

– TOWARDS A 'POST-NEOLIBERAL' MODE OF HOUSING REGULATION? The Israeli Social Protest of Summer 2011

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Abstract

In the summer of 2011, after decades of virtually uncontested neoliberalization, Israel was swept by unprecedented protests against the rising cost of living, social inequality and, most particularly, escalating housing prices. Within two weeks, a small protest camp established on Rothschild Boulevard in Tel Aviv had grown into a mass movement involving hundreds of thousands of people across the country. Given an ambivalent sense of the significance of urban movements in bringing about social change, the aim of this article is to analyze whether the Israeli social protest was able to push forward a post-neoliberal mode of housing regulation. Building on a framework developed by Brenner, Peck and Theodore to grasp transformations in the landscape of regulatory restructuring, this article argues that the movement has indeed achieved a far-reaching hegemonic shift in public discourse and also become an important driver in promoting regulatory experiments. Despite its achievements, however, the movement was unable to challenge the Israeli 'rule regime' of neoliberalization, on account of two structural constraints that were shielded by the most powerful state apparatuses: the commodity character of housing; and a neoliberalized land regime, where state-owned land is treated as a profit machine for public finance.

Introduction

The global neoliberalization of the mode of housing regulation, associated with processes of financialization, commodification and privatization (Rolnik, 2013; Aalbers and Christophers, 2014), is now subject to increasing public unease and serious political protest. In many sites across the world, soaring rents and house prices, gentrification of inner-city neighborhoods and luxurious urban development projects have given rise to growing urban social movements (Künkel and Mayer, 2011; Harvey, 2012; Eraydin and Taşan-Kok, 2014). In analyzing the recent wave of popular discontent, critical scholars have discussed whether such mobilizations are able to reverse the historic trend towards unfettered market-based regulation and create a post-neoliberal situation (Brand and Sekler, 2009; Peck *et al.*, 2010). As the term post-neoliberal, describing a yet-to-come constellation, is necessarily under-defined, this article operationalizes the term through discourses, practices and structural changes that lead towards a (partial) decommodification of housing in the interests of both the middle and lower classes. This includes, for instance, legal and financial state interventions in housing markets (like tightened rent regulation, restrictions on land speculation through urban planning regulations or investments in public and affordable housing), the strengthening of non-profit public housing associations and the establishment of housing commons through collective ownership models. Against this background, the article focuses on the relevance and impact of urban social movements in understanding how and why different forms of resistance are able to bring about social change and promote post-neoliberal 'regulatory

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experiments' (Brenner *et al.*, 2010: 335) in housing regulation that go beyond market rule and profit-making principles.

To explore some of these conceptual frameworks, the Israeli social protest during the summer of 2011 makes for an excellent case study, as the housing question was the mobilization's crucial starting point and remained one of its key political struggles (Allweil, 2013). Between July and October 2011, Israel was swept by unprecedented social unrest prompted by the rising cost of living, social inequality and, most pressingly, escalating housing prices, which had increased by over 50% since 2008 (Hemmings, 2011: 9). What started with a few protestors' tents on Rothschild Boulevard in Tel Aviv became, in just two weeks, a mass movement that occupied streets and parks for several months, established more than 60 tent cities across the country and held a series of rallies involving hundreds of thousands of people. At its height, almost 10% of the adult population took to the streets in one night (Grinberg, 2013; Marom, 2013; Schechter, 2013). Defying decades of neoliberalization (Ram, 2008; Swirski, 2013), many protestors essentially called for a return to the welfare state—demands included affordable housing, public housing and rent control. Still, although the protest changed the public discourse on housing provision and the role of the state dramatically, most of the activists involved (together with some preliminary studies—see Amram, 2013; OECD, 2013) assume that they have not yet been able to influence the provision of housing in a significant way. The resulting frustration was expressed, in one instance, at a mass demonstration in June 2012 claiming that 'nothing has changed'.

For a deeper analysis of potential post-neoliberal shifts in housing regulation, this article builds on a theoretical framework developed by Brenner *et al.* (2010) which distinguishes three analytical dimensions: (1) place- and scale-specific regulatory experiments; (2) discursive 'mechanisms of knowledge sharing through which policy prototypes are circulated' (*ibid.*: 335); and (3) the (trans-)national 'rule regime' of neoliberalization, understood as large-scale institutional arrangements that shape the potential pathways of regulatory experiments. In doing so, this article demonstrates that the popular sentiment that 'nothing has changed' requires differentiation. As such, it is argued that the Israeli social protest achieved much more than 'just' a hegemonic shift in public discourse and civil society. Beyond strengthening institutional mechanisms for non-neoliberal knowledge production, the protest was also able to influence policy-makers and decision-making processes, which led to innovative regulatory experiments in housing policies, especially in urban planning and affordable housing programs. However, the rule regime of (housing) neoliberalization remains unchallenged, and thus unchanged, by the social movement, as the regime is still dominated by a national government whose central state apparatuses, such as the Ministry of Finance, are heavily entrenched in neoliberal rationalities and practices. As a result, while experiments in reshaping housing regulation may have achieved substantial gains, their scope and direction towards a post-neoliberal situation have been hampered by two powerful constraints—the commodity character of housing and the neoliberalized land regime, where state-owned land is treated as a profit machine for public finance. As the movement was unable to seriously challenge these two principles, the innovative potential of the regulatory experiments and their actual impact on housing prices have been rather limited to generating benefits for middle-class households, if anything at all.

In terms of methods, the empirical content for this study is drawn from 41 semi-structured interviews conducted (in English) by the author between October 2013 and February 2014 with political activists involved in the protests (23), housing experts (4) from NGOs like ACRI (Association for Civil Rights in Israel), Bimkom (Planners for Planning Rights) and the Coalition for Affordable Housing, national government representatives from the Ministry of Construction and Housing (2), local politicians and urban planners from the City of Tel Aviv-Jaffa (4), a journalist (1), and academics working in housing studies, sociology, economics, urban geography and architecture

(7).¹ In addition, this article is based on analysis of Israel's two most influential English-language daily newspapers, the liberal *Haaretz* and right-wing *The Jerusalem Post*, between 2010 and early 2014, supplemented by an evaluation of recent academic and non-academic studies on housing regulation in Israel.

The article is structured as follows: in the next two sections, I analyze the making of the neoliberal-rule regime in Israel since the end of the 1970s, and the specific characteristics, demands and strategies of the Israeli social protest movement of 2011 respectively. The article then examines whether the social movement has led towards a post-neoliberal transformation in housing regulation focusing on new planning institutions, rent regulation, public housing initiatives and affordable housing programs. By building also on insights from materialist state theory (Poulantzas, 1978; Jessop, 2008), the article goes on to discuss in the final section why the broad post-neoliberal shift in public discourse and knowledge production is not reflected in a destabilization of the Israeli 'rule regime' of neoliberalization.

The making of the neoliberal rule regime in Israel and the housing question

Up until the 1970s, the Israeli economy was largely controlled by the economic enterprises of the Histadut (Federation of Labor) and the government sector, which were together responsible for more than half of GDP (Ram, 2008: 45). Both were dominated by the same Ashkenazi elite from Mapai, the historic socialist-Zionist party that merged into the modern-day Labor Party in 1968. During that period a welfare state, including mass public housing programs serving the majority of Israeli society, was established.

Since the end of the 1970s, Israel has undergone a transformation from a 'quasi-socialist' and collectivist social structure under the hegemony of the Labor Party into a globalized 'full-fledged capitalist one' (Ram, 2008: 44) dominated by neoliberal institutions, rationalities and practices. Against the backdrop of a post-Fordist transition from labor-intensive to knowledge-intensive industries, accompanied by an expansion of the (financial) services sector, a 'bourgeois revolution' (*ibid.*: 43) took place that brought a new transnational business class to power (Nitzan and Bichler, 2002). In this process, public companies were privatized, organized labor curbed, fiscal austerity mechanisms implemented, the welfare state retrenched and economic ownership highly concentrated in the hands of a relatively small group of private-asset holders.

While the past 30-odd years have seen major restructuring, the history of Israel's neoliberal power structure can be traced back to the formation of the corporatist-socialist ruling class during the early days of the state. Under the auspices of early Labor governments, the quasi-socialist state already functioned as a cocoon in which capitalist institutions were allowed to develop and a bourgeoisie could emerge (Nitzan and Bichler, 2002). However, the first of two major events heralding neoliberal transformation did not occur until 1977, when the right-wing Likud Party toppled the Labor government, resulting in a significant weakening of organized labor (Ram, 2008). The second event took place in 1985, when the Labor Party joined a grand coalition with Likud in response to a severe economic crisis marked by hyperinflation. This national unity government adopted the principles of the Washington Consensus (Nitzan and Bichler, 2002), laid the foundations for a new neoliberal hegemony and implemented a restructuring policy called the Stabilization Plan. Following Swirski (2013: 4), that plan was directed at downsizing the state's role in the economy and has ever since 'driven the policies of all Israeli governments'. As a result, a new rule regime has been successfully installed, seeking to create an environment amenable to global capital. Within

1 In general, conducting interviews in English (and not in Hebrew) was unproblematic when speaking to housing experts and social activists coming from a more educated background. However, talking to less privileged people did sometimes present more of a challenge, as these interviewees were less accustomed to expressing themselves in English. On rare occasions, the help of a native Hebrew speaker was necessary to overcome language difficulties.

the newly defined role of the state, reforms have been pushed through to increase the overall competitiveness of the Israeli economy, reforms characterized by deregulating financial markets, retrenching and marginalizing the welfare state, implementing austerity policies, cutting corporate taxes, liberalizing foreign trade, promoting labor market flexibility and extensively privatizing public assets (Nitzan and Bichler, 2002). One key motive for selling off public corporations has been to crush the power of unionized labor, as successive 'neoliberal governments marshaled a public vendetta against the strength and independence of the Histadut' (Ram, 2008: 48), resulting in a drop in union membership from 70% at the beginning of the 1990s to a mere 20% at the end of that decade (*ibid.*). In the hierarchy of state apparatuses, the Ministry of Finance (profoundly influenced by neoliberal thought) has become one of the most powerful institutions.

During his time as finance minister (between 2003 and 2005), and in his second term as prime minister (since 2009), Benjamin Netanyahu continued and radicalized this policy by adopting 'a set of measures that were an extreme version of the 1985 policy' (Swirski, 2013: 5), resulting in the role of the state as service provider being further weakened. In particular, the Ministry of Construction and Housing 'has been one of the institutions most adversely affected by the policy of downsizing the state [because it lost] any real influence' (*ibid.*: 19) when most of its functions were handed over to the business sector and its budget was reduced in real terms from ILS 9.54 billion (2000) to ILS 2.49 billion (2011).

One of the main effects of the neoliberal rule regime has been the dramatic rise in social inequality and poverty rates. While Israel was one of the most equal Western societies until the early 1980s, it has subsequently become one of the most socio-economically polarized (Nitzan and Bichler, 2002: 351). The level of inequality in Israel (as measured by the Gini coefficient) is among the highest in the OECD countries: since the mid-1980s, the coefficient has increased by an average of 0.6% each year to 0.379—significantly higher than the OECD average of 0.304 (OECD, 2011: 67). This socio-economic polarization is also reflected in the relative poverty rate, measured against 50% of equalized median household income after taxes and benefits. Between the 1980s and the late 2000s, the poverty rate in Israel rose annually by 2.2% to a level of 20.9%, higher than any OECD country and almost twice the OECD average of 10.9% (*ibid.*: 69).

At the same time, the rising cost of housing has aggravated the problems of income erosion and socio-economic polarization. The weakened role of state regulatory mechanisms (particularly the declining public housing sector and deep cuts to rent allowances), the deregulation of financial markets and the rising (purchasing) power of high-income households are reflected in a number of housing market trends. Most importantly, inflation-adjusted house prices rose by over 50% (Hemmings, 2011) during the three years prior to the protest, and by 81% between 2007 and March 2013 (Knowledge@Wharton, 2013: 2). These soaring housing prices, accompanied by stagnating wages (Shalev, 2012), are reflected, in one form, in declining homeownership rates among young middle-class families, from 74% (2004) to 62% (2010) (*ibid.*: 210). Moreover, the private rental market also often fails to provide a permanent affordable alternative. According to recent analysis from the Central Bureau of Statistics (CBS), average monthly rent in Israel rose by 49% between 2008 and 2013, reaching ILS 3,436. Over the same period, rents in Tel Aviv increased by 61% to ILS 5,117—which represents 56% of the average gross monthly wage in Israel.²

2 'Housing Prices in Israel are Climbing Faster than Wages'. *Haaretz* 22 September 2013 <http://www.haaretz.com/business/real-estate/.premium-1.548341> (accessed 20 December 2013).

The recent escalation in housing prices was initially triggered by a shortage of (affordable) housing supply, and then fueled by sharply declining interest rates. After decades of neoliberal restructuring, the construction of housing units had failed to keep pace with the increasing number of households over several years. While the proportion of high-end residences has grown (the gross size of an average housing unit increased from 143 m² in 2000 to 178 m² in 2011), the number of small (and therefore usually more affordable) apartments of three rooms or less decreased between 2000 and 2011 from about 20% of new construction starts to 9% (Swirski, 2013: 21). To make things worse, the Bank of Israel has cut domestic interest rates in response to the global financial crisis, fueling recent price escalation (through a boost in mortgage lending). Between 2007 and 2012, total household mortgage debt outstanding to banks rose by almost 78% from ILS 136 billion to ILS 242 billion (Knowledge@Wharton, 2013). To ensure financial stability, the Bank of Israel has responded by significantly limiting the loan-to-value ratio and placing additional constraints on the provision of mortgages. As a result, tightened mortgage regulation has put homeownership further beyond reach for many middle-class households. In contrast, the residential built environment has remained attractive for financial institutions and business elites, looking for profitable investment opportunities in times characterized by a universal lack of lucrative alternatives (due to the acute over-accumulation of capital following the financial crisis of 2008).

For low-income working-class households, who never had the means to purchase an apartment on the free market even before the price escalation, the housing question is much more severe, often resulting in utter desperation that has even led to a number of self-immolations.³ As the public housing sector has been marginalized to serve only the very poorest in society, renting is the only option left for those to whom the mortgage market is out of reach, yet who are also ineligible for public housing. However, the liberalized private rental market in Israel is not a dignified, affordable and secure alternative, as rental prices are escalating, tenant-protection mechanisms are nonexistent, and rent allowances are limited and unreliable.

In sum, due to neoliberalization processes, rising social inequality, and skyrocketing rents and housing prices, the right to adequate and affordable housing has been constantly denied in recent years to both young middle-class households trying to retain their social position and the lower classes as a whole (ACRI, 2008).

The Israeli social protest of 2011

During the summer of 2011, a small encampment established by a group of young people on the trendy Rothschild Boulevard in Tel Aviv grew within two weeks 'into the largest political mobilization in the nation's history' (Marom, 2013: 2828), directed against the neoliberal restructuring of recent decades and its intolerable social repercussions. Inspired by the Spanish *indignados* and the Arab Spring (Allweil, 2013; Grinberg, 2013), a movement emerged that occupied streets and parks with thousands of tents, erected more than 60 encampments across the country and held mass rallies attended by nearly 500,000 people (Schechter, 2013). In contrast to the longstanding predominance of security-related politics, this new urban movement (with overwhelming support from the public and the mainstream media) pushed the housing question, social inequality and the rising cost of living to the top of the political agenda.

Most observers (e.g. Alimi, 2012; Shalev, 2012) interpret the events as 'the delayed reaction of the urban middle class to the policies set in motion by the 1985 stabilization plan', given that the 'bulk of the demonstrators of 2011 were from the frustrated middle class' (Swirski, 2013: 5) struggling to retain their social position. However, while the

3 'Moshe Silman Dies after Self-immolation at Israeli Protest'. *Haaretz* 20 July 2012 <http://www.haaretz.com/news/national/moshe-silman-dies-after-self-immolation-at-israeli-protest-1.452513> (accessed 10 October 2014).

social justice protests were dominated by middle-class activists and were represented primarily as a middle-class protest, the movement expanded to include more deprived social groups like Arab–Palestinian citizens, migrant workers and the Mizrahi Jewish lower classes (Allweil, 2013; Grinberg, 2013; Misgav, 2013). Given this, authors like Ram and Filc (2013: 374) perceive the inclusiveness of the movement as an attempt to create a ‘new class-based coalition’ whereby Tel Aviv’s secular, bohemian, young middle class sought to ally themselves ‘with lower strata throughout the country’ against the economic elite.

This broad mass support uniting diverse social groups became possible because the protest leaders insisted on bypassing the Israeli–Palestinian conflict, avoided making any demands with regard to the occupation and claimed to be an ‘apolitical’ (neither left- nor right-wing) movement (Marom, 2013). The strategic political exclusion of these issues held fast despite a minority of internal critics claiming on moral grounds that demands for social justice must include Palestinians living under military rule, as well as addressing the economic argument that the protest should deal with the subsidies and security budgets granted to the settlements in the West Bank, draining resources that might rebuild Israel’s welfare state (Gordon, 2012; Gorodess, 2013).

Although the protesters were initially unable to formulate a clear set of concrete political demands, the general trend was best expressed by Stav Shaffir, one of the protest leaders, who aspired ‘to change the economic system from neo-liberal to a welfare state’.⁴ After some weeks, a professional commission of 160 volunteer experts drawn from academia, advocacy groups and NGOs was established, and worked for two months to formulate a blueprint for the reconstitution of a welfare state. These experts, headed by professors Avia Spivak and Yossi Yona and subdivided into eight subcommittees (Alfasi and Fenster, 2014), visited the tent camps all over the country in an act of participatory democracy to discuss and analyze social problems. By the end of October, the committee published a far-reaching social democratic program demanding more state intervention and a systematic increase in government spending on social services, including investments in affordable, rental and public housing. In a slightly more radical tenor, public housing activists from various grassroots organizations and socialist parties have formulated similar concepts for a non-neoliberal decommodified housing system, based on the idea of housing as a fundamental collective human right secured by comprehensive state intervention in the housing market. In contrast to the existing marginal public housing system, criticized for being inefficiently managed by corrupt state companies,⁵ they demand, for instance, that 40% of Israel’s housing stock should be in public hands, but in a completely different, decentralized, democratically organized and socially mixed system serving both lower- and middle-class households. Due to these collective and democratic forms of knowledge production, the 2011 protests became a thriving social incubator and disseminator for innovative post-neoliberal policy prototypes in housing regulation.

During the initial two weeks of the protest, the Netanyahu government tried to either denounce the protesters as spoiled kids or demonize them as left-wing radicals seeking to undermine the legitimacy of the state (Amram, 2013). When it became obvious that this strategy would fail, in August 2011 Netanyahu appointed his own committee of mainstream economists headed by Manuel Trajtenberg to lend ‘an attentive ear to the protest’ (Trajtenberg, 2012: 2) and propose solutions for the social failures. However, due to the composition of the committee and its narrow agenda (restricted by the paradigm of fiscal austerity), both the analysis and recommendations remained within a

4 ‘Economist to Protesters: ‘We Don’t Live in a Magic World’. *The Jerusalem Post* 2 August 2011 URL <http://www.jpost.com/National-News/Economist-to-protesters-We-dont-live-in-a-magic-world> (accessed 08 April 2014).

5 ‘When Justice is Gone, There’s Always Force’. *Haaretz* 19 May 2012 <http://www.haaretz.com/print-edition/business/when-justice-is-gone-there-s-always-force-1.419450> (accessed 14 November 2013).

neoliberal rationality. While the protesters argued that the market was the problem, the final report of the Trajtenberg Committee co-opted their social justice language into market solutions (Ram and Filc, 2012). With regard to housing policies, the report suggested increasing the overall supply of apartments, encouraging the construction of long-term rentals and offering higher rent allowances (Trajtenberg, 2012: 39). According to one of the heads of the above-mentioned alternative commission, the establishment of the Trajtenberg Committee was a 'brilliant move on part of the government' (interview) because the social movement was, from then on, losing the initiative and public support.

Beyond the successful state strategy to co-opt the movement's language, various other factors led to its continued decline until October 2011. A number of studies explain the swift abatement of the Israeli tent protest, focusing on its overly inclusive catch-all approach (Alimi, 2012), the crisis of representation within the movement due to the lack of a democratically legitimized leadership (Schechter, 2013), the inexperience of its young organizers (Amram, 2013), the absence of radical anti-capitalist critique (Gordon, 2012) and the failure to build an organizational infrastructure independent of established political institutions (Ram and Filc, 2012). Apart from its own failures, the movement was also vanquished, according to Grinberg (2013), because it had been partly co-opted by the established center-left parties that absorbed some of its most recognized leaders. In addition, it was undermined by the omnipresent security discourse and ultimately repressed by the use of police force, notably in the summer of 2012 when some protesters tried to revive the tent movement (Grinberg, 2013; Schechter, 2013).

The resulting 'political vacuum' (Schechter, 2013: 277) created by growing public disillusionment was quickly filled by newly prominent politicians such as Yair Lapid and his secular centrist party (Yesh Atid), that won 19 out of 120 seats in the parliamentary elections of January 2013. After having promised to represent the protesters' middle-class interests during the election campaign, Yair Lapid and his newly created party are now considered 'bitter disappointments' (*ibid.*) because, on joining the Israeli government in March 2013, they did not push for a fundamental change in socio-economic policies. By appointing Yair Lapid as finance minister, the Netanyahu government was able to assuage some of the social unrest of 2011 without having to alter the neoliberal rule regime. While all observers, academics, journalists and activists agree that the Israeli social protest has propelled an important shift in public and media discourse, pushed forward post-neoliberal policy prototypes, legitimized criticism of socio-economic policies, strengthened the position of critical NGOs, think-tanks and unions, and led to various regulatory experiments (OECD, 2013), it did not trigger any restructuring of the neoliberal rule regime so firmly entrenched since 1985 (Alimi, 2012; Amram, 2013; Swirski, 2013).

Towards a post-neoliberal mode of housing regulation?

Given a radical shift in public discourse and knowledge production on the one hand, coupled with a stable neoliberal rule regime on the other, the main question to be analyzed here is: in what sense has the Israeli social protest led towards a post-neoliberal transformation in housing regulation? Without destabilizing the rule regime, was the movement nevertheless able to generate non-neoliberal regulatory experiments that may in the long run lead to a post-neoliberal situation? To answer this question, the political struggles over regulatory experiments in housing policies that have emerged since the beginning of the protest movement in 2011 are examined. In so doing, the focus is put on new planning institutions, rent regulation, public housing initiatives and new affordable housing programs on the national scale, where—in the Israeli case—most regulatory power, legal instruments and financial resources are concentrated. All of them are scrutinized for indications that point to a post-neoliberal shift towards decommodified housing provision.

– The government's solution: expand the housing supply

By the end of July 2011, after two weeks of mass protest, Prime Minister Netanyahu finally acknowledged that 'the housing crisis in Israel is a real problem'.⁶ In contrast to the protesters, it was not for him the neoliberalization of housing regulation that caused the crisis, but rather 'government bureaucracy' in the planning process and a lack of competition in the land market due to the 'government monopoly' (*ibid.*) exercised by the Israeli Land Administration (controlling 93% of the land in Israel).⁷ As Netanyahu stated: 'In a place where there is no competition, prices are high. The highest prices are not on yogurt, or cheese, but in housing and that is where the government-held cartel needs to be cracked. We have a very small country, but we have made it even smaller because we have a multi-year government monopoly which makes our planning processes the slowest in the world'.⁸ As this policy approach was also endorsed by the Trajtenberg Committee, the government pushed forward with reforms that had effectively already been underway since 2009, with an aim to 'shorten, streamline, simplify and speed up the processes of planning in Israel' (Hananel, 2013: 1617).

Accordingly, as one of the central components of Netanyahu's housing reform plan from July 2011, the National Housing Committees Bill (NHC) became law in August 2011. Because it was presented in the Knesset as an emergency law, it has a limited lifespan and must be extended every 18 months. Essentially, the NHC sought to bypass the usual urban planning bureaucracy by setting up fast-track national housing committees in each of Israel's six regions (parallel to the existing regional and local planning bodies) in order to accelerate the process of approving new building projects. Environmentalists as well as activists from the Israeli social protest, however, were highly critical of this plan, demanding repeal of the NHC, arguing that it would only 'help building contractors and wealthy businessmen', not 'the people of Israel'.⁹ Although the fast-track planning bill specifies, as a concession to the protest movement, three new instruments to include affordable housing—defined as (1) small apartments of up to 75 m² to be sold on the free market, (2), long-term rentals without any kind of market-price intervention, and (3) long-term rentals below market rates—none of these has been made mandatory (Coalition for Affordable Housing, 2012).¹⁰ As a result, the NHC law has led to the construction of almost 25,000 housing units, though 'none fall under the category of "affordable"',¹¹ as 'not a single National Housing Committee used its authority to designate land for affordable housing' (ACRI, 2012: 64). According to a critical urban planner from Bimkom,¹² this 'law is in fact a big failure' because it 'helped to build more housing', though 'many times it is expensive, luxury housing' and 'none of it is public or affordable housing' (interview). In December 2013, the Knesset extended the law a second time, but (in a departure from the previous version) included an important amendment making affordable housing mandatory for every future NHC plan.

6 'Netanyahu Announces Housing Initiative'. *Haaretz* 27 July 2011 <http://www.haaretz.com/print-edition/news/netanyahu-announces-housing-initiative-protest-leaders-in-central-camps-reject-plan-1.375440> (accessed 20 October 2011).

7 According to the fundamental principles of national land policy formulated at the first Zionist Congress in Basel in 1897, 'land acquired as collective property of the Jews ... could not be sold or transferred to private owners, but ... could be leased for 49 years' (Hananel, 2013: 1613). Since the 1970s, various initiatives weakened this principle and led to a broadening of the terms of leasehold contracts, making them almost identical to private ownership. Nowadays, the Israeli Land Administration still controls 93% of the land in Israel and usually leases it to those private developers offering the highest bid.

8 'Netanyahu to Unveil Plan for Easing Housing Crisis'. *Haaretz* 26 July 2011 <http://www.haaretz.com/print-edition/news/netanyahu-to-unveil-plan-for-easing-housing-crisis-1.375249> (accessed 17 March 2012).

9 'Netanyahu Announces Housing Initiative'. *Haaretz* 27 July 2011 <http://www.haaretz.com/print-edition/news/netanyahu-announces-housing-initiative-protest-leaders-in-central-camps-reject-plan-1.375440> (accessed 20 October 2011).

10 The inclusion of a binding obligation is essential because regional and local authorities are often only interested in attracting the so-called 'stronger' population of wealthy upper- and middle-class households who prefer homeownership and want larger apartments.

11 'Government Housing Reform Becomes Law'. *The Jerusalem Post* 24 December 2013 <http://www.jpost.com/Diplomacy-and-Politics/Government-housing-reform-becomes-law-335950> (accessed 07 January 2014).

12 Bimkom is a non-governmental organization formed in 1999 by a group of planners and architects to strengthen democracy and human rights in the field of spatial planning and housing policies.

As a result of constant criticism from housing activists and NGOs lobbying Knesset members, at least 25% of all apartments receiving fast-track approval must now be affordable. Still, given that the committees can choose between the three options mentioned above, they will most likely include only small apartments in the majority of cases, as this is the most profitable option for private developers. In this way, even mandatory inclusion of affordable housing will not lead to a significant intervention in market prices. Nevertheless, and although small apartments can still be quite expensive (depending on location), most urban planners supporting the protest movement agree that the amendment is at least one small victory in the long struggle for affordable housing.

In February 2014, another national planning committee was established on the initiative of Finance Minister Yair Lapid. This new planning body has unprecedented authority to approve large-scale residential construction, as it is allowed to ignore existing regional master plans, does not need the city's permission to build and offers no possibility of appeal. This 'high-speed detour around the regular zoning and approval process'¹³ has met with strong opposition from governmental and non-governmental institutions. Apart from environmental concerns, urban planners observe that: 'Building thousands of homes without considering regional infrastructure is like building a house without a foundation' (*ibid.*). For those who joined the Israeli social protest in 2011, resisting this super-fast-track planning body is even more essential. For instance, a co-founder of the Rothschild protest camp argues that setting up a 'super committee' means 'that there is no planning process' and that 'big money goes to big companies' (interview). In a similar vein, a political activist from the City for All grassroots alliance agrees that 'the logic behind it is to give another gift for the rich in Israel' (interview). From this perspective, it is fair to say that the government co-opted the protest by using its language, implementing something that runs completely contrary to the demands and visions of the protest movement. As a housing expert from the Association for Civil Rights in Israel (ACRI) puts it: 'the government was still trying to react to the social protest with its own old tools and way of thinking that housing is a commodity and all we need is just more units ... So they used the social protest to advance more of the same. And the social protest really wanted something completely different' (interview).

– No intervention in the private rental market

The housing market in Israel is dominated by homeownership, with 67.9% of all residents residing in their own homes while only 26.9% are tenants in the private rental market (Central Bureau of Statistics, 2012).¹⁴ Rental housing has never been a state-supported housing option, both for nationalistic reasons, based on the idea of 'rerooting Jews in the homeland and producing loyal citizen-subjects' (Allweil, 2012: 52; see also Carmon, 2001), and neoliberal rationalities, encouraging homeownership as an asset-based welfare system (Benchetrit and Czamanski, 2009). As such, when it comes to the regulation of the rental market, Israel is 'one of the only countries in the developed world in which the state does not intervene at all in the terms of the rental contract, the level of rent, or the frequency that it is raised' (ACRI, 2008: 3; Hemmings, 2011).¹⁵ Certainly in urban regions where demand exceeds supply, the absence of tenant-protection laws exposes renters to sharp price increases and insecurity of tenure (ACRI, 2011: 68). In this context, renting an apartment is not usually a question of choice but rather the only option left to low-income households excluded from the mortgage market (ACRI, 2008: 8). In Tel Aviv, however, the situation is different: expensive housing renders

13 'Bank of Israel Admits that Low Interest Rates are Raising Home Prices'. *Haaretz* 4 February 2014 <http://www.haaretz.com/business/real-estate/1.572304> (accessed 20 February 2014).

14 Israel's rental market is characterized by the absence of large institutional investors and a preponderance of small private landlords.

15 The Tenant Protection Act is an exception. This dates back to British Mandate days, but was amended in 1972. Nowadays it is only applied to a marginal sector of the housing market (probably less than 2% of the total).

homeownership out of reach even for young middle-class households, meaning that a slender majority of 46.4% (compared to homeowners, who constitute 45.6%) rent on the private market (Central Bureau of Statistics, 2012).

Because of the high degree of insecurity and tenants' weak bargaining power, the private rental market does not represent an attractive alternative to homeownership. Thus, the protest movement demanded tenant-protection mechanisms that would limit rent increases and provide some security of tenure. In 2011 these demands were picked up by four opposition members of the Knesset, who presented a bill to introduce a 'ban on raising rent within a year of signing a contract, and limiting such hikes to the cost-of-living index plus five percent'.¹⁶ Due to fierce resistance from the Netanyahu government, and lobbying from the building and construction industry, the ruling coalition rejected the bill each of the four times it was brought to the Knesset, arguing that it would unjustifiably interfere with free-market forces. For instance, Justice Minister Yaakov Neeman explained 'that this bill puts an unreasonable limitation on the freedom to willfully enter a contract and harms ownership rights in an unreasonable manner. I want to emphasize: every interference in the market ultimately harms the weak population' (*ibid.*).

In sum, every request by the protest movement and opposition members of the Knesset to introduce tenant-protection mechanisms limiting the commodity character of rental housing has been refused by the government's parliamentary majority, which rejects any intervention in market forces. According to the dominant neoliberal rationality, any kind of rent control has to be avoided at all costs because it violates private property rights, acts against the natural order of supply and demand, and is contrary to the general interests of both private landlords and the low-income renters the bill is supposed to protect.

– Public housing versus rent allowances

Since the establishment of the State of Israel, public housing policy has been a key instrument for achieving the three national goals of 'maintaining security, absorbing immigrants, and achieving a decent standard of living' (Carmon, 2001: 182). Unlike most public housing programs elsewhere in the world (Harloe, 1995), Israeli public housing policy has also always been shaped by a specific ethno-national logic of control—expanding 'spatial Judaization' to frontier regions abutting with an Arab majority (Tzfadia, 2006).

From its foundation until 1964, the state acted as a major provider of housing, responsible for more than 70% of all residential construction (Carmon, 2001: 183). As a result, by the late 1960s 206,000 public housing apartments were managed by the Amidar public housing company (Rolnik, 2012: 4) while government-initiated construction numbers were twice as high. The high level of public construction and the relatively low rate of public ownership are due to the fact that about half of the apartments built by the state were earmarked for sale at a discount to long-term tenants (Marom, 2011: 5). Up until the 1980s, the ratio of public housing construction fell gradually to 20%, which in turn gave rise to a more active private market (Carmon, 2001: 183). Even so, this public building trend was revived temporarily in the early 1990s when the Ministry of Construction and Housing built some 103,000 apartments (50% of total residential construction) to house immigrants from the former Soviet Union and Ethiopia (more than 800,000 in all) who arrived in Israel between 1990 and 2000 (Benchetrit and Czamanski, 2009). Despite this short-term revival, the construction of new public housing units has been almost completely suspended since the late 1990s.

16 'Rent control? Not in Israel'. *Haaretz* 26 December 2012 <http://www.haaretz.com/news/national/rent-control-not-in-israel.premium-1.490018> (accessed 20 July 2013).

During the 1990s, the number of public housing apartments sold to long-term residents declined from 6,000 units per year at the beginning of the decade to a mere 370 in 1998 (Dadon, 2000: 10). The slowdown of privatization was due to the fact that the remaining public housing tenants, the most impoverished and weakest strata of the Israeli society, were unable to buy their apartments, even when heavily discounted (Marom, 2011: 6). To reverse the slowdown in apartment sales, a bill—the Public Housing Bill—presented by the left-wing Meretz Party became law in 1998. This effectively increased the discount to 85% of value to allow public housing residents to acquire ownership of their homes, and specified that the income generated from these sales was to be used for the construction of new public housing. However, successive governments have frozen the full implementation of this legislation—the Ministry of Finance has objected to the earmarking of state income for public housing construction ever since. As a result, the state sold more than 33,000 dwellings at a discount between 1999 and 2010 (Hemmings, 2011: 23), but rarely used the resources generated to replace public housing units. As reported in the press,¹⁷ successive governments have sold off apartments to the tune of ILS 2.75 billion, yet only 7.5% of this money has been reinvested to maintain, construct or buy new housing units. While state-owned housing stock constituted 206,000 units (or 23% of the total number of apartments) in the 1960s, and stood at 107,000 units in 2000, it had decreased further to only 63,500 units (or less than 2% of all apartments) by 2011 (ACRI, 2011: 69). Although the eligibility criteria has tightened over time, there were 2,340 families eligible for public housing registered on the waiting list in 2012—some of whom have waited for more than 8 years.

Given these unacceptable statistics, revitalization of public housing has been one of the main demands of the protest movement, especially among activists from low-income working-class backgrounds. Due to pressure from the Israeli protest, the Netanyahu government agreed, 14 years after the Public Housing Bill became law, to finally fully implement the legislation—albeit with an important modification. To secure the support of Finance Minister Yair Lapid, the revenues from future privatization deals (the plan being to sell yet another 15,000 apartments over the next 5 years) are not to be earmarked for public housing construction. Instead, they will accrue to the general budget of the Ministry of Construction and Housing, and will be used mainly for rent allowances. This amendment was heavily criticized by, among others, the opposition Labor Party leader Shelly Yacimovich, who claimed that this change was 'harmful and obtuse' because it 'dries out and destroys the Public Housing Law' (*ibid.*).

In reaction to the Israeli social protest, Ariel Atias, a former housing minister of the ultra-Orthodox Shas Party, announced another bill aimed at increasing public housing supply. In contrast to traditional state-initiated construction, private developers would be obliged to allocate 5% of all units in new-builds to public housing, in exchange for government benefits (ACRI, 2012). Though the bill was presented 'by 32 Knesset members [out of 120] from every faction and had the support of the Housing and Construction Minister' (ACRI, 2012: 63), it was opposed by the government and rejected in July 2012, mainly due to pressure from the Ministry of Finance. Eran Cohen, a senior executive of the Amidar public housing company, complained: 'We're caught in the middle. On the one hand we have a terrible shortage of housing, while on the other we have the treasury [Ministry of Finance] that thinks the entire public housing issue is an obsolete project'.¹⁸

17 'Where did Funds Earmarked for Public Housing Go?' *Haaretz* 12 December 2012 <http://www.haaretz.com/news/features/social-network-where-did-funds-earmarked-for-public-housing-go.premium-1.484223> (accessed 10 August 2013).

18 'When Justice is Gone, There's Always Force'. *Haaretz* 19 May 2012 <http://www.haaretz.com/print-edition/business/when-justice-is-gone-there-s-always-force-1.419450> (accessed 14 November 2013).

Apart from the dominance of the Ministry of Finance, there are three explanations for the obstacles to securing public housing legislation aimed at increasing supply for low-income households. First, the lower social strata (who also took to the streets in 2011) are poorly represented in the Knesset among those actively engaged in the issue of public housing. Those who lobby for public housing belong mainly to leftist opposition parties like Hadash and Meretz. On the side of the ruling coalition, there is only one member of the Knesset pushing for public housing, but her influence is, according to a critical housing expert from Bimkom, 'limited' as 'none of the ministers agree with her' (interview). Also, the more successful political struggle for affordable housing as a middle-class solution has been strictly separated from the public housing option aimed at the poorest strata of society. Thus, the lower classes have lost most of their capacity to merge their struggle with more powerful middle-class interests.

In addition, despite the protests of 2011, most politicians and decision-makers still subscribe to the neoliberal mindset that prefers more market-friendly approaches (like rent allowances and tax breaks) to public housing solutions. In the words of a former member of the Trajtenberg Committee: 'Personally, I do not believe in public housing because for me the government is not supposed to build houses. I don't want my taxes to go to build houses' (interview).

Beyond neoliberal tropes against intervention in housing markets there is also a nationalistic motive, linked to the settlements in the Occupied Palestinian Territories (OPT). As most settlers do not move to the West Bank so much for ideological reasons, but instead due to the significantly lower housing costs in state-sponsored suburban communities (Feige, 2009: 182; Allegra, 2013), sustaining the settlement project means that West Bank housing prices must be much cheaper than prices within Israel. Politically, this spatial price differential is assured by means of a double-edged sword that gives, on one edge, subsidies and public incentives to settlements in the OPT (Allegra, 2013: 503)¹⁹ and, on the other, free-market solutions and their resultant high housing costs passed onto those living inside the State of Israel. Although the protest movement of 2011 avoided discussing the occupation (fearing loss of mass support), political activists struggling for public housing are fully aware of the connection between high housing prices in the center and the settlement project: 'sometimes, they [the government] are saying we can build public housing but only in the settlements. If you want lower prices, don't live in the center' (interview). In other words, the settler movement has no interest in reducing the cost of living in the Israeli heartland. Since the settler movement's political party (The Jewish Home) joined the Netanyahu government in 2009 and secured the housing minister portfolio in 2013, it has become even less likely to support state intervention in the housing market (at least beyond the OPT).

RENT ALLOWANCES AS AN ALTERNATIVE TO PUBLIC HOUSING

Rent assistance has become the main model for providing public support to low-income Israelis. In 2007, for instance, about 140,000 eligible families received assistance in rent payments ranging between ILS 600 and ILS 1,200 per month (ACRI, 2008: 13). This suggests that about 45% of the private rental market is actually subsidized by the government (Marom, 2011: 6). Yet the rent allowance system was, even before the social protest, strongly criticized because rent assistance is not enshrined in law, has not kept

19 The vast majority of settlers (385,000 out of a total settler population of 465,000) live in large suburban communities which form part of the metropolitan expansion of the Jerusalem and Tel Aviv region (Allegra, 2013: 506). In contrast to settlements in more remote areas of the West Bank, these attractive communities offering a high quality of life have grown rapidly in recent decades because of the influx of non-ideological commuters looking for better and more affordable housing opportunities. Due to artificially low land prices and generous financial backing from the government (e.g. incentives to developers, state allowances for mortgages, and subsidies for security-related and other infrastructure services), the Green Line (pre-1967 border) acts 'as a boundary of "price discontinuity" of land prices, thereby creating new incentives for Israelis to move to bedroom communities in the periphery' (*ibid.*: 511) of the metropolitan regions.

up with dramatic rental price rises and has in fact been reduced as part of major changes in the government budget. In 2002, for instance, rent assistance was cut across the board by 4%, halved for new applicants and cancelled for those aged between 45 and 54 (ACRI, 2008: 13; Rolnik, 2012: 5).

Due to the Israeli social protest, the further dismantling of public housing described above was accompanied by an increase in rent allowances to a maximum of ILS 3,000, as recommended by the Trajtenberg Committee. However, the increase in rent assistance does not affect the large majority of households receiving rent allowances (whose number had increased to 147,000 by the end of 2013), but only those 2,400 families eligible for public housing and registered on the waiting list. Given this, a housing expert from the human rights organization ACRI estimates that 'only 4% of the people who are entitled get actually the ILS 3,000. Most of them get under ILS 1,000' (interview). A public servant from the Ministry of Construction and Housing confirms this estimate, as the average rent assistance equals 'ILS 700, not more' (interview). Therefore, critical housing experts condemn the fact that the government still prefers 'the privatization model in which—in place of public housing—the state gives financial assistance to eligible applicants to rent a home in the private market' (ACRI, 2012: 63). In doing so, the state does not, however, provide sufficient rent allowances to ensure the right to housing for low-income households, and has not created a mechanism that links assistance to real and rising rent levels. Beyond that, public housing activists argue that, due to the dramatic lack of supply, the increase in assistance will only lead to increasing rent prices and windfall profits for private landlords.

In sum, despite constant pressure from public housing activists, every potential post-neoliberal regulatory experiment focused on the partial decommodification of housing and directed at the housing needs of the poorest strata of society has been blocked by the ruling coalition, which is heavily influenced by neoliberal rationalities and represents the interests of profit-seeking real estate capital.

– Affordable housing under a neoliberalized land regime

Following the 2011 protest movement, the term 'affordable housing' became much more popular in both public and governmental discourse. While affordable housing had previously only been discussed at the local scale in Tel Aviv (Marom, 2011) and Jerusalem, the national government has adopted this language, and has even suggested potential planning instruments (see below). Though this more market-friendly approach is supported by many more policymakers than the public housing option, it has repeatedly been blocked, slowed down and diluted. Affordable housing policies meet the strongest resistance from an enormously powerful Ministry of Finance dominated by free-market liberals, while bureaucrats from the Ministry of Construction and Housing have become more open to small-scale market interventions. In this scenario, the Israeli government defines affordable housing not by using a housing expenditure-to-income ratio (as in most international contexts—see Hulchanski, 1995), because this definition would come with significant market price interventions. In contrast, affordable housing is either defined by size (which means apartments smaller than 80 m²) or as rental (mostly at, but in rare cases also 20% below, market rates).

Beyond ideological tropes, affordable housing, and especially market price interventions, are avoided because they are associated with diminishing potential ground rents and decreasing land values, resulting in a shrinking public purse (dependent as it is on property taxes and the marketing of state-owned land). Considering this, an expert from the Ministry of Construction and Housing argues that the 'minister of finance knows that if we make those kind of tenders [for affordable housing instead of for the highest bid] he will get lower revenues from the land. So he resists this solution. He controls the finance. If he doesn't sign, nothing happens' (interview). A debate between Bimkom

and state representatives illustrates this conflict. As the price of land makes up (at least in central Israel) 'about 50% of total housing costs', Bimkom suggested to 'give [state-owned] land for free' (interview) to realize affordable housing at rents far below market level. However, government officials 'were very shocked by this proposal', arguing that 'the state is losing money' (*ibid.*). Due to this underlying contradiction between the struggle for affordable housing (which is partially supported even by the Ministry of Construction and Housing) and public finances that rely to a significant degree on the appropriation of ground rent, affordable housing programs (in contrast to public housing) do indeed exist, but only in marginal numbers and only as middle-class solutions. As a result of the existing power relations between the housing and finance arms of government, a significant decrease in land values (and by extension housing prices) as a political initiative is very unlikely given the opposition from the (far more powerful) Ministry of Finance.

Thus, the affordable housing programs explained in more detail below will not, according to a non-governmental housing expert from Bimkom, 'reach the prices that poor people can pay' (interview) and will leave the lower classes without a solution. In this respect, the majority of middle-class protesters (well represented in the Knesset) made at least small gains, but only by withdrawing any solidarity with their former allies from the lower classes. In sum, the term 'affordable housing' has been coupled with a set of policy instruments aimed at alleviating the housing plight of middle-income groups within the strict confines of a privatized housing market. As such, the potential for post-neoliberal regulatory experiments based on affordable housing programs is quite limited and further restricted by resistance from the Ministry of Finance.

SMALL APARTMENTS IN BUYER'S PRICE TENDERS

The vast majority (93%) of Israeli land is publicly owned and managed by the Israel Land Administration (ILA), and is leased out (usually to the highest bidder). In response to the 2011 protests, the Ministry of Construction and Housing established a new tender framework called 'buyer's price', with Housing Minister Ariel Atias promising that: 'No longer will state land be a source for profits, but rather it will serve the citizens and help to close social gaps'.²⁰ In accordance with this framework, sites selected by the Ministry of Construction and Housing are not to be marketed in bidding wars, instead being assigned to those developers offering the lowest price per square meter to final consumers in respect of a specific portion of small apartment units.

When the ILA approved the buyer's price program in January 2012, the fiercest dispute arose over the question of who would be eligible to buy the small apartments—this focused not on class or income, but on religious and national identity. While the Shas Party ultra-Orthodox Minister of Housing Ariel Atias tried to implement years of marriage and number of children as eligibility criteria, thereby privileging religious households, national right-wing coalition partners fought to include criteria that would prioritize military service, thus discriminating against the ultra-Orthodox population and Arab-Palestinians living in Israel. Accordingly, a compromise was reached in early 2012 that gave priority to years of marriage, number of children and army service. Then, after the 2013 elections, the secular-liberal Yesh Atid Party joined the Netanyahu government while the ultra-Orthodox Shas Party was forced out of the coalition. As a result, many provisions that aided the ultra-Orthodox community were scaled back, while fulltime work participation became mandatory to (in the words of Housing Minister Uri Arie) 'put the working man [which means not the ultra-Orthodox man] in the center'.²¹

20 'Who Decides Who Gets Cheap Housing in Israel?' *Haaretz* 11 August 2011 <http://www.haaretz.com/print-edition/news/who-decides-who-gets-cheap-housing-in-israel-1.378067> (accessed 7 September 2011).

21 'Housing Cabinet Shrinks Haredi Benefits'. *The Jerusalem Post* 1 July 2013 <http://www.jpost.com/National-News/Housing-cabinet-shrinks-haredi-benefits-318365> (accessed 8 February 2014).

Beyond disputes over eligibility criteria, NGOs working on housing and planning issues criticize, above all, the limited quantity of 'only a few thousand units' (interview) provided by the end of 2013. This estimation was confirmed by a bureaucrat from the Ministry of Construction and Housing, who agreed that 'only a small amount' is put out for buyer's price tenders every year, probably about 'a couple of hundreds or thousands of apartments' that 'doesn't help to reduce the whole housing prices in Israel' (interview).

LONG-TERM RENTAL HOUSING

Despite a number of tax breaks approved by the Israeli government in 2006, investments in rental housing are not profitable enough to attract private investment on any significant scale. Due to their low returns compared to other housing investment opportunities, only a couple of hundred rental apartments have been developed annually in Israel between 2005 and 2011.²² To strengthen the private rental market, newly appointed Minister of Finance Yair Lapid proposed an ambitious plan in May 2013 to build 150,000 long-term rental apartments over the next decade, using the super-fast-track planning route. These apartments are labeled automatically as affordable housing because rental housing is, by definition, affordable according to Israeli housing regulation. Since this does not necessarily mean that the rent level will be within the means of young middle-class families, the Ministry of Construction and Housing demands that at least 25% of each rental housing development be set aside at 20% below market rates.

One of the main obstacles in the rental housing plan is that it relies on the initiative of profit-seeking private developers. In the Israeli context, private investors usually avoid rental housing because they will, according to an expert from the housing ministry, 'lose about 50 or 60%' of the profits that they would earn simply selling the apartments 'on the first day' (interview). To ensure the success of the program and to make rental housing profitable enough, the government has therefore been forced to create a number of additional subsidies to assure and increase profitability for private developers, who are only willing to invest in rental housing if the profit rate is comparable to alternative investment opportunities. These measures include reduced land prices, further tax breaks, the opportunity to sell apartments on the open market after 20 years and a minimum profit guarantee of at least 2%.

In this scenario, critical urban planners and housing activists expect that the amount of rental housing available below market rates will be very limited because any such situation would further increase the subsidies needed to guarantee at least the average rate of profit. This contradiction between the wish to guarantee the *de facto* affordability of rental housing for future middle-class tenants and the need to guarantee profitability for investors was best expressed by a public servant from the housing ministry: 'If you force them [the private investors] to include apartments at below-market rents, the question is how to make it affordable but also economically sustainable. It is crazy. It is already too complicated now [without below-market rents]. To make it even more complicated is not what we want at this time. This is a dilemma' (interview).

To conclude, a planned housing program focusing on institutional long-term rental housing is a significant change and step forward in itself, as housing policy in Israel used to focus on homeownership, leaving those excluded from real estate and mortgage markets without any reasonable solutions in terms of security of tenure. However, as interventions in market prices will be very limited, the rental housing program will only benefit middle-class households as rent levels remain out of reach for low-income families. Beyond that, due to its market approach and dependency on

22 Ministry: it Doesn't Pay to Build Rental Apartments. *Haaretz* 22 August 2011 <http://www.haaretz.com/business/ministry-it-doesn-t-pay-to-build-rental-apartments-1.379948> (accessed 7 September 2011).

profit-seeking private capital, huge public financial commitments are needed to make the program economically sustainable.

Conclusion

In light of an increasingly ambivalent sense of the significance of urban movements in bringing about social change (Castells, 1983; Künkel and Mayer, 2011; Uitermark and Nicholls, 2014), and building on the heuristic framework developed by Brenner *et al.* (2010), this article has shown that the Israeli social protest of 2011 was indeed an important catalyst in promoting regulatory experiments in housing regulation, did advance post-neoliberal forms of knowledge production focused on the de-commodification of housing and made significant progress in its struggle for hegemony in civil society. However, the movement was unable to challenge the Israeli version of a rule regime of neoliberalization in the realm of housing. Therefore, all experiments in housing regulation had to remain within a narrow framework, as all of them could not break with two key neoliberal principles. These are, again: that housing should be a commodity provided by profit-seeking investors in a private and liberalized market; and that state-owned land is generally treated as a profit machine for public finance.

As public finances are, in the Israeli case, significantly dependent on the appropriation of ground rent (Harvey, 1982 [2006]) through property taxes and the marketing of state-owned land, state elites, especially from the Ministry of Finance, have no interest in decreasing land values and, consequently, housing prices. Against all demands raised by the protest movement, these two basic principles—the commodity character of housing and the neoliberalized land regime—have been guaranteed and shielded by the structural power of the national rule regime formed predominantly by the most powerful and most neoliberalized state apparatuses. The protest movement gained substantial ground, for instance, in reshaping and influencing the policies of the relatively weaker Ministry of Construction and Housing. However, it did not challenge the commodity character of housing, the structure of the Israeli land regime and the predominance of the Ministry of Finance. Following the terminology of Leitner *et al.* (2007), the Israeli social protest was co-opted, in that its language, imaginaries and innovations were incorporated to modernize the existing neoliberal housing regulation. As a result, the actual impact of these regulatory experiments on market prices and rent levels will be very limited, and the only people likely to benefit will be the middle classes.

To explain why the broad post-neoliberal shift in public discourse and knowledge production is not reflected in a destabilization of the neoliberal rule regime, the heuristic framework developed by Brenner *et al.* (2010) could benefit from insights drawn from materialist state theory. In particular, concepts focusing on the materiality and strategic selectivity of the state seem to be useful for a deeper understanding of the stability of large-scale institutional arrangements. Although a detailed analysis is beyond the scope of this article, some general arguments can be made to guide further investigations. After decades of comprehensive neoliberalization, the ‘specific material condensation’ (Poulantzas, 1978: 129) of business-class interests and neoliberal rationalities within the state apparatuses in Israel is much harder to overcome because of the institutional inertia of the state system as a whole. Moreover, the resultant ‘strategic selectivity’ (Jessop, 2008: 36) favoring neoliberal policies can reveal why post-neoliberal regulatory experiments and forms of knowledge production pushed forward by the Israeli social protest were blocked or reformulated as soon as they entered into the site of the state. Thus, urban social movements struggling for a post-neoliberal mode of (housing) regulation have to think more about strategies to challenge the large-scale institutional arrangements that shape the potential pathways of regulatory experiments. This could be a worthwhile endeavor because of the unlikelihood that the rule regime of neoliberalization in Israel, after having lost its hegemonic consensus, can permanently

rely merely on the institutional inertia of the state without making any serious material concessions to the middle and lower classes, whose living conditions have assuredly not improved since 2011.

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