



State Comptroller and Ombudsman
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Israel Land Authority

Planning Work at the Israel Land Authority and Ministry of Construction and Housing

Abstract



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Background

To ensure that housing solutions are provided to the country's entire population, land must be made available for residential construction through detailed planning procedures. The primary governmental entities that initiate and perform residential land planning are the Israel Land Authority (ILA), which is responsible for administering Israel's land, and the Ministry of Construction and Housing (Ministry of Construction), which is entrusted with initiating and implementing government policy in the residential construction field. These agencies conduct their planning operations by purchasing outsourced services from specialized private entities.

Key figures

246,000

Number of housing units whose building was initiated by the ILA in 2016-2018 in detailed plans

108,000

Number of housing units whose building was initiated by the Ministry of Housing in 2016-2018 in detailed plans

110,000

Number of housing units whose building was initiated by local authorities and government ministries in 2016-2018 in detailed plans

NIS 815 million

The budget of the ILA and the Ministry of Construction for planning activity in 2018 (about NIS 440 million of the ILA and about NIS 375 million of the Ministry of Construction)

More than **3** years

The planning process time for 22% of planning work that the ILA has assigned to planning companies and about 11% of work that the Ministry of Construction has assigned to planners and planning companies, out of planning work reviewed in the audit

237,000

Housing units planned by the ILA and the Ministry of Housing and approved in detailed plans in 2016-2018 - accomplishment of the Government's objective (170,000)






Audit Actions



From February to September 2019, the State Comptroller's Office examined the activity of the ILA and the Ministry of Construction related to assignment of residential planning and construction work to private planners, including selection of planners, the method of allocation of planning work and guidance provided. Also, the implementation of Government resolutions related to the transfer of planning from the ILA to other parties was reviewed. Supplementary examinations were carried out in the Ministry of Finance - in the Planning Administration, the Accountant General's Office the National Housing Authority, and the Ministry of Defense.

The Situation Reflected in the Audit Findings



-  Despite the decisions of the Government and the Israel Land Council (the Council) to assign the execution of the planning actions to other parties as part of the reform at the ILA, the ILA is still the primary entity tasked with planning action for Israel lands (from 2016 to 2018 the ILA planned some 53% of all housing units whose planning was done at the initiative of governmental agencies). Also, the draft agreement of principles for assignment of responsibility for planning, marketing and development of state lands formed by the Planning and Development Committee headed by a Ministry of Finance representative, has not yet been approved.
-  One of the criteria for evaluation of companies contending in tenders for providing planning services issued by the ILA and the Ministry of Construction is satisfaction with previous engagements with planners. The factual basis that the ILA has coordinated for forming this evaluation has been found wanting and in need of improvement; despite the essential need to learn at the organization level and despite evaluation of previous planning work being an essential part of the process of choosing a planning company, the ILA and the Ministry of Construction do not conduct such evaluations on a continuous, systematic basis.
-  About 22% of planning work that the ILA has assigned to planning companies and about 11% of work that the Ministry of Construction has assigned to planners and planning companies have been in the planning process for longer than prescribed in the agreement with the planning companies (three years). Moreover, through to the end of the audit (September 2019), most work is still at the early stage of the process.
-  Lack of detailed planning guidelines: the ILA made do with pronouncing that planning companies must supervise the quality of planning at the professional level required in each field and for the plan in its entirety, according to its requirements, and did not establish requirements or parameters for establishing minimum binding planning standards.
-  Shortcomings in inter-agency work interfaces: the agencies dealing with execution of planning works, including the Ministry of Construction and the ILA, do not have a joint database of planners. Also, despite the report according to which quarterly

monitoring meetings have been conducted, it has been found that the Ministry of Construction and the ILA have not laid down rules for sharing of information between them. They also did not conduct a joint process for gaining insight and learning from cases where the process of planning had to be repeated.



Data on approved plans shows variance between sectors in the number of housing units approved in the outline plans from 2017 to 2019. According to an estimate of the Ministry of Housing from December 2019, there is a shortfall between housing needs in the ultra-orthodox sector and the supply of housing units planned for it.



From 2016 to 2018, the ILA and the Ministry of Construction accomplished and exceeded the residential construction objectives that the Government established for them in its resolutions: in aggregate, about 237,000 housing units were approved in detailed plan, while the Government objective was 170,000.

The ILA and the Ministry of Construction have incorporated as part of their tenders for providing planning services the recommendations of the Zeiler Committee on assigning significant weight - 80% - to the quality component. In addition, the Ministry of Housing has been acting in recent years to form and develop measurement tools with the aim of advancing the planning of high-quality neighborhoods.

Main Audit Recommendations



Given the failure to implement the resolutions of the Government and Council on transferring the planning work from the ILA, and the long time that has passed since some were adopted, the Government (through the Minister of Finance) and the Council should reconsider the planning policy and its implementation to maximize benefit for the public. At the same time, as long as it has not been stated to the contrary, action must be taken to implement these resolutions, particularly formalizing the work distribution between the ILA and the Ministry of Construction, according to the priorities established in the Government resolutions.



The ILA and the Ministry of Construction must make sure to review and track closely all plans underway, including their main milestones and keeping to the set schedules.



The ILA and the Ministry of Construction must formalize and uphold joint processes and sharing of information in the planning field on aspects such as lesson learning, planning quality standards, arrangements for contractual engagements, tracking, review and evaluation of suppliers, and examining the setup of a joint database of planners, subject to legal constraints.



The ILA and the Ministry of Construction should consider working proactively to increase awareness of the possibility of very small, small and medium size businesses to participate in their tenders, including tenders for providing planning services. They should consider cooperation in the matter with the Agency for Small and Medium-sized Businesses.



It is recommended to the Ministry of Construction and the Planning Administration to continue to track accomplishment of planning objectives in the upcoming years and examine the need to update them according to the evolving needs of different sectors.

Summary

Planning of residential land is a basic, important stage in the production chain for providing housing solutions for the population. Given the flaws that have been uncovered, the ILA and the Ministry of Construction should take actions to improve their tracking and review of executing planning work according to the schedules set for them and for assuring the quality of their work based on a comprehensive shared vision. The Government should also consider reexamining its planning policy and its implementation to maximize benefit for the public, given the needs of the housing market and taking into account the aggregate of the ILA's actions.

Detailed plan diagram



Source: the Planning Administration. Plan No. 353-0121889. Pardes Hanna-Karkur, HaTriz Neighborhood.