



BY KERRON BARNES

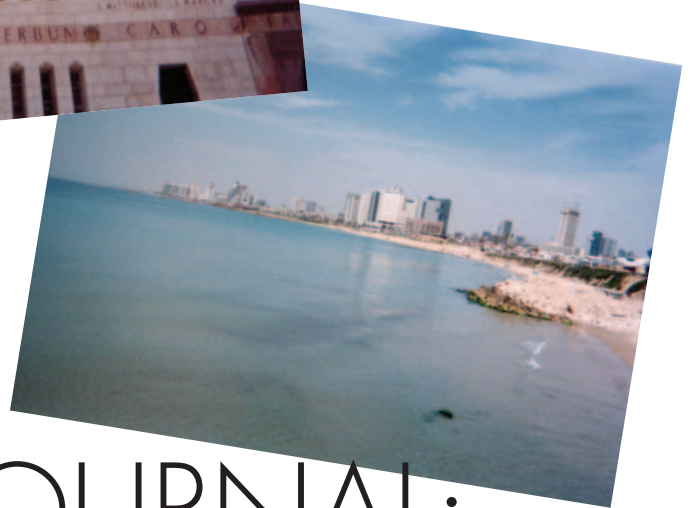
## Overview

*From April 9 through April 16 2005, seven people—Donald Cameron, Raymond P. Murphy Jr., Helen Sause, Larry Loyd, Steve Rudman, Alan Feinstein and Kerron Barnes—became the first official NAHRO delegation to carry out an international visit when the group journeyed to Israel at the invitation of the Ministry of Construction and Housing (MOCH).*

The “study tour” as it became known, was the outgrowth of a Memorandum of Understanding that NAHRO President James Inglis and then-Minister of Construction and Housing Efraim Etam signed on March 15, 2004. The task at hand was challenging: to learn all that was possible about a nation’s system of providing housing, especially for lower income persons, large numbers of foreign refugees and a rapidly growing population, in four days of studying, observing and asking questions.

## Sunday, April 10: Arrival and Orientation

Following a 10.5 hour flight from Newark to Ben-Gurion near Tel Aviv-Yafo, the group was met by Ms. Ayelet Kraus, an urban planner from the Ministry, and Ministry driver Miki Marco. The hour-long drive into Jerusalem was a good introduction to the landscape of Israel, with its fertile green plain west of Tel Aviv-Yafo and the deep, rugged wadis and steep mountains around Jerusalem. An orientation tour of the city, given by Ms. Kraus, was the afternoon’s highlight. From two mountaintop vantages, delegates could see the general old world pattern of the city, its hous-



From left to right:  
Children playing in  
Jerusalem, a building  
in Jerusalem and the  
port area of Tel Aviv.

# DELEGATE'S JOURNAL: NAHRO IN ISRAEL

ing, numerous high rises, large hotels such as the King David, and the famous YMCA that dates back to British Protectorate time.

## **Monday, April 11: Meeting at the Ministry, Tour of Project Renewals**

About a dozen senior staff members from various branches were assembled and waiting at the Ministry office. As an overview, Dr. Fialkoff, Senior Deputy Director General for Planning and Coordination, explained that for the first 20 years of its history, Israel was generally socialistic in its government programs, including housing. During this period the national govern-

ment actually built or publicly sponsored most housing, estimated at about two-thirds of the total national housing production. These developments were typically turned over to one of seven housing companies, which manage the housing and are provided government subsidies for operating costs and for renewal.

From the late 1960s to the end of the 1980s, there was a shift away from the heavy subsidies to a more market-oriented system. The government role became more indirect. Builders now did the construction with a buyback guarantee from the government, which was gradually reduced, and financing was via subsidized mortgages. In

the last 20 years the government has built virtually no public housing, except sheltered housing for the elderly. Now it is selling off its existing stock of apartments, as the British government did in the 1980s.

We then discussed the various components of the Project Renewal program, which is Israel's initiative to rehabilitate its public housing. The program began in 1977; at the height of its operations, the program's target population encompassed some 900,000 people and operated in 161 neighborhoods. Today 57 of these have been phased out, and the program has been reduced to 104 neighborhoods.

In the 1990s a wave of immigra-

tion from Russia and the former Soviet states began. In less than two years, almost 400,000 immigrants came to Israel. Over the course of the decade, more than one million immigrants arrived, increasing the population by 20 percent. During this period, the government reacted by becoming heavily involved in housing production. Using a combination of rapid construction, empty hotel rooms, mobile homes and temporarily doubling families up, the government managed to find and construct the needed housing. The period of heavy immigration is now largely over, except for some 8,000 settlers who should be resettled from the Gaza Strip by the time this magazine goes to press.

Now, the government is relying on Non-Governmental Organizations (NGOs) and creating new partnerships for some of the housing programs, and is using familiar techniques such as density bonuses as leverage to carry out its housing program in the face of budget cuts.

When Minister of Construction and Housing Isaac Hertzog arrived, the discussion became even more animated. It soon became clear he had a detailed and comprehensive knowledge of the housing field, and was able to carry on an insightful, probing and high-level discussion while also writing notes to his staff.

The minister asked for information on four subjects:

- What mechanisms do housing professionals in the United States use to involve the private sector in affordable housing, leveraging, and rental housing production?
- What were our thoughts on urban renewal, both the traditional type, and the relocation and revitalization of impoverished neighborhoods?
- What are our ideas on disen-



**A residence in Jerusalem. During a period of heavy immigration, the Israeli government became intensely involved in housing production, but has begun to rely more on non-governmental organizations and other partners for this.**

agement, the building of alternate housing for evacuees from the Gaza settlements, as well as housing for young couples and extended Arab families?

- What were our thoughts of the role and process of planning?

When the minister departed, the NAHRO delegates gave brief presentations of the work of their U.S. agencies. This provoked animated discussion, during which several other areas of interest on the part of the Israelis were brought up, including: the structure of the Section 8 program; the role of LHAs and their relationships to both the states and HUD; the mechanics of business improvement districts; the

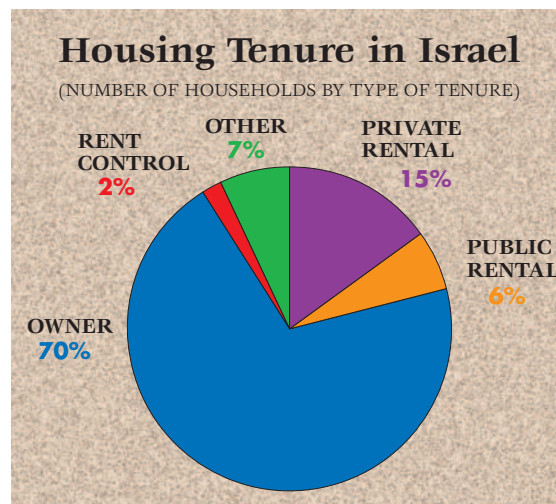
forms of housing subsidies in the United States; the mechanics and workings of tax increment financing; and the potential role of the secondary mortgage market, which Israel hopes to develop but has not yet initiated.

The discussion proceeded non-stop through the first “light lunch” of the week. Members of the delegation soon learned that they should skip most of breakfast if they wanted to survive the “light lunches”—multi-course meals whose offerings ranged from pita and hummus to bread, cheese and salad.

Visits to some of the new neighborhoods and urban renewal in Jerusalem occupied Monday afternoon. These included the Pisgat Ze’ev neighborhood and Kiryat Menachem. Most of this housing was privately built. In so carrying out this type of development, the Ministry staff at either the national or regional level does much of the advance site planning and conceptualizing of the area. The role of the municipalities, of which there are 256, seems more limited that in the United States.

The second part of the afternoon was spent in Kiryat Menachem, a project renewal area. This complex of five-story buildings was built in the 1960s for the lowest-income families. In 1995, it was upgraded using equal amounts of government funds and private charitable donations.

This is one of the complexes of rental housing in which tenants can purchase their apartment. These sales are encouraged through a system of discounts under which the price is reduced a certain percent for each year that the tenant has lived in the apartment. In some cases, the discount could reach 90 percent of the price of the unit. This program was terminated at the end of



2004 and now different criteria are used to award discounts.

Under this system, what are essentially public housing developments gradually become predominately or at least partially owner-occupied. The government began upgrades to the buildings' exteriors in 1995. The cost of these improvements was shared between the government (75 percent) and those occupants who owned their units (25 percent). The government also shared the cost of interior renovations that tenants or owners voluntarily undertook on a 50-50 basis. Under this structure, the tenant is expected to pay part of the cost of interior renovations since they are likely to buy the unit eventually and with a deep discount.

One of the questions that the NAHRO delegates had was what incentive would someone have to purchase and improve their apartment when their neighbors remained as renters in what is essentially public housing. The group was also interested in seeing some of the actual apartments, but none were available. A study is under way to examine how this approach is working.

One main obstacle to the expansion of housing developments is that vacant land in Israel is owned and administered by a government agency called the Israel Lands Authority (ILA). Since land is scarce and expensive, giving up any for social housing is difficult. It was made clear that the housing minister is going to make a major effort on this issue as it limits the ministry's ability to use density bonuses to subsidize housing, and limits retrofitting of older renewal projects.

The last part of the afternoon was devoted to a meeting with project staff in the community



**Of the seven public housing companies in Israel, Amidar is the largest, and currently manages 85,600 units—down from a peak of 360,000. the remainder represents those which have not been sold to occupants.**

center at Ir-Ganim, another one of the project renewal sites. The community center was a warm and welcoming place but had suffered from a lack of ongoing maintenance. Much of it dated from the original construction and could have provided a much greater level renovation and needed expansion.

This particular project, which houses 3,600 families, was begun in the 1950s and had been originally settled by refugees from North Africa and Europe. The neighborhood has become very poor and

For the first 20 years of its history, Israel was generally socialistic with its housing programs. From the late 1960s to the end of the 1980s, there was a shift away from the heavy subsidies to a more market-oriented system, in which the government's role became more indirect.

50 percent of the residents depend on welfare services. Some improvements, including a new train station, are in the offing for this area, and residents are now tending community gardens in the formerly neglected vacant spaces in the complex.

During the meeting a female resident of the project walked in and sparked a highly animated discussion, mostly in Hebrew, between herself and several Ministry staff. Though not on the agenda, she was later allowed to

speak. She touched on her concerns regarding the area's image and her unwillingness to be talked of as poor; she wanted to work toward rebuilding the community's image and acquiring additional services for it. It was one of those moments that could have been repeated in any U.S. public housing development, and was a fine example of a dynamic democracy at work.

The project team indicated that they had developed a strategy for the project renewal program, which involved a holistic approach that as described above was decentralized, involved various organizations, was flexible, and had strong resident involvement.

The objectives of the Project Renewal program are similar to those found in equivalent U.S. or western public housing initiatives. They are to:

- Expand opportunities for social mobility and economic prospects
- Encourage residents to participate in decision making
- Promote local entrepreneurships
- Improve housing conditions and living environment
- Upgrade the quality of social services and build accessible public facilities

- Promote social integration of new immigrants

A long day of touring, discussions, and a famous Israeli lunch was capped with dinner at the apartment of Dr. Fialkoff and his wife Laurie, with its spectacular view of Jerusalem at night.

## Tuesday, April 12: Meeting with Amidar

The second day began with an 8 a.m. departure to Tel Aviv-Yafo and a tour of typical projects that Amidar manages. Established in 1949, Amidar is the largest of the seven public housing companies and currently manages 85,600 housing units. It has 34 offices throughout the country and employs 530 people. The company now houses about 2,800 new families per year and in 2004, sold 900 apartments. At one time, however, Amidar was a much larger organization, and as units are sold it gradually shrinks in size.

The day began at the Ramat Lod neighborhood, where one of the rehabilitation projects was located. Fourteen of 16 buildings that were about 50 years old had been rehabilitated. The 500-unit complex is located in one of the poorer areas: 140 units are still public housing managed by Amidar, and the balance are now privately owned. Rents collected by Amidar are about \$18 per month, and the residents are a mixture of Jews and Arabs—the latter being about 25 percent of the population. As is typical of this type of project, residents can buy the apartments at a discount based on the number of years they've been living there.

This project is considered one of the more troubled of its type because of the very low income of the residents. What could not be assessed was the relative success of the housing that had been purchased by former tenants. One of

several unanswered questions was what kind of incentives these new owners would have in making repairs when still living among very low-income, government-subsidized tenants. The Ministry has initiated a research project in this area.

The tour then moved to one of the Ministry's senior housing developments, in the Mazkaret Batya municipality. This is one of the oldest Jewish communities in Israel, having been founded in 1883 by settlers from Eastern Europe. A member of the Rothschild family financed the early settlement, and it was named Batya in memory of his mother. Seventy-five percent of the residents are new immigrants, and the waiting list is 8 years long. The buildings are very secure, and the average complex has about 100 apartments (80 percent one-bedroom and 20 percent two-bedrooms). This particular complex was built 6 years ago, and had a diverse array of community space and amenities.

The Ministry now has 90 similar projects in which the minimum age is 65 for men and 60 for women. Company rules require that residents are independent. Rents are set at 8 percent of the tenant's pension, which would be \$30 per month for a single person and \$50 monthly for couples.

A meeting with senior Amidar staff at their Tel Aviv-Yafo office followed. Mr. Doron Cohen, chairman of Amidar, reviewed the company's history and statistical information, noting that it has managed up to 360,000 housing units but is now down to 85,600 units, which represent those that have not been sold to the occupants. The company still renovates its buildings, but only when the units are still predominantly rented. In buildings where there is a majority of owners, the owners' condominium organization takes the lead on planning exterior renovations.



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Mr. Cohen was highly interested in US housing programs and approaches, and also asked how he could join NAHRO. The delegation had recruited its first Israeli member!

The afternoon provided the group with its first close look at Tel Aviv-Yafo. This included a short walking tour of Yafo, an urban quarter of well-integrated Jewish and Arab populations. This area of Tel Aviv-Yafo contained some of the most

attractive housing seen to date, and included a tree-lined boulevard flanked with rehabilitated homes and commercial buildings done in the Bauhaus style. The surrounding residential areas had nicely redone homes and small shops, all rehabilitated with private financing done according to historic district guidelines.

A meeting at the old harbor, now under rehabilitation as a commercial and entertainment area, ended the day. The harbor was founded in 1936, and its industrial structures have deteriorated over the past few decades. In 2000, a new plan was implemented to replace the warehouses with shops, restaurants, nightclubs, stores for workers and a boardwalk stretching several miles.

**Wednesday, April 13:  
Nazareth, Project  
Renewal Areas,  
Amigour, Senior  
Housing, Community  
Center.**

The third day began with a 7 a.m. departure



**These homes are typical privately-financed houses in the new city of Modi'in. Their approximate average price is \$300,000.**

for Nazareth, the largest Arab city in Israel's original borders. The group met at a school with a wonderful view of the hilly city and its many churches and mosques, including the massive Church of the Annunciation, which dominates the city's center.

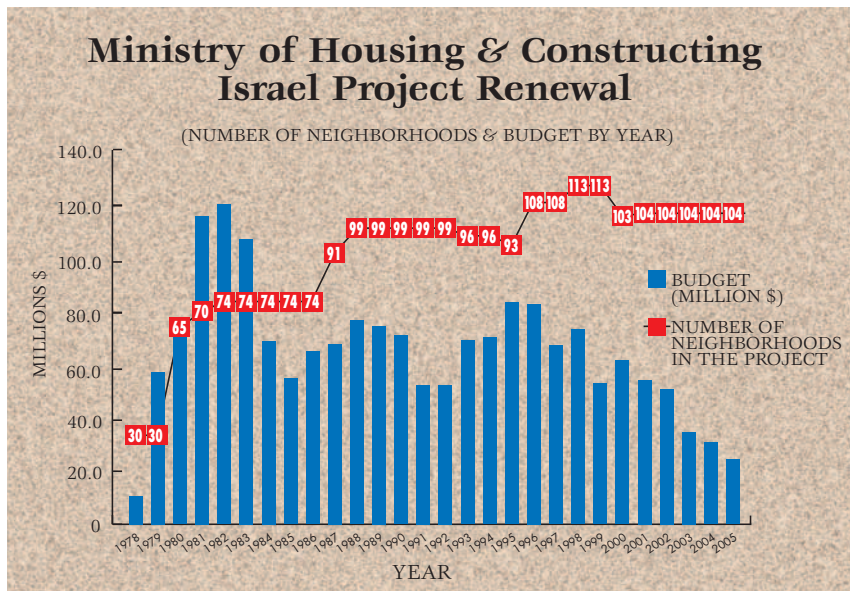
The city's Head Architect, a group of enthusiastic senior staff from MOCH and several local officials were on hand to begin the day's activities. The initial discussion centered around economic and community development issues. They explained that

Nazareth, with a population of about 70,000, is hemmed in by surrounding development and cannot expand. The land is about 30 percent church owned and 40 percent privately owned; the balance is government owned. The two parts of the city, known as upper and lower Nazareth, were laid out in an outline plan that dates from 1942, and that a new plan is in the process of being

approved. Since there was no industrial area, the main industry was tourism. One official said the city and surrounding area were poorly promoted, and many of the tourist attractions and hotels had closed due to recent social unrest.

The tour that followed the morning's presentation also went by a number of vacant, abandoned flats within larger structures. It appeared that the owners of these flats were either deceased, or had moved away. Unfortunately, since Arab families tend to extend among relatives of more than one generation, there was

no practical way to identify or find the heirs or owners. Rather than take the politically-unacceptable course of expropriating the property for failure to pay taxes, the local authorities preferred to let the units remain vacant rather than



take actions not acceptable in an Arab culture.

Another sidelight was the now apparent different housing patterns of the Jewish and Arab populations. The Jewish housing tended to be vertical and housed nuclear families in somewhat modern and sometimes brightly colored structures of 3 to 6 stories. The homes of the Arabs generally contained extended families and were lower, flatter, closer together and tended to extend horizontally. Typically, Arab families had black hot water storage tanks on their roofs connected to the ubiquitous solar panels, which supply most of Israel's domestic hot water. The Jewish families, however, tended to have white water storage tanks on their roofs, so that by looking at the rooftop and the layout of the homes, one could tell who lived where.

The discussion of that afternoon followed another sumptuous lunch,

this time not disguised as "light," with a number of the senior staff of MOCH, and the Deputy Director of Amigour, a smaller public housing company. Amigour manages 57 sheltered homes (buildings) containing 60,000 residents. Since 1972, it has assisted 70,000 families and now manages 22,000 units of public housing throughout the country, of which 5,300 are senior apartments. Their current inventory is down from their one-time high of 35,000 units. The company also manages 3 student dormitories containing 230 units.

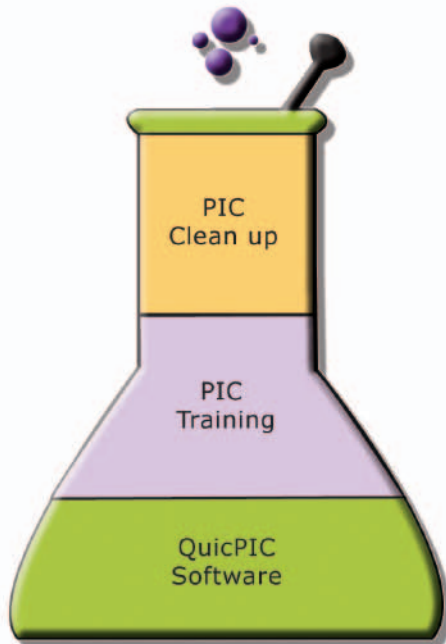
Amigour's income comes from several sources and their 2005 budget is placed at \$50 million dollars. Their residents are working people and seniors and 85 percent of these are the neediest population.

Typical rents include welfare rents ranging from \$ 8 to \$30, senior rents that range from \$33 to 50, public rents, which range from

\$41 to 83 and a small portion of other tenants whose rent runs from \$104 to \$312.

The next stop was an old age hostel in Kiryat Yam. This modern and attractive complex contained relatively new apartments funded in part through the Jewish Joint Distribution Committee, and in part through a foundation headquartered in Baltimore, Md. The building complex itself featured an attractive community room and common area. The services included a building manager, house mother (a novel idea that seemed to be a real help) a social club manager and building staff. Most of the housing in this complex was going to new immigrants. The final stop before the long ride back to Jerusalem included a drop in center, which provided social services such as conflict resolution, health and nutrition to a younger population, including teenagers.

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The evening was capped off with a quiet dinner at the King David Hotel hosted by the two Senior Deputy Directors General of MOCH and the head of the Project Renewal, Physical Programs.

### **Thursday, April 14: The New City of Modi'in, Concluding Discussions with MOCH Staff**

In the earlier years of government programs for housing new populations and accommodating natural growth, urban development policy led to the planning and development of 25 new towns throughout the country. According to Architect Sofia Eldor, Director of Planning for the Ministry, these towns "were completely dependent on central authorities for their urban development budgets, including housing, employment and public services. The principal characteristic of public construction was the provision of housing to target populations such as new immigrants, young couples, etc."

Modi'in is one such new development. It lies in the Judean hills halfway between Jerusalem and Tel Aviv and is an entirely new city. Its beginnings date back to 1991, when Ministry planners and staff began looking for ways to distribute the rapidly growing population outside the crowded cities and into some of the available open space. Modi'in occupies 13,000 acres and, when fully built out, will become a city of about 230,000 people.

In the case of Modi'in, named after the ancient birthplace of the Maccabees, some new principles were created and followed in its planning and development.

A main concept was to sensibly use available land to direct urban development into an efficient pattern, and make better use of



**Commercial buildings in Jerusalem. The Israeli government retains an important role in providing public institutions such as schools, parks, community centers and commercial areas. With the onset of additional economic issues, though, this practice has slowed.**

elements such as transportation, institutions and infrastructure. One of the issues in overall development in Israel is the concentration of people and resulting congestion along a North-South axis on or near the coast, with resulting overcrowding and steep increase in land and housing prices.

Modi'in also represents a shift away from previous approaches to the provision of housing to a new method of implementation. Now the central government's role consists of general site planning, sale of land to builders at market prices, provision of infrastructure, paid for through development fees and mortgage subsidy assistance to target populations such as young families and immigrants.

In the older system of new town development, the government provided the greater share of funding. With restricted budgets and rapidly growing public debt, this practice could no longer be followed. In the case of Modi'in the financing was and continues to be mainly through the private sector, using a method given the name "closed budgets." Under this method, the government advances the initial costs, particularly for infrastructure and the

groundwork for construction starts. As the private builders construct homes and apartments, the government recoups its initial investment from the proceeds of sales to builders who then develop and market the units to consumers.

Another innovation that has assisted Modi'in's speedy development was the establishment of a Special Planning Committee composed of both planning officials from the Ministry, and from the local authorities. The committee was given specific powers to streamline the neighborhood planning permission and building permitting process.

One remaining important role which the government retains is the provision of public institutions, such as schools, parks, community centers and commercial areas. With the onset of additional economic issues this practice has been slowed.

A rail line between Jerusalem and Tel Aviv-Yafo will reduce the current one-hour drive or 1.25 hour train ride to these cities from Modi'in to an 18-minute trip. This will open up employment, cultural and recreational opportunities to the residents of Modi'in who will have the benefit of lower cost homes away from congested areas but within easy reach of the employment and services of the major cities.

Modi'in sits on a large hill that dominates the surrounding plain. Its centerpiece is a massive high-rise building of about 20 stories that, with its gate-like outline and light tan walls, is symbolic of the progress of housing in Israel.

Following this all-too-short visit to Modi'in, the delegates returned to Jerusalem for a concluding discussion and wrap up of the study tour. The group began with each member asking questions they had



Some of the NAHRO delegation and their traveling companions. From left to right: Steve Rudman, Helen Sause, Larry Loyd, Miki Marco (the Ministry driver), Ayelet Kraus, Don Cameron and Alan Feinstein.

## HOW IT ALL HAPPENED

It was a chance meeting. One of the prominent participants at the 2000 Congress of INTA (International Urban Development Association, with which NAHRO has had a Memorandum of Understanding (MOU) since the early 1990s) was Sofia Eldor, a Polish architect who had emigrated to Israel. As we discussed housing and development programs several times during the week, it became clear that while we were half a world apart—there were connections and similarities between what we did and the people who did them.

We talked a bit longer and agreed to meet in New York City the next time Sofia was there. We actually had two such meetings. Since the NAHRO summer conference in 2002 was going to be in the city, and I was on the program committee of the Metropolitan NY Chapter of NAHRO, I proposed that she and her colleague, Dr. Chaim Fialkoff, who was born in Rhode Island and has a PhD in Planning from Columbia, come to the conference, meet with the International Committee, and give a presentation at one of the conference's workshops.

They did come, made a fine presentation, and met the Committee. It became very clear that they had great knowledge of our housing finance and development systems and mechanisms. They knew arcane details about Section 8 and welfare reform in Wisconsin. With the enthusiastic encouragement of our then new executive director, Saul Ramirez, and others, I suggested that we create another MOU, this time with a cabinet level Ministry, since there is no equivalent of NAHRO in Israel. It was a bit of a struggle to write the agreement, but I had as the model the one I had written between NAHRO and INTA. The discussions and phone calls back and forth went well because both parties wanted to conclude an agreement. On March 15, 2004, the then Minister of Construction and Housing, Efraim Etam and NAHRO President, Jim Inglis, signed the agreement. In his remarks made at the Board of Governor's meeting, the Minister invited a delegation of NAHRO members to come to Israel and thus was born NAHRO's first official international delegation. ■

accumulated over the week, which discussion led to an effort to answer the questions the Minister had presented them with at the outset of the tour. These were later collected and assembled into a letter to the Minister from Donald Cameron, the delegation's leader.

## Friday, April 15: Visit to Old Jerusalem

Although the day was the beginning of the weekend for Israelis, the Ministry made a van and driver available from 9 a.m. to 1 p.m. to allow the delegation to see the old city of Jerusalem. It was an interesting and much-needed wind-down from long van journeys, intense meetings and "light lunches."

Special thanks are due to Dr. Chaim Fialkoff and Sofia Eldor who assembled a superb itinerary and organized their end of the study tour. Also of special note was Miki, our van driver, who worked early and late, drove hundreds of miles without ever looking at a map and conveniently equipped the van with a plug-in cooler that he kept supplied with bottled water.

On a personal note, I wish to thank my six traveling companions who worked very diligently in this first NAHRO international delegation, and who were the best traveling companions I have had in years. When the tour became a reality, I thought of it as the culmination of a four-year process. Now, I think of it as just the beginning of a longer partnership, with many more exchanges and learning opportunities for both NAHRO and the Israelis. ■

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Kerron Barnes has been a NAHRO member for 30 years, and has served 25 years on the International Committee. He authored the Memorandum of Understanding with the Israeli government.