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POLICY PAPER

100,000 HOMES FOR ₪500,000

A LAND-RELEASE PLAN FOR AFFORDABLE HOMEOWNERSHIP IN ISRAEL

PREPARED BY

THE TRIBE GROUP

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ABOUT THIS PROJECT

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AUDIENCE

Decision-makers, planners, housing advocates, community leaders, builders, investors, and the public.

DOCUMENT STATUS

Policy concept paper. Cost, legal, engineering, environmental, fiscal, and market assumptions require independent validation before implementation.

THE PROPOSAL IN ONE SENTENCE

Release 100,000 dunam of state land to exit 100,000 renters to buy affordable homes at a target average cost of ₪500,000 - funded largely through private capital, no banks, no interest and structured to minimize mortgage dependency.

Poor policy decisions have put millions of Israelis on the brink of financial ruin. It is time the government fix the mess they caused. This proposal alleviates the rental market without crashing the banks. It combines land stewardship, standardized construction, infrastructure-first planning, and strict anti-speculation rules.

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01 The affordability problem and core proposal	**02** Infrastructure and cost structure
03 Capital formation and land stewardship	**04** Rental-market and investor framework
05 Economic resilience and national strategy	**06** Implementation, objections, and conclusion

EXECUTIVE OVERVIEW

THE PLAN AT A GLANCE

100,000 HOMES PROPOSED	**100,000** DUNAM OF STATE LAND RELEASED
₪500K TARGET AVERAGE ALL- IN COST	**≈ ₪50B** PRIVATE CAPITAL MOBILIZED
NONE DIRECT TAXPAYER SUBSIDY	**100K** HOUSEHOLDS EXIT RENTAL MARKET

EXECUTIVE SUMMARY

Israel faces a deepening housing affordability crisis. A growing share of middle- and lower-income households are priced out of homeownership, while rents continue to absorb an unsustainable share of household income. Meanwhile, an 85,000 unit surplus hasn't solved anything because new units are built for the investor class, while renters face increases in rent that outpace increases in wages. The current situation is unsustainable.

This proposal argues that the core obstacle is not a shortage of land, capital, builders, or demand - it is unreleased state land and a simplified and streamlined approval system that could unlock all four.

The plan calls for releasing 100,000 dunam of dormant state land to enable construction of 100,000 affordable homes at a target average cost of ₪500,000 per unit, using modular, prefabricated, and industrialized construction methods. The program is designed to be funded almost entirely through private capital - by homebuyers, builders, and mission-aligned investors - rather than government subsidy. This will inject ₪50 billion into the prefab, modular and housing tech industry giving it a necessary boost benefiting all Israeli citizens for decades to come.

By shifting up to 100,000 households from renting to owning, the plan aims to ease pressure on the rental market, expand construction and manufacturing, strengthen peripheral and border regions, and build household financial resilience ahead of labor-market disruption from AI and automation.

LAND RELEASE State-controlled land is designated for productive residential use through long-term, inheritable rights.	**STANDARDIZED DELIVERY** Five pre-approved housing models, industrialized construction, and bulk procurement constrain cost.
PRIVATE CAPITAL Purchasers and approved investors fund homes and infrastructure rather than relying on a large public subsidy.	**MORTGAGE RESILIENCE** Cash or low-financing participation reduces exposure to long-term debt and income shocks.

01 | THE CASE FOR ACTION

A HOUSING MARKET OUT OF REACH

Home prices, rents, and mortgage burdens in Israel have risen to a point where ownership is no longer realistic for a large share of working- and middle-class families.

- Lower wage earners and young Israeli households spend more than 40% of income on housing, against an affordability benchmark of roughly 30%.
- The lowest-earning households spend more than 50% of income on housing.
- A growing number of young professionals are unable to leave their parents' homes.
- Even homeowners are frequently locked into 25-30 years of mortgage debt.
- An estimated 85,000-unit surplus of unsold housing exists as of early 2026 - concentrated in price segments many households cannot afford.

CORE DIAGNOSIS

The market may have supply, but not affordable supply.

Unsold inventory at the wrong price point does not solve an affordability shortage. It reveals a mismatch between what is being built and what ordinary households can buy without excessive debt.

2.1 CORE MECHANISM

The government releases 100,000 dunam of state-controlled land for construction of 100,000 affordable homes. Buyers and investors fund construction directly. The government's role is land release and regulatory streamlining, not direct construction subsidy.

2.3 WHAT GETS BUILT

STARTER HOMES Modular, prefabricated, and caravan-style units designed for rapid delivery.	**EXPANDABLE DESIGNS** Homes that can be upgraded or expanded over time as family needs and resources change.
COMPLETE COMMUNITIES Full infrastructure planned alongside homes, rather than added after occupancy.	**ONGOING MANAGEMENT** Approved property management for maintenance, services, security coordination, and compliance.

2.4 PRIORITY LOCATIONS

- The Negev
- The Galilee
- Border communities
- Judea and Samaria, where legally and politically feasible
- Other development zones with existing infrastructure potential

02 | COST ARCHITECTURE

FROM TARGET PRICE TO DELIVERABLE HOME

2.2 STARTER HOME COST STRUCTURE

COST COMPONENT	ESTIMATED RANGE
House shell and finishes	₪250,000 - ₪350,000
Infrastructure allocation	₪100,000 - ₪250,000
Total delivered cost	₪350,000 - ₪600,000
Target average	₪500,000 all-in

COST PRINCIPLE

₪500,000 is the target average - not a fixed price.

The target depends on site conditions, proximity to utilities, standardization, bulk purchasing, and disciplined limits on customization.

3 INFRASTRUCTURE COST REALITY CHECK

Per-unit infrastructure costs vary significantly depending on whether a site is adjacent to existing utilities or fully undeveloped. Three planning scenarios illustrate the range:

SCENARIO	SITE PROFILE	ESTIMATED COST OF INFRASTRUCTURE
1. Existing community expansion	Land adjacent to existing roads and utility connections	₪75,000 - ₪210,000 per unit
2. New neighborhood	Undeveloped land within reasonable reach of existing infrastructure	₪140,000 - ₪345,000 per unit
3. Remote strategic settlement	New roads, utility extensions, and added security infrastructure	₪190,000 - ₪580,000+ per unit

The proposal's ₪100,000-250,000 infrastructure allocation falls within the plausible range for Scenarios 1 and 2, supporting the credibility of the ₪500,000 target as an average across a carefully selected national portfolio of sites.

03 | FINANCING WITHOUT DEPENDENCY

CAPITAL FORMATION AND LAND STEWARDSHIP

CAPITAL EQUATION

100,000 homes × ₪500,000 = approx. ₪50 billion

The program is structured to mobilize private capital into housing construction, infrastructure, manufacturing, logistics, and local services - without making new mortgage debt a precondition for participation.

- Approximately ₪30 billion directed toward housing construction.
- Approximately ₪20 billion directed toward infrastructure.
- No bank financing or mortgage debt required as a program precondition.
- Government contribution centered on land release and regulatory streamlining.

4.1 LAND STEWARDSHIP, NOT SPECULATION

Land is held through long-term, inheritable land-use rights rather than unrestricted speculative freehold. The structure is intended to block short-term flipping, reduce bank-leveraged speculation, and preserve the land for productive residential use.

- Kibbutz land
- Moshav land
- National infrastructure corridors

4.2 PAY TO BUILD - NOT TO BORROW

Families pay directly for the structure, their infrastructure share, and ongoing services. They do not pay decades of interest merely to access the home. Removing the financing layer is what allows a genuinely lower total cost of ownership rather than a different form of the same debt burden.

4.3 COST CONTROL THROUGH STANDARDIZATION

FIVE APPROVED MODELS A limited set of designs prevents open-ended custom-build inflation.	**INDUSTRIALIZED METHODS** Factory-built components and repeatable processes improve speed and consistency.
BULK PROCUREMENT Materials and systems are purchased at program scale.	**PUBLISHED PRICING** Transparent pricing makes overruns visible and strengthens accountability.

04 | AFFORDABILITY SAFEGUARDS

RENTAL-MARKET IMPACT AND INVESTOR PARTICIPATION

5 PROJECTED RENTAL-MARKET IMPACT

The program's objective is to shift up to 100,000 households from renting to owning, reducing rental demand and easing upward pressure on rents. The following estimates are illustrative rather than guaranteed:

SCENARIO	HOUSEHOLDS SHIFTED TO OWNERSHIP	ILLUSTRATIVE RENT IMPACT
Conservative	50,000	5-10% reduction
Moderate	75,000	10-20% reduction
High impact	100,000	15-30%+ in affected regions

7.1 DOMESTIC INVESTORS

Domestic investor participation may be permitted under strict affordability safeguards, including long-term occupancy requirements, affordability-linked lease terms, and restrictions on short-term flipping.

MISSION-ALIGNED INVESTOR RULE

₪1,200 PER YEAR (not per month)

20 YEAR HOLD REQUIREMENT

The annual rent cap is deliberately hyper-affordable. It prevents the home from functioning as a conventional income-producing investment. The investor participates to give a household stable housing without rising housing costs - not to extract yield, speculate on rent, or compete with local buyers. There are restrictions on selling as well to deter flipping properties for profits at the personal expense of the community and family living in the house. For example, moshavim receive the net benefit upon resale while the resident leaving the community receives the amount paid plus consumer price index rate.

7.2 FOREIGN INVESTORS

Foreign purchasers - including Diaspora Jews and supporters of Israel - may participate subject to conditions: local citizens receive first priority to purchase; any foreign-owned unit that is rented is capped at ₪1,200 per year, paid in full at the beginning of the lease term; and the unit remains subject to all anti-speculation and compliance rules. In exchange, the proposal contemplates exemption from standard foreign-investor taxes.

The purpose of the structure is to channel foreign capital into permanent affordability. Investor participation is treated as a social-impact mechanism, not a rental-return vehicle.

05 | SYSTEM-WIDE EFFECTS

BROADER ECONOMIC AND STRATEGIC IMPACT

EMPLOYMENT A national buildout would support construction, engineering, architecture, manufacturing, logistics, property management, and local services.	**CONSUMER SPENDING** Lower housing costs can redirect household income toward local businesses, education, childcare, retail, and entrepreneurship.
FINANCIAL RESILIENCE Cash or low-financing purchases reduce household leverage and improve stability during economic downturns.	**LABOR-MARKET DISRUPTION** Households that own affordable homes outright are better positioned to absorb income shocks from AI, automation, or recession.
PERIPHERAL DEVELOPMENT New communities can expand the demographic and economic base of the Negev, Galilee, border regions, and other growth areas.	**PUBLIC-SYSTEM PRESSURE** Lower household housing burdens may reduce future demand on welfare and public-housing assistance systems.

6.5 NATIONAL SECURITY AND PERIPHERAL DEVELOPMENT

Directing development toward the Negev, Galilee, border communities, and strategic growth areas supports population dispersion, regional economic development, and the resident base needed to sustain first-response and reservist capacity.

STRATEGIC PREMISE

Housing stability is part of national resilience.

A community cannot serve as a durable demographic and security anchor when families can be displaced by unaffordable rents, volatile prices, or a single income shock.

06 | DEBT AND RESILIENCE

WHY MORTGAGE DEPENDENCY IS A STRATEGIC RISK

Conventional mortgage financing rests on three assumptions: stable employment, predictable income, and continuous economic growth. AI, automation, geopolitical instability, and economic shocks weaken all three assumptions for working- and middle-income households.

6.6 THE DOWNSTREAM RISK CHAIN

STAGE	SYSTEM EFFECT
1. Income disruption	Employment or earnings become unstable.
2. Mortgage stress	Households face repayment pressure and rising default risk.
3. Forced displacement	Families may lose homes or leave strategically important regions.
4. Social instability	Financial distress contributes to community breakdown and unrest.
5. Defense vulnerability	Population loss weakens border and peripheral resilience.

In strategic zones - the Negev, Galilee, border communities, and Judea and Samaria - a resident base vulnerable to foreclosure is not a stable demographic foundation. Cash or low-financing ownership removes mortgage dependency as a point of failure and replaces it with a more durable form of tenure.

6.7 NO MORTGAGE FORCES EFFICIENCIES

Removing mortgage financing also changes the delivery system. A lender can absorb overruns into a 30-year loan; a cash-disciplined program cannot. Cost control therefore has to be designed into the model through land-use restrictions, direct payment for actual construction and infrastructure, standardized housing, bulk procurement, and transparent pricing.

STRUCTURAL TRADE

Efficiency and standardization replace mortgage interest.

A family pays for what was built - not for the compounding cost of government inefficiencies, manufactured scarcity and borrowing costs to build it.

07 | DELIVERY SYSTEM

MANAGEMENT, IMPLEMENTATION, AND REGULATORY REFORM

8 PROPERTY MANAGEMENT

Approved local or regional management companies would oversee clusters of homes, providing maintenance, infrastructure coordination, security coordination, community development, and rental-compliance monitoring. This reduces the administrative burden on individual owners while preserving neighborhood standards.

9 IMPLEMENTATION TIMELINE

PHASE	TIMEFRAME	KEY ACTIVITIES
Phase 1	0-6 months	Government approval; land designation; regulatory fast-track; public application portal.
Phase 2	6-12 months	Applicant intake; investor commitments; infrastructure preparation; supplier approvals.
Phase 3	12-24 months	Mass construction rollout; community development; occupancy and transfer of rights.

10 REGULATORY REFORM NEEDED

FAST-TRACK APPROVALS

Accelerated zoning and permitting for approved program sites.

STANDARDIZED DESIGNS

Pre-approved housing models and repeatable engineering packages.

INFRASTRUCTURE-FIRST PLANNING

Utilities, roads, drainage, security, and public systems planned before occupancy.

PUBLIC-PRIVATE DELIVERY

Private building and capital deployed within a transparent public framework.

CLEAR ELIGIBILITY

Published citizen-priority, investor, occupancy, and resale rules.

PROPORTIONATE REVIEW

Environmental and planning review made efficient without eliminating necessary safeguards.

IMPLEMENTATION THESIS

The individual components already exist.

State land, modular technology, construction capacity, private capital, and household demand are already present. The main barrier is coordination and the pace of regulatory approval.

08 | FEASIBILITY AND SCRUTINY

CONSTRUCTION CAPACITY AND MAJOR OBJECTIONS

11 MODULAR AND INDUSTRIALIZED CONSTRUCTION CAPACITY

Israel has an established base of modular and light-industrialized housing providers capable of supporting rapid deployment, integrated infrastructure, and expandable starter-home designs. Indicative sector benchmarks of approximately ₪7,000 per square meter including finishing, before site infrastructure, support the plausibility of the ₪250,000-350,000 shell-and-finish range used in this proposal.

VALIDATION REQUIREMENT

Capacity must be competitively tested at program scale.

Supplier claims, unit costs, timelines, warranties, building-code compliance, and lifecycle maintenance should be independently verified through open procurement and phased pilots.

12 ANTICIPATED CRITICISMS AND RESPONSES

"Someone has to pay for this."	Funding comes primarily from private purchasers and approved investors. Government's contribution centers on land release and regulatory streamlining rather than large-scale construction subsidy.
"Infrastructure will cost taxpayers billions."	Infrastructure is included in the per-unit cost model and funded through purchasers and investors. The framework also expands the future municipal tax base.
"This will damage housing prices."	The policy objective is affordable shelter and economic stability, not indefinite asset appreciation. Moderating excessive growth benefits first-time buyers and working families.
"There are already 85,000 unsold homes."	Unsold inventory priced beyond household capacity is not affordable supply. It is evidence of a product-and-price mismatch.

09 | THE DECISION

OBJECTIONS, CONCLUSION, AND NEXT STEP

"The private sector should solve this."	Under this plan, private builders construct, private contractors deliver infrastructure, private capital funds the program, and private managers operate communities. Government unlocks land and approvals.
"Development should stay in major cities."	Affordable development outside major urban centers can ease central-market pressure while strengthening regional economies and strategic communities.
"This is unrealistic."	Every core component exists. The proposal requires disciplined coordination, pilot validation, transparent rules, and political authorization - not an untested technology.
"What if AI reduces employment?"	That risk strengthens the case. A household that owns an affordable home outright is structurally more resilient than one carrying high rent or a large mortgage balance.

13 CONCLUSION

Israel has the land, construction capability, private capital, and household demand needed to test a large-scale affordable housing program. Releasing 100,000 dunam to enable 100,000 homes could expand homeownership, reduce rental pressure, strengthen border and peripheral regions, and mobilize approximately ₪50 billion in private investment at limited direct cost to the taxpayer.

The central question is not merely whether the homes can be built. It is whether the regulatory and political system is willing to create the conditions for them to be built affordably, transparently, and at scale.

PROPOSED NEXT STEP

Authorize a transparent pilot before national rollout.

Select several sites representing the three infrastructure scenarios; validate construction and infrastructure costs; streamline housing model approvals; test eligibility and anti-speculation rules; measure delivery time, resident demand, and rental-market effects; then revise the model before expansion.

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