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‘AFFORDABLE HOUSING’ AND THE GLOBALIZING CITY:
THE CASE OF TEL AVIV

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ABSTRACT

This article sets out to review recent affordable housing policy in Tel Aviv, a globalizing city which, like other cities in an increasingly globalized housing market, has become “unaffordable” for many of its residents. As such, it has been quick to adopt and adapt a prevailing discourse of affordability and a related set of policies found in other global cities too. This entails a particular understanding of affordability within a market mindset and shifts policy attention and subsidy towards the housing needs of moderate- to middle-income groups, potentially at the expense of lower income groups. Moreover, affordable housing policy in Tel Aviv (and in other global cities) is enacted in a context of long-standing socio-spatial disparity and could engender new forms of residential segregation and to encourage gentrification. By seeking to outline here some of these socio-spatial contradictions and ambiguities, I maintain that “affordable housing” cannot be taken simply as a policy innovation or a new toolbox of “best practices”, but must be related to a continued concern with socio-spatial inequality in the city.

INTRODUCTION: GLOBAL CITIES AND ‘AFFORDABLE HOUSING’

In recent years, a discourse of housing affordability has taken center stage in many major cities of the advanced economies, responding to booming house markets and escalating prices throughout the 1990-2000s. Be it Amsterdam, Barcelona, Berlin, Chicago, Copenhagen, Dublin, Geneva, Hong Kong, London, Los Angeles, Milan, New York City, Oslo, Paris, Rome, San Francisco, Singapore, Sydney, Tokyo, Toronto, Vancouver, Vienna, Washington DC, Zurich – housing in these cities has come to be perceived as “unaffordable” for significant segments of their residents, aspiring newcomers or expatriates. Although the subsequent real estate bust following the global financial crisis in 2007-8 has transformed the market in some of these cities, it has not solved the problem of housing affordability nor made redundant the emergent discourse and related policies and programs.

The contemporary discourse of “affordable housing” stretches beyond cities per se and cannot be attributed only to their volatile housing markets. Rather, it encompasses profound shifts in the objectives, means and outcomes of housing policy in Western states in the first decade of the 21st century. For much of the 20th century, especially in the post-war welfare state, affordable housing was synonymous with state-provided public or social housing for low-income and disadvantaged

1 Lists of cities ranked according to costs of living (including, but not limited to, price of housing) are periodically compiled by such organizations as Mercer and the Economist Intelligence Unit. Most literature on affordable housing remains embedded within a national state perspective, rather than focusing on specific cities. Recent research touching on various aspects of housing affordability in the context of the above mentioned cities includes Aalbers 2004 (Amsterdam), Holm 2006 (Berlin), Wyly & Hammel 2000 (Chicago), Russell & Redmond 2009 (Dublin), Mukhija et al. 2010 (Los Angeles), Bacqué et al. 2010 (Paris), Pamuk 2004, Schuetz et al. 2009 (San Francisco, Washington DC), Goh 2001 (Singapore), Burnley 2005 (Sydney), Carter 2005, Murdie 2003 (Toronto).
populations which could not otherwise provide adequate housing for themselves. However, in recent years, following three decades of neo-liberalization, the term has come to refer commonly to a set of localized policies to alleviate the housing plight of moderate- to middle-income groups within the confines of a privatized housing market. In this changed political and institutional setting, affordable housing is increasingly seen as the business of economically vibrant cities – typically global cities – as opposed to the more nationally uniform housing policies of the past.

The contemporary discourse of affordable housing is therefore formulated most clearly and urgently within a particular category of cities, with “tight” and expensive housing markets that exert global appeal. In many of these cities, housing prices have drastically appreciated and outpaced the general housing market in their respective countries – making them “unaffordable” for significant portions of the national populace. But prices are just part of the story. It is in these cities that the outcomes of neoliberal shifts in housing policies and the effects of a global and volatile real estate market are most strikingly brought to bear and thus, the demand for affordable housing – both in the pure economic sense and the political sense of collective claim-making – is most pressing. The liberalized housing markets of these cities have been exposed to the dynamics of high global demand, leading to a boom particularly at the higher echelons (at least until the current global financial crisis hit). At the same time, they have also seen their programs of housing assistance significantly reduced or suspended, partly through privatization of their public housing, creating a growing need at the lower echelons. In between, a growing part of their middle class residents have been straining to keep pace with the market. While some homeowners have benefited from price appreciation, other households have had to put off or relinquish plans of homeownership and struggle with rising rents.

From such a perspective, contemporary affordable housing policies can be seen as a devised solution to growing housing inequality in cities, partly as a consequence of their increased globalization. Housing un-affordability becomes one, albeit significant, attribute of the wider income inequality and socio-spatial polarization frequently associated with neoliberal global cities (Sassen 2001, Smith 2002, Brenner & Theodore 2002, Marcuse & van Kempen 2000, Hamnett 1994, 2003, Moulaert et al. 2003).

Indeed, the relation between affordable housing and global cities is not limited to the cost of living in these increasingly “unaffordable” cities. Rather, housing in these cities must be seen in the context of wider processes of globalization, be it the globalization of capital or labor, of “immobile” real estate and mobile people, foreign investment and “foreign workers”. As global cities compete to attract investments and maintain an “elite”, highly qualified and growingly international workforce, they promote global “city-living” agendas (focusing on culture and consumption) and strive to provide attractive accommodation in “prime” locations. Global markets finance large and lucrative real estate projects, investors “buy-to-let” apartments “off-plan”, while many high-income, often foreign residents hold second urban homes and pied-a-terre apartments in the city center or in gentrifying (or
“super-gentrifying”) areas. On the other hand, global cities also attract a large, informalized migrant workforce, essential to “service” the new service economy. These migrant workers often concentrate in rundown, downtown neighborhoods and compete at the lowest echelons of the housing market, further diminishing the options of affordable housing for the local, low-income population. Such processes combined have reshaped housing markets and urban space in global cities, bringing about a general increase in housing prices, limiting the choices available to middle-income groups, and at times displacing low-income groups from the center and into marginalized, socially excluded areas.

At the same time, affordable housing has become part of the “toolbox” available to global cities within a new institutional landscape of global governance (see Blank 2006, Clapham 2006). In this new landscape of governance, states, as well as cities, are no longer exclusive “providers” (as in the welfare state) nor “regulators” (as in the neoliberal state); rather, states and cities act as “facilitators” within a complex reconfiguration of actors and partnerships, in which the private sector plays a dominant role. This form of governance also brings about the global dissemination of entrepreneurial and managerial thought, concepts, images and tools, and their insertion into many domains of activity that were previously the responsibility of national and local government. (Indeed, the very idea of the global city reflects this tendency, as cities brand themselves “global” or “world class” to attract investment, business and tourism, and compete to advance their position in a growing field of rankings and lists.) One example is the extension of “strategic planning” from the business world into spatial planning. Affordable housing is yet another important example, as cities around the world have quickly adopted and adapted a similar set of paradigms and “best practices”. These rely upon the market mindset and the changed institutional settings brought about by neoliberalism, but at the same time employ them, at least partially, in order to address some of the inherent market failures and institutional inefficiencies that affect housing. In many cases they promote housing provision through the private sector, partnerships and planning agreements, target moderate- to middle-income groups through housing at just-below-market rates, and promote “mix” (whether tenure-, income-, or social-mix) in an urban landscape of continued (or increased) segregations and inequalities (Marom & Carmon, forthcoming).
POLICY SHIFT – THE ISRAELI CONTEXT

In order to understand the context in which Tel Aviv’s new affordable housing policy is embedded, it is worth examining briefly the historical shifts in Israeli housing policy. As in other contexts, Israel has witnessed an ideological shift from the welfare state to neoliberalism, which has framed a “roll back” of the state from many of its subsidized housing programs, particularly public housing. This has also entailed an institutional shift in the mechanisms for the provision of affordable housing, from the public sector to partnerships with the private sector and the third sector, with an increased role for real-estate developers. In this sense, Israel exhibits similar transformations in the field of housing as the UK under Thatcher and the US under Reagan. In part, these have taken place through ideological confluence and the direct import of policy ideas; but in part, they reflect the unique political and institutional context in which housing policy is embedded in Israel, relating to its history of mass-immigration, the continuing Israeli-Arab conflict and the role of housing construction in the occupation of the Palestinian Territories.

During Israel’s first decade, in the 1950s, housing initiated and constructed by the government accounted for around 80 percent of all housing units. What differentiated the so-called “public housing” in Israel is that, from the very beginning, about half of the apartments built by the government were earmarked for sale to residents. Thus, a unique characteristic of Israeli housing policy is the high level of public construction and the low rate of public ownership of housing units. Such “privatization” policies have far predated the neoliberal turn and the “right to buy” policies of Thatcherist UK or the systematic downsizing of public housing under Reaganomics in the US. From the late 1970s onwards (following the change of government in 1977 from the socialist Labor party to the Liberal Likud party), privatization of the housing market was in full swing, albeit in a politically prejudiced manner. By the second half of the 1980s, only 20 per cent of new housing units were publicly initiated. By 1990, only 12 per cent of the housing stock was in public hands (compared with 44 percent in the Netherlands, 24 percent in England and 17 percent in France). Simultaneously, there was a shift in government housing assistance from supply-side to demand-side, with rent subsidies for narrowly-defined beneficiary groups overtaking construction of new public housing (Carmon 2001).

It is instructive to analyze the housing trends of the 1990-2000s as a background to the ascendency of affordable housing policy in Israel. Housing in the 1990s was overwhelmingly shaped by the large wave of immigration from the former Soviet Union, which brought about a full, albeit temporary, return of the government to supply-side policies. Public construction of housing resurged temporarily to 50 per cent in the first half of the 1990s, but by the second half of the decade it was back to market “normality”. The government also encouraged homeownership through subsidized housing loans. A large share of all housing purchases in the 1990s were financed through government loans and most immigrants chose to use this subsidy and become homeowners (68 percent of immigrants from the
former Soviet Union who arrived between 1989-1999). One of the unexpected consequences of the policy was a rapid rise in house prices, with the average price rising by 85 percent during the 1990s. In the tight housing market of the 1990s, characterized by constrained supply and high demand, developers and constructors became the main beneficiaries of the subsidies. Moreover, house prices had risen in an unequal manner, with a much bigger rise in prices in the lower echelons of the housing market. As a result, homeownership in the lowest decile plummeted (from 52 per cent in 1987 to 32 per cent in 1999) while mortgage foreclosures were on the rise in the 1990s. Despite the subsidies, affordability had actually worsened in the 1990s (Benchetrit 2003, Benchetrit & Czamanski 2009).

By the 1990s, public housing units that remained in government ownership were housing the poorest households and were least in demand to be bought, due to their location in peripheral urban neighborhoods or farther out in “development towns”. The “Public Housing Law” from 1999 that granted discounted purchase rights for long time residents further diminished the availability of public housing. Contrary to the original intention of the law, no new public housing apartments were provided to offset those that were being sold (Cohen 2008). With no viable public housing option and with homeownership moving out of reach of those at the lower echelons of the housing market, government policy reverted to subsidizing rent on the private market. The number of “rent participation grants” (similar to US housing vouchers) had quadrupled in the 1990s: from 50,000 in 1990 to nearly 200,000 in 2001, making it by far the predominant instrument of affordable housing. (With later cuts in the housing budget – from 4.5 percent of the State budget in 1999 to 1.6 percent in 2008 – it has declined to 140,000 beneficiaries in 2007.) Thus, more than 45 percent of the so called “free” rental market in Israel was actually subsidized by the government (Benchetrit 2009). Such subsidies might have contributed to rising rents, thus adversely affecting those (e.g. students and young families) who do not have sufficient resources to purchase an apartment but are not eligible for subsidized rent. It is primarily this group that has found difficulty within the housing market and with the ensuing affordability crisis. It is also this group that would become the social agent behind the growing public calls for affordable housing in Israel, and in Tel Aviv first and foremost.

The 2000s opened with a crash in housing prices, following the burst of Israel’s “high tech” bubble. Throughout the decade, house prices have seen a nominal rise of 40 percent, but most of it (29 percent) took place between 2007 and 2009. Only at the very end of the decade, in 2009, prices surpassed 1999 prices, making it a “lost decade” in terms of the housing market (Mirovsy 2009). With more than 40,000 new households created annually as compared to 30,000 new housing units being built annually (in the last five years), it has been estimated that some 50,000 homes are currently lacking – pulling prices up (Ben Shitrit 2009). Recent research has shown that purchasing a house in Israel has become unaffordable for all but the upper three deciles of the population. The lower deciles were in the worst condition: in 2010, the fifth decile had to pay 91 monthly salaries to purchase an apartment, whereas in 1989 only 52 salaries were required (a rise of 75 percent); at the same time,
the lowest 10 percent had to pay 215 monthly salaries to purchase an apartment compared to 109 salaries in 1989 – an astonishing rise of 98 percent (Mirovsky 2011).

GLOBALIZING TEL AVIV: RESTRUCTURING, REAL ESTATE AND RHETORIC

This section sets the scene for the discussion of Tel Aviv’s recent policy of affordable housing by examining several real and discursive dimensions of the city’s globalization in the past two decades, and how these have impacted on its housing market and socio-spatial structure.

Beginning in the 1980s, and reaching full thrust by the 1990s, Tel Aviv has gone through a process of urban restructuring, characterized by the emergence of global city features. This process was marked by two main developments: the transition to a post-industrial economy, and changes in the ethno-demographic composition of the population due to massive migration from the former Soviet Union and an influx of labor migration (Menahem 2000). The main aspect of economic change has been the continued decline of industry as the leading sector of the economy and a transition to financial, communications, and information services, with a rapidly growing high-tech sector (Kipnis 2001). The restructuring process also entailed an increased polarization in the labor market, with greater demand for both highly qualified and low-level workers. The lines of the growing disparities were in concurrence with established ethnic divides in Israel: Between Jews of European and Middle Eastern origins, between Jewish and Palestinian citizens of Israel, and between long-time residents and newly-arrived migrants. At the bottom end of this occupational-ethnic hierarchy were the non-Jewish labor migrants, which have been arriving since the early 1990s to ‘service’ the new service economy (Menahem 2000, Bartram 1998, Schnell 1999, Schnell & Alexander 2002, Kemp et al. 2000). By 2003, the number of “foreign workers” in Israel was estimated at around 300,000, and mostly branded ‘illegal’: less than a third had a working permit. Most irregular labor migrants have concentrated in the metropolitan area of Tel Aviv, where by the year 2000 they made up more than 15 per cent of the population within its municipal boundaries (Kemp and Raijman 2004).

The polarization of the labor market was accompanied by disparities in the housing market and in urban space. As in many global cities, labor migrants have tended to concentrate in downtown areas where rental prices were relatively low. Specifically, many neighborhoods in south Tel Aviv have seen irregular migrants make their home there, particularly in the area around the central bus station. The main reason for the concentration of labor migrants in these areas was the availability of cheap apartments in rundown and abandoned buildings (Schnell 1999). According to some estimates, by the early 2000s there were some 60-80,000 migrants living in the major concentrations in south Tel Aviv alone (Alexander 2007, Kemp & Raijman 2004, Fenster & Yacobi 2005). Thus, they have created in the space of a decade a “third-world” city in the south of Tel Aviv. However, these numbers were greatly reduced in the last few years, with the implementation (since 2003) of an aggressive policy or arrests and repatriations, which has seen as many as 50,000 migrants arrested and deported and more than 100,000 that have left the country through what is euphemistically called “voluntary departure”
(Marom & Kemp 2007). At the same time, since 2005 there has been an influx of African refugees and asylum seekers across the border from Egypt, most of who eventually reach south Tel Aviv, looking for jobs and residing in crowded shelters and apartments. Their numbers are currently estimated at around 30,000 people (Yacobi 2011).

Although all of these diverse migrations are of relatively poor people, and are normally not accounted for in the analyses of the housing market, they have lead to significant rises in rents in areas in south Tel Aviv. Migrants and refugees have been forced to pay relatively high prices for rundown or split-up apartments that they were renting in areas that were previously the least desirable and most deteriorated. This in turn has affected the availability of housing for other, local low-income groups, eventually turning what was previously an undesirable option into an affordable one. Indeed, in recent years house prices have been rising rapidly in the south of the city (Mirovsky 2009, see below).

While these migrations have played a part in Tel Aviv’s globalization, it is a part rarely acknowledged by official policy. Tel Aviv was ranked in the 12th place in a roster of world cities based on the percent of their foreign-born population, and according to an “urban immigrant index” it was one of the top “global immigrant cities” in the world (Benton-Short et al. 2005). However, despite some initial attempts to adapt spatial plans to the housing and social needs of migrant workers in Tel Aviv, there was no action to follow (Fenster & Yacobi 2005).

Other processes, more comfortably associated with global cities, such as foreign investment, “global style” real estate development, high-income foreign workers, business travelers and tourists, have also impacted on the urban space, built environment and skyline of Tel Aviv. The central business district expanded and new business districts developed through the growth of high-rise office towers in different locations in the city and its metropolitan region, particularly along its main highway (Ayalon). These towers were housing the subsidiaries of global corporations as well as globally-integrated Israeli businesses. Intensive real estate development was associated with the high-tech sector through the development of office parks in the northern outskirts of the city and the metropolitan region. Most significantly for the housing market, numerous high-rise lucrative residential towers were built in the last decade alone, again mostly concentrated in the north of the city, many of which showed some features of gated communities (Marom 2010). At the same time, there was ongoing gentrification of the city center, branded (in 2005) as the “White City”, a UNESCO World Heritage site, due to its concentration of “international style” apartment buildings. There were also new frontiers of gentrification in the south of the city, including more semi-gated communities, particularly along the shoreline of Jaffa, where many residents are low-income Palestinians – raising the risk of displacement of local populations (Bimkom 2009, Monterescu 2009).

2 See http://www.white-city.co.il/english/index.htm
Other attributes of Tel Aviv’s neo-liberalizing and globalizing housing market have been the growing phenomenon of purchasing homes for investment\(^3\); a growing sector of apartment buildings built by self-organized “procurement groups”, projects that are usually not put for sale out on the market and are to some degree socially selective – many of them are targeted for “high-tech workers” or other globally-integrated groups; as well as prominent purchases by foreign residents, mostly Jews from the US and Europe, which were popularly perceived to cause much of the rise in housing prices in recent years.\(^4\) All these trends have put further pressure on the market from the perspective of the city’s low to middle-income households.

Finally, Tel Aviv’s formation into a global city is not only an ongoing process but has recently become also a stated goal of its municipality and a forceful rhetoric, as reflected in the “TLV Global City” initiative and by the Global City Commission that was set up in 2010 to lead it. It is described as

“...a municipal and national initiative aimed at elevating the city’s global positioning. The TLV Global City initiative is a 10-year process that will launch in 2011 and includes dozens of projects. As part of this initiative, the city will seek to attract global financial institutions and international corporations; will market its local cultural assets to global markets; will focus on enhancing the various foreign communities in the city, including students, business people and international visitors; will upgrade its touristic performance; and will implement various social and educational programs for local residents in the spirit of global values.”\(^5\)

The work plan emphasizes that transforming Tel Aviv into a global city will be a “generator for economic growth” and lists its main target audiences as “foreign companies, banks, investors... foreign media, tourists, visitors” – the large migrant population is conspicuously absent. It seeks to establish Tel Aviv as a “global financial center with an emphasis on high tech industry”, attracting global financial corporations through such measure as “institution of a municipal one stop agency for international business and investment seekers”, “incentivizing establishment of branches and extensions of international companies”, and the “promotion of Tel Aviv in international indices such as the Global Financial Centers Index.” (Tel Aviv Global City 2011)\(^6\). The initiative also has broader social and cultural goals that cannot be addressed here, but they too display a bias towards upscale markets and global tastes. Throughout the work plan there is no mention of housing and no assessment of the impact such an influx of foreign capital and people could have on the housing market and on affordability for Tel Aviv’s own residents.

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\(^3\) This trend has reached a record in the first half of 2009, when a third of all house purchases in Israel were for investment; in Tel Aviv, where the demand for rented housing is high, this figure reached 55 percent. Despite the demand, there is no institutionalized private rented sector and apartments are usually rented on an individual basis (Mirovsy 2010).

\(^4\) The role of foreign residents in the housing market became significant in the last decade, amounting to 6 per cent of all house purchases (5,000 out of 87,000) in 2006, particularly in the higher echelon of the market – thus leading to price rises especially in Tel Aviv (along the shore and in exclusive towers) and in Jerusalem, and creating a populist outrage at this so called real estate “invasion” (Mirovsy 2009).


“A CITY FOR RICH ONLY”: TEL AVIV’S “BUBBLE” AND RECENT AFFORDABLE HOUSING POLICY

Tel Aviv is hardly a global city on the scale of London or New York, yet it presents a similar shift in the conceptualization and implementation of affordable housing policy under the pressure of a globalizing real estate market – with comparable social and spatial implications. Tel Aviv is ranked in the 50th position among global cities both in the roster compiled by the Globalization and World Cities network (GaWC 2008) and in a recent survey by Foreign Policy (2010). It is ranked as the 19th most expensive city in the world and most expensive city in the Middle East by Mercer (2010), well above New York and London. Recent years have seen a significant rise in housing prices throughout the city. Particularly, there has been a boom in the higher echelons of the market, with numerous high-rise ‘luxurious’ residential towers built in the last decade or so, popularly perceived as having caused the general rise in prices. As a result, middle-income families, young professionals and students are increasingly finding housing in the city unaffordable. Tel Aviv has also played a central part in a wider trend of sharp house price rises in Israel in recent years. Despite the global financial crisis, house prices in Israel increased spectacularly, by nearly 28 percent in the two years 2008-9, ranking it first in the world in terms of price rise; during the same period, house prices in the Tel Aviv metropolitan area increased by as much as 37 percent (Global Property Guide, 2010). This was the sharpest rise in house prices in 10 years, leading the Bank of Israel to warn that the country may be facing a real estate bubble and to require banks to take precautions in mortgage lending. Rents in Israel have also been on the rise: in 2009 alone, they have increased by more than 15 percent; rents in Tel Aviv are consistently higher than in any other major city in the country (Mirovsky, 2010).7

With this fast-rising and globalizing real estate market verging on the edge of a bubble, and against the background of a long decline of public housing and a reliance on subsidized (yet increasingly cut-down) solutions through the private market (Benchitrit, 2009, Gan Mor 2010) – a paradigmatic shift in affordable housing policy in Israel, and in Tel Aviv in particular, has taken place. As in many other domains of urban policy (such as municipal finance, strategic planning, or integration of migrant workers8), Tel Aviv has been leading the way in relation to affordable housing. Indeed, the very term “affordable housing” (diyur bar hasagah, or diyur beheseg yad) is a recent neologism which has spread rapidly through the planning milieu and the financial press, elbowing the now maligned “public housing” (shikun) out of public discourse.

While it is difficult to pinpoint the exact moment when affordable housing became an “issue” in Tel Aviv, it seems that 2007 was a turning point. As house prices and rents began rising rapidly that year,

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7 In other ways too, Tel Aviv stands out, with homeownership at only 48.5 percent of all households, compared to 69 percent for Israel as a whole in 2009; whereas the private rented sector accounts for 36 percent of all household, twice as high as the national average; and the social rented sector accounts for only 3 percent, slightly less than the national average (Ministry of Construction and Housing 2009, Benchitrit 2009).
the financial newspapers, with their expanding real-estate sections, were abuzz with speculation as to the scope of the affordability “crisis”. Advocacy groups (such as Rent Control, made up mostly of students renting apartments in the city) appeared and began to pressure the Tel Aviv Municipality to intervene in the market. Indeed, the Municipality soon took notice and by November 2007 had set up a special committee, headed by a Vice-Mayor and informed by academic researchers, to study the question of affordable housing in Tel Aviv and look into policy solutions and “best practices” from other countries. However, this process of policy debate was limited by the fact that much of the policy-making remains at the hands of the national government. The emergent discourse of affordability has even shaped the municipal elections held in late 2008, when various activist groups and young Tel Avivians coalesced around the newly formed “City for All” movement, claiming that Tel Aviv has become “a city for rich only” and promising in its election platform to set up municipal corporations that would build cheap rental accommodation⁹ - thus challenging Mayor Ron Huldai’s ruling coalition and giving it a run for its votes.¹⁰

In March 2010, for the first time in its recent history, the Tel Aviv Municipality approved an outline policy for affordable housing in the city, along with criteria for implementation and eligibility. Under the new policy, the main model for affordable housing will be “secure rent”. Projects promoted by the Municipality should include mostly small apartments to be rented out to eligible residents (for a term of up to 5 years) at below-market rates that should not exceed 25 percent of the monthly income of residents. Affordable housing projects would be promoted on scarce municipally-owned land planned for housing (where up to 25 percent of apartments should be affordable). Incentives would be given to developers on privately owned land to supply affordable units in return for increased building rights (a mechanism similar to developer contributions in the UK or inclusionary housing in the US). Allocation of affordable housing should become mandatory within “urban renewal” projects, where incentives are given for old housing to be demolished and replaced by new apartments. While these arrangements are voluntary, the committee recommends that the policy serve as a model for national legislation on “inclusionary housing”, giving local authorities in the future a right to enforce developers to include affordable housing units in their projects (Committee for Affordable Housing, 2008, Nahum-Halevy 2010, Margalit 2010).

Although the policy is yet to be implemented and its eligibility criteria are not fully established, it seems that its conceptualization of affordable housing is in line with our analysis regarding a policy shift from the low-end to the middle-ground of housing markets through a redefinition of housing subsidy beneficiaries. Thus, affordable housing to be provided through the new policy is expected to meet the needs and possibilities of middle-income rather than low-income groups and will not resolve the growing shortage in housing for social welfare beneficiaries. Under the policy, affordable

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¹⁰ City for All’s candidate for Mayor, Dov Hanin, won nearly 35 percent of the vote, compared to 50 percent by the incumbent Mayor Ron Hulday. With 15 percent of the vote, the faction is the largest in the Council, yet it remains in opposition. For an analysis of the movement’s role in the elections see Hanin 2010.
apartments would be primarily allocated to “young couples” with children whose monthly wage is below or equal to the average wage in Israel and who do not own another apartment. Up to 70 percent of apartments will be reserved for families with children, implying that singles, divorced, childless or single-headed households are more likely to be excluded from the eligibility list. In terms of the social-economic ladder prevalent in Israel, it is acknowledged that affordable housing will be designated mostly to those on the seventh income decile (hence not affordable to 60 percent of Israel’s population). In addition to such social-economic selectivity, affordable apartments would be reserved to existing residents of Tel Aviv or those who have been living in the city for a minimum of 3 years – although this criterion is to be further debated by the Municipality, as is the criterion of privileging those who served in the military, which in practice discriminates against Israeli Arabs, particularly Arab residents of Jaffa, facing gentrification and possible displacement (Committee for Affordable Housing 2008, Bimkom 2009.)

Alongside this policy shift towards the middle-ground of the housing market, Tel Aviv’s new housing policy is also set in a context of a long existent socio-spatial bias, particularly regarding the south of the city – an area that is home to a low-income, Mizrahi (Jews from Arab countries) population, as well as a sizable Arab community concentrated in Jaffa. Throughout its history of urbanization, Tel Aviv had been developing along a persistent south-north socio-spatial divide, with the south and south-east of the city remaining the unplanned, underserviced, and socially excluded part of the city, compared to the more affluent north (Marom 2009). At least since the 1960s, there have been policies and plans designed to reduce this divide, not least through the national Neighborhood Rehabilitation Project in the 1970-80s (Carmon 1987). Despite significant progress throughout the years, socio-spatial inequality is still prevalent. Housing is but a component of this problem, yet an important one.

Although the new policy is affirmative in its relation to the south-north socio-spatial divide, its objectives remain ambiguous, reflective of the inherent dilemmas of affordable housing in an age of neoliberal urbanism. The policy describes the current housing affordability crisis as an opportunity to bring change and renewal to disadvantaged parts of the city, implying that the south of the city, due to its significantly lower housing prices and rents, already serves as a repository of existing affordable housing. This naturally occurring affordability could be further tapped into through minimal public investment to encourage housing improvements by existing residents or new, incoming young populations. At the same time, this approach provides justification to invest the limited public resources available to promote affordable housing primarily in the expensive north of the city. Thus, it concludes that “there is housing in the city affordable to households with average or even below-average income, concentrated in the south and east of the city. These data point to the need to develop affordable housing also in other areas of the city” (Committee for Affordable Housing 2008:8, emphasis added). Thus, the policy might end up favoring the north again, by providing it with new, affordable housing projects.
Meanwhile, it raises the stake that housing in the south of the city will be shaped by and large by the forces of the market, much of it to remain in disinvestment while some more “attractive” areas within it to be transformed through gentrification. Indeed, specific areas in the south of Tel Aviv are currently prone to housing gentrification. In the two years 2008-9, house prices in the south of the city have been rising rapidly, in some specific areas by as much as 66% (Mirovsky 2009a). The new policy seems to support a certain degree of gentrification. It seeks to encourage and expedite spontaneous housing improvements in those areas where housing is affordable, yet are currently not considered “attractive” for young residents and new families, namely the south and south-east. It recommends considering relatively low investment by the municipality which could change the “image” of these areas, “opening a new market for affordable housing without investing in new construction” (ibid:25). This would be accomplished through branding and marketing, holding public events and festivities, beautifying open spaces, assisting in loans and organization for home improvements, promoting local commerce and new shops, and investing in community activities, educational and cultural projects. A specific policy recommendation is to encourage students to reside in “priority areas” with the objective of “strengthening“ these areas, by granting study scholarships (as opposed to subsidizing rents, so as to minimize interference in the market) – thus setting in motion a process of gentrification by young “urban pioneers”. This was recently acknowledged by the Municipality in its pilot program to subsidize students in two neighborhoods in the south (Lior, 2011). One commentator has even claimed that the plan is “geographically biased” as it motivates those who are interested in affordable housing to relocate to the south of Tel Aviv or Jaffa (Mirovsky 2010a).

While it is too early to assess the implications of the new policy, it could have both positive and negative consequences: “renewing” the south and creating greater income-mix while potentially making it less affordable to existing residents and increasing the risk of displacement of low-income communities. Under certain conditions, the policy could work in favor of social mixing and heterogeneity. However, its overall effect could be to deflect public investment and subsidy to more expensive parts of the city in the name of affordability while inadvertently promoting gentrification in its less expensive parts. While this is certainly not the explicit intention of the policy – it could inadvertently become its outcome.
CONCLUSION

This paper has placed Tel Aviv’s recent policy of affordable housing in the context of its ongoing processes of globalization – both those that are legitimized (foreign investment) and those that are marginalized (“foreign workers”) – the pressures they exude on its housing market, the urban transformations they engender, and the policy and discursive reactions that are that are set off. It has also briefly examined the long term shifts in housing policy at the national level in Israel, which have followed a familiar (yet path dependent) trend of neoliberalization. While the globalizing city’s housing market is shaped between these two spheres (economic globalization and national policy), it is increasingly integrated into a global housing market and disengaged from the national one, as reflected in high prices and disparities in relation to local markets. This situation invites policy solutions under the heading of “affordable housing” along lines set by other global cities.

Globalizing cities such as Tel Aviv thus engender a particular understanding of affordability within a market mindset which shifts policy attention and subsidy towards the housing needs of moderate- to middle-income groups – admittedly also struggling in a “tight” market – potentially at the expense of lower income groups. Moreover, affordable housing policy in Tel Aviv (and other global cities) is enacted in a context of long-standing socio-spatial disparity. As such, there is expectation that new types of “socially-mixed” (mixed-tenure or mixed-income) affordable housing will contribute to decreasing the segregation of low-income, disadvantaged groups. However, there seems to be an inherent discrepancy when policies that are predominantly tailored for the middle-of-the-market are also expected to break the socio-spatial isolation of the most disadvantaged households.

The Tel Aviv case points out to the need to frame affordable housing policy within the complex and at times contradictory processes of urban change which define and shape global cities in an era of boom and bust. Much of the specialized housing literature tends to frame affordability as a problem in and of its own, in a narrow and at times de-contextualized manner, as if housing has an autonomous meaning and value outside the cities, neighborhoods and communities in which it is located. Faced with this narrowing tendency, it is imperative to anchor and contextualize the debate of affordable housing within wider urban processes and the theories that engage them. In particular, housing affordability cannot be neatly separated from issues of segregation, gentrification and exclusion from public services, education, and employment opportunities. Only a comprehensive and contextual approach emphasizing the manifold links between housing markets, policies and urban transformations can account for the nuanced landscapes and complex cartographies of housing in “unaffordable” global cities.
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