Palestinian National Plan 2011-13

Housing Sector Strategic Plan Summary

1. Sector Profile

Since the Palestinian National Authority (PNA) was established, the housing and housing production housing sector has played an exceptional role, positively impacting the Palestinian national economy. Employing 11%-14% of the Palestinian workforce, the housing sector is the largest economic sector. Since it took control over liberated Palestinian territory, PNA has paid a special attention to the sector, making serious efforts to provide private houses for citizens and public buildings for government bodies. Accordingly, the West Bank and Gaza Strip have witnessed an unprecedented horizontal and vertical urban expansion.

The Ministry of Public Works and Housing (MoPWH) has worked towards providing housing to target groups through housing projects and programmes that benefit citizens with low income. MoPWH allocated governmental land at nominal prices for more than 5,800 households and implemented 16 housing projects in the Gaza Strip, accommodating over 4,000 households. Funded by the Spanish Government, MoPWH implemented two other housing projects in the West Bank.

The Ministry also contributes to developing laws and regulations, which help develop the housing sector and serve citizens. It also encourages PNA bodies, the private sector and banks to contribute to constructing houses. In this context, the Palestinian Housing Council and various banks have offered housing facilities and loans to public and private sector employees.

To promote their perseverance in East Jerusalem, PNA has also provided residences to Jerusalemites through loans and assistance offered to cover construction works. Israel has made every effort to evacuate and transfer Palestinian residents from the city. Seeking to preserve the Arab status of East Jerusalem heritage neighbourhoods, the PNA has restored buildings and encouraged respective owners to reside or lease them.

The housing policy making is not restricted to providing buildings, but to making available necessary requirements, facilities and services, including water, electricity, sanitation, telephone lines, Civil Defence stations, healthcare centres, schools, streets, and transportation. Ministries and government bodies have jointly worked to provide these services to the housing sector.

Over the past few years, several initiatives have been made to address housing problems. Many investment hand lending agencies have encouraged the PNA to reduce deficit and invigorate the housing sector. Corroborated by an invaluable expertise in housing production, the private sector has also played a significant, effective and ambitious role in the sector. The private sector's experience should be utilised in the design of housing policies. Innumerable local investors and cooperative societies have scored major successes not only in housing production, but also in mobilising financial resources and developing planning capacities in the area of housing saving and lending.

The housing sector plays an important role in strengthening the Palestinian State's structures in various aspects. It support the foundation of Palestinian urban communities in the face of Israeli settlement activity; develops the national economy by employing workforce and reducing

unemployment; promotes relevant industries, including stone, marble, bricks, tiles, paints, aluminium, electrical appliances, sanitary fittings, etc. The housing sector also contributes to incorporating real estate shareholding companies and commercial banks and increasing the types of real estate investment. Apart from conventional construction, such as private residence, flats, offices, premises and condominiums (cooperative housing), the sector helps create new real estate patterns, including towers, shopping complexes and hotels. Strength of the housing sector provides social and political stability, which our prospective State needs in order to address priority issues. To intensify the Palestinian presence and face Israel's settlement enterprise, urban expansion and housing projects are of particular significance in Jerusalem, Jordan Valley and border areas.

The Global Strategy for Shelter to the Year 1988 confirms the need to enhance shelter production and provision, review of national housing policies, and adoption of an enabling strategy with a view to materialise adequate shelter for all. According to UN-HABITAT, "[a]dequate shelter means more than a roof over one's head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost." (UN-HABITAT, 2001).

To understand the housing sector's status, a briefing note needs be presented about major features of the population and housing in the Palestinian territory. According 2008 estimates of the Palestinian Central Bureau of Statistics (PCBS), the Palestinian population throughout the world is estimated at 10 million. Of these, 3,761,646 Palestinians live in the West Bank and Gaza Strip, including 2,345,107 in the West Bank (62%) and 1,416,539 in the Gaza Strip (37.6%). In 1997, population increase in the Palestinian territory amounted to approximately 30% - one of the highest in the region and the world. In the interval between both PCBS population censuses of 1997 and 2007, the annual population growth rate was 2.7%. Assuming that the growth would be steady over years to come, the number of the Palestinian population will double over the next decade. In relation to the population age composition, young age category (0-14 years) comprises 44%, indicating that the Palestinian society is still youthful in comparison to other societies as well as doubling the State's responsibility for providing all services, including housing projects, for future generations.

Palestinian households totalled 646,755, including 427,533 in the West Bank (where an average household size is 5.8 persons), and 219,222 in the Gaza Strip (with an average size of 6.5 persons). According to the PCBS 1997 census, Palestinian households were estimated at 452,153, marking a rise of 194,164 households (with an average size of 6.4 persons). compared to the 1997 census, it appears that the number of family members dropped, indicating a trend to compose nuclear families at the expense of extended or compound families. Still, the number of household member is high. It should also be noted that a reduced household size marks a reduced fertility rate as well as a trend towards establishing nuclear families. In 2007, nuclear families represented 78.8% compared to 73.2

in 1997. On the other hand, extended families dropped from 23% in 1997 to 16.4% in 2007, further highlighting Palestinian households' tendency towards independence. In reality, this is an additional factor of the increasing demand for houses as well as growing housing needs.

The total area of the West Bank and Gaza Strip is 6,187 km^2 (including the Dead Sea surface). Of this, the West Bank comprises 5,822 km^2 and the Gaza Strip 365 km^2. The territory, which is still under Israel's control, represents 60% of the total area of the Palestinian territory. In light of the differing area between the West Bank and Gaza, results show that the population density varies between both areas, exceeding 10,000 persons per km^2 in Gaza cities and refugee camps, 5,000 persons per km^2 in West Bank cities; and 1,300 persons per km^2 in Area B. This reality emphasises the dire need to implement different programmes in both geographical areas.

In the Palestinian territory, residences used for housing or housing and working purposes as well as closed, uninhabited and deserted residences totalled 701,937 in 2007, distributed to 456,314 in the West Bank (with the exception of Area J1 in the Jerusalem governorate) and 245,623 in the Gaza Strip. Inhabited residential units amount to 629,185, including 414,493 in the West Bank and 214,692 in the Gaza Strip. Hebron is the largest Palestinian governorate in terms of inhabited residential units, accommodating 87,645 units, or 13.9% of the total inhabited units in the Palestinian territory. Gaza governorate is second, with 75,004 residential units, or 11.9% of all Palestinian residential units. With 7,262 units, Jericho and the Jordan Valley are the least in terms of the number of residential units, comprising 1.2% of all inhabited houses in Palestine.

In 2008, average housing density (number of persons per room) was 1.7 persons, including 1.6 in the West Bank and 1.9 in the Gaza Strip. Approximately 12.7% of Palestinian households live in residential units, with a density of 3+ persons per room. Average rooms in residential units is 3.6. 15.9% of households reside in houses with 1-2 room(s), including 16.9% in the West Bank and 13.9% in the Gaza Strip.

The latest 2008 PCBS census shows 51% of households in the Palestinian territory live in residences in the form of a detached house and 47.2% in flats. Those living in detached houses in the West Bank outweigh those in the Gaza Strip – 51.8% and 49.2% respectively. 45.8% of the West Bank households and 50% of the Gaza households live in flats. In relation to housing tenure, approximately 81.1% of households live in houses that belong to a family member whereas 18.9% do not own houses. It should be noted that a household's ownership is significant to Arab communities, which mostly prefer to possess a house in disregard of their economic and social conditions. The United National Works and Relief Agency (UNRWA) possesses residences in Palestinian refugee camps. These are built of bricks and roofed with asbestos or zinc plates, especially in the Gaza Strip.

According to the January 2010 UNRWA Statistical Report, a total of 1,551,145 refugees are registered in the PNA territory, including 951,709 in the Gaza Strip and 559,436 in the West Bank and representing 42.6% of the West Bank and Gaza population. This includes 27.3% of the West Bank population (with an annual growth rate of 2.5%) and 67.9% of the Gaza population (with an

annual growth rate of 4.5%). The refugee camp population live in an inadequate housing environment, which lacks healthy and basic life conditions. Also lacking privacy, residents are overcrowded over a limited area of land.

Towards the end of 2010, housing needs in the West Bank and Gaza Strip are estimated at 132,759 residential units. MoPWH estimates and 2007 PCBS census results show the following indicators:

Housing Needs in the Palestinian Territory towards the End of 2010

Indicator	Number (units)
Total number of units needed in the Palestinian territory towards 2010	**132759**
Deficit in residential units in the Palestinian territory towards 2010	**57303**
Deficit in residential units in the West Bank towards 2010	**24048**
Deficit in residential units in the Gaza Strip towards 2010	**33255**
Residential units needed for replacement and reserve in the Palestinian territory	**75456**
Residential units needed for replacement and reserve in the West Bank	**50437**
Residential units needed for replacement and reserve in the Gaza Strip	**25019**
Total deficit towards 2019	**293995**
Number of produced residential units, for which construction licences were issued	**5700**
Annual deficit in the number of residential units over the upcoming 10 years	**29400**

The housing sector faces a set of internal and external challenges, which are not identical to those in other countries. On the external level, the Israeli authorities have sought since 1967 to expropriate land in the West Bank and Gaza by constructing settlements and settler bypass roads, isolating Palestinian residential areas, and inhibiting geographical contiguity between them. Between 1967 and 2009, Israel demolished almost 23,100 Palestinian residential units, allegedly for resisting the occupation or because they had been built without the required construction licences. From the outbreak of the second *Intifada* (Uprising) in 2000 towards May 2009, the Israeli occupation destroyed approximately 13,400 Palestinian residential units in the West Bank and Gaza, leaving 170,000 Palestinians homeless. Towards 2008, the Israeli forces partially damaged more than 90,000 houses throughout the Palestinian territory. The Israeli authorities refuse to grant Palestinians construction licences in Area C for unjustifiable reasons, including preservation of green zones and location in close proximity to settler bypass roads, settlements and the Green Line. Furthermore, the Israeli occupying authorities refuse to repair ravaged infrastructure in Area C, nor do they allow the PNA to do so. With the aim to seize more Palestinian land, the Wall controls Palestinian communities, preventing natural expansion and imposing restrictions with the intention to force Palestinian citizens to leave their land, migrate from their villages to cities and abandon the agricultural activity. As a result, residents of the Palestinian countryside migrated to cities, especially

Ramallah and El Bireh – the administrative, political and economic hub of the PNA – generating a pressure on public service delivery and infrastructure and raising land prices and the need to construct more houses.

On the internal level, the PNA lacks a clear housing sector plan. All existing housing projects are in need of schemes pertaining to each area. Some cities suffer from a horizontal expansion at the expense of agricultural land and green areas. other cities suffer from multi-storey, vertical construction, which lacks a respective legal status as well as necessary services. Construction projects are not subject to an effective control. Lacking a commitment to expedient security and safety conditions, contractors are enticed to construct buildings in violation of the law.

The discrepant legal framework, which governs housing and construction in Gaza and West Bank, is another predicament, resulting in a debilitated regulation and control of urban expansion. A set of items of legislation, including the Law on the Ownership of Flats and Condominiums and Regulation on High Buildings, have been promulgated, but not yet enforced. Additionally, operative construction regulations and laws are not consistent with the status quo. Due to limited construction activity in Areas A and B and prohibited urban expansion in Area C, land available for construction purposes is scarce and expensive. Financially, the PNA budget does not include line items for investment in the housing sector, resulting in the production of a low number of housing projects and houses. Semi-public housing bodies are not in place, restricting housing production to profit and non-profit, donor-funded private sector corporations. Compounded by limited and weak mechanisms, financing of the housing sector is underdeveloped. Interest rates associated with bank loans are high. Financial arrangements lack clear guidance frameworks that would provide facilities to the private sector to ensure effective participation in the housing sector. Bankers justify their conservative attitude towards granting facilities by the unstable political and economic conditions.

Weak performance of the Judicial Authority in the settlement of real estate and housing disputes has also negatively affected and debilitated the housing sector. Other internal problems originate from the fact that the housing sector's growth is not linked to a comprehensive regional planning process. Lacking clear mechanisms of the detailed zoning of land and preparing it for adequate construction perpetuates irregular building activity. In addition, an absent inclusive scheme of land use as well as clear plans of land use on the local level has helped residential expansion in an unregulated manner and distorted the Palestinian architectural, heritage and cultural identity. In light of absent detailed schemes of cities and residential quarters, construction violations have been recurrent because of the weak technical and financial capacities of most local government units.

The private sector's speculation of real estate and unstable prices of residential units have raised the housing cost as per the broadest segment of the Palestinian society, including persons with limited or low income. Finally, supply in the housing market does not match demand in terms of quality, not in terms of quantity. Units on sale or lease do not fit persons with limited income or categories looking for residence.

Against this background, a comprehensive housing strategy, which is attached with consistent applied policies, should be developed in order to address the acute housing crisis and problems of urban communities in the Palestinian territory. Accordingly, this Strategy seeks to enhance the Palestinian people's living conditions, provide adequate housing, and ensure a most ideal use of land and natural resources. To attain this goal, MoPWH should play its assigned enabling, effective role, develop necessary studies on upgrading housing-related legislation and procedures, thereby creating an appropriate climate and setting expedient components of a sound housing and construction environment.

In the course of realising strategic objectives of the Housing Sector Strategy, account has been taken of important issues. In regard of **housing standards**, a clear definition was devised for the "adequate housing" concept so that it will be applied to the evaluation of housing status or need. A **social housing** perspective reveals that the current deficit in the number of houses and present houses do not meet the demand of impoverished groups, who cannot afford financial loans. To set respective priorities and interventions, a social housing plan will be developed so as to highlight vulnerable groups and their areas of residence. The Housing Sector Strategy also focuses on **land registration** by defining potential steps, which would expedite the process of registering land and residential flats constructed on common land. Identifying **common standards for developing regional and local structural schemes** aims to strike a balance between the need to provide land for private residence, development of housing projects, provision of relevant infrastructure, and other considerations pertaining to natural resources and the environment. **Laws and instructions that govern housing-related credit and financial lending operations** need be reviewed to ensure a highly-effective mechanism, on the basis of which relevant housing institutions and investment corporations apply popular or private housing projects. Improving institutional capacity is also significant for evaluating institutional and structural capacity and enhancing information exchange, coordination and cooperation on the local, regional and national levels or with other ministries and government bodies. Identifying strengths and weaknesses of human resources at housing institutions will lead to an all-level capacity building and performance improvement through respective training programmes.

Vision

"Adequate houses for Palestinian households."

Departing from the Government's vision of ending the occupation and establishing the State of Palestine on the territory occupied by Israel in 1967, with Jerusalem as its capital, members on the Housing Sector Strategy team unanimously confirmed that the Palestinian people's right to residence is fundamental. It secures their right to safe residence in healthy and adequate houses, safeguards their lives and human dignity, and establishes their right personal privacy and family life. Depriving Palestinians of this right is a derogation of their right to a decent life, human dignity, citizenship,

attachment to land, and confrontation of that occupying power and respective schemes of seizing their land. Promoting perseverance of the Palestinian people on their land and materialising their dream of establishing the independent Palestinian State necessitates that they receive assistance in obtaining adequate and healthy houses, which fulfil their family needs.

Strategic Objectives

The Housing Sector Strategy identifies six strategic objectives and 28 policy interventions as follows:

Strategic Objectives, Policy and Policy Interventions	
Strategic Objective (1): Effective and efficient legal framework for regulation of the housing sector	
Policy	**Policy Intervention**
Upgrade and develop housing-related laws and regulations	1. Review laws and regulations pertaining to the housing sector. 2. Develop legislation and instructions with a view to build a participatory relation with the private sector. 3. Issue forth environmental legislation and instructions relating to urban development areas.
Strategic Objective (2): Healthy and adequate houses for all citizens	
Policy	**Policy Intervention**
Promote economic prosperity and improve the quality of life	1. Develop policies, standards and frameworks that promote partnership between the public and private sectors in the development of housing projects. 2. Commence implementation of housing projects with a view to serving persons with medium, limited and low income as well as civil servants. 3. Establish a higher commission for the management and monitoring of the private sector as well as the development of needed policies. 4. Implement housing projects in remote areas, the Jordan Valley and border areas. 5. Reconstruct Gaza and support house construction in Jerusalem.
Strategic Objective (3): A comprehensive urban environment and infrastructure	
Policy	**Policy Intervention**
Develop infrastructure and conserve environmental equilibrium	1. Develop national and regional urban structural schemes as well as comprehensive housing plans. 2. Provide a variety of housing models and initiate an urban planning and design that observes environmental requirements. 3. Build road, water, electricity and sanitation networks in a manner that serves the housing sector. 4. Develop joint programmes with the private sector for infrastructure investment. 5. Establish serviced areas to encourage construction by the private

	sector and cooperative societies.
Strategy Objective (4): A proper financing system	
Policy	**Policy Intervention**
Support financing the housing sector and develop the investment climate	1. Establish a Government-supported housing fund, which will capable of providing domestic resources to fund housing projects designated for persons with low income. 2. Provide technical and administrative support to intermediate financing institutions. 3. Introduce needed reforms to relevant laws and policies as well as develop the investment climate. 4. Design a programme for cooperation between the Government and banks to cover a portion of interests and profits in relation to target groups. 5. Make a financing credit policy to encourage the banking sector to support the housing sector.
Strategic Objective (5): An effective and efficient construction industry sector	
Policy	**Policy Intervention**
Protect the national product, promote the use of modern technology, and apply environment-friendly construction specifications	1. Establish the National Research Centre for the Study and Development of Locally-Made Construction Materials and promote the use of these materials in construction works. 2. Issue forth instructions necessary to protect the Palestinian product against imported construction materials, whilst highlighting quality production. 3. Produce unconventional and environment-friendly construction materials. 4. Develop instructions and specifications of construction materials so that they conform to Palestinian standards. 5. Develop the Palestinian code of construction.
Strategic Objective (6): Develop qualified human resources	
Policy	**Policy Intervention**
Promote the role of housing sector bodies	1. Transfer technology in order to develop technical and administrative capacity of MoPWH and other housing sector agencies. 2. Design and deliver all-level training programmes and workshops as well as put forward action plans developed jointly with vocational training centres. 3. Develop plans jointly with the education sector and training centres to train the workforce in the construction material production sector. 4. Provide support to official and nonofficial bodies in the training process. 5. Provide coordination and exchange information with local and regional housing institutions.

Allocation of Resources

The Housing Sector Strategy estimates costs of each policy, which vary in line with relevant policy interventions as well as with the volume and significance of each intervention. These are presented in the table below:

#	Policy	2011 ('000 NIS)	2012 ('000 NIS)	2013 ('000 NIS)	Total
1	Upgrade and develop housing-related laws and regulations	3.500	3.500	4.000	11.000
2	Promote economic prosperity and improve the quality of life	2.059.500	2.059.500	2.409.000	6.528.000
3	Develop infrastructure and conserve environmental equilibrium	908.500	908.500	910.500	2.727.500
4	Support financing the housing sector and develop the investment climate	206.400	206.000	305.700	718.100
5	Protect the national product, promote the use of modern technology, and apply environment-friendly construction specifications	30.900	30.900	30.600	92.400
6	Promote the role of housing sector bodies	11.900	10.900	10.400	33.200
Total		**3.220.700**	**3.219.300**	**3.670.200**	**10.110.200**

Development Approach

The Housing Sector Strategy was developed in line with a participatory approach, which involved all housing sector stakeholders. Consultations and meetings brought together representatives of the public sector, private sector, universities, and local and international NGOs. All stakeholders agreed to develop and elaborate on the Housing Sector Strategy in certain meetings, in which respective decisions and recommendations were made. Strategy drafts were exchanged for comments and consultation. In a subsequent meeting, the drafts were presented to stakeholders for elaboration. Over a period of three months, the Housing Sector Strategy National Team held seven meetings, during which consultations and bilateral meetings took place between the Team members and other actors. The Strategy development process was implemented over several stage, as follows:

- Preparatory stage: Discussions were in place inside and outside MoPWH in order to decide on the development approach to be implemented by the National Team. Consultations and meetings resulted in a National Team Plan of Action, which included a timetable and major themes pertaining to the Strategy development. On 6 October 2009, the Minister of Public Works and Housing approved invitation of actors, which bear a working relationships with

or responsibility with the housing sector, including all legal, regulatory, research-oriented and other dimensions.

- Strategic thinking stage: Meeting on the Strategy development approach were organised and Technical Team was established. The Technical Team reviewed studies and documents, viewed experiences of neighbouring countries in strategic planning, and went through a number of studies, research papers and university dissertations on the housing concept, strategies and policies on the national, Arab and international levels. In addition to examining national goals as well as institutional objectives of concerned ministries and government bodies, the Technical Team viewed experiences of some Arab countries (such as Jordan, Saudi Arabia and Egypt) in developing housing strategic plans and policies. A technical committee was assigned to develop a document on obstacles and needs of the housing sector as well as a SWOT analysis on the internal and external environment of the sector. The Head of the National Team then distributed completed documents to all members on the National Team for consultation and observations in preparation for discussion in subsequent meetings.
- Strategic planning stage: Output of the previous stage (situation of the housing sector and analysis of the internal and external environment) were discussed. The sector vision, national goal, strategic objectives, targets, sector policies, and needed interventions were also set forth.
- Finalisation stage: The draft Housing Sector Strategy, including all components under the foregoing stages, was developed. In its semi-final form, the draft was submitted to the Minister of Public Works and Housing for review. The draft was also sent to the National Team members, a local advisor, United Nations Economic and Social Commission for Western Asia (ESCWA) and LACS for comments. Organised by the Ministry of Administrative Development and Planning (MoPAD), the draft Housing Sector Strategy was also presented in a workshop, which brought together government bodies working in the infrastructure sector. In general, comments provided by all actors were a significant feedback, which was incorporated within the final version of the Strategy.

Targets

1. Review and amend the Law on Rental and Leasing as well as the Land Settlement Law.
2. Establish the Higher Council of Housing and develop a set of policies and standards on partnerships between the public sector and private sector.
3. Construct 5,000 residential units for persons with limited income.
4. Reconstruct 5,000 residential units destroyed the Israeli occupying forces, as well as the rest of partially damaged houses, in the Gaza Strip.
5. Develop a national and regional urban structural scheme for the West Bank and the Gaza Strip.

6. Provide public infrastructure services to 15-20 housing projects implemented by the private sector and housing cooperative associations.
7. Prepare 35,000 serviced areas for construction of housing projects designated to persons with limited income.
8. Provide support to 30,000 households with limited income to receive housing loans through cooperation programmes with banks. Technical support will also be provided to intermediate institutions.
9. Establish a research centre of locally-made construction materials.
10. Issue forth a set of instructions and specifications of construction materials as well as develop a number of construction codes.
11. Deliver training to and build capacities of 60 staff members of MoPWH and other housing sector bodies.
12. Exchange expertise with Arab and international agencies in the area of housing.