dominated by single-family houses, is increasingly influenced by the construction of medium-sized and large apartment buildings of urban character, frequently criticised for their impact on the character and identity of the periurban landscape (Svirčić Gotovac, 2015).

This prevailing mode of urbanisation has been criticised as unsustainable, both by the broader community of spatial experts, as well as national spatial planning authorities (Croatian Spatial development Institute, 2017; MPGI, 2021; Vlada RH, 2021). This critique is particularly striking given the country's demographic trends: since 1990, Croatia has experienced continuous population decline, even in its major cities. The only areas showing modest population growth are the peri-urban zones of large cities, yet even there, the increases are marginal. Nevertheless, diffuse urbanisation continues unabated, suggesting a disconnect between formal policy goals and actual planning outcomes. This disconnect between formal policy documents and practice clearly points to hidden structural factors, informal institutions shaping practices. We argue that the housing system has much to do with it. next is an overview of housing provision forms, using the framework of Barlow and Duncan (1994)

3.2 Housing provision and urbanisation: During and after socialism

In Croatia, which was then a federal republic of Yugoslavia, the second half of the 20th century was marked by massive rural-urban migrations corresponding to rapid industrialisation. The state and the social sector (a specific feature of Yugoslav socialism, run by nominally worker-managed enterprises, many of which were large and economically and politically influential) attempted to alleviate chronic urban housing shortages by acting as promoters of housing (Tandarić, Watkins and Ives, 2019). Housing production under this system was entrusted to large construction companies, and the separation meant that builders collected little development gain. Instead, their profitability depended on productivity improvements, which they pursued through innovations such as modular construction, standardised layouts, and economies of scale (Marčetić, 2020). Land for development was provided by local authorities, who possessed the legal authority to expropriate - with compensation - land which they designated for urban expansion (Krtalić, 2004). This took place on agricultural land at the edges of cities, where most plots were small and privately owned. The combination of large-scale construction and land readjustment enabled by expropriation powers led to state/social sector promoted housing to take on a compact form. Regarding consumption, the produced housing units were allocated to tenants under a system of occupancy rights - a tenure that, while not equivalent to ownership, was highly secure, inheritable, and associated with minimal rents that often failed to cover long-term maintenance costs (Marčetić, 2020).

Despite these efforts, the state-social housing system was unable to meet the full extent of housing demand. Allocation rules tended to favour skilled workers, leaving large masses of formerly rural, generally unskilled workers to fulfil their housing needs in a most un-socialist way - through private investment into self-promotion, the practice of privately financing and constructing their own homes (Marčetić, 2020). More than a half of dwellings constructed in Croatia during the socialist period were self-promoted (Čaldarović, 1987). To construct their dwellings, households commissioned small-scale private builders or constructed the dwellings themselves. For that reason, the buildings took the form of single-family houses. Land supply was concentrated on the edges of urban areas where land was not immediately nationalised and could hence be bought from private owners. However, no land readjustment mechanisms were applied, and the resulting settlements followed the fragmented, inherited patterns of agricultural land parcels. This made the provision of public infrastructure and services highly challenging. By simultaneously acting as promoters, builders and customers, households captured development gain in a manner that can be interpreted as a form of partial decommodification (Katurić, 2016; Katurić, Simov and Gregar, 2018).

A significant portion of this self-promoted development was informal - constructed on legally owned land but without the necessary permits and often in violation of zoning regulations. Authorities, aware of the limitations of the state-social sector, largely turned a blind eye to these practices. Over time, many of these informal developments were legalised on a piecemeal basis. This dynamic bears a strong resemblance to housing systems in Southern Europe, where informal self-promotion was similarly tolerated and even indirectly supported by the state. During this period, land markets remained underdeveloped, constrained by legal restrictions and a chronic undersupply of housing. Both occupancy rights in the state-social sector and private ownership in the self-promoted sector offered secure tenure, and both systems were primarily oriented toward fulfilling immediate housing needs rather than generating profit.

The break-off from Yugoslavia and its move away from socialism saw significant changes to housing policies enacted during the 1990s, and initiated a transformation of the overall housing system. One of the most consequential reforms was the "give-away" privatisation of the state and social sector housing stock. Tenants were allowed to purchase their homes at deeply discounted prices, and most did so, motivated by the uncertainty of the transition period. This policy, rooted in neoliberal ideology, also served a pragmatic function: it acted as a "shock absorber" for the anticipated social and economic upheavals of the post-socialist transition, including rising unemployment, growing inequality, and the retrenchment of the welfare state. This massive transfer of housing represented a step toward establishing an asset-based welfare system (Zrinščak, 2003; Mandić, 2010, 2017). Homeownership became the dominant and most secure tenure, while public rental housing was residualised and private rental markets remained poorly regulated, often informal, and lacking in tenant protections.

This shift affected the housing provision system, which gradually transformed and took on more speculative features. State-social promotion ceased. Large construction companies were fragmented and downsized due to the collapse in demand for large-scale housing projects. The shift toward homeownership had profound implications for housing production. With the cessation of state-social promotion, large construction companies were fragmented and downsized due to the collapse in demand for large-scale housing projects (Marčetić, 2020). Simultaneously, legal reforms strengthened individual property rights and curtailed the ability of public authorities to expropriate land. Even land readjustment tools, which could have enabled municipalities to coordinate infrastructure provision while preserving private ownership, remained absent from the legal framework (Krtalić, 2004). The informality of self-promoted housing from the socialist period was systematically resolved by the government's concerted effort to legalise the housing stock built without the required permits. While informal self-promoted homeownership was sustained in the socialist period through ignoring or even tacit approval, the systematic legalisation undertaken between 2011 and 2018 sanctioned all prior construction, while sending a strong signal that future illegal construction would not be accepted. A large portion of the self-provided housing stock was thus legitimised, facilitating its inclusion into the by then already developed housing market (Habrun, 2018).

The housing provision system which emerged in this period can be seen as a continuation of the poorly regulated self-promoted sector of the socialist period. Land supply was entirely left to the multitude of small-scale landowners, and in absence of land readjustment mechanisms, the availability of solely small, individual parcels for development stimulated small-scale housing production. The growing sector of private builders – a continuation of the small private enterprises building for the needs households in the socialist period – increasingly also operated as promoters, developing housing with the sole intention of rapid sale on the market. The new, speculative housing provision mechanisms permitted developers to extract development gain. Self-promotion also remained present, albeit less frequently through self-building (Rodik, Matković and Pandžić, 2019), as households continued to seek more affordable means of gaining ownership over a dwelling by extracting some of the development gain themselves.

Overall, the transformation of the housing system in Croatia was characterised by increased commodification, driven by speculative behaviour among firms and a growing societal reliance on homeownership as a form of asset-based welfare. This shift was not entirely new but rather an evolution of the socialist-era system, which had already established secure tenures and a strong cultural preference for homeownership. In the post-socialist context, housing increasingly became a vehicle for investment and savings. Households began to leverage their real estate assets through tourism rentals, a practice that initially emerged in small coastal municipalities but has since expanded to larger coastal cities and the capital, Zagreb (Vizek, Barbić and Časni, 2024). Since the early 2000s, mortgage credit has played an increasingly important role in facilitating access to homeownership, further embedding housing within financial markets and reinforcing its role as a cornerstone of household welfare.

4. Discussion

Having described the Croatian spatial governance and planning system and its outcomes on the mode of urbanisation, as well as the systems of housing provision and their embeddedness in an evolving housing system, we turn to the questions posed in the first two chapters: we discuss how the apparently paradoxical spatial planning practices observed across Croatian municipalities can be conceptualised and explained by institutions which are significantly conditioned by the housing system, which shapes both the housing needs and the forms of housing provision through which these needs are fulfilled.

The introduction of real estate markets and the development of speculative mechanisms in housing provision led to increases in housing unaffordability, while the housing system simultaneously incentivises households to purchase housing, despite the great expenses of doing so. The specific system of housing provision through which the need for homeownership can be fulfilled is highly influenced by the path-dependent development from the largely informal self-promoted modes of the socialist period. The small scale of production and lack of land

readjustment tools led to the predominance of development on individual plots, whose spatial structure reflects the patterns “inherited” from previous, agricultural uses.

Seen in this light, municipal zoning practices can be understood as a crude form of decommodification adapted to the capacities of local governments and the housing system's structures. Seeking to increase land supply by permitting development over large, mostly agricultural areas and, thus, reducing land prices can be seen as an overriding objective. This objective also accounts for communal infrastructure policies which enable greenfield development and reduce infrastructure cost for the developer – but not the municipality. However, the lack of public value capture mechanisms frustrates this objective. Speculative pressures in land provision are allowed to run unhindered. By selling plots at prices reflecting the “highest and best use”, landowners pocket development gain without hindrance and pass the costs on to producers and consumers. When housing is produced by speculative builders, they also extract development gain by selling constructed units at the highest price the market will bear, placing great strain on households of lower and increasingly those of medium incomes.

Besides making land cheaper as a tradeable commodity, the zoning practices of municipalities also seek to enable self-promotion on inherited, previously agricultural land. This permits local residents to avoid the costs extracted by speculative land transactions and market developers. Such practices can be considered as a form of decommodification, allowing households – including those to whom market purchase would impose an unbearable strain – to attain the indispensable status of homeowners. However, as the “site selection” for self-promotion of inherited land is essentially random, housing provided in this way is often located in rural areas, lacking proximity to urban amenities, which can only be accessed by car, which leads to the well-known social and environmental costs of car-centric development in periurban regions.

The widespread availability of developable land can be conceived of as an institution of contemporary Croatian planning. Throughout the country, citizens expect their municipalities' planning departments and elected local governments to make land available for development and keep infrastructure cheap (and just sufficient to enable access by car to urban amenities in more central locations). Local authorities are happy to provide these, using spatial governance and planning as a part of their limited toolkit to improve the living conditions of their citizens as best as they can and – hopefully – even to attract new residents. These institutions of the more broadly understood planning system explain the central government's reluctance to enact stricter urban containment policies and the ineffectiveness of those initiatives which are put in force. It also paints a pessimistic picture for the prospects of potential European land take containment legislation in Croatia. Taking the established institutions and their political significance into account, there can be no doubt that their disruption would induce political resistance potentially fatal to the policy's objectives.

However, understanding spatial policies through their drivers in the wider sphere of housing systems points to a way out of this lock-in. Directing policy efforts at housing rather than land use may prove a more effective, though laborious and (at least in the case of Croatia) poorly explored path. Public action in housing should overcome its uncritical assumptions and seek to transform the housing system in such a direction to enable decommodified, secure and affordable provision of housing beyond market-based homeownership; if reliance on unsustainable urbanisation practices is to be avoided, stimulating more varied arrangements between housing promotion, production, land supply, and consumption should be the aim – for instance, through introducing land readjustment, robust cost rental and other non-profit forms of promotion, and sustainable regeneration of brownfield sites and deteriorated urban housing in compact urban cores.

5. Conclusion

This paper offered housing system theory and the housing provision concept as a valuable analytical tool for understanding spatial planning practices and the often-opaque institutional arrangements that shape them. By examining the case of Croatia, we have demonstrated how the housing system, through its structural features and historical trajectory, induces municipalities to adopt similar spatial governance and planning policies, even when these policies are socially, economically, and environmentally unsustainable.

Our analysis has shown that the Croatian planning system's tendency toward diffuse urbanisation is not merely a result of weak regulation or poor implementation, but is deeply embedded in the institutional logic of the housing system. The legacy of self-promotion, the dominance of homeownership as the only viable tenure, and the absence of mechanisms for land readjustment and public value capture all contribute to a planning environment in which municipalities are incentivised to zone generously and subsidise greenfield development. These practices are further reinforced by citizens' expectations and the limited fiscal and institutional capacities of local governments.

We have also highlighted why central government policies aimed at curbing these practices often encounter difficulties in design and experience lacklustre implementation. Planning regulation must take careful account of the institutional context in which it operates. Housing system theory offers a promising framework for doing so, which is why further work on introducing housing systems theory in planning literature and spatial planning institutions and practices in housing literature would be welcomed.

The conclusions drawn from the Croatian case may be especially relevant to other contexts characterised by widespread self-promotion, binding zoning regulations, and an oversupply of developable greenfield land. These features are common in Southern and Southeast European countries, whose housing systems have been variously described as Mediterranean/ familistic and post-socialist, and whose planning systems are often classified as conformative or belonging to the urbanism family. However, the issues of land oversupply, diffuse urbanisation, and rising housing unaffordability are by no means confined to these regions.

We suggest that more explicit and systematic study of the often opaque ways in which housing systems interact with planning institutions and practices - and how these interactions shape the resulting modes of urbanisation - could yield valuable insights for a broader range of European contexts. By prying open the "black box" of local planning practices and examining the institutional logics that underpin them, researchers and policymakers alike may be better equipped to design interventions that are more effective and also more attuned to the complex realities of urban development.

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