



# Multi-spot zoning: A chain of public–private development ventures in Tel Aviv

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## ABSTRACT

The paper discusses the cumulative aspects of flexible planning's engagement with massive public–private (PP) development ventures, tracing five ventures in Tel Aviv–Jaffa and analyzing each as a link in a chain of planning precedents. As in many other instances that materialized in this city, each venture was based on a spot-zoning elaboration of a planning deal that balanced cost and benefits for PP agencies. In each test case, public benefits and properties were bargained and official policies were modified. Neo-liberal policies have escalated planning flexibility, linking local multi-spot zoning with extreme luxury and increasingly high buildings. However, as citizens' criticism progressively questioned the legitimacy of PP planning, a judicial debate is now taking place concerning the definition and function of spatial planning. Focusing this debate and the urban planning tradition that led to it are proposed here as a way of evaluating the concrete assets of urban PP planning today.

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## Introduction

The correlation of flexible planning methods with entrepreneurial public–private (PP) ventures was recognized as a leading source of development policies some decades ago (Fainstein, 1991, 2008; Sagalyn, 2007). Yet, current planning literature “indicates that the profession is still trying to define the place of flexibility in urban development” (Tasan-Kok, 2008, 187). Planning practitioners and scholars often justify flexibility by the need to accommodate urban complexity and dynamics (Alfasi, 2006) and consider “guided flexibility” as viable for effective project implementation, linking the public interest with private resources (Alfasi, 2006; Fainstein, 1994; Faludi, 1987). Conversely, relaxing planning rules raises critical concerns about the options left for planners in balancing public and private interests (Fainstein, 1991, 2008; Sagalyn, 2007; Tasan-Kok, 2008; Tasan-Kok, 2008a). This worry will be addressed in my analyses of Tel Aviv, a city where numerous local flexible planning episodes tied site specific enfranchisement of building rights, land privatization and financing of municipal tasks.

The flexible practice common to Tel Aviv since the 1950s' is the local spot-zoning amendment of area schemes.<sup>1</sup> This planning

technique was widely criticized as a policy formed by individual decisions (Booth, 1995) and threatens the impartiality of planning laws by singling out “a piece of property for preferential treatment” (Cullingworth, 1993, 49). Yet, I claim, critiques should acknowledge that its use is almost unavoidable for entrepreneurial ventures relying on site-specific calculations of public and private benefits and finances (Fainstein, 2008). Moreover, my premise is that while each spot-venture materializes a specific planning “deal” between public and private agencies, its effect should be measured both specifically and incrementally, as it soon becomes a precedent in a real-world planning chain with growing socio-spatial bearing. I thus suggest a critical evaluation of the balancing of public and private interests in planning, by sampling the lengthy PP chain traced in Tel Aviv, and appreciating the specific and agglomerating implications within the concrete planning legacy.

To achieve this, I will take a spatial trip in its central districts to probe five leading ventures exemplifying the main trends of PP planning common to this city. The tour will start with early “urban renewal” projects that involved massive land privatizations with private constructions. It will end with recent “urban revitalization” projects where private assets and finances were linked to the same tradition, and fundamental municipal musts were exchanged with extra floor rights (Fig. 1). To evaluate precedence between ventures, in each episode I will measure the balance between novel planning needs and concepts against maintaining the “inherited institutional and spatial landscapes” (Peck, Theodore, & Brenner, 2009, 49). Moreover, I will check if particular PP planning precedents were kept when their solutions failed in meeting planning goals (see: Rast, 2012), when serious criticism was voiced, or when

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<sup>1</sup> More than 200 outside tall and massive buildings were built in central city areas and many more in the periphery, as a result of spot planning, since the late 1950s. See: Margalit, 2009; 2012.



**Fig. 1.** Google Earth image showing the central area of Tel Aviv, including the sites of the five ventures, numbered: 1. The Shalom Tower, completed on 1965; 2. Atarim hotels and plaza, 1973–1978; 3. City Garden tower, 1988; 4. The Zion Tower and The Russian Embassy Tower, 1990–1999; 5. The Izhak Elhanan Towers, 2006–2013.

the flaws within them ended up necessitating new projects as ‘compensation’.

The last venture discussed comes round in full circle, as it is a plan to create a new school near the site of an old school demolished by the first PP act. Nevertheless, it provoked a prominent legal struggle touching upon the state’s fundamental justification for planning as a civil act. The next, theoretical, chapter presents this framework in relation to the accumulating notions in current urban PP agenda.

### Flexible planning and public–private partnerships

Much like planning flexibility, entrepreneurial PP practices are said by various scholars to reflect pragmatic and realistic attitudes of a free market economy (Sagalyn, 2007). Yet in the last decades the intensification of such PP arrangements posed new meanings on the conception of serving the public interest. While this notion indeed set the norms for planning institutions, practice, and criteria (Alexander, 2002; Campbell & Marshall, 2000; Campbell & Marshall, 2002), the means used by planners to serve it have been growing more blurred. Basically, in urban entrepreneurial projects utilized by governments to stimulate large private sector investments, the plans facilitate capital accumulation and simultaneously generate private finance for municipal tasks (Dannestam, 2008). When land revenues and extended building rights are assessed, high taxation is another advantage to municipal economic profit (Fainstein, 2008; Tasan-Kok, 2008). Consequently, public interest is not only served directly in socio-spatial objectives, but also indirectly through the public budget.

However, while the spatial and economic ends are not always complementary, the government measures each venture’s competence as both business partner and regulator. On these grounds, entrepreneurial PP planning was said to “represent a radical departure from the regulatory approach of conventional city planning” (Sagalyn, 2007, 10). Neo-liberal intensification of this trend began emerging in the mid-1970s, when severe cutbacks in Western Europe and in US federal aid accompanied a significant decline in utopian modernist planning (Fainstein, 1991; Harvey, 1989; Tasan-Kok, 2008). This found expression in a retreat from prioritizing general schemes and long term planning (Fainstein, 1991; Fainstein, 1994; Alfasi and Portugali, 2004). Urban policies were fragmented through many local plans designed to aid municipal

budgets (Dannestam 2008; Jessop and Sum, 2002; Heeg and Rosol, 2007). Facing bankruptcy, many municipalities also turned to privatization, and acknowledged “the unrealized value of publicly owned land” (Sagalyn, 2007, 9). In the 1980s, the role of such PP based project in urban growth economy advanced as local officials increasingly leveraged the economic power of strategically located public land parcels “to craft financial risk sharing arrangements with private developers to further their re-development agendas” (Sagalyn, 2007, 9). As these collaborations expanded to other fields of development and privatization, many planning bureaucrats disregarded regulations and long-term approaches in favor of pro-growth flexibility (Albrechts, 2004; Healey & Williams, 1993; Hubbard & Hall, 1998). While planning became “very much a subordinate service to the interest of a rampant realty capitalist sector” (Byrne, 2003, 172), planning flexibility itself became a commercial asset for municipal governments’ competitive agendas (Tasan-Kok, 2008).

In various cities planning flexibility was also evidenced in smaller PP ventures and community initiatives (Tasan-Kok, 2008). Yet in Tel Aviv large scale property-led enterprises are perceived as the leading icons in the city’s globally oriented ambitions (Hatuka & Forsyth, 2005; Sklair, 2006) and function as the main root of PP development. In the framework of the Israeli land regime,<sup>2</sup> the “value of publicly owned land” (Sagalyn, 2007, 9) was implemented early on in many urban projects planned by the Israeli Land Authority (ILA) or the municipality. Cooperation with private companies and investors was expanded in the Neo Liberal era, with more development options, developers’ exactions, financial incentives and building rights. Yet, growing local critiques were raised against the win-win promise of entrepreneurial PP collaborators for simultaneous public and private benefits (Alterman, 1989; Alterman,

<sup>2</sup> This high involvement of the state in development economy is not unique only to the large cities in Israel, where 93% of all national land is publicly managed and administered by the state since its early days. The Israeli Land Authority (ILA) manages vast and small parcels owned by the state or by public bodies including the Jewish national fund and the Development Authority for Absentees Properties. In Tel Aviv–Jaffa the state manages 45% of the municipal land. The municipality also became a major landholder of 25% of the municipal land due to a large land acquisition in the 1940s. Because of certain early state laws, land is rarely sold and in most cases developers or residents acquire long term leases permitting them to develop and use the land and to sell these rights under special conditions (Tel Aviv Municipality Year Book, 1963, *Properties and Development*; Kark, 1993; Yiftachel and Kedar, 2000; Alterman, 1997; Werczberger and Borukhov, 1999; Golan, 2001).

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