

WHAT CAN BE DONE TO PROMOTE AFFORDABLE HOUSING IN ISRAEL?

Coalition for Affordable Housing [see organizations below]

July 2011

1. Advance legislation, instead of blocking it:

A bill proposed by numerous MKs and formulated in conjunction with the Coalition for Affordable Housing was designed to address the power the planning authorities have to promote affordable housing. The bill is still on the Knesset table and has thus far been opposed.

A bill proposed by MKs Sheli Yachimovitch and Carmel Shama, formulated in conjunction with the Association for Civil Rights in Israel (ACRI), was designed to control the wild rental market prices. The bill determines that a landlord cannot raise the rent for a continuing tenant by more than 5% each year (excluding extraordinary circumstances) and for the establishment of a rent commissionership that can provide immediate support to both landlords and tenants, as is customary in many countries. The bill is still on the Knesset table, and has thus far been opposed.

2. Do not thwart urban initiatives for the promotion of affordable housing:

Local authorities in Ramat Gan, Jerusalem, Kiryat Ono, Tel Aviv and Bat-Yam have begun operating to promote affordable housing by reaching agreements with entrepreneurs: In exchange for building rights, the entrepreneur is obligated to allocate a portion of the apartments for rent or sale to those eligible for affordable housing. However, the legal opinions of the Attorney General and Interior Ministry halted these plans. The Coalition for Affordable Housing is confident that these legal opinions are flawed and that there is no reason to stop these important plans. On the contrary, the local districts for planning and building should be given the green light to examine and approve plans that include affordable housing.

3. Affordable housing should be included in the government's promotion of reforms:

Part of Netanyahu's flagship plan – the Supertanker: The government is currently holding marathon talks regarding the establishment of National Housing Committees. The Coalition for Affordable Housing contacted the Prime Minister, demanding he include a plan for affordable and public housing in the new initiative. The government has thus far refused.

As part of the reforms in planning – In this case as well, the Coalition for Affordable Housing and several MKs demanded the government include a chapter on the issue of affordable housing into the reform. The legal advisor to the relevant Knesset committee even proposed a suitable draft of the bill. The government has yet to take this up.

As part of the reforms in the Israel Lands Administration, to make use of public lands owned by the ILA to establish affordable housing. Although since 2009, the ILA is legally obligated to market lands for the purpose of affordable and public housing, it has yet to do so. From among the tens of thousands of housing units that have been marketed in this period, not a single one was allocated for affordable housing or public housing. In this case as well, the Coalition for Affordable Housing contacted the government, but did not receive any response and is now considering appealing to the Supreme Court.

4. Stop constraining the Ministry of Housing's aid

The Housing Ministry has three primary ways to assist in housing, and all three have been suffering from a constrained budget for years:

Public Housing – In the last few decades, the public housing inventory has been diminishing, without any new public housing units being built or purchased. The inventory currently stands at only 66,000 apartments, most in bad condition, and tens of thousands more waiting in line to be registered as public housing. The State Comptroller found that public housing brought in over NIS 2 billion, but, in contradiction of the public housing law, the government did not purchase even one single housing unit with these funds.

Rent Assistance – The country assists 140,000 households pay their rent at a rate of NIS 550-1.250. The last State Comptroller report warned that this assistance has not been updated for many years and has eroded by 30% relative to the rise in rent prices. As opposed to the custom in other countries, here there is no difference between the assistance provided to residents of Holon and residents of Kiryat Shmona, in spite of the gaps in price.

Assistance to Apartment Buyers – Despite growth in population, in social gaps and poverty rates, and despite the steep rise in housing prices, the budget for assistance to apartment buyers has been reduced in the last decade – from NIS 5.6 billion to NIS 1.3 billion.

Research conducted by ACRI on distributive justice found that in recent years, the Housing Ministry's budget fell dramatically: In 1999 it was at a rate of 4.5% of the national budget, while in 2008 it stood at only 1.6%.

The budget for housing assistance to eligible populations also fell, from NIS 7.3 billion in 2001, to NIS 3.3 billion NIS in 2008, to NIS 2.7 billion in 2011.

5. Do not raise the price of small apartments

One of the factors responsible for the rise in apartment prices is the fact that contractors prefer large and expensive apartments as a way to maximize their profit. In 2008, the average size of a new apartment unit was 182 square meters! Instead of doing whatever possible to encourage contractors to expand the supply of small apartments, the authorities in fact tag on additional expenses to their construction. Thus, for example, in recent months the ILA decided to levy additional charges on contractors for the development of infrastructure, which raises the price of housing.

Despite the suggestion to transfer this money to local authorities as an incentive to promote the construction of small apartments for rent, ultimately, this was not implemented. Instead, contractors were charged higher development fees for smaller apartments. The Coalition for Affordable Housing's appeal in this matter did not change this policy.

Affordable Housing Coalition:

Association for Civil Rights in Israel (ACRI) | Technion Community Planning Lab | Bimkom-Planners for Planning Rights | The Association for Distributive Justice | Human Rights in Society – Legal Clinic of the University of Haifa | Movement for Decent Living | Itach – Women Lawyers for Social Justice | Shatil