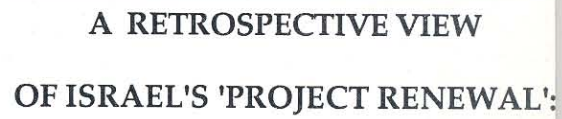

A RETROSPECTIVE VIEW OF ISRAEL'S 'PROJECT RENEWAL':

Lessons for Planning for New Immigran in the 1990's

by

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Israel's "Project Renewal" is one of the most ambitious programs for neighborhood regeneration in the world in terms of scale and scope. At its apex in the mid–1980s Project Renewal encompassed ninety neighborhoods. In small Israel, this has meant that most cities and eligible towns had at least one neighborhood in the project, and that 700,000 persons have been included––approximately 16 percent of the country's population of 4.5 million. By the late 1980s, the project had spent some $800 million. In scope, the project was consciously comprehensive, offering programs in housing and infrastructure improvement, educational enrichment, welfare, community and cultural activities, improved health services, and in later years, some modest beginnings in economic development and job training. Project Renewal was to involve neither the relocation of neighborhood population nor gentrification. It was an attempt to draw from international resources on the very latest in how to achieve neighborhood regeneration. To some extent, Project Renewal was modeled after the then–already–defunct American Model Cities Program (Frieden and Kaplan 1987–88), but has persevered longer and is larger relative to country size.

A project of this magnitude could succeed only by changing institutions––altering their modes of decision making and empowering the local residents. After all, government action––and inaction––were responsible for the formation of most of the neighborhoods needing renewal, as we shall see shortly. Government policies are often part of the problem of declining neighborhoods, as reflected in their increasing dependency on government services and their reduced leveraging power (Alterman 1988). Implementation analysts have been arguing for over a decade that as good as a proposed program might be, implementation cannot be assumed to work simply on the strength of the proposed new policy[1]. One author in the field has even gone so far as to title his book Why Must

Government Programs Fail? (Larson 1980). The question is especially apt for neighborhood regeneration programs, because they seek to deal with what planning theorists have called "wicked problems" or "meta-problems," whose attributes, extent, and possible cures are not fully understood (Rittel and Webber 1972; Cartwright 1973).

Without necessarily adopting such a pessimistic view, this chapter focuses on the implementation of Project Renewal, and asks three questions: To what extent have the operational principles of the project been met through the institutions created and the decisions made? Have they operated well enough to enable the project to produce outputs that can reasonably be expected to lead to the desired outcomes? And to what extent can the changes produced in institutional structures or modes of decision making be regarded as substantive outcomes in their own right? This chapter looks at Project Renewal's planning, implementation, and outputs (budgets and programs delivered). Other authors have written on the project's social and physical outcomes (Carmon, 1989; Spiro, 1990).

But first, we shall take a detour from Project Renewal, to provide a brief introduction to Israel's land policy, housing, and planning systems, which are related to the formation of the neighborhoods now in need of regeneration.

ISRAEL'S LAND POLICIES AND THE HOUSING PRODUCTION PROCESS

Public Land Policy and the Housing System

The vast majority of neighborhoods included in Project Renewal are located on public land and were established through public initiative. Very few are located in inner cities, are old or privately built (only one of the ten neighborhoods in our research sample). Yet not all neighborhoods developed through public initiative are in distress; on the contrary--a large part of Israel's population resides in viable housing constructed on public land. It would therefore be useful to discuss Israel's land policy and housing systems to understand the formation of distressed neighborhoods and the context within which revitalization efforts take place.

Israel presents an interesting mix of public and private involvement in land development and housing (Alterman 1990a).[2] About 92 percent of Israel's total land area

of approximately 20,000 square kilometers is publicly owned. With municipal land banking almost unheard of in Israel (Alterman et al. 1990), most public land is centrally administered by the Israel Lands Authority. Private land, however, has played a much more significant role than this statistic implies because it is, for the most part, concentrated in the larger cities. A few of the neighborhoods in Project Renewal are located in inner cities, on private land.

The Lands Authority leases land on a long-term basis either to public bodies or to private developers (Boruknov 1980)[3]. Leased land, however, behaves in the marketplace much like private land. During the state's first two decades, when most Project Renewal neighborhoods were built, the overwhelming majority of housing starts were classified as percent.) These included housing constructed directly by the Ministry of Housing[4], as well as housing constructed by various quasi-public bodies such as the General Trade Union (the Histadrut), the Jewish Agency for Israel, and associations related to political or religious movements. These agencies or companies received either direct government budgets or substantial subsidies in land and financing. (I call this housing "publicly constructed" to differentiate it from "public housing" in the American sense, where only the very poor, virtually captive population lives.) Most of these units were "purchased" by their residents. Because the Lands Authority does not sell public land, the transfer has always been done through long-term leases, but the public regards these as tantamount to ownership and popularly calls them so.

Most Israeli families start off with some government aid in the form of a subsidized mortgage toward the "purchase" of their first apartment or house. The categories of eligibles include, in addition to young couples, new immigrants (currently with much-enhanced loans), families living in overcrowded conditions, and recently, also bachelors over a certain age. Project Renewal has added a new category of eligibles--residents in project neighborhoods, whether otherwise eligible or not--and has offered them attractive loans for enlarging their apartments.

For the past two decades, Israel's housing policy has been undergoing a gradual trend toward privatization. During Israel's first twenty-five years, all eligible families, except those in need of rental housing, had to purchase their housing unit directly from one of the approved public agencies to qualify for a subsidized mortgage or grant. Since

1979, eligible households can usually use their loans to purchase an apartment on the open market in any city or location they prefer, whether from a public or private developer, on public or private land. The terms of the loans are graded by distance from the country's center in order to encourage population dispersal.[5]

This change of policy is expressed in the figures on the share of publicly constructed housing units, which nosedived to 17 percent in the late 1980s (Israel Central Bureau of Statistics 1987). Some public construction has remained in development towns and in distressed rural areas, but vitually all public construction in the metropolitan areas has ceased, except in some Project Renewal neighborhoods (mostly for housing expansion rather than new units). The current wave of mass immigration, which is just commencing as this chapter is written in mid-1990, will likely exert pressure for the resumption of public sector construction in metropolitan areas to accommodate preferences among immigrants to live in these areas. But although the public sector's share is expected to rise, it is unlikely that there will be a comeback of public-sector domination.

Israeli housing policy has always encouraged ownership (or long-term leasehold) of housing units--mostly condominium apartments, and increasingly in the 1980s, town houses and single-attached or detached homes. At least 70%, and probably more, of Israeli families own (or longterm-lease) their homes.[6] The cost of money in Israel has made it uneconomical for private developers to construct rental housing and there have been no public policies to encourage that. Rental units are to be found mainly in publicly constructed housing and have always been intended to house the very poor. The general population wishing to rent housing, must rely on apartments or houses of private individuals who might be temporarily out of the country or might own a second home.

The public housing companies that manage public rental housing have for a long time been encouraging residents to purchase their apartments, and have legally been able to do so even where not all the residents in an apartment block are willing to do so. As might be expected, neighborhoods in Project Renewal usually have a greater share of rental public housing than other neighborhoods, but even poor neighborhoods often have a substantial population of apartment owners. Among the neighborhoods in our sample, the average percent of owner-occupied units prior to Project Renewal's entrance was 46 percent (ranging from 32% to 92%)[7], and has increased by several points through the

project's policies (Carmon 1989, p. 114).

Urban Policy and the Creation of Distressed Neighborhoods

Urban development and housing policies in Israel's formative years were, to a large extent, responsible for the creation of distressed neighborhoods. During the prestate period, the ideological emphasis was on rural development and a utopian form of living to symbolize the return of the Jews to their land. Yet the factual reality has always been that the majority of residents--above 80 percent even in prestate times--preferred urban life (Alterman and Hill 1986). Urban areas did not receive much attention from planners and were not equipped to absorb mass immigration. Yet, the war-stricken state established in 1948 was faced with the need to house masses of immigrant refugees--survivors of the Nazis and refugees from Arab countries--several times the size of the 1948 Jewish population of 650,000. Planners had to shift their attention to mass housing.

The result was the establishment of some thirty new towns in all parts of the country, many in outlying areas. These development towns may have been perceived as a compromise with the rural ideology. In addition, new neighborhoods were constructed at the outskirts of cities where immigrant transit camps had been located. These were all constructed on national land by government or other public agencies. The housing was characteristically composed of uniform blocks of apartments designed by central government architects, with little regard for consumer diversity, and with little attention to differing landscapes, so that a new town in the green and empty hills of Galilee would be planned at a density similar to a neighborhood in Tel Aviv.

The apartments were at first very small--twenty-eight to thirty-two square meters per family (and many families were large)--but with running water and bathrooms. The average size of publicly constructed housing rose quickly in the 1950s and 1960s, reaching eighty-six square meters in the late 1980s (Carmon 1989, p. 9).[8] The public standard, however, could not compete with the still-higher standards set by the private sector, which since the 1980s has been concentrating almost exclusively on large apartments and town houses. Meanwhile, architectural preferences and styles in the private sector became diversified, allowing more consumer choice than the publicly constructed units. Thus, publicly constructed housing tagged many neighborhoods as future candidates for

regeneration through public intervention.

Indeed, most of today's neighborhoods in distress included in Project Renewal are the creation of public policies and government construction. Built mostly during the country's formative decades, from the 1950s through the mid–1970s, the housing and land allocation processes were stamped by central government control. But, not all publicly constructed neighborhoods were to become distressed. Some have indeed drawn private investment and have undergone a process of improvement through private action.

What factors explain the difference? Naturally, location has been important. Some neighborhoods within or close to metropolitan areas have never declined, while a few have undergone a natural gentrification process. Another factor explaining the decline of some neighborhoods has been their large scale and the lack of diversity in housing sizes and styles. But the major factor--often related to the others--has been social. In many neighborhoods, whether in development towns or in metropolitan areas, a negative selection process has occurred: Populations of greater mobility left these neighborhoods at the earliest opportunity, leaving the less mobile, poorer population behind. This process has been especially marked in development towns, some of which have been included in Project Renewal in their entirety.

Planning Controls: Their Obliviousness to Neighborhood Regeneration

Israeli law supplies a wide range of planning controls and requires a permit for every construction or demolition. But as in most countries, these tools have proven to be suited more to new development than to upgrading existing development. Planning controls did not succeed--nor perhaps were they ever considered--as tools for preventing the construction of neighborhoods destined to become targeted for renewal.

Israel's planning and development control system is highly centralized and strict. Statutory plans are obligatory and binding, containing land use (zoning–like) designations and other development regulations. Every plan originating at the local level --whether big or small--requires the approval of a committee of central government ministries, and can in effect be vetoed by the Minister of the Interior. At least on paper, the system calls for a coordinated and consistent hierarchy of plans from the national, through the district, down to the local levels. A national plan for population distribution controls the establishment of

every new town, and, ostensibly, the maximal permitted population of every existing town as well (Alterman and Hill 1986; Alexander et al. 1983).

Until 1965, however, when the Planning and Building Law[9] repealed the planning legislation inherited from the British, these planning controls did not apply to government bodies. The new law required all government jurisdictions to abide by land-use regulations and procedures, except for defense-related land use. Thus, construction by the Ministry of Housing had to go through the same procedure as construction by a private developer. By this time, however, all the new towns and most neighborhoods now in Project Renewal had already been established and public construction activity was starting to ebb. A hypothetical question is whether planning controls over government construction of housing would have altered the character of these new towns and neighborhoods.

Probably not much. In Israel, as in most countries, statutory plans, enhanced as they might be in legal powers, are not equipped to prevent the construction of housing destined to become distressed neighborhoods. Some reasons for this lie in the passive nature of most planning controls, their focus on new construction, and their physical bias. Other reasons pertain to institutional relations: Regulative planning in Israel is the responsibility of the Ministry of the Interior, which is weaker and poorer than the powerful Ministry of Construction and Housing, which is entrusted with initiatory planning. And finally, regulative planning agencies in Israel are notorious for the slow pace of their decisions and their chronic bottlenecks (Alterman 1989).

Thus Israel's land use planning system has not proven effective in preventing the creation of distressed neighborhoods nor in providing the initiative for renewal. Neighborhood regeneration, as in most countries, has needed a special public-policy, and sometimes legal, boost from outside the planning system. And so Project Renewal was proposed as a comprehensive program to do what regulative planning cannot or will not do.

The Emergence of Project Renewal

Project Renewal was conceived by Prime Minister Begin shortly after the nationalist Likud Party came into power in 1977, and was directed at one of the party's most devoted electorates – residents of poor neighborhoods, mostly Jews of North African or Mid-Eastern origin. The project started operation in 1979. The first batch of

neighborhoods was selected from a preexisting list of 160 neighborhoods considered to be in need of renewal. While a declaration of general national goals was made at the outset, the operational goals remained largely unstated and evolved with time. In Israel, a government program of this kind requires no special legislation, except for the standard annual budget approval by the Knesset (parliament). The actual design of the project was left largely in the hands of planners and other urbanists, with relatively little direct political input in the project's formative stages. The program as a whole had no termination date, but each neighborhood was to benefit for only several years, as a "booster shot" toward regeneration.

EVALUATION OF THE IMPLEMENTATION PROCESS OF PROJECT RENEWAL

Method of Analysis and Evaluation

The study on which this paper is based focuses on a sample of ten neighborhoods of various sizes in different regions and towns. The study is part of a comprehensive evaluation conducted by the author and colleagues (Alterman et al. 1985). The field work was carried out from 1982 through 1984--the project's most active years.

The analysis of the implementation process was carried out by the author (Alterman with Hill, 1985). The method used combined observation with a more structured evaluation: Each neighborhood was assigned a field researcher who participated in meetings and events, followed official decisions, and became personally acquainted with the decision makers and the neighborhood leaders. To structure the evaluation, the field researchers were given a uniform set of guiding questions that served as criteria for evaluation. In their written responses, they relied, in addition to their own observations, on interviews with key informants whom they judged to be reliable, on budget documents, protocols of meetings, and on other formal or informal documents, as required.

The Project's Six Principles of Implementation[10]

To implement its ambitious goals, Project Renewal had to create institutional machinery that could carry the load. The project also had to shake up existing modes of doing government business. This implied a need for innovation. Successful implementation of the project's goals would depend on the degree to which six major operational principles were fulfilled:

* Relying on existing agencies for service delivery within a clear and effective organizational structure;
* Decentralizing authority to the neighborhood level and encouraging resident participation;
* Maintaining good relations with the local authorities;
* Creating an effective planning process within each neighborhood;
* Ensuring adequate interagency coordination to enable integrated action; and
* Minimizing the substitution of Project Renewal funds in existing programs.

Let us look at the degree to which each of these principles has been implemented.

Reliance on Existing Agencies

The designers of Project Renewal were aware of the unmitigated failure of Israel's Urban Renewal Agency of the late 1960s established by the 1965 Law for Reconstruction and Clearance of Renewal Areas. As a new agenchy, it turned out to be powerless against existing government agencies (Alexander 1980). Therefore, the project's designers declared their intention that the project would rely on existing agencies for service delivery, adding only a modest superstructure for planning, coordination, and evaluation. Even this, however, meant that project implementation depended on a complex structure composed of the existing agencies, plus the superstructure. The implementation machinery needed to be equipped with good hierarchical integration and clear rules for decision making (Mazmanian and Sabatier 1983, p. 27).

In practice, the institutional structure that evolved was neither clear nor free of conflicts. Much of the complexity was due to the dual-track structure of the project, which required the cooperation of two "in-laws"--the Israel government and the Jewish Agency for Israel (J.A.I). Together, they ran the major decision-making body on the

national level--the Inter-Organizational Committee (see Figure 1).

The Jewish Agency is an international organization, which since prestate times has been aiding Jewish communities in distress in various parts of the world (of late, in Ethiopia and the USSR). In Israel, the agency has always shared selected responsibility with the government for social services, especially immigrant absorption and rural community development, playing a role similar to that of national or international agencies for technical cooperation and assistance, such as U.S.-A.I.D. or UNESCO. Urban neighborhoods were a new area for the agency. Both sides of the partnership had considerable power, and shared the financial burden through a cost-sharing agreement.

To add to the complexity, the Israeli government side was not monolithic. Five major government ministries were involved, with only a modestly powerful coordinator to orchestrate among them. Reliance on existing personnel for service delivery raised some problems of allegiance and subordination.

Interestingly, excluded from the government agencies involved in the project is the Israel Lands Authority--the landowner of most of the neighborhoods and development towns included in Project Renewal. This reflects the agency's traditionally passive role in the upgrading of existing development, usually restricting itself to administering the leases. The Lands Authority has allowed the ministry of construction and housing almost a free hand in determining what is to be rehabilitated, and has usually cooperated willingly when its authorization as a landowner has been needed.

Meanwhile, the Jewish Agency developed a special institutional structure of its own for planning, budgeting, and evaluation, which, to some extent, dipped into service delivery as well. Built-in contradictions in role definition plagued the role of the neighborhood project manager--one of the crucial officers for project implementation.

Had these problems with the institutional structure gone unmitigated, it is doubtful that the project would have succeeded as much as it did. Several forces, however, helped smooth out some of the friction in the institutional machinery. First, commitment--that sine qua non for successful implementation (Bardach 1977, p. 268; Mazmanian and Sabatier 1983, p. 28)--was available in high doses among the central decision makers on both sides of the marriage. Apparently, they succeeded in instilling a good measure of commitment in many field personnel. Second, it turned out that the institutional structure

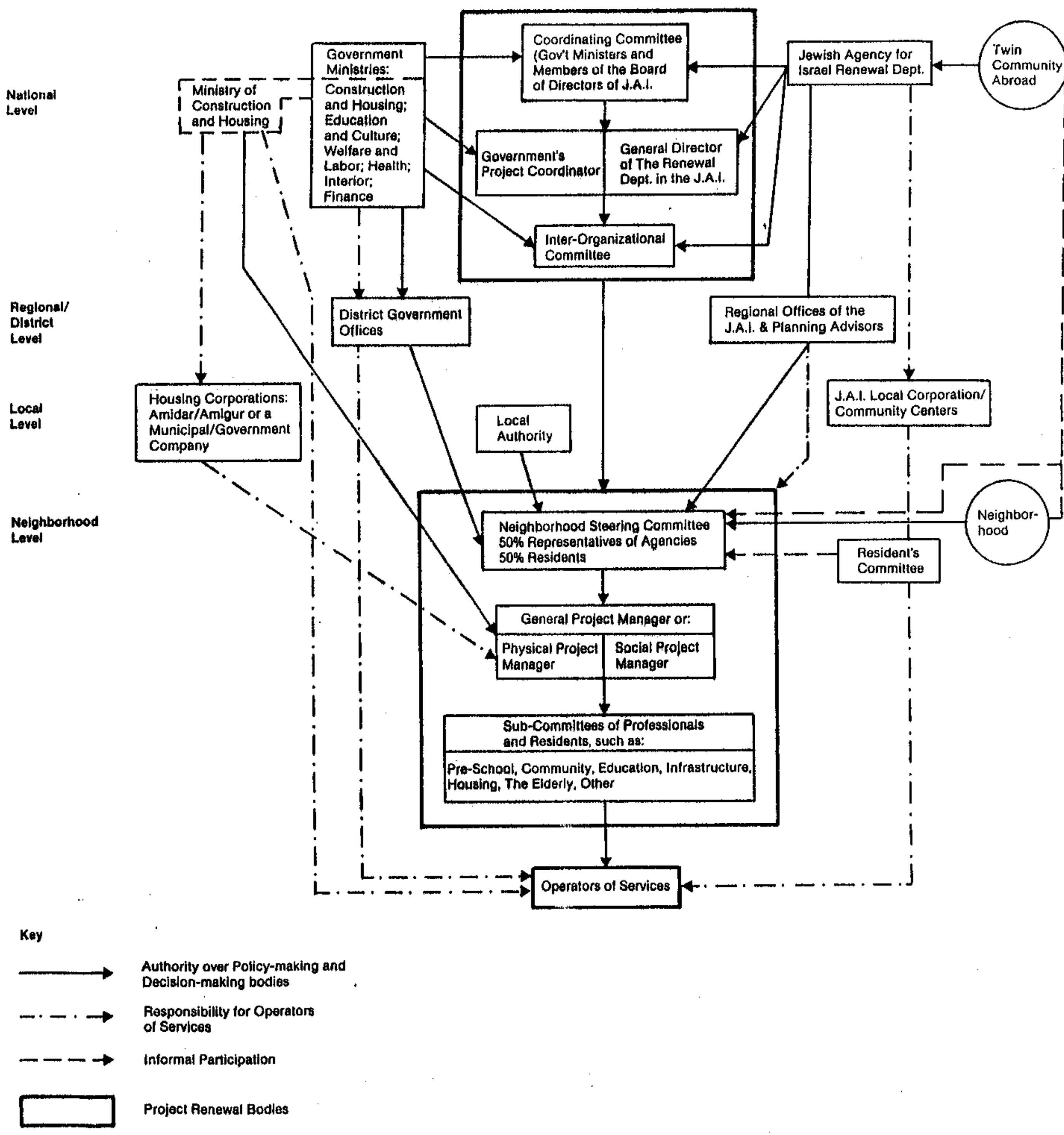

Figure 1: Organizational Chart of Project Renewal

of the Jewish Agency served as a powerful engine, pulling the project along and supporting innovation. The agency's Project Renewal department was a brand new institution without ossified modes of operation in urban neighborhoods. And, the agency as a whole had a special source of commitment to the project through its web of financial and political obligations. Third, the project's unique structure of twinning with Jewish communities abroad provided volunteer professionals interested in the project's success who often served as watchdogs to oversee implementation at the central level. In those neighborhoods where the twinned community representatives were active, this watchdog function also operated at the local level.

Decentralization of Authority and Citizen Participation

One of the major innovations introduced by Project Renewal was the delegation of responsibility for decision making to neighborhood steering committees. The degree to which decentralization was realized should be assessed against Israel's highly centralized structure. We concluded that decentralization was achieved to a significant extent, but in a manner wrought with compromises (Alterman 1988).

First, let us look at the format of the institutions created. At the central level, local residents had no direct representation. On the local level, the structure of the neighborhood steering committees represented a compromise between centralization and decentralization: One-half of their twenty-two members were residents, but the other one-half were representatives of each of the relevant central government offices, the Jewish Agency, and local government. Our findings indicate that the requisite number of local residents had been met in all the sample neighborhoods, and that, unexpectedly, the representatives of most government agencies did indeed come "down" to meetings within the neighborhoods--an important innovation (Churchman 1985, 1987-1988).

In practice, the degree of discretion allotted to the local committees was never formally clarified. In the absence of legislation, a vacuum was left that allowed the central bodies to determine the division of authority. We determined the degree of discretion actually allowed at the neighborhood level by comparing the number of programs and budgets requested by each neighborhood steering committee with those actually approved by the Inter-Organizational Committee. No neighborhood was found to be totally free of

central intervention. Such intervention, however, declined markedly with time. In the formative years until about 1981, the Inter-Organizational Committee sometimes vetoed entire programs and occasionally added some. But after 1982, the correspondence between programs requested and approved rose significantly, reaching near overlap.

Another question left initially unclear related to the division of labor between the central and neighborhood levels. Our findings showed that the delegation of authority to the local level was viewed by the central agencies--and by most of the neighborhoods--as being limited to planning decisions, that is, to determining the package of desired programs. Notions of empowerment in the form of responsibility over budgets and service delivery, to be found in some West European and North American countries (Susskind and Elliot 1983), were quite alien to the decision makers. Decentralization was rarely expressed as **devolution**, whereby central government transfers functions to agencies with autonomous legal powers (Rondinelli 1983, Alterman 1988). Rather, it was a combination of mere **deconcentration**, expressed as the requirement for government officials to sit at the neighborhood level, along with partial **delegation of authority** over planning decisions, while the responsibility ultimately remained with central government.

The following story highlights how alien the notion of empowerment through citizen-based service delivery was to the decision makers. In one neighborhood (unique to the project as a whole) the local community leaders demanded direct control over part of the budget, and wanted to be responsible for running a few small services. This behavior was termed a "revolt" by almost all personnel at all levels. That neighborhood became known as the black sheep of the project and officials responsible for it were apologetic and angry, and at times virtually punitive. The local leaders were viewed as self serving. In 1984 new elections finally brought in more conciliatory leaders and full cooperation was resumed on both sides. The central agency officials were not malevolent. Simply, the devolution of responsibility for budgets or service delivery required so major a departure from regular modes that it could not be considered.

Decentralization did have a tangible impact on service delivery--not through devolution, but through simple deconcentration. Some programs were made more accessible to the residents, including housing loans, welfare, and even the notoriously inhospitable building permit process. Determination of educational curricula--traditionally

planned centrally down to the last textbook—became somewhat more open to residents' input. Personnel were assigned to keep office hours in the neighborhoods, and higher level decision makers became more accessible and more aware of the neighborhood's problems through their service on the local steering committees. Although these changes did not empower residents directly, they were some of the most tangible changes that decentralization brought about for the residents at large, not just the activists.

How sustainable is the experiment in decentralization likely to be? A positive omen are several cases in which the organizational structure of Project Renewal has been copied, almost "automatically," in nonproject neighborhoods. Some housing agencies have become more accessible (Carmon and Oxman 1986). In some local authorities, the procedure for obtaining building permits according to the planning and building law for self-help construction financed through Project Renewal has been made somewhat more user-friendly. If these new modes should persist, government operation in several areas may have taken a permanent turn toward deconcentration.

Maintaining Good Relations with Local Governments

Project Renewal's official guidelines speak of securing the goodwill of the local governments on which the project depends for delivering many of its programs. Yet a look at the project's institutional structure indicates that, ostensibly, local authorities had little to gain. Decentralization in Project Renewal did not vest local governments with greater authority; their formal involvement was limited to representation on the local steering committees alongside the more powerful central government ministries. Project Renewal thus turned local governments into service delivery agents without granting them greater authority, and introduced central involvement in several areas that previously were free from it. The project was in danger of further weakening Israel's already feeble local governments.

Yet, despite these effects, the score for local governments was positive. The best indicator was the strong pressure placed by towns wishing to be included in the project, and the virtual absence of cases where they wished to be excluded. Local governments seemed to savor the opportunity of having more budgets pass through their coffers, thus enabling some funds from existing services to be freed up (contrary to declared project

policy, see below). They also seemed to like the possibility of showing politically marketable improvements in the community, and these apparently were ample compensation for the loss of some control. In most of the sample neighborhoods, a reasonably good working relationship with local government was secured, even though particular local officials at times felt bypassed.

The project also seeded an alternative model for central and local government cooperation over service planning and delivery. The neighborhood steering committees created a structure for ongoing dialogue between central government offices and local government over the delivery of central government services. Previously, the exchange was dependent largely on lobbying by the mayor, or on separate exchanges among low-level bureaucrats or professionals within each service area. The precedents created by Project Renewal coincide with changes that are occurring in local government in general, which is becoming more professional, self-assured, and less dependent on central government than it was in the past.

Creating an Effective and Comprehensive Neighborhood Planning Process

The project's goals were to pull the neighborhoods out of the social structure, economics, and infrastructure of poverty. Because each neighborhood had a somewhat different profile or perception of its problems, successful implementation of the national project goals thus hinged on success in designing a suitable tailor-made strategy for each neighborhood--that is, on comprehensive planning. This was no easy task, given that the existing social programs each had similar goals in their separate areas for a long time. The planning process thus had to **be** different to **make** a difference. It had to reflect some comprehensive view and to tackle the "wicked problems" that previously had eluded solution. The planning task was formally assigned to each neighborhood steering committee.

Comparison of the packages of programs requested by each steering committee with the neighborhood's central problems shows that the majority of the programs, especially in housing quality and crowding, infrastructure, community organization, welfare, and to a lesser extent educational enrichment, did address high priority problems. There were many programs, however, that dealt with problems cosmetically through

programs in cultural services, equipment purchases, and facelifts of housing facades, which proved to be of little value in the long run. In the absence of employment retraining or economic development in the project, and with little structural change in the education system, few programs attempted to tackle the root problems of poverty.

The planning process enjoyed mixed success. Positively, in all the sample neighborhoods, the planning process yielded the annual decisions that the central agencies expected. Yet in most neighborhoods the planning process was lacking in many ways: The database was grossly inadequate for determining the extent of problems; there was a tendency to prematurely cut off the possibilities for adding programs or terminating unsuccessful ones; little attention was paid to identifying and evaluating alternative strategies and programs; and in most neighborhoods, there were few attempts to take an overview of the neighborhood's problems to determine priorities.

It is not easy to pronounce judgment on whether the planning process was a positive link in the program–to–resources–to–outputs–to–outcomes process. Ideal planning processes are hard to come by anywhere, as planning theorists have long recognized (Hudson 1979, Alexander 1984). The project's achievement was that a planning process was institutionalized at the local level for the first time in Israel. Long–term positive effects of this innovation lie ahead if local governments use this precedent to improve neighborhood planning. Meanwhile, the bottom line is that the neighborhood planning process is responsible for both the good and the missed shots in finding solutions to neighborhood problems.

Interagency Coordination for Integrated Action

Project Renewal, unlike existing social and housing services, was to be an integrated program––a concerted onslaught on the social, educational, health, and physical problems of poor neighborhoods. This meant that government offices would have to overcome their genetic tendency toward separate action, and would have to learn to coordinate. Formation of an ad hoc committee or appointment of a coordinating officer, previously tried in Israel for the coordination of other programs (with limited success), would not do for a neighborhood program: Here there had to be long–term coordination on a large scale, entailing scores of neighborhoods spread all over the country. Of all the

project's operational principles, this one required the greatest departure from traditional behavior.

Coordination was achieved, but not to the desired degree. Instead of **coordinated** action, in many neighborhoods the project achieved **concurrent** action. Also, there were differences between the sectors: Coordination between the two major sectors of activity--the social and the physical--was weaker than within each sector. Thus, coordination between social and educational programs, for example, was somewhat better than between social programs and housing.

On the positive side, even concurrent activity in a wide array of physical-improvement programs along with social, educational, and community programs is an impressive achievement. Most significantly, the project's organizational structure supplied a forum for eight or nine government and quasi-government agencies to sit together on a routine basis, focus jointly on a particular neighborhood, and go through a decision-making process--at least formally--that required them to determine an agreed-upon set of programs. Also notable are the attempts to create--from scratch--norms of cooperation among service delivery personnel.

Doubtlessly, better coordination would have made the project's implementation process more effective. Yet this may not have been feasible, since good coordination is notoriously hard to achieve. Despite its shortcomings, this precedent could serve as a model of an improved organizational format for coordinating government services in distressed neighborhoods.

Adding Services Rather than Substituting Funds

What often happens during implementation of public programs is a game of tug-of-war that pulls the process in unplanned directions (Bardach 1977). If a program is well funded and is perceived as a success, this "game" may take the form of participants substituting the new program's funds for their own, shifting their own funds to other purposes or sites. Such a process could occur either as a conscious policy on the part of some of the participating agencies, or as gradual slippage.

To what extent did Project Renewal actually add to existing services, as its goals implied it should, rather than simply change the budgetary address for some services?

This is a tough question methodologically because it involves second guessing. This issue, popularly called in the project's jargon "budgetary escape," was one of the most sensitive implementation questions. Neighborhood residents and bureaucrats alike were keenly aware but inaccurately informed of this issue. The method we developed to measure the extent of displacement did not use actual budgets; inflation was too high for that at the time. Rather, using expert judgment, we classified each of the programs delivered as either net addition, partial substitution, or full substitution.[11]

The findings indicate that about 40 percent of the programs involved **partial** or **full** substitutions, but the percentage of funds concerned was considerably smaller. Not all the agencies in Project Renewal undertook--or allowed--substitution to the same extent. Table 1 shows that, contrary to popular lore, local authorities were not the only, nor the major, culprits who benefited from substitution: 23 percent of local authority-delivered programs had some substituted funds in them, while as many as 35 percent of ministry of education programs benefited from substitution. Some of the latter were internal substitutions of Project Renewal funds for existing ministry of education programs.

Table 1: Percent of Social Programs with Some Displacement By Benefiting Agency

Min. of Ed.	Min. of Labor	Min. of Health	Local Gov'ts	Rel. & Cult. Insts.
35	13	5	23	24

Source: Alterman with Hill (1985) : 148.

Which agencies "paid" for the substitution by financing programs that substituted for existing programs? (Recall that Project Renewal was financed both by the Jewish Agency and by specific ministries of the Israeli government.) The Jewish Agency was the most "generous" of all the institutions in allowing substitution: As many as 58 percent of the programs it financed were at least partial substitutions for existing programs. The Ministry of Education allowed 26 percent. The two other financing ministries had low displacement rates. It is difficult to assess whether the large chunk of "generosity" displayed by the Jewish Agency reflected a conscious policy of allowing indirect subsidies

of Israel government operations, or a "natural" process of bandwagoning onto a new source of financing.

The degree of substitution varied by type of program (see Table 2). Formal education, postnatal, and toddler programs were highly susceptible to displacement, due to the expectation that some of these would have been delivered anyhow, without project financing, as they were in some nonproject neighborhoods. Also high is the youth and sports category. Programs that were totally new to Project Renewal, such as planning, or were highly innovative, such as neighborhood-based job training and special health services, naturally showed no displacement.

Table 2: Percent of Social Programs with Some Displacement Within Each Program Category

Post-natal and toddler	formal education	youth & sports	community	employment	health	senior citizens	planning & admin.
59	53	46	31	14	0	37	0

Source: Alterman and Frenkel (1985): 76.

Substitution undoubtedly weakened the net outputs of the project to some extent, especially in the areas of formal education, and what might be regarded as informal education--youth, sports, and community programs. Many of these informal programs were financed by the Jewish Agency. But in view of the fact that the figures presented above include many programs of only partial substitution, we estimate that the extent was not enough to jeopardize the possibility of a causal connection between project-financed programs and possible outcomes. Some substitution is inevitable in any program with budgets, political support, and a large number of institutional participants. From this point of view, the substitution that occurred in Project Renewal could be regarded as an indicator of success. We found insufficient awareness, however, among the project's decision makers of this phenomenon and no attempt to prevent it.

THE PROJECT'S OUTPUTS: PROGRAMS AND BUDGETS

Total Budgets and Investments

Although budget figures by themselves may not be useful for cross-national comparison, the change in investment levels over time and the relative allocations for the different program areas could be of interest.

The total investment[12] in Project Renewal from its inception through 1987 was $756 million, ranging annually from about $75 million in 1980 and 1987, to a high of about $125 million in 1981 and 1982, the years of maximum investment per neighborhood. Of these sums, 32 percent was invested in social, education, and cultural programs (henceforth, social programs), 45 percent in housing and infrastructure (excluding mortgages to residents), and 23 percent in public buildings such as sports facilities and community centers (Carmon 1989, pp. 47–48; Hovav 1988). The extent of investment in individual neighborhoods has declined markedly with time and the increase in the number of neighborhoods, from a high of $1.8 million in 1982, to $800,000 in 1987.

Could this level of investment make a significant difference? Carmon (1989, pp. 51–52) analyses Israel's total budget for social, education, housing, and health services, and comes to the conclusion that in Project Renewal neighborhoods, the additional budgets constituted a 22 percent to 34 percent supplement to the per capita public expenditures on these services. Project Renewal's policy was to invest most of these budgets in the community, through enhanced housing and social services. Only a small proportion was given directly to the residents in the form of loans or scholarships.

Programs Delivered in the Research Neighborhoods[13]

The range of programs delivered in each of our sample neighborhoods reinforces that Project Renewal's strategy was to carry out many programs simultaneously, covering a wide scope of intervention. In view of the differences in budgeting social and physical programs, we shall discuss each of these categories separately.

On the average, forty specific social programs were carried out in each

neighborhood in a given year (during the project's peak). The areas of intervention included, in all sample neighborhoods, postnatal and toddler programs, education, youth and sports, community activities, and services for the aged. In some neighborhoods, there were also enhanced health services and job training (in four of the ten neighborhoods). In our ten sample neighborhoods, the average social budget for 1982/83 was $747,000 per neighborhood, as against an actual expenditure of $461,000. Table 3 presents the distribution of social programs by subject category, and the percent of the total expenditures on each type of program:

Table 3: Percent of social programs and of expenditures, by subject category, 1982-83

	Toddlers	Education	Youth & Sports	Community	Employment	Health	Old age	Total %
Programs:	17	25	25	20	1	2	10	100
Expenditures:	13	33	23	23	0.4	3	4	100

* Average per neighborhood. Source: Alterman and Frenkel (1985): 9.

In addition, physical-improvement and housing programs were carried out. These do not lend themselves to a meaningful quantitative count by number of programs delivered because their budgeting varied widely. Table 4 presents the average percentage renewal budget invested in our research neighborhoods in each of the three major areas of physical improvement--housing, infrastructure, and public buildings and facilities. We learn that 60 percent of the budget on average in the two budget years studied was allocated to physical programs. Of these, housing received the largest share, public facilities the next largest, and infrastructure the smallest.

Table 4: Percent of the Average Budget Allocated to Physical Programs,by Category (the dollar value are in thousands of dollars; 1981-82 and 1982-83 Averaged out)

Physical Programs	$	%
Housing	656	23
Infrastructure	290	11
Public facilities	784	26
Total/physical programs	1,730	60

* Source: Alterman and Frenkel (1985: 19)

It is beyond the scope of this paper to evaluate the extent to which these investments did indeed achieve social and physical change in the neighborhoods. (This is the focus of Carmon 1989 and Spiro 1990.) In terms of implementation, the data above indicate a robust program of expended budgets (though not always in full) and the delivery of a large number and variety of programs to local neighborhoods.

Target Populations

One of the indicators of effective implementation is the degree to which programs reach the target populations. Project Renewal scores well on this count. In our research neighborhoods, we found that programs of formal education (including baby-care and toddler programs) had the widest reach, as can be expected: 51 percent of the children from birth to age seventeen had participated in one or more of the education programs financed by the project. This percentage varied by age group, as presented in Table 5.

Table 5: Average Percentage of Residents Reached by Project Renewal by Age Group, 1982-83

Age Group	Formal education programs	Informal programs
0-2	12	14
3-5	75	12
6-11	92	33
12-17	15	29
18-64		22
65+		39
Average	51	2

Source: Alterman and Frenkel (1985): 38

Formal programs reached the majority of children and youth. Informal programs, such as youth clubs, adult education, cultural programs, and community organization, where attendance is voluntary, had a lower rate of outreach, but still managed to attract a sizeable chunk of the population--one-quarter of the adults and one-third of the children. These figures are on the conservative side, because they are averaged over all the neighborhoods. If we include only those neighborhoods where a specific program had been offered, the rates are higher by some 5 to 10 percent.

In the area of physical improvement, we cannot present equivalent figures because the reach of these programs is cumulative and takes a long time, whereas we studied the neighborhoods only for a select period of time. In general, though, one can say that in all the neighborhoods, physical improvement programs eventually covered most of the housing units and some of the infrastructure and streetscape. The extent of intervention, however, varied a great deal, from simple facade facelifts supplemented with pipe improvement, to innovative architectural designs for the expansion of entire apartment blocks for which Project Renewal has become renowned. There is no question that the latter were the more durable and meaningful outputs, creating a substantial alleviation of crowding and, if the housing unit was in private "ownership" (usually, long-term leasehold), also adding a significant asset to the family's finances. While almost all households enjoyed some improvement in housing, apartment expansions were less frequent.

Are these degrees of reach high or low? The rates for the voluntary social programs are probably quite high, when we consider the problems of reach encountered by equivalent programs in other countries, but parallel data are not easily available. The rates for physical improvement are high in terms of coverage, but vary in terms of depth and endurance of the change. The assessment of success would depend on the outcomes achieved, which are not the subject of this paper. In terms of capacity to deliver programs that would reach the target populations, Project Renewal seems to have been quite successful.

ASSESSING DEGREE OF SUCCESS IN IMPLEMENTATION

How successful has the implementation process of Project Renewal been? I shall discuss success on two levels: implementation as a means--the degree of effectiveness in delivering the programs and services planned by the project--and implementation as an end in itself--the degree of change achieved in the modes of decision-making in government programs.

Although the implementation process presents a somewhat ambivalent picture, one conclusion is clear cut: Larson's pessimism concerning why government programs fail, does not hold in the case of Project Renewal. Project Renewal will probably never be judged a failure. But there will likely be a lively debate about its degree of success.

If judged solely as the link between program and outcomes, the implementation process was not quite a freely yielding sieve. Its shortcomings in the neighborhood-based planning processes, interagency coordination, and the partial substitution for existing services, plugged up some of the pores, slowing down the project's capacity to achieve its goals. Not all ostensible outcomes can be attributed to the project: Some outcomes--probably a minority--are the result of preexisting programs, either continued as before, or financed with substituted project funds. Other outcomes are the result of processes of social and economic change occurring in Israeli society in general, which the project both reflected, and from which it benefited.

Yet the project did deliver an impressive array of additional services. Thus, despite the shortcomings enumerated above, the neighborhood-level planning processes, the institutional alignment, resource allocation, and project outputs were significant enough to underwrite the project's capacity to produce social and physical changes in the neighborhoods (discussed in Spiro, 1990). Thus, the look into the implementation process leaves no doubt that many of the programs under the project's name can indeed be credited to it.

How successful has the implementation process of Project Renewal been in producing administrative institutional change? One of the factors proposed by Sabatier and Mazmanian (1981) for assessing success in implementation is the degree of behavioral

change. If one considers the major departure from Israeli administrative structures and norms that the project called for, its implementation process can be seen as a qualified success. For residents of poor neighborhoods, greater accessibility to government services through decentralization and public participation, better coordination among central and local government agencies, and the establishment of a precedent for neighborhood-level planning, can all be counted as substantive outcomes.

THE CHALLENGES OF THE 1990'S

In retrospect, Project Renewal will likely be seen as Israel's major social and housing program of the 1980s. By the end of the decade, the project had been phased out of many of the neighborhoods. Although several new neighborhoods were taken on in the late 1980s, and the project has not been officially terminated, by the early 1990s the project had lost its centrality, and its budgets were cut. The 1980s saw a general bridging of the ethnic cleavage between Jews of European origin and those of Asian-African origin (about 60 percent of Israel's Jewish population). The mainstreaming of the latter group is best expressed in its rising political representation on both the local and national level. This bridging had been the social motivation behind the project and is now less of a burning issue.

The 1990s will likely be marked by new national goals in urban development and by new social processes. Mass immigration from East Europe is expected to reach 200,000 in 1990 alone, and possibly one million (or more) over the next few years – to be absorbed into Israel's Jewish population of only 3.7 million. Already by mid-1990 the availability of apartments for market rent, which the immigrants are encouraged to occupy in the first year while they attend language education and seek employment, is almost nil. New immigrants, whose education level is considerably higher than the Israeli average, are already seeking accommodation in some of the distressed neighborhoods, especially in the country's center, and their presence is already visible in some of the peripheral development towns that have not seen any newcomers for many years.

Meanwhile, the panic-stricken central government is formulating plans for

stimulating the construction of new housing in order to reduce the huge anticipated gap in housing availability. From the vantage point of mid–1990, the contours of the new policies are still sketchy.[14] Faced with a private construction sector that by 1990 had shrunk to a mere 14,000 housing starts, government is tempted to consider a resumption of public–sector domination. In mid–1990, the Ministry of Housing issued tender for the first batch of 50,000 new housing units, over and above what the private sector was expected to construct in a "normal" year. At present, government seems committed to a policy of relying mostly on the private construction sector, while providing public subsidies and incentives to speed up the process and reduce developers' risks. But centralized planning is back in action as government planners scurry to identify possible sites for new neighborhoods in various parts of the country (all within Israel proper)[15]. Many of these locations are on the periphery of existing cities where land availability is easier.

The lessons of Project Renewal should be heeded at this time. The overwhelming majority of neighborhoods needing regeneration were the result of public design and construction. It was the emphasis on quantity rather than quality, reliance on central government agencies, location in peripheral areas, and obliviousness to market preferences that created neighborhoods in distress in the first place. Israeli land and housing policies have changed over the past decade or two to the extent that, one would hope, the repetition of earlier mistakes to the same scale will be avoided. One important different is apparent: today's new immigrants will insist on making their own decisions and expressing their market preferences. So far, government seems committed to a policy of allowing immigrants to exercise their market preferences freely, using the subsidized mortgage available to them. But to avoid creation of next–decades's candidates for Project Renewal, public policy should avoid the temptation to resume large–scale initiatives for public–sector construction. Central planning should restrict itself to creating a more responsive planning and permitting system, to strategic planning, to the provision of subsidies and other incentives. Public construction should be limited to small numbers and diversified types only in places where the market is not robust enough on its own. Will Israeli public policy be able to resist the temptation of recentralization under the guise of emergency?

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ENDNOTES

1. The pioneering work in the field was by Pressman and Wildavsky 1973. Major subsequent contributions are Bardach 1977, Sabatier and Mazmanian 1981, and Barrett and Fudge 1981. For the author's analysis of approaches to implementation analysis see Alterman 1982, 1983, 1987-8, and 1988.

2. For a comparative description of land policies in several other countries see Hallett (ed.), 1988.

3. Most of the information here on land policy is based on the author's cumulative knowledge and her ongoing research in the field. There are as yet few publications available in English.

4. That ministry's name has changed many times in Israel's history, in various combinations with other ministries. Today it is called Ministry of Construction and Housing.

5. The attractiveness of the loans has fluctuated depending on the centrally controlled level of interest for these loans and the relationship between average income and the cost of living index, to which these loans have been linked since the late 1970s. During part of the 1980s, the ostensibly subsidized loans have in many parts of the country turned out to be a quicksand trap where the index rose more than the value of the apartment and faster than the family's salary. A new grassroots organization of citizens with onerous mortgages has recently emerged. It has successfully raised serious grievances against government mortgage policies and government insensitivity to the trap in which may families who received "eligibility" public mortgages, find themselves. See media coverage such as Ha'aretz daily newspaper, April. 6, 1990, p. B4.

6. This latest available statistic is from the Central Bureau of Statistics, Survey of Housing Conditions, 1978. One can assume, however, that this statistic is somewhat higher today, given the policies encouraging purchase from the public housing companies, as well as the rising standard of living and the desire of most families to own equity.

7. Actually, this average is calculated for nine of the neighborhoods, and excludes an inner-city Tel Aviv neighborhood that is really atypical because it was not created through public action.

8.The European or American reader should remember that average family size in Israel is considerably larger than in most European countries, at 3.5 in the Jewish sector and 5.6 in the Arab sector (Israel Central Bureau of Statistics, Annual Report, 1988).

9. Laws of the State of Israel, 1965 (available in English).

10. For the full discussion of the methods of analysis and the findings for each of these six principles, see Alterman with Hill 1985.

11. In each neighborhood, each program was classified as an outright substitution for an existing program with little change (a minority of cases), a partial substitution, or a full addition. A major conceptual problem concerned those programs that were not actually in existence when the project entered the neighborhood, but which would have likely been added in the normal course of events as they were in nonproject neighborhoods. This classification was based on a judgment of probabilities. It was not possible to analyze actual budgets due to

difficulties in following the accounting in a situation of high inflation and budget transfers. See Alterman with Hill 1985, Part 7.

12. Due to different reporting systems of the agencies involved in Project Renewal, the numbers presented are actually a mixture of budgets and investment. Because the budgets were not all spent in full, the figures for actual investment are somewhat lower.

13. The full data are presented in the volume by Alterman and Frenkel (1985).

14. The information in this section is based on the May 1990 Government Decision on the Program for Immigrant Absorption which, although not published, received extensive press coverage. Further information was provided by Mr. Uri Shoshani, director of the planning and engineering authority with the Ministry of Construction and Housing. The author is a member of the ad-hoc national advisory committee on housing for new immigrants created in May 1990.

15. All these new units are within the borders of Israel proper; none are to be constructed in the West Bank or Gaza Strip.

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