

Going up

A plan announced a year ago to build affordable housing in Tel Aviv has remained on paper, while prices continue to head sky-high

A year after the Tel Aviv municipality announced plans to build hundreds of affordable housing units for middle-income households, nothing has happened and prices are still spiraling

Out of



control



(Ariel Jerozolinski)

In August of 2008, the Tel Aviv Municipality announced with great fanfare that it had formulated a “revolutionary plan” to build hundreds of affordable apartments for young people in the city.

As in many of the world’s big cities, rising rents in Tel Aviv had resulted in public pressure for the municipality to intervene in the housing market. Despite the fact that no other city in Israel had yet developed a modern, progressive, affordable housing policy, the municipality promised that its new plan would help young people remain in the city, and prevent the city from becoming exclusively for the rich.

According to the announcement, a newly-created Municipal Commission for Affordable Housing, composed of experts from various disciplines, had spent months researching the issue, and had come up with a list of initial recommendations. Two large residential projects in the south of the city, containing some 1,650 apartments, were to be pushed forward immediately, while the commission’s other recommendations would be translated into concrete policies.

That was last August. One year and a global financial crisis later, apartment prices in the city continue to rise. Local elections came and went, and neither the municipality nor the deflated economy have come to the aid of the city’s hapless renters, for whom rising rents often mean either moving away from the city center or crowding into tiny, dilapidated flats (and paying top dollar for them).

In May of 2009, a press release by the municipality announced that the commission had completed its work, and its recommendations would be presented to the mayor and deputy mayors for their approval “in the coming weeks.” However, to date that has not yet happened and the plan remains without an official stamp of approval, while the commission’s full report has not been released to the public.

Dr. Emily Silverman, a researcher from the Technion – Israel Institute of Technology’s Center for Urban and Regional Studies, headed the team of professional advisers to the Municipal Commission for Affordable Housing.

“Our main recommendation was that new residential projects in the center and north of the city include affordable rental units,” she says. “In exchange for these units, developers would be given extra building rights.”

Silverman continues: “Another recommendation was to push forward building plans in the south of the city and in Jaffa which have already been approved, but have yet to be built due to various regulatory obstacles. Pushing forward those plans would significantly increase the supply of housing. We also proposed several other recommendations, and specific plots for pilot projects.”

As to why the commission’s recommendations have yet to be approved, Silverman blames the delay on opposition to the plan among senior figures in the municipality.

In response to an inquiry by Metro, the Tel Aviv Municipality explained the delay thus: “The subject of affordable housing is a strategic issue of great significance. Therefore it is important that the approach be allowed to mature in order to reach an operative state. The same goes for the full publication [of the commission’s recommendations].”

However, even if the plan is eventually approved and implemented, it is not generally expected to lower rents across the board.

Building a large number of affordable apartments for a specific group, Silverman admits, would not have a significant effect on the general rental market. “Affordable housing programs don’t usually result in a general lowering of prices, except for the

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(Daniel Chermín)



target population.”

However, speeding up construction of already approved plans in order to increase supply could theoretically lower rents across the city – it’s a matter of supply and demand. Another idea that could potentially benefit all of the city’s renters, notes Silverman, is rent control.

Gil Gan-Mor, a human rights lawyer at the Association for Civil Rights in Israel (ACRI), agrees with many of the commission’s conclusions, but he thinks that they don’t go far enough.

“The municipality could decide to set up a rent control mechanism that would allow landlords to raise rents incrementally, according to a set percentage every year. Today, landlords take advantage of a lack of supply to hike rents substantially, and if a tenant doesn’t agree to this, he simply has to look elsewhere.”

The problem, he says, is that regulatory tools that have been implemented successfully in many places in the world, such as rent control, are not even being discussed by the municipality – at least not according to the information that the municipality has made public.

Says Gan-Mor: “The city’s method of releasing information through periodic press releases does not allow for a proper public discussion of the issue.” He also notes that the municipality is considering making army service a condition for eligibility for affordable housing, a move which would effectively exclude the Arab community of Jaffa from the program.

Questions have also been raised regarding the project’s choice of target population. The commission’s mandate was to find affordable solutions for households with monthly incomes of between NIS 12,000-13,000. Last year, Dr. Emily Silverman described the target group to Metro as “moderate-income, socially-mobile young professionals.” For this population, the city would offer rents of around NIS 2,800.

However, as Gan-Mor points out, the plan provides



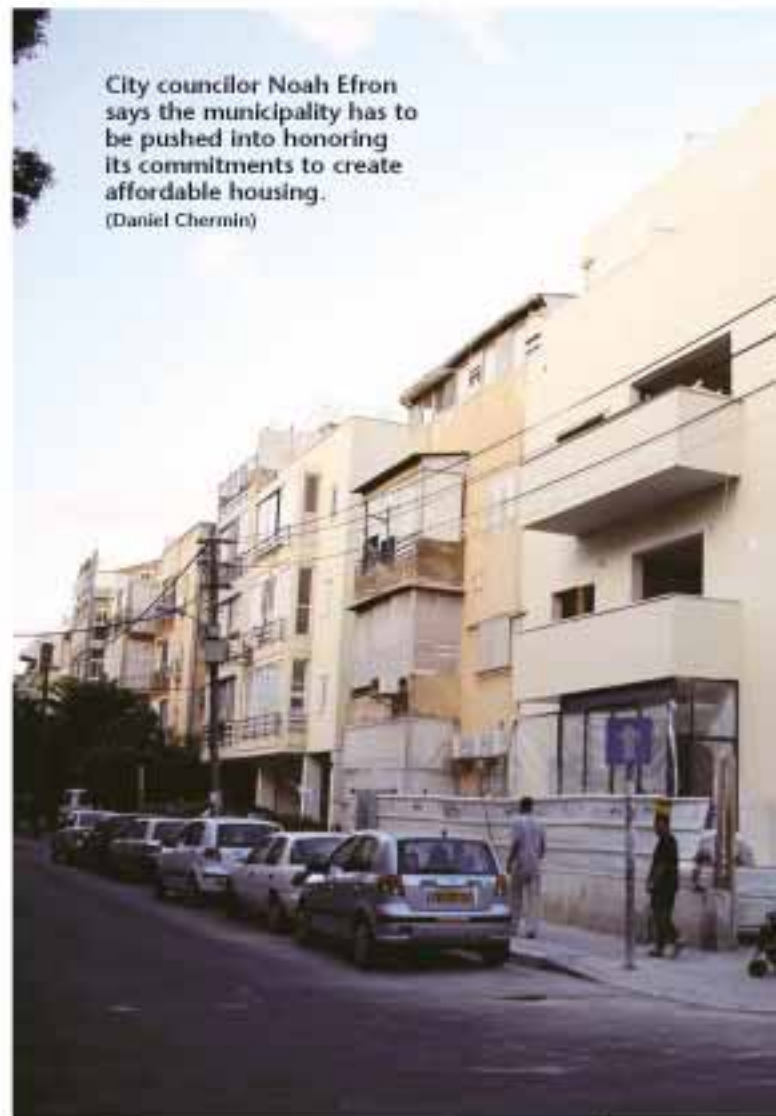
Public housing, everywhere in the world and in Israel as well, is the responsibility of the government, and not the responsibility of the local authority – TA municipality spokesman

Nobody within the municipality wants to advance the plan, so it’s simply not being advanced – Prof. Noah Efron

no solutions for low-income residents of the city, for whom affordable housing often means publicly-built apartments or rental subsidies.

The municipality admits that this is the case, but argues that it does not have the resources to provide housing assistance to a low-income population. The Tel Aviv Municipality told Metro: “Public housing, everywhere in the world and in Israel as well, is the responsibility of the government, and not the responsibility of the local authority. The municipality does

City councilor Noah Efron says the municipality has to be pushed into honoring its commitments to create affordable housing.
(Daniel Chermín)



not have the capability to supply public housing like the government, without any means or appropriate tools. Therefore, the recommendations define the target population as an intermediate population, which is able to pay, but unable to afford to live in the city at market rates.

"The municipality's plan states that it trusts the State to deal with housing assistance for people in lower-income deciles. The problem with this is that the State has pulled back from doing this in recent years, and the municipality knows that."

Gan-Mor doesn't accept this approach. "The municipality's plan states that it trusts the government to provide housing assistance for people in the lower income deciles. The problem with this is that the State has scaled back its public housing programs in recent years. The waiting period for public housing in the center of the country can be over ten years, and rental subsidies provided by the government are way too low to cover rents in the Tel Aviv area. The inevitable result is that people with low incomes are forced to leave the city."

ACRI is part of the Coalition for the Advancement of Affordable Housing in Israel, which also includes The Association for Distributive Justice, Bimkom - Planners for Planning Rights, and research institutes from Tel Aviv University, the University of Haifa and the Technion. The coalition is working on passing an affordable housing law in the Knesset. In the meantime, it has started a Hebrew-language blog as a platform for public discussion on the issue.

Not everyone is convinced that Israeli cities should provide affordable housing. On the other side of the debate are a handful of conservative economists who claim that if young people want lower rents, they should simply look elsewhere. One of them is Dr. Yair Duchin, a professor at the Hebrew University of Jerusalem who made headlines last month when he called the idea of providing affordable housing in Tel Aviv "idiotic."

Though he admits that, from a social perspective, there may be a problem in Tel Aviv's housing market, Duchin says he prefers to look at the larger picture. The country's periphery, he says, is emptying out. "Youth



Affordable housing programs don't usually result in a general lowering of prices, except for the target population
- Dr. Emily Silverman

from all over Israel, including graduates of universities in Haifa and Beersheba, are streaming to Tel Aviv. Affordable housing will only serve to attract more of them.

"Of course the mayor of Tel Aviv wants to attract a young, strong, productive population. That's perfectly legitimate. But there are also national goals. I think that the country's limited resources should not be invested in those who want to live in central Tel Aviv."

As for Tel Aviv's young residents, Duchin suggests that they move out of the city, to Bat Yam, Holon or Petah Tikva. If enough people move out of central Tel Aviv, he says, maybe market forces will cause rents to go down.

While it would appear that such a view is at odds with the thinking behind Tel Aviv's plan, there is evidence that, until very recently, that kind of thinking held considerable sway inside the Tel Aviv Municipality as well.

According to Dr. Emily Silverman, the project actually developed out of an attempt by the municipality to avoid dealing with the issue. Silverman explains that in response to calls from local politicians that the city begin exploring options for affordable housing, City Engineer Chezi Berkowitz asked the municipal planning team to draw up a professional opinion explaining why the municipality did not have the capability to create such a project, based on two previous assessments of the issue written by economists.

However, when members of the planning team consulted with Silverman, a known expert on the subject, she managed to convince them that it was possible. The planners in turn convinced the City Engineer, and thus the idea for the commission was born.

For Prof. Noah Efron, a city council member from opposition party City for All, it's pretty clear why the plan is not going anywhere. "Nobody within the municipality wants to advance it, so it's simply not being advanced," he says.

While Efron thinks that the commission's plan is insufficient, he admits that "it's excellent for what it is," and should be implemented right away. Noting that City for All has a much more extensive plan of its own for affordable housing, Efron says he believes that the municipality's plan has the potential to establish a number of important principles.

"The implementation of mixed housing, building for the rental market, dealing with apartment sizes - talking about these issues, even on a small scale, can begin to change the discussion about housing in the city and create important precedents, making it easier for the city's planning committees to insist that developers build projects that are mixed, and not just for the rich or super-rich."

To a limited extent, that has already begun to happen. Even without an official stamp on the commission's plan, city planning committees have begun to use the momentum created by its work to require developers to integrate affordable housing units into new projects.

This is what happened, for example, in discussions

regarding the former site of the city's wholesale market. An enormous real estate project is planned for the 60-dunam site, which sits partially on city-owned land near Carlebach Street. When representatives from several local political parties insisted that the plan include an element of affordable housing, the developer agreed to add 60 small, affordable rental units.

"In the scheme of things," says Efron, "it's a drop in the bucket. But it's also a sign that, if we continue to be vigilant in the municipal committees and bring enough public pressure to bear, we can begin this process, eventually making it into the norm. The municipality has publicly committed to doing this, now we have to push it to honor its commitments."

The situation elsewhere

Tel Aviv is not the only city in Israel thinking about affordable housing. Other cities, including Ashdod, Herzliya, Ramat Gan and Rishon LeZion, are already developing programs of their own. In Jerusalem, where the issue was a central part of Mayor Nir Barkat's platform, the program is moving full speed ahead.

The man charged with coordinating the program is 29-year-old Amit Pony. According to Pony, the discussion about affordable housing in Jerusalem began in the summer of 2007, when young people in the city began organizing large public campaigns. Before leaving office, previous Mayor Uri Lupolianski set up a professional team to explore options for affordable housing, and since Barkat's election the subject has become a central part of the municipality's agenda.

Pony, who works in the municipality's strategic planning division, explains that there are three central elements in the program. First, Jerusalem's new master plan will require developers to provide a certain percentage of affordable apartments in new buildings constructed in the city. Second, a special track will be set up in the municipality for building affordable apartments on publicly-owned land. Third, a regulatory oversight committee is being set up to make sure, for example, that apartments sold at affordable rates are actually lived in, and not resold at market rates.

According to Pony, every city faces its own unique challenges. Unlike in Tel Aviv, where affordable units will mostly be rentals, Jerusalem's program is geared more toward helping young people purchase their own apartments, in order to ensure that young, middle-class residents remain in the city.

The municipality is expected to announce its first pilot projects by the end of the year. -J.F.

