

# THE ISRAEL HOMESTEAD INITIATIVE

יוזמת ההומסטייד - נחלה לישראל

By Steven A. Hemmat

[www.Israelhomestead.org](http://www.Israelhomestead.org)



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### Abstract

*Israel is facing several severe internal challenges:*

- *Rapid increases in housing prices have created a cost of living crisis for many families in Israel.*
- *There is an urgent need to absorb more immigrants from Western countries due to rising lethal anti-Semitism in Europe.*
- *The government bureaucracy and regulatory framework make the building and development of housing a costly and a lengthy process in Israel.*

*The Homestead Initiative would provide first-time homeowners in Israel, both Israelis and those making Aliyah, a plot of land in a community of the participant's choosing in the north or south of Israel with low interest loans for building a residence. Among other conditions under this program, the participant must reside at the homestead for at least five years after which time the plot of land is transferred to the participant. In the homestead regions, the Israeli government would establish economic enterprise zones to stimulate economic growth, facilitate the creation of new jobs, and increase entrepreneurial opportunities for businesses. Additionally, the Israeli government would streamline the bureaucracy to accelerate building permitting and timelines for infrastructure, homes, and businesses in homestead regions.*

*The Homestead Initiative should appeal to people from different political perspectives, and offers the opportunity for proponents to build coalitions across parties and political ideologies. This program will help relieve some pressure on the housing market, provide Israelis and Western olim (immigrants) with affordable housing within cohesive communities, while providing job and development opportunities for businesses and labor in economic enterprise zones in homestead regions.*

### תקציר

מאת סטיבן א האמת

ישראל עומדת בפני מספר אתגרים פנימיים קשים ומאתגרים:

- עליות מהירות ביוקר מחירי הדיור יצרו משבר ברמת המחיה עבור משפחות רבות בישראל.

- יש צורך דחוף לקלוט עולים ממדינות המערב בשל התגברות האנטישמיות באירופה.

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<sup>1</sup> A version of this proposal was presented in a Tikvah Fund Workshop in New York City in April of 2015.

- הביורוקרטיה הממשלתית והמסגרת המנהלית הרגילה בה היא עובדת, גורמת לתהליך הפיתוח ובניית הדיור יקר וארוך מנשוא בישראל.

רעיון יוזמת ההומסטייד - נחלה תסייע לישראלים ולעולים חדשים לרכוש נחלה בפעם הראשונה בחייהם, חלקת האדמה המוצעת באזור בו יבחרו בצפון או בדרום הארץ עם הלוואות בריבית נמוכה לבניית בית מגורים. בין יתר התנאים על פי תוכנית זו, המשתתף בתוכנית ההומסטייד - נחלה יהיה מחויב להתגורר בבית המגורים שרכש לפחות 5 שנים ובמשך זמן זה בית המגורים מועבר למשתתף ההומסטייד - נחלה. באזורי ההומסטייד - נחלה, ממשלת ישראל תקים ותסייע לאזורים אלה בצמיחה כלכלית, תקל ותעודד יצירת מקומות עבודה חדשים על ידי עידוד יוזמות והזדמנויות חדשות לעסקים באזורי ההומסטייד - נחלה. בנוסף, ממשלת ישראל תתצטרך לייצל את הביורוקרטיה בהאצת מתן רשיונות בניה ולוח זמנים נגיש עבור תשתיות, בתי מגורים ובתי עסק חדשים באזורי ההומסטייד - נחלה.

יוזמת ההומסטייד - נחלה זו, הינה יחודית ומקורית וביכולתה לפנות לאנשים מנקודות מבט פוליטיות שונות, מציעה הזדמנות לתומכים בה לבנות קואליציות על פני מפלגות אידיאולוגיות פוליטיות. תכנית זו תסייע להקל קמעא על הלחץ של שוק הדיור ולספק לישראלים ולעולים מארצות המערב דיור בר השגה בתוך קהילות מלוכדות ומקושרות ועל ידי כך, תציע תעסוקה ותפתח הזדמנויות עבודה לעסקים באזורי הכלכלה המאורגנים של ההומסטייד - נחלה.

## Proposal

**I. Introduction and Challenges.** World Jewry and Israel are facing major crises today: rising anti-Semitism in Europe and elsewhere, and major cost of living and housing challenges within Israel. This paper defines the challenges and suggests strategies to alleviate these problems.

**A. Anti-Semitism and Immigration to Israel.** One of the primary reasons for the establishment of the State of Israel is to provide a safe haven for Jews throughout the world. In an unparalleled achievement among all nations on earth, Israel absorbed 350% of its population in its first 60 years since its founding. Many of these immigrants during Israel's early years were impoverished Holocaust survivors from post-war Europe or hailed from Arab and Muslim countries spanning from Morocco to Yemen and Afghanistan. In its fledgling years, the State of Israel created camps – often under harsh living conditions – that evolved from tents to tin structures to development towns or even suburbs of existing towns. Decades later, new immigrants arrived from Ethiopia and the former Soviet Union. Nearly a million people immigrated to Israel from the former Soviet Union between 1989 and 2006.

The rise of lethal anti-Semitism sweeping across Europe from political extremists and Islamic radicals underscores Israel's crucial mission. Indeed, *The Atlantic* magazine featured a cover story in its April 2015 edition asking whether Jews should leave Europe.<sup>2</sup> Since the publication of that article soon after the Charlie Hebdo and Hyper Cacher grocery store attacks in Paris in January 2015, Europe has experienced the following terrorist attacks where innocents were murdered by Islamic extremist terrorists (non-inclusive): Paris terror attacks (Bataclan theatre) in November 2015, Brussels bombings in March of 2016, Nice terror attack on French Independence Day on July 14, 2016, and the Normandy church attack in July 2016. Even with tight security, many Jews are finding it difficult to cope, work and live in countries with large radicalized Islamic populations.

The experience of immigration from France is indicative of this serious concern and the deteriorating situation in Europe. Between 1948 and 1967, a total of 10,030 French Jews immigrated

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<sup>2</sup> <http://www.theatlantic.com/features/archive/2015/03/is-it-time-for-the-jews-to-leave-europe/386279/>

to Israel. In 2014 and 2015, a total of 14,900 French Jews immigrated to Israel *alone*.<sup>3</sup> Simultaneously, housing prices are escalating in areas such as Netanya, Tel Aviv and Jerusalem where many immigrants wish to settle. Wealthy Jews from France and Anglo nations have purchased many apartments and homes in Israel that remain vacant apart from holidays and summer vacations.

**B. The Housing Crisis in Israel.** The *Wall Street Journal* reported on February 4, 2015 that this wave of French immigration could push housing Israeli prices even higher. In 2015, the average three bedroom apartment in Tel Aviv cost an incredible \$766,000. The number of monthly salaries needed to save to buy a home leapt from 103 to 137, compared to other OECD countries in the 60 range.<sup>4</sup> This is beyond the financial reach of many Israelis. In February 2015, Israel's State Comptroller Joseph Shapira released a scathing report on the country's housing crisis, blaming the escalating housing costs on government inadequacies and a stifling bureaucracy. The 294 page report revealed that from 2008-2013, the average cost of an apartment in Israel rose 55%, with rents rising 30% during the same time period. The report noted, "The various government departments responded with no strategic plan of action in the long term, and without having set any goals."

To illustrate the problem on a micro basis, the average monthly family income in Israel is NIS 14,000, of which approximately NIS 5,600 goes to rent. This leaves about NIS 8,400, which goes to food, utilities, car payments, fuel, and child-related expenses. Not much remains. With a modest apartment in Israel within reasonable commuting distance priced at a million shekels at a minimum, it is a significant challenge for most families to obtain the required 30% (or NIS 300,000) down payment. When apartment prices are rising at 10% or more a year and salaries increasing at only around 1% to 5% per year, it becomes impossible for a typical family to save enough long term for a down payment. Even if a family is able to save NIS 24,000 per year to obtain the necessary down payment in 15 years – the same apartment now costs NIS 2.5 million, so the family will remain short NIS 400,000 on the down payment. Even if increases in housing prices decelerate, the typical family will still find it nearly impossible to purchase a property. This economic pressure creates an intolerable financial situation for many Israeli families.

Affordable housing and cost of living issues played a significant role in the March 2015 Knesset elections. The Kulanu party won 10 mandates upon its pledge to impact the housing market and address cost of living issues. As a result, Prime Minister Netanyahu appointed to his coalition government Kulanu leader Moshe Kahlon as Finance Minister with Yoav Galant, a former commander of the Southern Command in the IDF, serving as Minister of Construction and Housing.

**C. Israeli Land Policy and its Implications.** Finance Minister Kahlon recently proposed a 1% tax on Israelis who own three or more homes to address the housing crisis. Not only is this plan calculated to bring the state NIS 900 million a year in revenues, it also intends to reduce inequality and discourage people from purchasing multiple homes thereby increasing the supply of available housing. As explained by the Finance Minister:

"When I came to the job, we found an emergency situation in housing. Young couples can't obtain housing and investors are collecting apartments and not letting others have them. That's unfair competition, because for an investor with a lot of money who wants

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<sup>3</sup> France has about 475,000 Jews, about 2/3 of Sephardic origin from North Africa. There are 1,426,900 Jews in total in the European Union.

<sup>4</sup> The Organization for Economic Cooperation and Development is a global economic forum working with 35 member countries and more than 100 emerging and developing economies throughout the world.

to buy an apartment, an additional NIS 50,000 or 70,000 (\$18,000) for an apartment is really nothing compared to a young couple just starting out in life and trying to save NIS 5,000 ....

... Within a year or two, the crisis will be solved. Life will return to normal.”<sup>5</sup>

To be sure, this tax does not directly help a young couple of modest means afford a new home. Furthermore, there could be unintended consequences for renters by increasing taxation on property owners. Owners may pass some of the costs of the additional taxes onto their renters – the very people whom this tax is intended to help. This, of course, would exacerbate cost of living challenges. Additionally, attorneys and accountants will work to avoid the new tax by registering properties under the name of other family members or trusts.

Other factors aside from “hoarding” of residential real estate by investors in desirable regions contribute to the increase in housing prices and scarcity of affordable homes. These factors include restrictive government regulatory policies, a limited supply of housing units and historically low interest rates. Bank of Israel adviser Dr. Kobi Braude released an assessment in July 2016 that the Jewish sector in Israel has a deficit of 30,000–40,000 homes to fill, and that the country’s housing supply has failed to keep up with demand since 2007. In addition, low interest rates have contributed to skyrocketing prices. According to Dr. Braude, for Israel to sustain a high level of building starts (and acceptable affordability) the country needs to increase density in cities and build greater infrastructure such as mass transit systems.<sup>6</sup>

Despite earlier attempted government reforms, including the addition of a tax on the purchase investment residential real estate, the high cost of housing continued to climb in Israel into the first quarter of 2016. The price of a four room apartment rose by 1.6 percent in the first quarter of 2016, and a total of 8 percent in the last year, according to figures released by the Chief Government Appraiser’s office in May of 2016.

Additionally, increasing taxes on residential real estate purchases does not address the desperate need to increase the supply for new housing. Construction and Housing Minister Yoav Galant stated in October of 2015 that Israel would need to build a million new housing units within 20 years. With housing prices having doubled in the past eight years, this has resulted in a 100,000 unit shortage – a much greater estimate than offered by Dr. Braude of the Bank of Israel. The fact that half of Israel’s population is concentrated in the central stretch of land between Ashdod and Hadera has further complicated matters, according to Galant. Given Israel’s population projections for the next 20 years, he said, Israel would need another 200,000 units for the ultra-Orthodox, 200,000 for Israeli Arabs, and 600,000 for the rest of Israel’s population.

93% of land in Israel—“Israeli Land”—is owned by the State with only about 7% under private ownership. According to Israel’s Basic Law on real estate, Israeli Land is jointly owned by the State (69%), the Development Authority (12%), and the Jewish National Fund (12%). The situation *de facto* is that leaseholder rights closely resemble full property rights.

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<sup>5</sup> <http://www.haaretz.com/israel-news/business/1.742308>

<sup>6</sup> <http://www.boi.org.il/en/NewsAndPublications/PressReleases/Pages/12-07-2016Speech.aspx>

The Israeli Supreme Court has ruled that Israel may not allocate land to citizens on the basis of religion or nationality, even if it allocates the land through a third party such as the Jewish Agency. The Court determined that restrictions on the leasing or sale of land based on nationality, religion, or any other discriminatory category.<sup>7</sup>

In August of 2009, the Knesset passed an Israel Land Authority Law permitting people to own real property. As part of the legislation, the Israel Land Authority was created to eventually replace the Israel Land Administration. Under the reform some 200,000 acres of State-owned land, comprising 4% of total Israeli Land, was to be sold to private buyers, including homeowners, developers and kibbutzim. The law intended to accelerate development and new, lower-cost housing, and boost the economy. While this law recognizes that State-controlled land and rigid regulation creates a market distortion and scarcity in housing, this legislation has not yet met its promise.

As explained by Robert Goldberg, a past chairman of the Jewish Federations of North America and Tel Aviv University, in a Jerusalem Post editorial published in August 2016:

I see the primary reason for the high cost of housing as the Israeli government's ownership or significant control of at least 90 percent of available land. This has created a near-monopoly that enables government to realize top dollar for any parcel – a boon for government coffers but a hurdle for real estate developers. In fact, at least 50% of the cost of building a home in Israel is tied to the land cost, whereas the figure in the U.S. is closer to 20%.<sup>8</sup>

The Kulanu party website explains that construction time for new apartments in Israel requires seven years, considering all aspects of the construction procedures from planning, marketing, development, and licensing. Moreover, many potential immigrants wishing to leave France and other Western countries because of anti-Semitism may be hesitant to do so because of the lack of affordable housing and limited job options in Israel. At the same time, large areas of land in both the north (Galilee and Golan) and south (Negev) in Israel remain sparsely populated.

**D. Population and Administrative Districts in Israel.** On the eve of Israel's Independence Day in May of 2016, Israel had a population of 8,522,000 according to the Israel Central Bureau of Statistics (CBS).<sup>9</sup> The Jewish population numbered approximately 6,377,000 residents (74.8% of the total population), an Arab population of approximately 1,771,000 residents (20.8%); and the population of "others" (referring to non-Arab Christians, members of other religions, and persons not classified by religion in the Ministry of the Interior) numbers about 374,000 (4.4%).

Israel is divided into six administrative districts. *See* map on cover. The population distribution in these administrative districts reveal the challenges for housing and population distribution:

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<sup>7</sup> To address this issue, the Knesset passed the "Admissions Committees Law" in March of 2011, which allows committees to reject applicants who wish to move to a village or community of 400 or fewer families in either the Negev or Galilee regions on the grounds that living in these communities is "socially unsuitable" because of the "social and cultural fabric of the town." The law was upheld by Israel's Supreme Court in September 2014.

<sup>8</sup> <http://www.jpost.com/Opinion/Unaffordable-housing-is-harming-Israel-466363>

<sup>9</sup> [http://www.cbs.gov.il/www/hodaot2016n/11\\_16\\_134e.pdf](http://www.cbs.gov.il/www/hodaot2016n/11_16_134e.pdf)

1) The Northern District has an area of 4,638 km when both land and water are included. The district capital and largest city in the North District is Nazareth. Excluding the Golan Heights, which covers a land area of 1,154 km, the Northern District covers 3,484 km. At the end of 2015, the Northern District consisted of 16.3% of the population of Israel, or about 1,389,086 individuals. According to the CBS, Jews are a minority in the Northern District.

2) The Southern District has a land area of 14,185 km, and at the end of 2015 held 14.4% of the population of Israel, or about 1,127,168 persons based upon CBS statistics. The great majority of the population in the Southern District is Jewish. The district capital is Beersheba, while the largest city is Ashdod.

In comparison, the Haifa, Central and Tel Aviv Districts have a population of 4,335,200 individuals, or just over 50% of the total population of Israel.

**II. Significance:** The crisis of affordable housing pointedly degrades the quality of life for many Israeli families, and may destabilize the Israeli economy and political system. It also impairs a major promise of Zionism – the rescue of Jews fleeing from persecution. Israel is also American Jewry’s “insurance policy” should the unimaginable happen in the United States.<sup>10</sup>

**III. Strategy:** This paper advocates the implementation of the Israel Homestead Initiative, a concept adapted from America’s own successful experience, to be executed by the Ministry of Construction and Housing in conjunction with other agencies, and pursuant to Knesset land reform legislation. A well-crafted and innovative Homestead Initiative implements the following important political policy goals simultaneously:

- Substantially addresses the affordable housing crisis in Israel.
- Provides immigrants from Western countries with socio-economic incentives to move to and work in Israel.
- Provides socio-economic incentives to expand populations into both the north and south of Israel.

**A. Homestead Concept.** Historically, homesteading has been used by governments engaged in national expansion to help populate and make habitable until then undesirable areas. While a pure market-based solution for the Israeli government might be to auction off land for development, doing so in remote areas without strong economic or development incentives may not achieve the above-mentioned political policy goals. In the American experience, many families used the Homestead Act to populate the land, build towns, and eventually create new states from the territories. More than 270 million acres – 10% of all U.S. lands – passed to individuals through the Homestead Act and its successors.<sup>11</sup>

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<sup>10</sup> As quoted in *The Atlantic* article cited previously, none other than Vice President Joe Biden candidly expressed the following to an audience in September 2014: “... You understand in your bones that no matter how hospitable, no matter how consequential, no matter how engaged, no matter how deeply involved you are in the United States ... there’s only one guarantee. There is really only one absolute guarantee, and that’s the state of Israel. ...”

<sup>11</sup> <https://www.archives.gov/education/lessons/homestead-act/>

President Abraham Lincoln signed into law the Homestead Act of 1862 to encourage settlement in the western United States. The homestead was an area of public land in the West (usually 160 acres) granted to any U.S. citizen willing to settle on and farm the land for at least five years. The law (and those following it) required a three step procedure: file an application, improve the land, and file for deed of title. After residing on the land for five years and making improvements, applicants received a deed to the land. About 1.6 million homesteaders improved on their claims and earned a deed of title for the land from the federal government. In fact, other nations have also encouraged settlement through homestead laws, including Brazil and Canada. Israel can also develop a comprehensive homestead program for its citizens and *olim*.

**B. Economic Enterprise Zones.** The establishment of economic enterprise zones within homestead regions are crucial to encourage businesses to invest within these zones with job and corporate tax income tax credits or VAT refunds in order to create jobs. The program should be performance-based; meaning that without the promised jobs and investment, the business would not receive any of the benefits.

To use an example from the United States, the state of Florida has 65 enterprise zones in 52 counties. The largest enterprise zone in Miami-Dade recently assessed the effectiveness of the program. The report concluded that businesses and residents benefited from the tax rebates and credits received by businesses as well as from new hires of enterprise zone residents and the associated increase in consumer buying power. From 2011 to 2013, businesses in the Miami-Dade enterprise zone paid \$7.1 million in wages and received \$1.8 million in tax benefits for creating 482 jobs (approximately \$4 in wages per \$1 of tax rebate).<sup>12</sup> Of course, those wage earners are paying taxes. The goal is for Israel to replicate this success in homestead regions in order to provide much needed economic development and investment in these areas.

**C. Current Benefits for Immigrants.** The Jewish Agency for Israel (JAFI) provides new immigrants financial assistance (*sal klita*), free health insurance, free *ulpanim* (Hebrew language courses), rental assistance, and other benefits. Nefesh B'Nefesh (NBN) also operates the Go North program for immigrants from the U.S., Canada and the U.K. Participants receive a range of services and benefits, including social and educational programs and activities for *olim*, and assistance through the absorption process. In the first year of Aliyah, advisors speak with Go North Olim at least once a month. To secure employment, Go North provides *olim* with an employment advisor, who helps *olim* with interview preparation, networking assistance, finding leads on career opportunities, and even assists *olim* with starting a business. Similarly, a program called Go South offers a variety of benefits through NBN, including enhanced financial grants, ongoing local support, employment counseling, pilot trip guidance, and social networking.

These benefits, while constructive, do not solve the current housing crisis within Israel, provide Israelis with new housing options, nor provide strong financial incentives and opportunities for all Western immigrants making Aliyah to settle in the north or the south.<sup>13</sup> To address these

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<sup>12</sup> <http://www.miamiherald.com/opinion/editorials/article19428858.html>; <http://fedc.net/renewing-enterprise-zones-top-priority-for-miami-dade-county-commission/>

<sup>13</sup> Israel should assist white collar immigrants in obtaining employment in Israel by easing the recognition of professional certifications and decrease taxation on companies wishing to relocate to Israel. NBN should also provide benefits to non-Anglo immigrants such as *olim* from France. While these reforms are beyond the scope of this proposal, they are vitally important to achieve greater Western immigration to Israel.



deficits, the Knesset should enact homestead legislation similar to that in other countries to encourage first time home owners in Israel as well as prospective Western immigrants to homestead in selected regions in the north and south.

**D. Implementation of Strategy.** The Homestead Initiative strategy must first identify homesteading regions in the north and the south of Israel. The initial areas should have speedy transportation access to larger cities (such as Haifa and Nahariyah in the north, and Ashdod, Ashkelon and Beersheba in the south) for employment, goods, and services. Initial homestead communities should be developed in clusters near one another to utilize common infrastructure and limit initial costs. Once the target regions are determined through feasibility studies, the Knesset should adopt the contours of the Homestead Initiative policy including the following general principles (which are not exhaustive):

- 1) Homesteading will be open to Israelis who are serving in or have been honorably discharged from the Israel Defense Forces or National Service, and Diaspora Jews who are willing to make Aliyah to Israel, with a commitment to the terms of the Homestead Initiative.
- 2) Eligibility will not be financially need-based so as to encourage a diversity of applicants to participate and move to the homestead regions.
- 3) Applicants would be required to make a pilot trip to the region where they wish to homestead and obtain placement, education, and employment counseling prior to being accepted into the program. Need-based grants for pilot trips will be available.
- 4) Applicants must not already own residential real estate in Israel.
- 5) Approved applicants (participants) would be allocated land in a community of their choosing and be offered low interest loans for building a residence on the land.
- 6) Apartments and existing homes will also be available for purchase under the Homestead Initiative.
- 7) The Israeli government will build infrastructure (i.e., transportation, utilities, high-speed internet, schools, clinics, parks, synagogues, and civic centers).
- 8) The Israeli government will establish economic enterprise zones to stimulate economic growth, facilitate the creation of new jobs, and increase entrepreneurial opportunities for businesses in homestead regions.
- 9) The Israeli government will streamline the bureaucracy to accelerate building permitting and timelines for infrastructure, homes, and businesses in homestead regions.
- 10) Increasing the building industry's capacity and productivity by applying advanced management and technological methods, and allowing companies with the management and

engineering capabilities to increase productivity to build 1,000 to 2,000 units and be responsible for everything from planning, to infrastructure to construction.<sup>14</sup>

- 11) Incentives, such as sponsored community synagogues with Rabbis, will be offered for groups of ten participant families committing to homestead at one time.
- 12) Certain neighborhoods in homestead areas could be reserved to attract communities that maintain cohesive elements (i.e., English or French speaking, Haredi, Religious Zionist, Secular, etc.)
- 13) Homestead participants must remain current on their low interest loans and reside at least ten months out of each year at the homestead, for a minimum of five years.
- 14) After the five years, the homestead participant will receive title to the land as allowed by law.
- 15) *Olim* will be entitled to support from JAFI and NBN with employment assistance, *ulpanim*, and other financial benefits.

The Homestead Initiative should be implemented not to harm private building in areas near homestead regions or to artificially depress the housing market of non-homestead areas. The five year commitment required of homestead participants should limit any negative impact on housing values of neighboring communities.

The initial costs of building infrastructure and operating the Homestead Initiative program will be paid by general revenue, government bonds and revenue from leasing or the sale of land to businesses serving the new populations, with the goal of developing communities throughout the north and south which will pay taxes, build new businesses, and contribute financially to the state into the future. Projected initial costs are yet to be determined as it will depend upon many factors, including but not limited to the amount of land allocated for homesteading and the number of communities.

**E. Potential Obstacles and Opportunities.** There will be obstacles to the Homestead Initiative, particularly by the stultifying government bureaucracy and the initial lack of job opportunities in homestead regions. Additionally, opposition to the privatization of the ILA earlier brought together an unlikely alliance of some Jewish nationalists, Arabs and environmentalists who might also object to the Homestead Initiative.

Nevertheless, this program should appeal to political parties across the ideological spectrum. For Likud, Bayit Yehudi and Yisrael Beytenu and their allies, the Homestead Initiative will help relieve some pressure on the housing market and provide young Israelis and Western *olim* with an opportunity to obtain affordable housing and employment within cohesive communities. For the Zionist Union (Labor), Yesh Atid and their allies, the Homestead Initiative will provide young Israelis with opportunities to obtain affordable housing outside of Judea and Samaria, the later which causes much

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<sup>14</sup> This is part of recommendations made in a report issued in the Spring of 2016 by the Israel Institute of Technology's National Building Research Institute, headed by Professor Arnon Bentur,

friction with the United States and the international community.<sup>15</sup> For the Kulanu Party, which campaigned to break apart the Israel Lands Administration, this plan is one of several strategies to help reform land and construction policies, increase the housing supply and to provide affordable housing for Israeli families. Finally, businesses and trade unions should be recruited to support the Homestead Initiative as both gain with employment and development opportunities.

**F. Conclusion.** The rigid state control of land, burdensome building regulations, and slow development process all constrain the amount of land available for residential housing in Israel. Using economics terminology, the limitation of supply shifts the demand curve for developable land upward and to the left, raising housing prices. Even if taxing real estate investors curbs the increase in housing prices, this doesn't create more affordable housing which is urgently needed in Israel. A housing supply deficit and an increasing population demands an expansion of building affordable homes within the country, preferably outside of the region along the Mediterranean coast where half of Israel's population is concentrated. Likewise, thousands of potential Western immigrants may consider *Aliya* under the right employment and housing conditions. To address this crisis, Israel must open hundreds of thousands of acres to residential housing and business development. If the cost of building a home can be reduced by at least 50% in homestead regions, together with the acceleration of permitting and establishing economic enterprise zones, thousands of Israeli families and *olim* may seek housing and employment in future homestead regions.

The Israel Homestead Initiative offers the opportunity for the north and south of Israel to become more vibrant, provide economic opportunities, and grow regions where more affluent populations might desire to live. Homesteading, as part of an overall land reform effort in Israel, will help bring needed relief to both Israelis and *olim* as well as create cohesive and dynamic communities of diverse populations in what have up until now been remote and sparsely populated regions.

*Steven A. Hemmat is an attorney residing in Seattle, Washington USA. After serving with the U.S. Departments of the Interior and Justice in Washington, D.C., he established a private law practice in Seattle. Mr. Hemmat is a past president of the Pioneer Square Business Improvement Area in Seattle and has served in a number of leadership roles in his local Jewish community. The author is married to the former Shoshana Rachel Buskila, an Israeli native, and they have three children.*

*As an avid student of history, the author believes we can learn from the past to analyze and address current challenges so as to develop and implement beneficial policies for the future. Those interested in this proposal are encouraged to contact the author with their comments, suggestions and contacts to improve upon and make this proposal a reality.*

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**Access** [www.Israelhomestead.org](http://www.Israelhomestead.org) for more information and frequently asked questions.



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<sup>15</sup> The Jewish presence in Judea and Samaria has increased from 290,000 in 2009 to the current number of 385,000 according to the Yesha Council.

## This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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