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REPORT TO OFFICE OF HOUSING  
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THE HOUSING MANAGEMENT  
AND MAINTENANCE PROGRAM  
FOR THE GOVERNMENT OF ISRAEL

Contract No. AID/otr-C-1701

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REPORT ON THE  
HOUSING MANAGEMENT AND MAINTENANCE PROGRAM  
FOR THE GOVERNMENT OF ISRAEL

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Introduction

This paper is a summary of impressions of the Israeli housing scene based on a ten-day review from September 27 to October 8, 1978. This visit was undertaken preparatory to a visit by forty Israeli housing officials to study management and maintenance practice in the United States. The trip is part of a larger effort by the Housing Ministry, Amidar and Amigour to improve and reorganize housing management and maintenance activity in the public sector in Israel.

The purpose of the trip to Israel was to familiarize the American hosts with the housing and housing management systems in Israel as a way of enhancing the curriculum for the program in the States. Neither the length of the visit nor the itinerary was designed for a full exploration of housing questions. Nor was it intended that any policy relevant research or recommendations be undertaken. Nevertheless, in the course of this short but intensive look, certain issues of policy and practice were noted by the participants, and we have thought it useful to set down some of our observations. Needless to say, we make no claim for the accuracy of all our assertions, and have no doubt that misunderstanding and error have found their way into our still limited acquaintance with the housing picture in Israel. But we had sufficient opportunity to test out the broad outlines of our impressions to suggest they are not entirely off the mark.

Some Historic Goals of Israeli Housing and Development Policy and Their Consequences for Housing Management and Maintenance

As we understand it, Israeli housing policy has been historically guided by three primary considerations.

1) The absorption of immigrants and the provision of at least adequate shelter as quickly as possible to all newcomers, a goal dictated by the principle of the "right of return," a central commitment of the Jewish State.

2) The dispersion of population more evenly across the state, particularly from the major centers and the coastal zone (Tel Aviv, Haifa, Jerusalem) to the sparsely settled interior. This policy was obviously importantly motivated by questions of security, which required the development of settlements throughout the country, particularly at the borders.

3) A program of regional development which called for the encouragement of medium-sized centers at various locations to fill out the range of settlement types, to support agricultural production, and to meet economic development and employment needs.

This set of policies can be described as neither market-based (or even responsive to "free market" considerations) nor welfare-based in terms of meeting the needs of individual households according to some strict measure of those needs, but rather as a response to a set of national objectives and imperatives which were seen to be overriding. The logic and desirability of such a set of policies seems hardly contestable, and it is primarily their consequences as we encountered them in our visit,

that concern us here.

Abeles, in his recent AID report, points to the historic emphasis on production growing out of these national imperatives as having overshadowed housing management and maintenance and relegated them to afterthoughts. This apparently was so, but it is also apparent that the directing of subsidies at the immigrant population above all and making them most attractive in areas where settlement was least likely to occur without substantial incentive, has helped to concentrate certain of the less advantaged and less mobile parts of the population in certain locations.

Over time, as the overall economy and standard of living has improved, immigrants have begun to sort themselves out in terms of background, skills, and individual initiative. The result, as far as we can see, has been the beginning of the kind of social stratification in locational terms that is visible in many urban settings in the industrialized West. Israel is apparently no exception in this regard. The result, in terms of housing, is emerging concentrations of lower class households with real housing needs and with currently limited economic and social capability to participate in the prevailing housing pattern--condominium home ownership.

In a sense, home ownership (that is, in the Israeli version, primarily the ownership of condominium units in generally low-rise, multi-family blocks of flats) could have been added to the list on the first page. It is a fourth major tenet of housing policy. Israel's level of home ownership is now somewhere between 75 and

80 percent, which certainly gives it one of the highest home ownership rates in the world. Many of the senior housing officials we talked to spoke of home ownership as almost a cultural need, a force of nature. The prevailing assumption, strongly supported by existing programs, appears to be that everyone wishes to own their own home. The ultimate aim of public policy clearly appears to be to make that possible for every single Israeli family.

In spite of the long standing philosophical commitment to home ownership, we encountered an emerging though reluctant acknowledgement of the fact that there might be a group of households in the society for whom homeownership is not now nor in the foreseeable future a realistic possibility. That is to say, they are either not going to seek or accept it, and if they do, they will be unable to bear the real responsibilities of the maintenance and governance of the housing units under the present system. What we encountered was a good deal of ambiguity: a determination to hold to the traditional objective of fostering ownership that seemed to be making it difficult for officials to come to grips with their practical observation that a number of households were not becoming owners or worse were not becoming successful owners.

Before we left the United States, the maintenance and management problem was put to us as a technical and organizational one, a function of the poor quality of original design and construction, historically low housing standards, obsolescence, and

physical deterioration. Indeed, these were important factors as we encountered them in the field. But it seemed increasingly to us that the maintenance question was attracting renewed attention in significant measure because of the impact of the emerging pattern of social stratification. That is to say, as a policy issue it was being precipitated by a new set of problems, and that it was symptomatic of a larger set of social issues. If our impressions are generally correct, the management and maintenance question is not going to yield solely to technical or operational reforms: it will have to be seen and understood in a wider framework. We were told in Jerusalem, for example, of strikes by parents of upwardly mobile households refusing to send their children to schools with heavy populations of newer immigrants, particularly those from North Africa. If the experience in the United States is any guide, the impact of this kind of socio-economic segregation, however inadvertent its cause, will not be limited to housing, but will increasingly affect other institutions as well. In the analysis below we have addressed the problem in its broader context, not because we think our limited look allows us to understand in any depth the sources and complexities of these emerging patterns, but because their surface manifestations are unmistakable, and our experience in the U. S. and other countries strongly suggests that they require a more thoroughgoing strategy than simple physical upgrading and modernization plus the reorganization of management functions and offices.

## Some Reflections on Housing Maintenance Practice in the Israeli Public Housing Sector

### Capability to Perform Housing Maintenance Services

There is no question in the minds of any of the individuals we spoke with that as they are now organized, the large housing companies are not delivering satisfactory levels of maintenance. This is less true of Amigour than Amidar, but the general pattern of the problems is acknowledged to be widespread.

In the Israeli housing system, maintenance of the interior of the apartment is the responsibility of the resident, whether he is a renter or owner. The stairways, common spaces, yards, the structural elements and the buildings systems that are shared are the responsibility of the housing company or of the House Committee where a unit is owned. In the private housing sector, the House Committee hires outside contractors to perform maintenance functions, and the Housing Companies follow exactly the same practice. They employ no in-house staff capable of or responsible for any form of daily maintenance or repairs. While there are some variations, the Housing Companies are basically dependent on small contractors, with somewhat limited skills, whom they hire on a piecework basis or, in a few cases more recently, on a standing contract. The problems of contractor availability, skill and performance seem to be well nigh universal, and these have prompted the search for alternatives to the current system.

Outlined below are several alternatives that have suggested themselves. It is our view that more than one ought to be tried

or that several might be tried in combination in order to determine in the field what the most satisfactory set of reforms would be.

Creation of an in-house staff of maintenance generalists or "handymen." One possible alternative would be to adopt the system used in the U.S., the U.K., and a number of other countries where maintenance is a direct staff function of the housing company. In Israel, we were told, wage scales and union problems would present a severe obstacle to the establishment of such a system. But it may be that the definition of a new position involving lower qualifications and training than the skilled trades, but nevertheless providing personnel able to deal with routine maintenance problems and to apply first aid in emergencies could circumvent some of these obstacles.

Establishment of a skilled trades crew at a central location (either a branch or a district office). This would again be similar to the pattern in a number of American housing authorities where those skills that are not in constant demand are centralized and allocated as needed to specific sites. We are obviously not in a position to comment on the feasibility of this in terms of the employment situation in Israel, but wonder whether it might not be experimented with through the establishment of a special project in one or two receptive district or branch offices.

Employing building superintendents. In private rental housing in the United States, the most satisfactory maintenance arrangement is widely considered to be the hiring of a resident superintendent responsible for looking after the condition of the property on a day-to-day basis, and capable of calling in services from outside when needed. In some cases, the superintendent is drawn directly from among the residents, and in other cases he is hired as a semi-skilled or even skilled person and then takes up residence in the premises for which he is responsible. Again, experiments with building superintendents for small clusters of blocks might be considered.

Development of standing contracts with medium-sized contractors or subsidiaries of large constructions firms.

We were told that the housing companies were generally the losers in the competition with the private sector for the services of the more competent firms of this size. There is also said to be a problem in guaranteeing sufficient work to keep such a contractor occupied throughout the year, and therefore to guarantee his availability. If this is in fact the case, then experiments along this line will need to put a premium on the careful scheduling of a program of improvements and preventative maintenance such that when the contractor is not required for emergency work, there is a backlog of other work to perform. Indeed, even if in the early stages there does not prove to be sufficient work to keep the con-

tractor constantly occupied, it may still turn out to be more economical and effective in the long run to have one on "retainer" than to constantly have to go outside on a piecework basis.

Utilizing the leverage of the Housing Ministry with the larger and more competent contractors. Part of the problem, as we were informed, with getting the larger contractors into the maintenance is the lack of financial incentive and critical mass. In addition to creating a market, however, it may be necessary to press the larger contractors to develop a maintenance capability and it may be worthwhile to consider gradually making the development of this capability and responsiveness to the needs of the housing companies one of the qualifications for successful bidders for the Ministry's housing construction programs. One form the participation of the larger companies might take could be the creation of a subsidiary to concentrate solely on housing maintenance.

Encouragement of the creation of a private corporation to develop a cadre of trained maintenance workers. The development of such a corporation with a board including representatives from the Ministry, Amidar and Amigour, might be a way to get around the civil service problems that arise with a direct public company. It also might help, at least initially, in overcoming the public relations and image problems that the Housing Companies have, and permit them

to attract skilled and motivated people. We encountered, in our conversations with the Building Center, and with the maintenance department at the Weizmann Institute, persons with the skills and commitment necessary to help launch and promote such a venture.

#### The Maintenance Problems Created by the Co-mingling of Owned and Rented Units

We were strongly impressed, both through conversations and our own observations, with the extreme difficulty of developing a reasonable maintenance system where owned and rented units were co-mingled in the same structure. We were unable to obtain any statistical information to indicate how widespread this pattern is, but we were told that it was common to have a scattering of units that had been sold to residents among units that were still being rented. It was also apparent that in a number of the more troubled areas, and indeed this may now be more generally true, the rate of sales had slowed down and that realistic anticipation was that fewer units would be converting to ownership in the foreseeable future. (We were informed that for the last year of record Amidar had sold only 1,200 units altogether.)

In theory the maintenance of the owned units is the responsibility of the resident, and insofar as common systems are required to be repaired by one of the housing companies, they are entitled to charge the owners a pro rata share. In actuality, it proves to be extremely difficult if not impossible to actually collect these charges. Despite the obvious difficulty of administering

such a system, having the central defect of the lack of allocation of final responsibility for the upkeep of the stock, no alternate mechanism has emerged. Indeed, it occurred to us as we became better acquainted with this very anomalous situation that some portion of the historic deficiency in the Israeli housing maintenance system may grow directly out of the long standing assumption that every household was going to become an owner before long, and that therefore the housing companies did not really have to attend to the long term sustenance of the physical facilities.

In terms of dealing with this issue, it seems to us that the first obstacle is the long standing and not easily questioned commitment to ownership. Our own prejudice and evidence from the American experience among others, leads us to conclude that a sensible policy would anticipate a more or less permanent rental population in the public housing stock for the foreseeable future. (We also have some questions, which are explored later, about the ultimate viability of ownership markets in some of these districts, and the potential for the collapse of the ownership structure.) A continuing rental sector implies a continuing public responsibility for the overall upkeep and improvement of the structures, and it seems to us that in some way or other the housing companies are going to have to come to terms with this shift in their thinking and in their current practice.

Even were this overall shift to occur, the problem would remain of those units already co-mingled, and how they might be managed in the future. Perhaps some alternate form of tenure

would have to be developed, somewhere between traditional tenancy and conventional ownership in order to handle this situation. But however the matter is resolved, some way is going to have to be found to rationalize and make more uniform the process of maintaining and improving the stock.

### Some Reflections on Housing Management Practice

#### The Budget as a Management Tool

There appears to be general agreement, particularly at Amidar, that some measure of decentralization of the management function is desirable. While the precise form such decentralization will take is still to be fully developed, it may be useful to consider a simultaneous or corresponding decentralization of the budget to complement this change. A system of disaggregated reporting is essential if there is to be local accountability for management and maintenance performance, and it is equally essential for the central agency if it is to monitor the overall management of the stock. As things now stand, in Israel as in U.S. public housing for that matter, the budgetary system does not allow anyone to confidently say what it actually costs to manage a particular type of housing unit. A breakdown of budget by individual management units would give everyone a base of relative operating costs for different parts of the country, having different climactic and weather conditions, and having stocks of different age, size and structural type. With such a budgetary system, for example, the simple but important question we asked in vain--how the relative operating costs

of blocks of units that were entirely rented compared with those that were part rented and part owned---could be answered.

#### Demographic Information as a Management Tool

The absence of current demographic information on the Amidar and Amigour residents similarly limits flexibility and responsiveness in housing management. Not only is it difficult to know the current occupancy status of portions of the stock, or the stock as a whole for that matter, but it is difficult to project future needs, either for housing or for rented facilities. This makes it difficult to efficiently program the improvement and enlargement of units and inhibits the efficient use of units of different size to accommodate families in different stages of the life cycle.

#### Tenant-management Relations and the Role of Tenants in Management

There is strong conviction, and apparent commitment, to the proposition that the housing companies have to bring management closer to the residents. We heard from almost everyone we spoke with about the need for improved communication. But it is not yet clear how this enhanced communication is to occur. One step would be the further decentralization of management offices with a full range of services in the larger urban areas. But it is not clear that better relations with households simply as individual tenants will be sufficient. There is also a need to involve groups of residents in manage-

ment-related decisions that directly affect their own residential circumstances. Where rehabilitation or major improvements are contemplated, it has proved in the American situation to be essential to involve the residents from the beginning in the planning and implementation process. In one neighborhood which we visited in Jerusalem, we were told of a rather elaborate and extensive replanning process that had just been completed without any knowledge or participation whatsoever by the residents. The general manager there indicated that his office was now going to have to go through the process all over again. He had just negotiated an agreement with the leaders of the community, and this was one point upon which they had insisted and to which he had agreed.

A further mechanism that suggests itself is the possibility of utilizing resident in minor maintenance roles directly on the site. They might also effectively be used for organizing their own neighbors, substituting for the field worker or working directly under him. The possibility of employing youth on regular maintenance functions recommends itself not only as a way to increase and regularize maintenance activity, but as a way to involve them more closely in the development's life and perhaps give them some incentive not to abuse the property.

#### The Institution of the House Committee

In its essence the voluntarism inherent in the House Committee system is very appealing. Our own bias is in favor

of decentralization and citizen participation. Nevertheless it seems to us that it may be necessary to acknowledge the likelihood that voluntarism as a management system is not automatically workable for certain groups in the population, particularly those who are of lower income and renters. (It may be that as the life expectancy of the overall population increases and as the population ages, the same thing will become increasingly true for concentrations of elderly households.)

Despite a willingness to concede that the House Committee system is not functioning at all in many places (including portions of the private stock), there is a tendency to think that if more rules and regulations are applied, if the legal requirement is pushed harder and in some way enforced, that it will begin to work. We were unable to escape the feeling in some of our conversations that the House Committee idea offered the public agencies an excuse to avoid confronting what is a very difficult problem of maintenance. A more practical approach in areas with maintenance problems and economically and socially marginal populations is likely to firmly locate responsibility for maintenance and management in the public agencies. Moreover, recognizing that participation arises less spontaneously in such districts, a broader base for resident participation probably will have to be sought. A residents' committee encompassing a larger universe than a single building, say on the order of 100-200 units rather than on the order of 16 to 24 may be more workable. Since the

number of capable and interested people is likely to be thinner in such a population, it will be necessary to draw from a larger group in order to get the critical mass required to establish a working organization. Once a nucleus of leadership is created, it can be turned back on individual blocks to help organize other residents.

Where effective organizations already exist or can be created, either in individual blocks or in clusters, and where there is a spirit of flexibility and experimentation, it may be possible to give the resident committees some direct role in management and maintenance itself. This might take the form of allowing them some sort of rebate of the funds allocated for maintenance if they undertake to do it themselves. But the bottom line of responsibility must still lie with the housing agency.

#### Development of Prototypes and New Approaches

We saw or heard about in our own visit several new approaches and proposed new initiatives. They included changes in design related to community facilities and development of 192 units in the city of Ashdod developed and built by Amigour itself in order to solve some very difficult problems of accommodating large households. We saw a number of interesting efforts at improvement and reconstruction of outdated stock and of the marriage of units originally built to lower standards to meet new standards and to better accommodate households that had grown in size during occupancy.

Several other initiatives along parallel lines suggested themselves to us on our visit. One was the apparent need to develop mechanisms for transfers of large and small families within urban areas and between cities (interurban transfers). This appears to be important not simply in order to facilitate moves required by overcrowding but also as a way to reduce what is apparently an increasing amount of friction and resentment among earlier and more recent immigrants. As the system now operates the tendency is to reward the newer immigrants with the most up-to-date house while earlier waves of immigrants tend to "stagnate" in housing that has begun to age and was built to older standards. Some more fluidity in the system will have to be created if the emerging pattern of social stratification is to be changed. There will have to be some incentive and reward for earlier arrivals in order to avoid both the appearance and the reality of discrimination.

An important and related question is rethinking the role of the Ministry of Absorption in the allocation of units and the assignment of residents. It seems essential to a truly effective management role for the housing companies that they have an important say in this process and have sufficient control over their stock so they can begin to make the kinds of shifts and changes in patterns of allocation that will overcome some of the problems noted above.

Another potential area for prototypical development may be specialized blocks or clusters for elderly and for couples called in the U.S. "empty nesters" (couples whose children have grown up

and set up housekeeping on their own). We saw this as an increasing issue in Jerusalem, where we were told by housing managers of complaints by elderly tenants about the noise made by children. In Yavne the sentiment was expressed that Jewish families like to live together, and that the children were taking care of their aging parents. There is obviously a good deal to be said for this pattern, but it may well overlook the true feelings of many childless households, who would prefer to pick and choose the times for contact with younger people. These types of households recommend themselves as particularly appropriate re-users for upgrades smaller units, which are no longer suitable for families. With the right kind of modernization, elderly households might be very happy to shift into these smaller units. This issue is likely to grow in significance, as it has in the United States, as life expectancy increases and the population ages.

#### St. Louis Training Program

The two-week training program in St. Louis, Missouri from October 23- November 3, 1978 provided the Israelis with an opportunity to examine in detail the management practices and social services operations of the following agencies and companies:

- The St. Louis Housing Authority
- The St. Louis County Housing Authority
- The Cochran Gardens Tenant Management Corporation
- The Carr Square Village Tenant Management Corporation
- The McCormack Realty Company
- The Jewish Federation of St. Louis

- The Sansone Realty Company
- The Council Plaza Redevelopment Corporation

The activities were scheduled to permit an initial understanding of the public housing programs in the St. Louis metropolitan area with a particular emphasis on decentralized management and the use of data processing systems in monitoring daily management and maintenance practices. The program began each week with a tour of the City and County of St. Louis which focused on housing markets emphasizing the condition and location of public and federally assisted housing.

Each group was exposed to the operations of the St. Louis Housing Authority with a particular emphasis on its decentralized management program and its data processing systems. This included formal workshop sessions with Housing Authority personnel who discussed with the contractor the various types of financial, maintenance, and management reporting information which is furnished to its contract managers on a monthly basis. Various reports, documents, and statistical information were distributed to the group members along with articles written by the contractor which had been translated into Hebrew in Israel. The workshop sessions were held for one day each week, while the remaining time was spent making site visits to various public housing and federally assisted projects.

The field visits to the different developments began with a general discussion of the particular site - its size, tenant and bedroom mix, local operating procedures, and the like. The groups were generally escorted through a variety of different apartment

types -- occupied and unoccupied; the respective maintenance shops; heating plants; social services facilities (e.g. day care and elderly feeding centers); and management offices. The site visits often involved the group breaking into smaller groups as individuals pursued their own particular interests -- management, maintenance, etc. Each of the site visits provided ample opportunity for question-and-answer exchanges which took place virtually all the time. Each management company had management and maintenance staff available to meet with the Israeli groups. Together with the contractor and translator, they were able to respond to the inquiries that were made.

The St. Louis training program began each morning at 8:30 a.m. and generally concluded each afternoon at 5:00 p.m., although the contractor, management and Authority personnel often continued discussions in the hotel well into the evening.

Each group was hosted in the Mayor's office during their week in the City of St. Louis, and it provided an opportunity for the Israelis to visit City Hall and to meet with the Mayor and his staff.

### Summary

The two week training program in St. Louis proved most successful in terms of providing the Israeli housing officials with a specific, working understanding of the system of management and maintenance carried on by the housing authorities, and various private for-profit and not-for-profit management companies.

The training program exposed the groups to the advantages and impact of linking human and social services programs with traditional real estate management practices. There was a great deal of emphasis placed on project-based budgeting and the necessity for developing monthly reporting instruments which provide a detailed analysis of "actual-to-budgeted" expenditures for all categories of a management operation. Such a system is lacking in Israel, and the comments of several of the Israelis suggested that many elements of the St. Louis data processing system might be profitably adapted to particular Israeli situations.

A final observation must be made about the value of the translator, Mr. Benjamin Eisner, to the St. Louis training program. Mr. Eisner is currently a doctoral candidate in economics at Washington University in St. Louis, and he is writing his thesis on certain aspects of Israeli public housing policy. Mr. Eisner unquestionably added an important dimension to the contractor's effort because of his ability to explain and to amplify various points made to the groups by the program participants. His academic interests and current research on Israeli public housing greatly enhanced the group discussions on comparable management and maintenance practices. His translation and detailed explanations of complex material made an important contribution to the St. Louis program.