



# ISRAEL - June 2017

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**DOUBLE RATES ON UNOCCUPIED HOMES EXTENDED ..... 1**

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**Double rates on unoccupied homes extended**

*Minister of Internal Affairs: The measure will increase the supply of rental housing.*

Minister of Internal Affairs Aryeh Deri has decided to extend an administrative order imposing double municipal property tax on unoccupied housing units. The order authorizes municipalities to charge double property tax on housing that is unoccupied for a large part of the year. The order was originally issued in 2014, and Deri wants to extend it. The matter will now be sent to the Knesset Finance Committee for approval.

The Ministry of Internal Affairs today said that the decision to extend the administrative order was designed to continue the incentive for owners of unoccupied housing to let their housing units. "This measure will increase the supply of housing units for rent, and significantly lower high rents. Many unoccupied housing units are owned by foreign residents who use them as vacation homes, and are little used during the rest of the year. The majority of them are located in large cities. Subject to approval by the Knesset Finance Committee, local authorities will be able to charge double municipal tax rates on residential properties not being used."

Commenting on the measure, Deri said, "Due to the housing crisis and high rents, we must employ various measures to help the public and restrain prices. High municipal property tax rates on empty housing units will constitute an incentive for owners of housing units, which are closed for most of the year, to open them to the rental market and increase the supply."

One of the most prominent cities in which a large number of unoccupied housing units was found is Jerusalem. Jerusalem Deputy Mayor Ofer Berkovitch welcomed the decision to extend the administration order, saying, "The decision will enable the local authorities to continue to combat this unacceptable practice, which harms the economically disadvantaged and middle class people who are not homeowners. Continued activity and stepping up measures will put an end to the phenomenon and put many more housing units on the rental market. Over the past two years, we are seeing a significant slowdown in activity on the housing market by foreign residents as a result of these measures, and we must continue acting in full force and escalating the sanctions."

The decision to extend the administrative order was taken by the National Housing Board last year, but has not been implemented up until now, because the minister of internal affairs did not sign it. Now that it has been signed, the local authorities will be able to continue imposing double property tax on housing that is not used more than nine months a year.