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Review and Recommendations

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REVIEW AND RECOMMENDATIONS

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I. INTRODUCTION

The 1976 Update of the Israel Shelter Sector Report* on housing in Israel contained a number of recommendations for improvement in the system of publicly-assisted housing. One 1976 recommendation dealt with the problems of maintenance of the publicly-assisted housing stock. G.O.I.** officials responded to this recommendation with a request to A.I.D. (Agency for International Development) for further assistance on this particular problem. Accordingly, the writer visited Israel in September 1977 to review the present status of housing maintenance and to prepare a series of recommendations dealing with housing maintenance. This report is the outcome of the field study. It contains a series of recommendations for housing maintenance in Israel.

In response to a very dynamic need and limited resources, the G.O.I. has developed a very effective and impressive national housing program by any international standard.

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* Agency for International Development, Office of Housing Guaranty Program, Washington, D.C., 1976.
** G.O.I. Standards for Government of Israel.

Both the character and content of the G.O.I. housing program developed in a unique economic, social and political setting. For those unfamiliar with the G.O.I. housing program and its social and economic context, the findings and conclusions contained herein may appear to be outside of a "normal" housing context. Those not familiar with the dynamics of the G.O.I. housing program can obtain an overview of the current national housing program by referring to the 1976 report.

Previous reports prepared by A.I.D. and other sources on the national housing program of the G.O.I. have generally focused on the dynamics of housing production. Until very recently, the overriding objective of the G.O.I. housing program was to provide adequate housing for all citizens, both newcomers and "veterans" (already established residents). Given this overriding priority, there has been relatively little information available about the maintenance of the housing stock. To fill that gap, this report describes the history and structure of housing maintenance.

II. BACKGROUND OF HOUSING MAINTENANCE IN ISRAEL

The history of housing maintenance in Israel spans only forty years. Until the early 1930's nearly all of the housing produced in Israel (then Palestine) consisted of housing in collective agricultural settlements, private homes, and small-scale multi-family condominiums in newly developed urban areas. None of these housing solutions during the time of the British Mandate generated economic or political demands for a modern system of organized housing maintenance. The first significant amount of rental housing was built in response to an immigration from Europe of a middle-class population who were used to and wanted rental housing. As a consequence, rental housing was built and some early form of housing management followed in the wake of that activity. When War World II stopped the flow of this immigration, the demand for rental housing diminished and local rent control began. The rent control program under the British Mandate quickly changed an embryonic rental housing industry into a "key money" system and eliminated housing maintenance as an economic function. In retrospect, a

major side effect of this change in private housing tenure was virtually to prevent the development of a corps of professionals trained in housing maintenance. By comparison, in the United States the present system of housing maintenance, whether public or private, began in the private rental housing system of the 1920's.

A second major event to affect housing maintenance was the overwhelming immigration to Israel that began in 1948.* The priorities of those years were 1) to give each family shelter and, 2) to distribute the population in the undeveloped parts of the country.

Given the overwhelming pressures of this wave of immigration and the lack of economic resources of both the State and the immigrants, the housing solution at that time depended on temporary, State-owned rental housing. It was assumed that the temporary housing would be replaced in time by standard housing and that the standard housing would be owned, in some manner, by the occupants. But many families found it impossible to achieve a standard of living that allowed for housing ownership. So the temporary housing lasted virtually thirty years and gave rise to a

* Statistical detail can be found on Table V/1 -- Statistical Abstract of Israel, 1976, C.B.S. Jerusalem.

housing tenure situation which had not been foreseen or even wanted. Rental housing, with government as owner and landlord, became a major factor in the overall Israel housing program.

Also, the early governments of Israel were strongly influenced by the collective and social perspectives of the national leadership of the pre-State days. This leadership perceived that the most appropriate form of social and economic organization was some form of collective ownership. This orientation gave rise to the prevailing form of housing tenure in Israel, both past and present, the condominium or cooperative. Rental housing was not seen as a desirable system of housing tenure as it implied absentee ownership and economic exploitation. While the realities of the post-1948 days forced the national housing program to include a major rental component, such housing tenure was viewed as temporary and undesirable. As a consequence, the early system of governmental rental housing was burdened with the notion that it would eventually disappear and did not deserve the allocation of human talent and resources for the housing role it would eventually have to fill.

In the early days of the State, there were two major institutions charged with housing production -- the Housing

Department of the National Government and the Housing Department of the Jewish Agency. By 1952 the responsibility for housing was divided between these two organizations. The Ministry of Labor's Department of Housing (later to be known as the Ministry of Housing) was given the development role. The housing department of the Jewish Agency was reorganized into the present-day Amidar Company.

While there were many factors involved in this division of responsibility, two were of major importance then and of some importance even today. Housing was viewed as playing a major role in absorbing labor resources and controlling unemployment. This naturally fell within the scope of the Ministry of Labor. On the other hand, the Jewish Agency played a major role in meeting the social and economic needs of the new immigrants; Amidar provided and maintained new rental housing. As the rental organization in place, Amidar became the principal organization for virtually all rental housing

A. AMIDAR

In all likelihood there was no intent to have Amidar (the word stands for "Israel National Corporation for Immigrants, Ltd.") develop into the single largest owner of rental housing in the country. Its original

function was to organize the distribution of housing, assist in the social settlement of newcomers and administer the housing stock for immigrants. The broad, long-term policy of the government for Amidar was based on two principal assumptions. First, it was assumed that all Israelis, both newcomers and veterans, would want to and could own their own housing. The idea that there would be a large number of renters was not foreseen in terms of economic or social policy. It had also been assumed that, in time, all Israeli families would become owners of the housing they occupied. However, it turned out that not everyone wanted to be owners and, more importantly, for economic reasons, not everyone could pay for ownership. Secondly, it was assumed that the housing produced through the Department of Housing in the early years of the State would be converted from rental housing to ownership housing through the actions of the occupants. It turned out that much of the early government housing was not suitable for conversion from rental to ownership status because of its quality, size and location. Even today it has not been possible either to demolish or expand much of the housing of the 1948-1967 period. Compared to the housing built since the mid-1960's, most of this early housing consists of units of

- substandard size
- poor quality of construction
- low level of amenities
- temporary housing
- housing in substandard neighborhoods.

Given the overall poor quality of this housing, there was no reasonable possibility to convert it from rental status into ownership-type housing.and with each passing year, it becomes further removed from present housing standards. This is especially true because the government is now producing quality housing for its various programs of homeownership. Only 23,500 d.u.'s of Amidar's entire rental stock of 124,000 d.u.'s were built before 1961,* but this older and poorer stock of housing influenced the tradition of the rental housing system.

B. MAJOR ECONOMIC FACTORS

As was previously mentioned, an underlying assumption of Israeli housing policy was that eventually everyone would have the means to acquire his own housing. This has not turned out to be the case.

While various government programs to help families become homeowners have changed significantly over

* Amidar Report on Inventory, 33.3.77.

the past thirty years, all the programs leading to homeownership have had two economic characteristics in common: 1) very large downpayments and 2) rapid amortization of the outstanding balance of the loan. Thus, for a family to participate in these programs it was essential for the family to have 1) a source of capital for the initial downpayment and 2) a high enough income in the early years of the loan to commit a large percentage of family income to housing expenses. While most Israeli families have been able to meet these requirements, a significant group has not been able to do so. For a variety of reasons, there remains a significant group of lower income families who have been unable to become homeowners.* Most of these families are from the early post-1948 immigrations to Israel when the government was unable to provide subsidies to underwrite home-ownership for people with virtually no economic resources. Since the late 1960's, the necessary subsidies have been made available to new immigrants. In general, however, such programs are not retroactive, and the earlier immigrants have had to rely on their own resources for the downpayments. Since the sale of present housing is often the main source of equity for

* There are upper income families and individuals who are renters, but those groups' rents are out of choice and not necessity.

new housing or housing for one's children, an economic class has developed without the resources to enter the mainstream of Israeli housing.

While Israeli economic and social policy in the past has been designed to prevent the growth of a real low income group, such a group has in fact emerged -- even with the very significant subsidy programs that have been available. For this group, rental housing with high subsidy has been the only viable alternative.

C. HOUSING PRODUCTION VS. HOUSING QUALITY

Until now and for the next ten to twenty years, housing maintenance in Israel will be adversely affected by the goal of providing basic shelter for new immigrants and newly-formed families.

Provisions for reducing future maintenance costs were not even considered in the early days of Israeli housing. Thus today a significant proportion of the housing stock has low desirability and is often not suited for long-term use. To make matters even worse, the older housing is often found adjacent to new modern housing -- thus adversely affecting efforts to maintain these new neighborhoods and limiting the opportunity to convert the older housing from rental to ownership.

An important new factor in housing maintenance is the process of "modernization" of the pre-1967 housing stock. The word "modernization" simply means the complete rehabilitation of a unit including expansion of the living area, the number of rooms and site redevelopment. While this process was not included in the A.I.D. assignment, it directly affects the participants in housing maintenance.

There is no question that housing production is more exciting than housing maintenance. But one major consequence of the Israel priority on new production has been to focus money and human resources on building housing at the expense of maintaining it.

D. MAJOR CULTURAL FACTORS

As a consequence of Israel's extraordinary immigration period, thepresent occupants of Israeli housing (both ownership and rental housing), hold a variety of different attitudes about the function of housing. This cultural diversity has affected the development of a national system of housing maintenance.

In the United States, the outward appearance of housing is often as important as the interior. In Israel, on the other hand, there are many families who because of their cultural heritage see the exterior as

relatively insignificant compared to the quality of the inside of their dwelling unit. Most American homeowners are very aware of the importance of their homes as economic investments. For many Israelis from Eastern Europe, however, the home is not considered a major form of family savings.

To a significant degree, the level of housing maintenance is based on prevailing cultural standards. So far, Israelis have not developed a common standard for housing maintenance. For this reason it is very difficult to set a standard for housing maintenance and the related economic costs.

E. EFFECT OF THE HOUSING MARKET ON MAINTENANCE

Housing does more than provide day-to-day shelter. One of themost important aspects of housing is that of investment. With the major exception of so-called "public housing" which serves as a social investment, nearly all other forms of housing are affected by the market demand or price.

A major element in determining the price of housing is its condition at the time of sale. For private owners (in Israel -- condominium owners) a factor which should play an important role in determining the level of housing maintenance is the future

return on the housing investment. The owners of conventional rental housing respond in a similar fashion; present maintenance affects future capital gains or losses. Until the present time, housing prices in Israel have been strongly influenced by factors other than market values. Housing is used as a hedge against inflation. There is still and will continue to be an inadequate supply of quality housing at desirable locations for all housing consumers. Entrance into housing or a change in housing is not simply a function of availability or the economic resources of the buyer, but very often it is a function of one's eligibility for various government programs of housing assistance.

In a developed housing economy where lending institutions make independent decisions on housing development, thelevel of expenditures for housing maintenance is often influenced by the long-term lender. For example, in the United States, a savings and loan institution will look at an applicant's ability to maintain housing as well as his ability to meet the mortgage payments. In Israel, because of the high rate of inflation and the need for very short amortization periods, this influence by the banking institutions strongly strongly affect housing maintenance.

It is the combination of these factors which reduce the influence of housing maintenance on housing demand.

F. OTHER FACTORS

A host of other factors have influenced the current status of housing maintenance.

1. Climate

The common view of Israel's climate is that it does not adversely affect the physical condition of buildings. But the fact is that the local climate does adversely affect the housing supply. Temperatures vary greatly between day and night. Along the milder seashore areas of the country, the salt air accelerates deterioration of the exterior masonry and iron work. Much of northern Israel is in a fairly active seismic zone which directly affects the longevity of the typical masonry construction used in Israel housing.

2. Housing Utilization

Housing is heavily used in Israel. A large proportion of the population is of child-bearing age, and the large number of children in multi-family settings places an additional burden on housing maintenance.

3. Funds for Housing Maintenance

Obviously, a major element in housing maintenance in a country where most housing is privately owned is the amount of money available for maintenance out of family income. The average Israeli household is under a great financial strain. National income tax and other taxes are very high. Mandatory annual army reserve duty has the affect of reducing family income. Expenditures for the purchase of housing and household furnishings are high in the early family years. Traditional lending practices in Israel stress very rapid amortization. Secondary school education is not free in Israel and usually becomes a major family expense just at the time when housing costs are reduced through the reduction in the housing loan. The result is that when additional investment is needed for housing maintenance the funds are not usually available.

4. The Role of the Locality

All of Israel's urban areas, whether major cities or small new towns, have very difficult budgetary problems. This is due partly to the extraordinary demands that the process of development places on

a municipal budget and partly because urban areas have limited sources of income. This economic squeeze directly affects housing maintenance. Municipal authorities do not have the manpower to focus on housing maintenance. Local planning requires that forty percent of the land area of any new development be devoted to public purposes. Most Israeli towns and cities do not have the resources to maintain such extensive public land areas. Consequently, the inability of local municipalities to maintain the public areas adjacent to private housing creates problems for the maintenance of the privately-owned spaces. In addition, it is difficult to convince private (or even semi-public) housing organizations to carry out housing maintenance when the adjacent public spaces are not and often cannot be maintained.

H. IMPLICATIONS

The above description of the influences in housing maintenance is only a summary. Given the unique housing setting in Israel it follows that any improvements and changes to the part of the system that provides maintenance must be developed locally. American or western European solutions, concepts and systems developed from

very different historical, physical, economic, social and political circumstances. To borrow answers from foreign experience would be inappropriate. Even worse, simplistic adoption of other experience in this field could seriously hinder the development of Israel's own solutions. Therefore, recommendations and suggestions made in this report are to be viewed as stepping stones to the development of an Israeli program of housing maintenance.

I. PRESENT EFFORTS BY G.O.I. TO IMPROVE HOUSING MAINTENANCE AND MANAGEMENT

1. An Overview

As outlined above, the historical concern of government has been to provide some level of adequate housing for all citizens. Thus, until recently there has been a relatively low priority assigned to housing maintenance and management. However, recently there has been a growing concern about questions of maintenance and management. This concern has expressed itself in two major ways -- an evaluation of Amidar and concern about the private housing management systems.

Within Amidar there is an internal movement directed at examining the organizational structure

and its activities. This movement has been sponsored by the Board of Directors and senior personnel.

There has been increasing public concern about the operation of private housing stock. The establishment of the Government Association for the Betterment of Living has been a direct outgrowth of that concern. There is also a strong point of view within the G.O.I. that not enough has been done to improve the operation of private housing.

While there is now a perception of the problem, there is little in the way of an organized effort to come to grips with it. Perhaps the major reason for the lack of a coordinated and concentrated e effort on the housing management and maintenance issue is the absence of an institutional focus for dealing with the problems related to housing maintenance and management.

It is perhaps fortunate that until now no such institution has been created. For until now, given the unquestionable priorities on development of needed housing, the institutions with the mandate

to develop housing maintenance and management would never have received the backing and resources to become a significant force within the housing fraternity of Israel. A recommendation for such an institution is set forth in Chapter III.

III. FINDINGS AND RECOMMENDATIONS

A. THE GENERAL STRUCTURE FOR HOUSING MAINTENANCE

1. Amidar

Amidar is both an operating agency and a trust organization. On behalf of the G.O.I., Amidar operates, rents, and maintains approximately 140,000 rental dwelling units. It holds title to some additional 130,000 units of housing purchased by private owners but not transferred to them. The majority of these units held in trust are held only because of problems in approving land subdivisions or "parcelization" as it is known in Israel. Individual units cannot be legally transferred to a purchaser until parcelization plans have been prepared and accepted by the land registrar's office. Because of problems related to land identification and preparation of legal descriptions, there are extremely long delays in transfer of title from Amidar to purchasers of housing. This trust function of Amidar indirectly

affects the agency's ability to operate and maintain housing.

While Amidar is principally viewed as a management company, it has important sales and redevelopment functions. One important task is to reduce its role as manager of rental housing while increasing homeownership among its constituents. Except for some rental housing, Amidar should be operating to put itself out of business. In addition, as Amidar buildings age and become less desirable, more of Amidar's attention and resources should then be devoted to renovation of buildings. How these important roles affect Amidar's ability to provide management deserves further consideration.

2. Amigour

Amigour is a housing management and trust company formed in 1972 and owned by the Jewish Agency for Israel.

Amigour's operational program includes more than housing. It is involved in renovation, community development and social programs. Nearly all of its housing stock of 41,000 dwelling units and its

staff resulted from the division of the housing inventory and personnel of Amidar. As mentioned in Chapter 1, some of the immigrant housing had been built with funds received from overseas private donations to the Jewish Agency. Title to such housing, until purchased by Israeli families, was vested in the Jewish Agency. In 1971 the G.O.I. and the Jewish Agency decided to separate control of the rental housing stock. As a consequence, an internal division was made based on the value of the housing involved, and Amigour was assigned 41,000 units in fourteen specific locations. As a result of this division, Amigour has an operational advantage in that its housing is concentrated in specific locales.

3. <u>The House Committee or Vaad Ha Beit</u>

The most important body for housing operations in Israel is the House Committee or Vaad Ha Beit, as it is known in Hebrew. Nearly eighty percent of the existing housing in urban places is owned as condominiums. The typical building has from four to forty units. An "average" building includes 12 dwelling units. Each condominium building has a Vaad Ha Beit. Thus, excluding privately-owned

one- and two-family homes and housing in agricultura settlements, there are probably 50,000 to 60,000 such housing committees.

The housing committee is elected annually by all of the apartment owners in each building. It usually consists of three residents. This committee formulates the building's maintenance policy and budget. While the operation of the typical committee is often informal, its functions are established by national laws dealing with housing. Mortgages made with funds supplied by the A.I.D. Housing Guarantee Program are used to purchase units in buildings operated by the house committees. Thus, the quality of housing maintenance provided by the housing committees has an effect on housing assisted by the A.I.D. H.G. program.

4. <u>The Government Association for the Betterment of Housing</u>

A literal translation of the name of this organization would be the "Organization for the Culture of Living." However, the title Government Association for the Betterment of Housing more accurately reflects the role of this quasi-governmental organization. The Betterment of Housing Organization is

funded through the Ministry of Housing. Additional support, in theory, comes from local municipalities which are supposed to provide both financial resources and staff to complement the efforts of the program. The Betterment of Housing Organization consists of a staff of approximately 17 employees. It is controlled by a Board of Directors of five, three of whom are appointed by the Ministry of Housing and two from theprivate sector. The Organization's primary task is to provide technical assistance to the independent housing committees of newly constructed buildings. In addition, it provides limited grants to individual housing committees to assist in building renovation programs. It also responds to requests for assistance from established housing committees.

5. Local Redevelopment Companies

In order to carry out local redevelopment programs a number of governmental and local municipality redevelopment companies were created in the mid-1960's. Because of the need to become directly involved in relocation and renovation, such companies have developed a housing maintenance operation program. These local redevelopment companies have

become increasingly active in the area of "modernization." The term "modernization" is used to describe the process of substantial renovation and expansion of older, substandard housing.

B. AMIDAR

1. Observations

Amidar has become the de facto national landlord with the burden of providing housing services for the the country's least affluent citizens. Amidar has virtually no control over additions to housing inventory. Included in its housing inventory are some of the oldest and least desirable units. When privately-built housing sponsored by government programs cannot be sold for any number of reasons, such housing is often transferred to Amidar for rental purposes. Amidar's operating budget is formed partly out of political considerations. Furthermore, its responsibility as a trustee of title adds to its operating burdens and internal bureaucracy. Finally, its housing inventory is scattered throughout the country thus compounding the problems of effective management.

2. Organizational Structure of Amidar

Amidar is divided into three levels of operation paralleling the national governmental structure: a central capital operation, a series of district offices related to the major geographic regions of the county, and branch offices responsible for municipal activity. In recent years, however, Amidar has experimented with other organizational structures, but the main division remains.

a. The Central Office

A central office in Tel Aviv has a staff of 250 to 300 people. In addition to the Managing Director and Board of Directors, the Central Office carries out:

- Data processing functions
- Internal control
- Legal functions
- Budgeting and accounting
- Property supervision
- Personnel functions
- Engineering
- Physical development
- General administration
- Manpower training

Except for apartment allocation, rent collection, and minor repair expenditures, the central office supervises all other areas of activity generated by branch offices. The central

office has complete responsibility for development, renovation, allocation of housing to immigrants, and budgetary functions. Although this system appears to be rather rigid, actually there are informal networks because most of the key staff have worked together for many years.

b. The District Offices

There are eight district offices, each with a staff of approximately 25 people. Each district office has responsibility for four or five branch offices. The director of each district office reports to the office of the Managing Director. But informally the district directors deal with the central office of property management and engineering. Currently, the district offices are data-gathering centers, providing supervision over branch offices in rent collection and apartment allocation and approving moderate improvement expenditures.

In recent years, as the branch offices have become more effective, the role of the district offices has diminished. In some cases, a

district office has assumed and absorbed the functions of the branch office.

c. The Branch Office

It is at the branch office level that the housing consumer comes face-to-face with the Amidar organization. At the time of the field work, there were 36 branch offices. In addition, some branch offices have more than one location in cities with a large stock of housing. In some cases, the branch office is within a district office. Each branch office has from 12 to 20 staff members.

The branch office handles apartment allocation, rent collection and maintenance of buildings on a day-to-day basis. Except for minor expenditures, all repairs and maintenance programs instituted locally are forwarded to the district office for review and approval.

3. Problems Related to the Organizational Structure of Amidar

The basic structural arrangement of Amidar is not related to its primary management function, allocation of housing, rent collection, maintenance, or

the eventual distribution of housing through sale to individual families. To carry out most of these functions (a possible exception is the sales function) management should have direct knowledge of all aspects of the dwelling units it manages.

The present system depends on a massive quantity of rules and regulations which must be understood by all of the people involved in the system to achieve results. Given the present three-level system, it is difficult to determine where there are faults in performance and where to reward outstanding performance. The present system, in effect, reduces incentive for better performance by the organization.

The multi-level bureaucracy removes the decision-makers from the tenants with the likely result that the decisionmaker is not fully aware of the needs of his clientele. The tenants become alienated from the organization because they have no access to the people making decisions about their housing. There are often considerable delays between the time a problem is identified locally and the central

office's approval of funds or solutions. Long delays in resolving maintenance problems can create additional problems or costs. More important, since a building's physical problems affect families, long delays cause increased human suffering and more frustration and alienation.

Finally, although Israel is a small country, there are different regions and different cultures requiring local, individual solutions. A centralized organization dependent on a common set of rules and regulations inherently hinders the development of solutions tailored to the individual needs of diverse communities.

4. Recommendations

a. A Proposed Structure for Amidar

It is recommended that Amidar be composed of two basic types of organizations: 1) a central company whose concerns are policy, budgeting, and overall supervision and coordination and 2) a series of local housing management companies responsible for all management, maintenance, rental policy and programs affecting tenants.

This proposal is based on the following concepts:

(1) The Resident Manager

There is widespread agreement in the management field that the essential element in the management of housing, whether on behalf of the occupants or on behalf of the owner, is the resident manager. Since multi-family housing involves a personal service to a client (the occupant), someone must have a personal relationship with that client to be aware of problems on a daily basis in order to handle them quickly.

Depending upon the location and type of housing and the experience of the personnel, a resident manager should be responsible for the day-to-day operation of 300 to 600 or more dwelling units. He should know the condition of all buildings for which he is responsible, and he should know the people who live in those units. His responsibility should be sufficiently broad so that the clients of Amidar can, on almost

any matter, resolve problems at the level of the resident manager. Under his control should be the full-time maintenance staff responsible for building maintenance. He should have a major role in treating problems related to rent collection. He is also the individual who can be held accountable when there are unresolved problems related to the buildings entrusted to his care.

(2) The Local Housing Company -- Amidar

Like the present branch offices, the Local Housing Company -- Amidar (LHCA) should be responsible for all the Amidar Housing in a municipality or small region. However, the size of such companies should not exceed the number of units that can be supervised effectively by the director of an LCHA. There is probably no lower limit to the number of isolated dwelling units in an LCHA (In isolated or very small places, the resident manager should also function as the LCHA), but the upper limits for an LCHA are probably four to

five thousand units. An ideal number might be even less. Certainly, a single LCHA could not effectively manage the operation of more than eight or ten resident managers without some intervening level of organization. The essential element in successful housing management organizations is that the major participants, the individual tenants, resident manager, and LHCA director, are all able to maintain face-to-face contact.

For larger urban places where there is a grater concentration of Amidar housing, there should be more than one LHCA in a given locality to generate competitive performance between the LCHA's.

The LHCA should be responsible for all of the present Amidar functions except those related to coordination of national housing policy, preparation of annual budgets, overall supervision and performance review of the LHCA's. The LHCA's should act as an independent agency in all other respects.

While the LHCA would act as a subsidiary of the central Amidar, and central Amidar would continue to hold title to the property, each LHCA should be subject to some form of local control and influence. A Board of Directors of the LHCA would have a majority from central Amidar, but it should also include representation from the municipality and Amidar residents.

The activity of an LHCA should not be restricted to housing presently owned by Amidar. If, in time, the LHCA proves to be effective in managing local multi-family housing, they should be allowed to accept management assignments from privately-owned condominiums on a fee basis. Until there are sufficient trained personnel in all areas of housing management, the skills developed within Amidar should be available to the average homeowner who presently receives management through the house committee system.

An essential element in such an organizational program is the central Amidar monitoring of the performance of the LHCA's. Where an LHCA is unable to meet operating goals in terms of maintaining the quality of housing, disposal of property through sales, rent collections and budgetary controls, central Amidar must be in a position to replace local management.

If housing management is to become a recognized and legitimate career choice in a small country like Israel it is important that there be enough job opportunities in the field. Since the two key people in the proposed structure are the resident manager and the director of the LHCA, there should be ample opportunity for job development within the field. One important way to create such opportunities is to have a large number of LHCA's at a variety of locations.

(3) Central Amidar

As suggested above, the present central office of Amidar should be restructured to carry out only high-level planning, management, coordination and supervisory activities. Other functions should include manpower training and sponsoring operational research in the area of building maintenance. Central Amidar should have a stronger role in determining the type and quality of housing units which are brought into the rental system.

A computer system should be considered to provide the necessary data link between the LHCA and central Amidar. If central Amidar is to carry out its planning, management and coordination functions in an effective manner, it will need continuously updated information on the status and performance of the entire system.

C. AMIGOUR

1. Organizational Structure of Amigour

Amigour is already structured in a manner similar to the proposals above. There is no intermediate level of staff between the central office of Amigour in Tel Aviv and various local offices. Like Amidar, Amigour carries out functions other than the operation of housing. It is involved in social programs, renovation of housing and some purchases of new housing to maintain its inventory. On behalf of the Jewish Agency, it develops and constructs community facilities in certain areas.

Further consideration should be given to reducing the functions of Amigour. While it may be perfectly justified and vital to the interests of the company to maintain on-staff social workers, it may not be most efficient for a housing operating company to become involved in renovation, rehabilitation or new construction of housing and public buildings.

During the on-site visit, the question was raised whether it is desirable, given the size of Israel, to have two major organizations carrying out basically the same functions in the area of assisted

rental housing. Aside from the legal issues related to the ownership of Amigour housing by a non-governmental organization, there is good reason to maintain the present system of two national housing companies. First, the existence of two major companies allows for the development of a competitive situation. It is in the best interest of both the G.O.I. and the housing consumer to be able to make judgments about the relative performance of housing management companies.

2. Recommendations

The functional suggestions made for Amidar apply also to Amigour. Since Amigour's present organizational structure is already close to what is proposed here, it should be easier for Amigour to implement the recommendations. Also, Amigour is a much smaller and younger organization and should face fewer problems in carrying out the organizational changes.

Consideration should be given to eliminating all functions not related to housing maintenance with the exception of Amigour's social assistance program.

While Amigour's local offices should plan "modernization" or "renovation," such functions should be carried out on a contractual basis. As long as a housing maintenance company has an important development function, that function will usually take attention, funds and priorities away from housing maintenance.

D. MANPOWER TRAINING

1. Overview

Based on the on-site visit, there appears to be no existing program for manpower training in housing management in Israel. This finding applies to both management level and to entry level skills. It applies to both public housing mainenance companies as well as to the private sector. In fact, it would appear as if the function of housing management is not yet recognized as a professional activity.

2. Existing Efforts in Manpower Training

a. Amidar

Amidar does have a limited training program for operating personnel. That training focuses

on staff understanding of the rules and regulations of the company. It does not provide training for management level nor does it deal with the essentials of housing maintenance. Amidar has made an effort, on an ad hoc basis, to encourage senior level personnel to review housing maintenance and management in other countries.

b. The Government Association for The Betterment of Housing

As described above, this quasi-governmental agency has the mandate of providing technical assistance to newly formed Housing Committees. Its ability to perform these functions, however, is extremely limited for a variety of reasons. First, the staff of this agency has had no formal training. Second, given the sheer number of individual house committees, the Betterment of Housing Association with its limited staff is not in a position to provide direct manpower training to the housing committees. Finally, the members of the individual housing committees serve only one-year terms on a part-time basis.

Therefore, what the Betterment group is able to do is to help establish the housing committees and provide written material on general rules of procedure.

3. Recommendations

Clearly, an essential component for improving the general system of housing maintenance is manpower training at all levels. Without a corps of knowledgeable professionals, any benefits from organizational changes in the system will be limited. This is especially true if the proposals placing substantial responsibility on local and independent managers are implemented.

The preferred approach would be to develop local training programs. However, before that step can be taken, Israel should make maximum use of training programs which exist outside Israel. Thus, it is recommended that Israel first utilize the training available in the United States and Western Europe before developing its own local training programs.

There are a number of institutions in the United States which provide training for managerial level personnel. Similar organizations are probably

active in western European countries with established national housing programs. A program to have intermediate and senior officials attend such institutions should be encouraged and supported. If possible, arrangements should be made with large-scale private housing management companies for Israeli officials to gain practical working experience in such settings. Obviously, time spent in both a publicly-assisted housing company and a private company would provide a broad view of the field.

If this recommendation is accepted it is important that the program for training outside of Israel be coordinated and directed. Such coordination should insure that all relevant areas of training are included, that the training is directed towards all concerned Israeli organizations and that a foundation for a local Israeli training institution be established.

For central Amidar and Amigour there should be an additional training component. The recommendations postulate that such central operations focus on management functions. Mid-career training in

management science would appear appropriate and relevant. Such training is available in Israel as well as abroad. For a company like Amidar, controlling a national asset valued at nearly $2.0 billion, it is crucial that an appropriate investment be made in its key staff.

E. BUDGETING AND SOURCES OF INCOME

1. An Overview

Traditional property companies function so that income from rent provides all necessary funds for operation, maintenance, management services and return on equity. Neither Amidar nor Amigour function that way. Both Amidar and Amigour receive about half of their operating expenditures from rental income. The remaining income is from development activity and from other agencies. However, a key element in the present system is rental income and how it is established and collected.

2. Rental Income

Rent for government-owned apartments has been the subject of political discussions in the past.

Historically, the rents in the earliest days of Amidar housing were a function of the original cost of the dwelling unit. A depreciation rate of about 3 percent annually was formulated and thereafter rent was determined at a rate of 3 percent of original cost per year. Based on inflation rates, these original rents have been adjusted upwards. Once a basic rate has been determined, it is adjusted to reflect the development status of the community. For example, if a 70 square meter apartment in Tel Aviv costs 220IL/month, the same size apartment would cost 160IL per month in a "preferred settlement" development area. The cost does not reflect the quality of the units, only their size and, in some instances, their age. Further adjustments are then made for the social situation of the occupants. Deductions are made for large families, bereaved parents of servicemen, the blind, and survivors of Nazi persecution. The rent for new immigrants is in part based on how long they occupy their apartments after their arrival. Finally, families receiving social welfare payments receive rent exemptions from 35 percent to 100 percent of the standard rent.

Rents, therefore, have virtually no relationship to the cost of the housing oprated by the public housing companies.

Not only do the collected rents cover a portion of total operating expenses, but the ratio between potential rental income and actual rental income is low. For example, in the 1977 Budgetary Report by Amidar (p.27) the arrears for the total rent potential were 51 percent in the 1976/77 fiscal year. In part, this is due to the delay in processing late rent payments, and, in part, because it is virtually impossible to repossess an apartment for non-payment of rent. While there is no evidence to support the following assumption, the fact that the national housing companies are not dependent on rental income for full funding may be a factor in the lack of pressure to obtain economic rents or to collect the rents which are stipulated.

Both Amidar and Amigour obtain income from the following sources: sale of property in their inventory, service fees from other housing companies, other charges to tenants, and operating subsidies

from either the Ministry of Housing or the Jewish Agency. In the final analysis, both national housing companies, as presently structured, are dependent upon other agencies to meet their operating requirements. What effect this has on the housing inventory can best be seen by reviewing the figures for housing maintenance expenditures.

3. Expenditures for Housing Maintenance

A complete evaluation of the housing expenditure of Amidar and Amigour is beyond the limits of this study. While detailed budgets do exist and are available, the methods of allocating costs are not similar to those commonly used in American accounting practice. Furthermore, Amidar has two additional expenditure budgets: one budget for development activities and the other for activities on the account of other agencies. Some maintenance and operating incomes and expenses for Amidar housing may well be included in these other budgets. It is also impossible to convert accurately expenditures in Israeli pounds into U.S. dollar terms using an official rate of exchange. Based on

field observations, it is estimated that 9 Israeli pounds do not purchase one U.S. dollar's worth of services, but services worth closer to two U.S. dollars. Such an adjustment is shown on the table for this section.

In addition, in the case of Amidar, it is difficult to determine the number of units to which the funds were applied. During a given year, units are moved into and out of the inventory. Amidar also acts as a trustee for some other governmental housing agencies and quasi-governmental agencies. However, solely for determining a general level of expenditure, it has been assumed that Amidar has 140,000 dwelling units to which the expense budget was applied, and Amigour has 41,000 dwelling units.

It should also be noted that the responsibility of an Israeli tenant for housing maintenance is much broader than an American tenant. The Israel tenant is responsible for almost all interior maintenance of his apartment. He is required to contribute towards the maintenance of the grounds surrounding the dwelling unit and the public area lighting costs.

4. Findings and Recommendations

Set forth below are current housing expenditures by both Amidar and Amigour.

AMIGOUR BUDGET -- 1977/78

Budget Item	Total Cost (Rounded)	Cost/D.U. In Official Rate of Exhange	Cost/D.U. at Exchange Rate X 2
Administration and Overhead	$2,400,000	$58/D.U./year	$ 116.00
Tax, Insurance, Legal Expenses, etc.	580,000	$14/D.U./year	28.00
Repairs, Cleaning, Gardening, Routine Maintenance	2,000,000	$49/D.U./year	98.00
Decorating and Renovation Expense	1,000,000	$24/D.U./year	48.00
Total Direct Operating Expenses	5,980,000	$145/D.U./year	290.00

The expenditures for both companies are similar. In both instances, the key expendituers for maintenance are very low. Amidar currently spends about $62 per year for a unit; Amigour's expenditure is about $140 per year per unit. It is assumed that the average dwelling unit owned by both companies

EXPENDITURES BY AMIDAR FOR HOUSING MAINTENANCE
IN 1976/77 BUDGET YEARS IN U.S. DOLLARS (ROUNDED)
AND EXPENDITURE PER DWELLING UNIT IN INVENTORY

			Expenditure Per D.U., 1976/1977 in U.S. Dollars (rounded)		Estimate Value of Expenditures in U.S. Dollars (Exchange Rate x 2)
			Interim Costs	Subtotal Costs	
MANAGEMENT COST					
1. Direct payroll	$ 5,900,000		$ 42.14		
2. Indiv. payroll expenses	1,500,000		10.71		
3. Data processing	400,000		2.85		
4. Legal expenses	300,000		2.14		
5. Rent collection expenses	54,000		0.38		
TOTAL MANAGEMENT		$ 8,154,000		$ 58.24	$ 116.48
OPERATING COSTS					
1. Current maintenance	1,460,000		10.42		
2. Renovation expense	2,000,000		14.28		
3. Rehabilitation expense	100,000		0.71		
4. Security for vacant units	150,000		1.07		
5. Demolition expenses	74,000		0.52		
6. Ground maintenance	510,000		3.64		
7. Ground rehabilitation	40,000		0.28		
TOTALS		4,344,000		31.02	62.04
TAXES, INSURANCE, OTHER					
1. Local real estate taxes	2,200,000		15.71		
2. Insurance costs	400,000		2.85		
3. Lease of land	390,000		2.78		
4. House committee expenses	91,000		0.65		
5. Community organizations	83,000				
TOTALS		3,164,000		22.60	45.20
OTHER EXPENSES	108,000				
TOTALS		108,000		0.77	-0-
GRAND TOTAL		15,760,000		$112.57/D.U./yr.	225.14

has a current dollar value of $10,000 and that there is a physical deterioration rate based on a 25-year life. If these simplistic assumptions are valid, the present level of expenditure for maintenance and renovation is inadequate.

Given the limited budgets of both companies, there is no useful purpose in believing that real answers can be found in reallocation of the existing budgets. Any proposal to increase governmental subsidy to those companies significantly must be of limited value, given the increasing pressure on the resources of the country. The only exception would be during periods of low demand for additional housing. At that point, increased funds for modernization and rehabilitation would help limit the underutilization of the housing industry.

The major area of improvement would appear to be in the area of rent collection and the establishment of an economic rental structure.

Simply achieving a higher rate of rent collection would substantially help meet the current needs of both companies. While the laws relating to non-payment currently prevent the eviction of a tenant,

other tools are available to the housing company. One present problem is the very long period between the time arrears are noticed and the time when effective action is taken. As long as everyone knows that the system allows a long period to pass before effective action is taken, tenants with income shortfalls will take advantage of that fact. In addition, once a lower income tenant develops substantial arrears, it often becomes practically impossible to obtain the full rent. The obvious answer is not to allow significant arrears to develop.

5. Recommendations

The long-term solution for Amidar and Amigour lies in a rationalization of the rent structure. Approximately two-thirds of Amidar tenants pay less than the basic rent. Virtually all receive reductions for various social reasons. It is a perfectly acceptable concept that government housing be used to insure that every family has access to adequate housing. However, there are two major problems with this system.

First, it can be assumed that the other one-third of the tenant population who do not receive rent reductions have higher incomes. These families receive an unintended subsidy because the basic Amidar or Amigour rent is not an economic rent. The basic rent is a result of historical first costs and increases designed to minimize housing costs on the national cost of living index. The cost of living index is used to adjust most Israeli salaries based on labor agreements, and, obviously, reducing increases has an impact on local inflation.

If families ineligible for some form of subsidy were charged an economic rent, then there would be two major benefits and possibly one major disadvantage for the national housing program.

The additional income received by Amidar and Amigour from an economic rent would help these companies in the adequate funding of their maintenance programs. This is a clear and important goal to be achieved. Eliminating the unintentional subsidy would, in all likelihood, increase the sale of the existing rental stock. If families were required to pay an economic rent, purchase of their existing apartments would become more attractive.

The primary problem with such a change would be to force out the stronger families from Amidar housing, leaving as tenants the families that are weaker economically and socially. Obviously, this situation requires further study.

A possible solution to the problem is the following. First, rent should be established based on the economic resources needed to maintain the rental housing stock and related programs. Families should be required to pay an appropriate share of their income for housing. The remainder should come from either a direct subsidy to the operating company or to the tenant family.

When Israeli officials were asked to comment on a program which established rent as a function of family income, they voiced concern with the problems of determining income accurately. While this aspect of the recommendations does present a problem, it is probably less of a problem than where there is no relationship between family income available for shelter costs and the economic requirements to maintain that shelter. In addition, if the operating system were decentralized as recommended in prior

sections, the problems associated with obtaining a fair contribution for rent may well be reduced.

Concurrent with considering a substantial restructuring of the government rental policy, there is a need to develop more accurate data on the cost of housing maintenance. The present budgetary formats of both Amidar and Amigour were not designed to provide that type of information either to staff, board of directors or to the government. The format of the budget should be redesigned to identify clearly all operating and management costs. The following steps should be considered:

- Total income and expenditure budgets should be separated so as to segregate development, substantial rehabilitation, social programs from all maintenance and operating costs. This should include general corporate operating and personnel costs.

- Amidar and Amigour should jointly develop an Israeli equivalent of the F.H.A. Form 2013 which provides more detailed line items for all costs involved in the

management, maintenance and operation of housing. Such a format should include the necessary line items for replacement reserves and effective and gross rental income data.

In order for such a revised budget format to serve as a planning tool, some detail should be provided related to number of dwelling units, number of total rooms and square area.

F. AN ESTIMATED BUDGET FOR OPERATION OF G.O.I. ASSISTED HOUSING

1. Overview

One item in the work order called for development of an estimated maintenance budget for G.O.I. assisted housing. As was discussed in a previous section, data for housing expenditures by Amidar and Amigour are not organized in a manner to provide the basis for a budgetary program for housing maintenance. The Housing Betterment Association did not have any significant data on the maintenance of assisted housing in the condominium type of structure. Thus, it would be inappropriate to attempt

any budget estimates or even educated guesses for housing maintennace, based on existing data and related information.

Currently, there is deep interest in this particular area. The writer was often asked by local officials about how much should be spent on housing maintenance. Thus, any estimate, whether good or bad, could quickly become a rule of thumb, and a rule could prevent or retard effective research toward accurate answers.

At the present time, existing data does not provide a basis for preparation of operating budgets for the following reasons. In the case of the Amidar rental stock, actual expenditures are a function of a residual budget and local pressures. The operating budget for Amidar and Amigour is a function of rental income and indirect subsidy. Rental income is based on a political decision which is unrelated to actual housing operating costs. A very substantial part of Amidar expenditure is for staff and overhead costs. Thus, the actual amount of funds available for housing bears no relationship either to an economic need or to a consumer demand.

Housing expenditures for maintenance in the private sector are equally misleading. Private housing expenditures have extreme variations, usually dependent on the age of the housing, location, and the debt service status of individual owners. For example, due to the unlinked character of government housing loans, family budgeting allocations for housing expenditures are usually extremely high during the early years of a loan. Thus, additional and often necessary expenditures for housing maintenance are deferred, not allocated or reduced.

The current operational structure of privately-owned housing normally results in budgets based first on what is socially possible in a given condominium building and only secondly, on what is appropriate and necessary for the maintenance of the building. The American reader should remember that the annual budget for condominium housing is established by a three-man resident committee. Enforcement of the building's operating budget is, for all practical purposes, voluntary. Thus, the actual expenditure for operating purposes

will reflect the economic ability of the least affluent family in a building. It will reflect what is socially possible, rather than what the long-term physical needs of the building are. If present operating expenditures were derived from existing house committee budgets (if such budgets were available) the results would represent minimum expenditures and not realistic requirements for building maintenance.

Another important factor affecting building operating budgets is the fact that a "normal" market for housing does not exist. Under more normal market conditions, housing maintenance decisions often reflect potential market demands. For example, a major reason for a high level of housing maintenance in American single-family and multi-family housing is the awareness of present owners that future sales prices are related to the physical condition of the housing.

The workings of the "normal" marketplace have a limited effect on Israeli allocation for housing maintenance. Factors other than the quality and condition have dominated the housing marketplace.

In the past, people have bought assisted housing as a hedge against inflation. Also, in the past the scarcity of housing at preferred locations instead of the quality of housing has been an important factor. People often buy housing to meet future rather than present needs. For many Israeli families, obtaining adequate space has been an overriding concern. Finally, the condominium format has retarded the growth of adequate maintenance in response to the marketplace. Traditionally, it has been the custom to sell the individual apartment rather than the building and individual owners emphasize the quality of the interior apartment space at the expense of funds for building maintenance.

2. Recommendations

The Ministry of Housing or an Institute of Housing Maintenance together with Amidar/Amigour should undertake a research program which will identify appropriate housing maintenance and operating costs. The cost data should be developed for both rental and ownership type housing. The research should recognize the major types of buildings and

regions. The research should also include all housing maintenance expenditures by the individual owner or tenant. The following elements are identified as a guide to the type of information that should be developed.

ADMINISTRATIVE AND MANAGEMENT COSTS

1. Personnel Costs or Fees

   The cost of all personnel directly involved in both on-site and off-site management. In the case of Amidar and Amigour, the total personnel expenses and related office expenses involved in a management function. The item should also include all indirect personnel costs.

2. Legal and Auditing Expenses

   Direct costs to house committees or pro-rata cost of Amidar's legal and auditing costs.

3. Administrative expenses not included above.

MAINTENANCE BUDGET

4. Elevator maintenance.

5. Janitorial Costs

This item should include only cost of cleaning supplies and, where appropriate, cost of contract labor.

6. Payroll

Where there are direct employees for on-site building maintenance, the type of labor, direct costs and indirect costs. Where labor is retained on a contractual basis such labor cost should be included under other appropriate headings.

7. Repairs

The cost of all repairs other than elevator or gardening costs.

8. Exterminating costs

9. Insurance Costs

This should include all liability and casualty insurance costs. So-called "elevator" insurance, which is in fact similar to a service contract, should be set forth as a direct elevator cost.

10. Gardening Expenses

All material and labor costs related to ground area of the buildings.

11. Other

All other costs involved in routine maintenance.

UTILITY EXPENSES

Given the fact that in some buildings heating and hot water are supplied from a central source, it may be necessary to include individual utility costs other than cooking fuel and non-public electrial power.

12. Elevator power
13. Fuel oil or other heating costs
14. Hot water
15. Public electrical costs
16. Public water costs
17. Maintenance of solar heating systems

RESERVE ACCOUNTS

Normal building management includes the funding of reserves to pay for capital expense items normally replaced during the life of the building.

18. Exterior painting or resurfacing costs
19. Interior painting costs
20. Replacement Expenses

    Under this item, all expenditures should be included which are made for replacement or

repair of all capital items. Such expenditures are normally defined as occurring less than every three or four years and are not normally due to routine wear or loss.

While data are being developed for operating expenses, the Ministry of Housing should start reviewing the housing that it sponsors in the same manner. In evaluating development proposals, the Ministry of Housing should begin to look not only at first costs, i.e., the cost per unit or per square meter, but also at possible future costs of operations based on the type of items set forth above.

G. REVIEW THE ORGANIZATIONAL STRUCTURE OF ASSISTED CONDOMINIUM HOUSING

1. An Overview

The single most important element of the total Israeli housing stock is that housing is controlled by the house committees. Approximately seventy percent of all current housing is managed through such house committees. The performance of these committees will have a direct effect on the future

quality of Israeli condominium housing. All of A.I.D. assisted housing is within this part of the housing inventory; therefore, the performance of these house committees will have an impact on the Housing Guarantee loans.

2. Findings

The operating concept for the house committees should be reexamined. The organizational arrangement that assumes adequate management can be obtained from a voluntary effort by relatively inexperienced people serving a short period of time is not well-founded. The small number of dwelling units in a typical condominium building creates economic problems related to scale. The house committee's lack of technical knowledge about housing maintenance hampers the implementation of an adequate maintenance program. The fact that the board itself changes every year makes it difficult to institute necessary long-term maintenance programs. Finally, the lack of operating standards makes it difficult for a house committee to know whether their program and the funds necessary to carry it out are adequate.

Local housing officials were interested in the possibility of improving the performance of condominium housing by the introduction of comprehensive housing maintenance codes and ordinances. While such codes could help to establish standards for maintenance and perhaps treat problems of significant mismanagement, they would, at this time, be of limited value. The American experience has been that for housing maintenance codes to be effective, a very strong organizational structure is a necessary condition. Israeli municipalities today have limited tax resources and heavy administrative burdens related to regulating growth and development. They would not be in a position to enforce housing maintenance codes effectively. Two other requirements for implementing housing maintenance codes are that financial resources to meet housing standards must be available from the housing owners and there must be a housing organization that can be held accountable. Both these essential conditions would be difficult to satisfy in much of the condominium housing.

3. Recommendations

a. Changing the Size of the Basic Unit for Housing Management and Maintenance

The present small number of dwelling units which make up the basic unit for housing management and maintenance should be reexamined. If the basic building is increased from the typical 12 dwelling units to 60 or 100 or more, a rational structure could be developed for the maintenance function. Larger size, in respect to number of dwelling units, would establish the economic foundation for a variety of improvements in management and maintenance. A larger number of dwelling units within the basic unit for management would permit the introduction of full-time maintenance and janitorial staff. The same increase in the number of dwelling units would permit the development and use of professional housing management. Professional management would permit the present type board of directors or house committee to concnetrate on policy and budgeting functions and eliminate the present emphasis of the house committee on direct management of the building.

b. Encourage the Development of A Housing Management Profession and Industry

The growth of a housing management profession and industry should be encouraged in order to obtain full-time and knowledgeable direction for housing maintenance. For such a development to occur, it is essential that there be a market for such management.

As long as the basic unit size of management is small, such development is unlikely to occur. However, if the building size is increased there would be a sufficiently wide base from which to generate the necessary flow to support management services.

c. Development of Maintenance Information for Condominium Housing

The development of a professional housing management system will take a substantial period of time, and, therefore, the present system of the house committee will continue. To increase the effectiveness of these house committees much more technical information on housing maintenance should become available to them. The information should include such subjects as

typical operating expenses, contracting for maintenance services and technical information related to preventing, identifying and solving typical maintenance problems.

d. Encourage the Use of Full-Time Maintenance Personnel

One of the major problems with the present condominium system of routine maintenance is that the small number of dwelling units within a building cannot support full-time or continuous maintenance services. In most buildings maintenance services are retained only after a routine maintenance problem has developed into a significant repair problem. In the operation of housing, routine maintenance is normally less expensive than to replace or repair. House committees should be encouraged to work out arrangements for a sufficient number of dwelling units to support a full-time superintendent.

Recently, in the community of Bat Yam the office of the Housing Betterment Association organized a group of buildings with 100

units to hire one full-time maintenance man on an experimental basis. At first, total expenses for housing maintenance increased to cover the personnel costs of the one employee. Over time, however, the total costs decreased through continuous maintenance and better supervision over the buildings and grounds. While one example does not provide significant proof, it does show the potential benefits of this concept.

H. ESTABLISH AN INSTITUTE FOR HOUSING MAINTENANCE

There is an obvious need for governmental support to further the development of housing maintenance. The preservation of the present stock of housing will reduce future major capital requirements and redevelopment problems. An institutional structure for housing maintenance is needed to carry out the following principal tasks:

- manpower training for housing maintenance
- development of technical information
- reduce future costs of housing maintenance in new construction
- carry out basic research in housing maintenance

The Ministry of Housing should develop an independent organization designed to become an institute for Housing Maintenance and Mangement. The direction for such an institution should be responsive to needs of both Amidar and Amigour and the government's assisted private housing. One possibility is to utilize the existing Israel Building Research Center which is sponsored by the Housing Ministry. The Israel Building Research Center has already developed significant technical expertise in building technology, energy conservation and other areas related to maintenance.

However, the institution should <u>not</u> be operated directly by these agencies for several reasons. First, all of these agencies have very significant tasks which require their full attention. Second, if such an institution were a direct subsidiary of Amidar, for example, it would naturally focus on the problems of Amidar's particular type of housing. Finally, the country is too small to support two such institutions. The initial operation program of such an institution should include the following elements.

1. Manpower Training

The initial effort for training in housing maintenance needs to be coordinated so that key individuals from Amidar, Amigour and the Housing Betterment Association are included in the training program. Resources outside of Israel for the training should be developed in a systematic fashion so that all of the alternatives and approaches based on various national practices are brought back to Israel. Once outside sources are fully utilized and a local corps of professionals has been established, a local manpower training program should be developed, adapting the experience gained abroad to local practices and conditions. While manpower training, by necessity, will be a slow process, it will be the key element in the future growth of housing maintenance and management in Israel.

2. Development of Technical Information

There is limited technical information available about urban housing maintenance. There is a significant amount of information available concerning maintenance of kibbutz housing. However,

Available information is not organized into a useful format. What is available should be translated into a form that can be understood and used by employees of Amidar and Amigour and all the private citizens who serve on the thousands of house committees.

3. Reduce the Future Cost of Housing Maintenance in New Construction

A major feature of G.O.I. housing has been the architectural design. The force behind the design orientation has been the training of Israeli architects by the Israel Institute of Technology, the Technion. However, the emphasis on architectural design has resulted in little attention to the operating costs of housing or to the use of materials and design features to reduce those costs. In addition to the lack of academic training for the Israeli architect in these areas, the development review process does not include evaluation of life-cycle costs or operating problems of proposed housing. For example, all housing developed in the U.S. under F.H.A. programs is reviewed not only in terms of total development costs and design costs, but also in terms of annual

operating costs, utilities and replacement fund requirements. In the U.S., when a design results in an abnormally high operating cost, that fact will be brought out in the evaluation process.

In order to reduce future housing costs, the proposed institute should undertake two related programs. First, it should provide training for practicing architects on how to reduce future operating costs and minimize maintenance procedures. This will require a reexamination of detailed specifications and materials used in present housing. It will require the introduction of such review concepts as net versus gross areas and limited public areas. Secondly, the institute should develop a review procedure for all development agencies so that life cycle costs can be adequately determined along with first costs.

4. Carry Out Basic Research in Housing Maintenance

This report and similar efforts by the G.O.I. mark the beginning of a growing concern with housing maintenance and management as a part of the

housing process. One of the basic elements for future development is the data needed to plan improvements in the field. A housing maintenance institute should coordinate efforts to produce such data. One of the most important tasks to be undertaken immediately is the restructuring of the national census to produce meaningful housing data. Also, the introduction of a uniform method of accounting for housing operating expenses would be useful in monitoring performance.

A FINAL RECOMMENDATION

Both Amidar and Amigour grew out of a need by the State of Israel to house families who, for economic and social reasons, have not been able to become homeowners. In the course of meeting that initial need, both companies may be participants in an important social problem of the future. Under the present system of providing housing, there is little incentive for a lower-income Israeli family to move from Amidar-type housing to government-supported ownership housing. In fact, the rent structure with its built-in subsidy may work to keep families in such state-supported rental housing.

For a variety of reasons, Amidar housing has resulted in concentration of a social population in certain locations. Often, Amidar housing, due to its age and quality of original construction, is less attractive than other nearby conventional housing, and thus Amidar's more affluent tenants are encouraged to move out. Amidar housing increasingly tends to have a larger proportion of social problems than conventional state-assisted condominiums. While Amidar and Amigour are able to sell some of their inventory to present tenants, most of the present

housing stock is concentrated in urban places with difficult living conditions. In order to insure population growth in the important development areas, the rental subsidy is designed to influence families to live at those locations. Consequently, Amidar, and Amigour, to some extent, are furnishing Israel's social welfare housing. A benevolent rent structure, a tolerant rent collection system, and a relaxed attitude towards good maintenance practices by tenants may be having the negative effect of reinforcing just those characteristics which have produced a welfare class in the United States. It is believed that local public housing in the United States, which is similar in some respects to Amidar housing, has inadvertently aided in the formation of a welfare class in this country. This class is often concentrated in such public housing. If, in fact, it is found upon closer study that Amidar-type housing is having a similar effect in Israel, then the solution to the problem should become a matter of urgent priority.

When adequate data is developed which supports this hypothesis it should be incumbent on the G.O.I. to reevaluate the present rental housing program.