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## In nod to protests across Israel, state to sell land for 6,900 homes

State plans to designate land for building of 1,000 long-term rental apartments.

By Zvi Zrahiya and Ranit Nahum-Halevy | Jul.19, 2011 | 3:08 AM | 2

The Housing Ministry and Israel Lands Administration are planning to market land for the construction of 6,900 new housing units in 38 towns - including, for the first time, plots designated specifically for building over 1,000 long-term rental apartments.

Of the rental apartments, 690 will be in Rosh Ha'ayin and 322 in Be'er Sheva.

While the rules of the tender have yet to be finalized, the ministry is considering requiring bidders on the rental plots to specify what rent they plan to charge, with the winner being the one who offers the lowest rate. The tentative rules would also require bidders to agree to rent control and to promise to rent to needy tenants eligible for Housing Ministry rent subsidies for the first 10 years.

But Eran Nitán, deputy director of the Association of Contractors and Builders, said these conditions would make the plots economically unviable.

"They're asking an entrepreneur to rent the apartment for about NIS 3,000 [a month], a subsidized price, but they're demanding that he pay NIS 400,000 per unit [for the land] - not including the cost of construction," Nitán said. "No entrepreneur will do this."

Prof. Rachele Alterman of the Technion agreed. Though the ministry was binding contractors to low-rent housing for 10 years only, after which they could do as they pleased with the apartments, that was not enough of an incentive, she said: "If an apartment costs a contractor half a million dollars, how can he rent it for a mere few thousand shekels?"

Meanwhile, Prime Minister Benjamin Netanyahu vowed yesterday to "solve the housing crisis."

"Steps will be taken on the issue of housing," Netanyahu told a meeting of his Likud faction. "I've spoken with Finance Minister Yuval Steinitz and Housing Minister Ariel Atias, and we're working on solutions."

He said the government was taking two steps to address the problem. One is legislation to reform the ILA that was slated to be brought for its first reading in the Knesset late last night. The other is a bill to streamline the planning and approval process for residential construction that is currently being discussed by a joint panel of the Knesset Interior and Environment Committee and the Knesset Economic Affairs Committee.

The latter is due to be brought to the plenum for its final readings before the Knesset recesses for the summer in two weeks.

In addition, Netanyahu said, his government had overturned a decision by the previous government to limit further building in the center of the country, where demand was highest. He added that the government would soon submit a bill to the Knesset to exempt apartment owners from the land betterment tax normally charged on all apartment sales if they took units that were being rented out as offices and sell them as residences.

"This will provide an immediate solution for a great many students and young people," the prime minister said. "And there will be other steps."

Also yesterday, Economic Affairs Committee chairman Carmel Shama-Hacohen (Likud) said he planned to add a clause to the bill to streamline the planning and approval process that would require contractors to build a certain number of affordable housing units and encourage them to build rental housing.