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ISRAEL



Rented out

Metro examines some of the burning issues ahead of next month's Tel Aviv municipal elections

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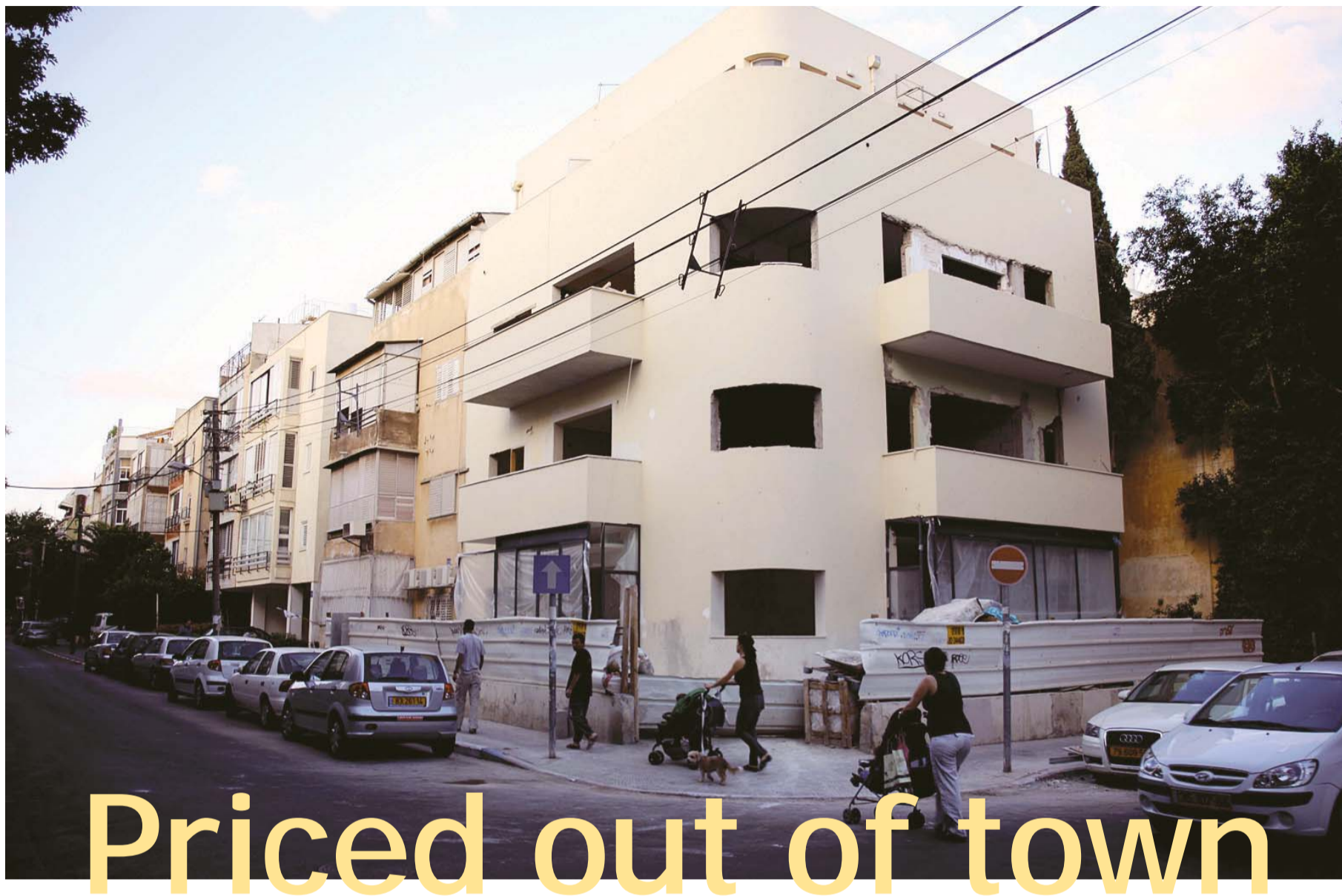
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ELECTION ISSUES – HOUSING



Priced out of town

• By Jesse Fox

While the Israeli upper class abandons the suburbs for luxury apartments and newly renovated Bauhaus buildings in the city center, and French families buy up vacation apartments along the coastline, many of the young tenants who give the city its unique flavor are being pushed out

ACCORDING TO A City for All, close to 11,000 luxury apartments have been built in Tel Aviv over the last few years, while not a single affordable or public housing project has been constructed. (Daniel Cherrin)

Sharon Ben-Dahlia is a Tel Aviv fanatic, and can't imagine living anywhere else. "In the seventh grade, I wrote a paper for my teacher about how much I love Tel Aviv and want to move there. A few years later, even before I finished my army service, I left home and rented an apartment in the city," he recalls.

Now in his early 30s, Ben-Dahlia still lives in Tel Aviv and still loves the city with a passion. He is writing his Masters thesis about tourism in the city, and even co-founded an organization to promote better urban design in the metropolis.

However, his days as a Tel Aviv resident will soon be coming to an end. This fall, he is moving out of the city, to neighboring Bat Yam. "My spouse and I are educated professionals who earn decent salaries," he says, "but we can't afford the rents in Tel Aviv anymore. Even the south of the city, where rent is less expensive, is out of our price range."

Tel Aviv is undergoing a profound change. As the Israeli upper class abandons the suburbs for sparkling apartment towers and newly renovated Bauhaus buildings in the city center, and French families buy up vacation apartments along the coastline, many of the young tenants who give the city its unique flavor are being pushed out. Those who remain find themselves paying more for less – cramped into illegally subdivided flats or in apartments where the living room has been converted into another bedroom.

Yoav Goldring, founder of Rent Control, a renters' rights organization, and a member of A City for All (a political party vying for office in this

November's municipal elections, headed by Hadash MK Dov Henin), explains it this way: "Right now, rising housing prices are not being accompanied by rising incomes. The result is that people leave the city center for its edges, and people who are already living on the edges move out of the city. This destroys the social fabric of our neighborhoods."

Further complicating the situation are pending eviction and demolition orders in Kfar Shalem and Jaffa, two distressed areas where, due to complex historical and legal circumstances, hundreds of families have come to be viewed by the authorities as squatters. The ongoing threat of eviction, along with the entrance of rich foreign home buyers into those neighborhoods, have emphasized the growing crisis in the city's poorer neighborhoods, where families priced out of the housing market are increasingly forced to become homeless or squatters.

No wonder, then, that the dramatic changes in Tel Aviv's housing market have become a hot issue ahead of the elections.

The Tel Aviv Municipality is not unaware of the housing problems in the city. In November 2007, Mayor Ron Huldai set up a Commission for Affordable Housing, chaired by Deputy Mayor Arnon Giladi, which was charged with drawing up a plan to create affordable housing solutions in the city.

The term "affordable housing" refers to housing units whose costs do not exceed about a third of a resident's income, or 25 percent in the case of renters. Contemporary urban planning theory sees affordable housing, and the mixed-income neigh-

neighborhoods in general, as vital to creating a vibrant city, ensuring social equity and preventing the creation of ghettos for the very rich or very poor.

Tel Aviv is not alone in facing a shortage of affordable housing. Cities all over the world are experiencing renewed interest in their city centers, with predictable side effects of gentrification and rising housing prices. Many cities, however, have taken steps to allow middle- and lower-income residents to continue living within city limits.

In London, for example, up to half of all new apartments are required to meet affordability standards for low and moderate income residents. In New York, financial incentives (such as tax credits and increased building rights) are used to provide affordable housing; while in Paris, developers who wish to build in areas with a shortage of affordable housing must contribute to affordable housing funds.

Tel Aviv, on the other hand, has no tradition of municipal intervention in the housing market (see box).

Dr. Emily Silverman, an urban planner and researcher at the Technion-Israel Institute of Technology, headed the team of professional advisers to Tel Aviv's Affordable Housing Commission. "Our mandate was to deal with the lack of affordable housing for young people, singles and families who need help now, but are likely to earn well in the future. One could define them as moderate-income, socially-mobile young professionals," Silverman says.

The team began its work by analyzing housing costs in different areas of the city. According to their findings, rental apartments in the center and north of the city are essentially out of reach for all but the top 20% of income earners. Purchasing an apartment in these areas, they found, is out of the question for all but the very rich.

Even in the south of the city and Jaffa, where the neighborhoods are generally more run-down, rents are

mostly out of reach for households with average monthly incomes. Surprisingly, however, mortgages on older apartments in these neighborhoods are still relatively affordable for households making average and just-above-average incomes ("affordable" in this case meaning that a third of a household's monthly income goes to pay the mortgage).

Based on these findings, the team proposed a variety of tools for creating affordable housing. A key proposal was to grant developers extra building rights in exchange for the construction of affordable rental units, which the developer would be allowed to sell after 10 years. According to the team, this would be a relatively simple and transparent way to provide a large quantity of new, affordable rental units, and could be accomplished without passing new legislation.

The team also recommended that the city require new buildings to contain a variety of apartment sizes (to meet the needs of various-sized households), encourage building additions to existing apartment buildings in the south and east of the city and provide special arrangements for affordable housing for the Arab population of Jaffa (although clear recommendations on this point have yet to be formulated).

Regarding apartments for purchase, the team recommended that city-owned companies build affordable units on city-owned land, thereby cutting construction and land-acquisition costs. As a pilot project, the team proposed a plot of city-owned land in the Shapira neighborhood, with building rights for 72 new affordable housing units.

Silverman tells *Metro* that "Some 48% of Tel Aviv's housing stock is rented out. Building new housing units specifically for the rental market is not yet profitable without subsidies. An investor would have to charge around NIS 3,500 a month for a three-room flat. Rent control, which got a bad rap in the 1980s, is now



DEPUTY MAYOR Arnon Giladi (top), was appointed by Mayor Ron Huldai to head the Commission for Affordable Housing, charged with finding solutions for the city's tenants. (Courtesy, Tel Aviv Municipality) MK DOV HENIN told supporters at a rally in Gan Meir last week that finding affordable housing solutions was at the top of his A City For All's agenda. (Oren Klass)



being proposed again, but the fear is that in Israel, where the market is dominated by small landowners, rent control would become a disincentive

for owners to rent out their apartments."

Another obstacle to an affordable housing program in Tel Aviv is the

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NEW GHETTOS? Contemporary urban planning theory sees affordable housing, and the mixed-income neighborhoods in general, as vital to creating a vibrant city, ensuring social equity and preventing the creation of ghettos for the very rich or very poor. (Oren Klass)

state is NIS 500-700 in rental assistance.

Despite the vocal activism of many groups in the city who have organized in response to the threats posed by the shrinking housing market, the committee held no public hearings, did not meet with citizens' groups and did not present its recommendations to the public in full.

In August, the Tel Aviv Municipality announced the results of the Affordable Housing Commission's work in a press release entitled "A Revolutionary Plan for Affordable Housing." Missing, however, from the announcement were most of the commission's recommendations. All that remained was a commitment to examine two large sites in the south of the city with approved construction plans for around 1,650 housing units.

Some observers criticized the city for recycling old building plans, noting that housing around the two chosen sites was already relatively cheap. The presence of illegal squatters at one of the sites (who would have to be evacuated in a presumably lengthy and costly process) cast further doubt on the feasibility of the city's proposal.

In response, the Tel Aviv Municipality told *Metro*: "The two complexes (Nes Lagoyim and Hagadna) were found appropriate for immediate implementation (approximately 2,000 housing units in total), while other areas require additional administrative work. The rest of the commission's recommendations were not published because some are still unexamined, some are not practical and some [pertain] to lands that are not owned by the city or the Israel Lands Administration.

"However, the city council has approved the Department of Public Property's protocol which proposes a plan to allocate 15 areas for the construction of rental apartments for young couples and students in south Tel Aviv-Jaffa, and the Department of Public Property's recommendation to determine that in every large-scale building project, 20% of housing units be allocated to young couples or for rent."

"Affordable housing is important for the city as a whole, and not just for renters," says Goldring.

"We believe the city should promote policies which benefit its residents, and that new development in neighborhoods should, first and fore-

limited powers of municipal authorities in Israel. "Discounts on *arnona* (municipal property tax) is another tool that some have proposed, but only the state has the power [to offer these], not the municipality. Cities also don't yet have the authority to appropriate land for affordable housing – as they can for other public needs, like roads, parks or schools, but the Association for Civil Rights in Israel and others are working to change this."

"Another recommendation was to speed up the building process on land owned by the Israel Lands Administration in the south of the city, so that increased supply could reduce prices."

According to Silverman, the committee's mandate did not include finding solutions for lower-income families, for whom the state has dramatically cut its support in recent years. Today, the most that low-income families can expect to receive from the

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'In the past, the city's policy was to vary the sizes of apartments, so that there would be a place for households of all sizes and all incomes. Today, the rental market is totally unregulated'
 – Yoav Goldring, founder of Rent Control

most, serve the needs of the people who are already living there. That is not what is happening today."

Goldring, whose own rent has doubled over the past three years in dollar value (due to three rent hikes and the shift to shekel-based contracts), says that many of those with whom he set up Rent Control now live in Holon.

"The Affordable Housing Commission was set up in response to public organizing in the wake of dramatic increases in rents in Tel Aviv," Goldring tells *Metro*. "The housing market in the city today operates according to the rules of the free market. Developers are out to maximize their profits, and this usually translates into building large luxury apartments, which do not add to the supply of apartments for rent. In the past, the city's policy was to vary the sizes of apartments, so that there would be a place for households of all sizes and all incomes. Today, the rental market is totally unregulated."

Regarding the recommendations of the city's Affordable Housing Commission, Goldring says that the ideas discussed by the commission are more "radical than anything that we have heard yet from the municipality." But why, he asks, hasn't the city made the full contents of the report public yet?



Does Mayor Ron Huldai lack the understanding and genuine will to provide affordable housing solutions? (Gil Hadani)

Goldring also suggests that Huldai lacks the understanding and genuine will to provide affordable housing solutions. According to A City for All, close to 11,000 luxury apartments have been built in Tel Aviv over the last few years, while not a single affordable or public housing project has been constructed.

Recently, A City for All released its own affordable housing plan, called "Housing for All." The press conference was held in an abandoned apartment building on Bialik Street, in the center of the city. The building – which, according to Goldring, has stood empty for the past 27 years – is owned by the city, and plans have approved it for 40 housing units. As Goldring points out, this building and hundreds of others like it are proof of a lack of will to provide affordable apartments in the city.

"Housing for All" proposes a multi-pronged approach to the problem, including building new public housing units for low-income families, providing incentives for developers to build rent-controlled apartments, halting all forced evictions until an agreed-upon solution can be found, creation of a municipal commission for renters' rights and granting fast-track approval and financial incentives for development of empty buildings. The party also proposes a mix of apartment sizes, building more walkable neighborhoods (where use of a car is unnecessary to fulfill daily needs) and lobbying the Knesset to decentralize power over housing policy.

Meanwhile, as the argument over affordable housing heats up, the housing market might actually be cooling down. The local business press reports declining demand and falling prices in some segments of Tel Aviv's housing market, and experts are advising apartment hunters to wait until after the holidays to look for a new place.

And with the recent meltdown on Wall Street and the expected global economic crisis, the future of Tel Aviv's housing market is anyone's guess.



'UNLIKE AMERICAN and some European cities,' says Dr. Emily Silverman, 'Israeli local authorities have few financial resources and are very constrained in terms of legal powers.'
 (Daniel Cherrin)

The national context

WHILE TEL AVIV considers its options, two researchers from the Technion's Center for Urban and Regional Studies are researching how affordable housing policies could be enacted in the rest of the country. Dr. Emily Silverman and Prof. Rachele Alterman, who holds the David Azrieli Chair in Architecture/Town Planning at the Technion, are currently in the initial stages of drawing up recommendations for the Interior Ministry regarding local tools for providing affordable housing.

"Ironically," Alterman tells *Metro*, "Israel used to have a housing program that was world-renowned. We succeeded in housing a population almost entirely made up of new immigrants and achieving relatively high rates of apartment ownership, around 70 percent of the population. Since the 1950s, Israel has managed to make housing available to almost the entire population. Over the past few years, however, the central government has closed most of these programs."

According to Alterman, a lawyer and urban planner, herein lies the paradox of affordable housing in Israel – the government has removed itself from the arena, but it has not yet created room for local governments to fill the void.

"National housing policy is in dire straits. Since the early 1990s, the Israel Lands Administration [which manages over 90% of the country's land] stopped giving the Housing and Construction Ministry land in high-demand areas. As a result of this, the Housing Ministry is now relegated to supplying housing in peripheral areas where the land is cheap anyhow and there is no lack of affordable housing. So the [ministry] can't use its knowledge to create good affordable housing, and

the Israel Lands Administration, instead of serving a social purpose, sells public land off to the highest bidder."

Alterman explains that "Israel has never had a tradition of municipal housing programs." Unlike American and some European cities, she says, Israeli local authorities have few financial resources and are very constrained in terms of legal powers. Since the law does not allow them to impose new taxes, they have to be very "creative." Aside from regulating land

uses, local governments have never really been engaged in housing policy. Their job has mainly been to implement the central government's policies, she says.

"So ... local governments need to invent a role for themselves, using only the tools that they have. These are the facts of life. Regulating land use gives local authorities the power to negotiate agreements with developers, for example. Tel Aviv has the power to tell a developer who wants to build in the city that he must set aside a certain portion of

his project for affordable housing."

Alterman and Silverman are currently researching models of affordable housing policy in other countries. In the next stage of their research, they will assess the applicability and transferability of these models to the Israeli context.

Regarding Tel Aviv's affordable housing program, Alterman notes that every city's housing market is unique at a given point in time. While Tel Aviv is something of an exceptional case, its experience with affordable housing will serve the researchers as a "pre-feasibility study" with respect to applying their recommendations in the rest of the country.

–J.F.