Episode Book

EPISODE #6019

Who Should Decide What Gets Built?

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SYNOPSIS

When a city rezones land, it creates value out of nothing — so who should capture it, and who decides what gets built? This episode digs into Hannah's question about developers' proper place in shaping a city, starting from her architecture school project in Jerusalem's Ir Ganim neighborhood. A look at Toronto's politically negotiated Section 37 deals, Vancouver's staff-driven Community Amenity Contributions, and Israel's pinui-binui program reveals three completely different answers — and three very different outcomes. The through-line: cities that decide what they want before a developer walks in the door capture far more public value than cities that improvise deal by deal.

TRANSCRIPT



Corn

Hannah sent us this one. Which is a nice change of pace, because Daniel usually sends us things like "what happens if you run a container inside a container inside a container" and then goes back to his coffee.



Herman

She's been thinking about this for a while, I think.



Corn

She has. And it's a real question, not a thought experiment. Here's the thrust of it. She wants to narrow it down to one thing. Developers. What is their proper role in shaping a city?



Herman

Right.



Corn

Her read is that in Jerusalem, the system feels organized around making projects work financially for developers first, and then dealing with the urban consequences afterward. She's careful about it. She says she doesn't want to ascribe motives to any particular politician, because plenty of people believe that more construction automatically makes a better city. She just thinks that belief is deeply flawed.



Herman

Because a city can build a massive amount and still get worse.



Corn

Less livable, less beautiful, less affordable, less functional. All four at once. And then the actual question. In a well-run city, where should developers sit in the hierarchy of priorities? She puts it as a sequence. The city decides what kind of place it wants to be. What infrastructure it needs, what the neighborhoods need, what housing mix makes sense, what public realm is missing. Then it writes rules and incentives that make it profitable to build those things. Developers need to make money. Her framing is that the profit should be the mechanism that gets the city what it needs, not the goal that determines what gets built.



Herman

That's the whole thing in one sentence.



Corn

Then she grounds it. She did a project in architecture school in Ir Ganim, the shikun neighborhood in southwest Jerusalem. Her conclusion was that under the current system, the only realistic way that neighborhood was ever going to change was through pinui-binui. Developers combine plots, replace the old buildings with much larger ones, hand apartments back to the owners, sell the rest. And instead of pretending that wasn't going to happen, she asked what the city could extract from it. Small interventions between the lots. Pedestrian connections up the steep terrain, public services, commercial space, a library. Tied to development rights through something like a Community Benefits Agreement.



Herman

If the developer wants more density, the city asks for something back.



Corn

So the two questions are: how do you design that system well, and how do you let developers make a reasonable profit while pushing private money at streets, schools, libraries, affordable housing, transit, parks — instead of more luxury towers and maximum extraction from the land.



Herman

Let me start with the thing that makes the whole conversation possible, because without it everybody argues past each other.



Corn

Go on.



Herman

Uplift. When a city rezones a piece of land, or grants extra density on it, it creates value out of nothing. The land was worth one amount under the old zoning and it's worth more under the new one, and nobody built anything yet. The developer didn't create that. The city created it, by changing what's allowed on the land.



Corn

The paper gain is the rezoning.



Herman

Aaron Moore's work on Toronto and Vancouver lays this out as the foundation for everything else. Density-for-benefit tools exist for one reason: to capture part of that publicly created uplift for the public. If the city grants the density and captures none of the value, it has handed a windfall to whoever happened to own the parcel.



Corn

And there are different stories people tell about why the city should take a cut.



Herman

Three of them, and they're usually mixed together without anyone noticing. The first: share the wealth that development creates. That implies a broad public fund, money that goes anywhere the city needs it. The second: fund the infrastructure upgrades the development itself requires. Water, roads, sewage, schools. That implies something narrower — a link between the project and the spending. The third: compensate the people who are



Herman (continued)

negatively affected. The neighbors whose light gets blocked, the tenants who get displaced. And that implies the benefit stays at the neighborhood level, close to the harm.



Corn

Three rationales, three completely different systems, and a city that hasn't picked one ends up with all three fighting each other.



Herman

And there's a legal wall in the middle of the room. In the United States, courts have struck down density bonusing used to fund what they call unrelated municipal projects, no matter how meritorious. You can't trade a developer extra floors for a new swimming pool across town.



Corn

You can trade floors for a wider sidewalk outside the building.



Herman

You can trade floors for something with what the courts call a nexus to the development. That's the test. There has to be a real connection between what you extract and what's being built. Which protects developers, in a way. It stops a city from treating a single project as a general revenue source.



Corn

But it also caps what a city can ever ask for.



Herman

It caps it hard. If you want a library in a neighborhood, and the only project in that neighborhood is nine apartments, the nexus doctrine says you can't take the library out of the nine apartments. You have to fund the library the normal way, out of the general budget. So the tool is powerful and narrow at the same time.



Corn

Which means the answer to Hannah's sequencing question isn't "extract everything from every project." It's "decide what you want first, and then work out which pieces of it this particular project can legitimately carry."



Herman

And that's why the two cities are so useful, because they made opposite choices and you can see the results.



Corn

Toronto and Vancouver.



Herman

Toronto's Section 37 is the politicized model. It applies to developments above ten thousand square meters of gross floor area, so it's already selective. And then the ward councillor personally decides which benefits to demand from the developer. Not city staff against a plan. The individual councillor, for his ward, negotiating his own list.



Corn

What does that produce?



Herman

Wish lists. Moore's description is that they have no clear policy or planning objective. You get a new community centre in one ward, a plaza in another, a contribution to a hockey rink somewhere else, and the pattern follows whoever is best at extracting, not where the need is.



Corn

And the number?



Herman

Toronto captures somewhere between fifteen and twenty percent of the uplift value.



Corn

So the city creates the value, and keeps a fifth of it.



Herman

Vancouver keeps about seventy percent.



Corn

Seventy.



Herman

Same country. Same legal framework. Same general market. The difference is who does the negotiating. In Vancouver it's city staff, negotiating Community Amenity Contributions against a list of priorities that council has already established, plus area-specific strategies for each part of the city. The developer negotiates with a professional who has a mandate and a document. Council only ratifies at a public hearing at the end.



Corn

So the politician is out of the room.



Herman

The politician is out of the room during the negotiation, and in the room at the end, in public.



Corn

There's a cost to that too. Nobody outside the process can see how the numbers were reached.



Herman

Moore calls it unintelligible to outsiders. Consistent, but opaque. You and I could not look at a Vancouver deal and reconstruct why that particular developer gave that particular amount. Whereas Toronto's system, for all its arbitrariness, is at least legible. You can see the councillor, you can see the wish list, you can go to the meeting and shout about it.



Corn

So one system is arbitrary, the other is invisible, and those are the two options.



Herman

Those are two options. I don't think they're the only two.



Corn

Here's the thing that strikes me about Hannah's framing, though. She said the system feels organized around making projects work financially for developers first. That's not a story about corrupt politicians. It's a story about the absence of the prior step.



Herman

Say more.



Corn

Vancouver captures seventy percent because Vancouver already decided what it wanted. There's a list. It was written before any developer walked in the door. So when the negotiation starts, staff aren't improvising. They're reading a document. Toronto captures twenty percent because there is no list, so every negotiation is a one-off, and a one-off negotiation rewards the party with the most information, the most practice, and the most patience.



Herman

Which is always the developer.



Corn

A developer negotiates these deals for a living. The councillor does it on the side, in between everything else. Ten years in, the developer has done three hundred of them. The city has done three hundred too, but each one with a different person in the chair, holding a different set of opinions.



Herman

The asymmetry of repetition.



Corn

That's the whole machine right there. It's not malice. It's that one side shows up prepared and the other side shows up busy.



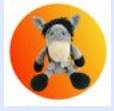
Herman

I want to test that against the Israeli case, because Israel didn't run either of these systems. Israel ran a statutory program.



Corn

Pinui-binui.



Herman

Evacuate and rebuild. And it's designed explicitly as a win-win deal. That's the language in the literature. Bigon and Langenthal wrote it up in Urban Science in 2023. The entrepreneur adds apartments and floors, sells them to new residents, generates profit. In exchange, the existing owners get larger units, and the developer pays for their temporary accommodation while the building comes down, and pays for their legal representation.



Corn

So the owner puts in nothing.



Herman

The owner puts in the building they already own, which is the land. And the developer funds everything else out of the extra units.



Corn

Which means the profit isn't a side effect. The profit is the engine. Take it away and nobody signs.



Herman

That's the design. And here's where it goes wrong. Because the profit drives where the projects happen. If the entrepreneur is choosing sites based on where the math works, he goes where land values are highest and the gap between the old building and the new one is biggest.



Corn

Where did it go?



Herman

Through late 2022, about sixty-eight percent of the approved pinui-binui units were in Tel Aviv and the Center district.



Corn

The Center. Not the periphery.



Herman

Not the periphery, and here's the part that stings. The program has an earthquake rationale in it. It's partly sold as a way to replace old buildings that would not survive a serious earthquake. And the areas least likely to be damaged by an earthquake are exactly where the sixty-eight percent went.



Corn

So the safety argument was the pitch and the yield was the driver.



Herman

The periphery and the ultra-Orthodox neighborhoods were neglected until the government added subsidies in 2023. It took a subsidy to move the machine to where the buildings were actually dangerous.



Corn

That's a clean illustration of Hannah's point. If nothing upstream decides where development should go, the market decides, and the market's answer is "where the margin is fattest."



Herman

There's a counterpoint worth stating though. When wealthy neighborhoods in Israel tried to block densification in their own areas, the courts rejected it, and the reasoning was that blocking density in rich areas pushes all of it into poor areas. So the courts were holding the line in the other direction. Density has to be shared.



Corn

Interesting. So the legal system has been more willing to force density into wealthy areas than the program design has been to steer it into weak ones.



Herman

That's a fair reading.



Corn

And the building permits?



Herman

Grew forty percent between 2021 and 2022, reaching about a hundred and thirty-one thousand units. The program changes in early 2022 opened the throttle. Apartment-count increases of four hundred percent and more became possible, and public space became a requirement of new projects rather than an optional extra.



Corn

Four hundred percent. Twenty-five units become a hundred.



Herman

Which leads us to Hannah's neighborhood.



Corn

Ir Ganim.



Herman

Ir Ganim was planned in 1953 in southwest Jerusalem. Designed for eight to ten thousand immigrants on fifteen hundred and seventy-seven dunams. The first five hundred units were built by Rassco, with private gardens, which is a detail I like because it tells you what the original idea was. It was meant to be low, green, and generous. Ir Ganim Aleph went up in 1957.



Corn

And where is it exactly?



Herman

Southwest, on steep terrain, with a valley separating it from Kiryat Hayovel. It's split into three sections, Aleph, Bet, and Gimmel, and the streets are named after countries in Latin America.



Corn

The valley is the important part for Hannah's project.



Herman

It's the whole reason her small interventions make sense. If a neighborhood sits on a slope with a valley cutting it off from the next neighborhood, then pedestrian connections aren't a nice-to-have. They're the difference between a place where you can walk to the shop and a place where you drive.



Corn

So she designed a path up the hill.



Herman

She designed small moves. Paths, a square, a building with something in it at the bottom. And here's the thing — Jerusalem already approved a version of that idea in the same batch of projects, in Ramot. There's a plan in that set that includes a two-meter-wide public path for pedestrian access between two streets, and a three-hundred-square-meter urban square.



Corn

Two meters wide.



Herman

That's the specification. Not a boulevard. A path.



Corn

That's the scale she's talking about. Two meters and a small square, and a city decides whether it has them.



Herman

And then the Ir Ganim project itself. Twenty-two to twenty-four Costa Rica Street. A four-story building comes down, twenty-five units in it. In its place, a twenty-four-story tower over underground parking on two point three dunams. A hundred and twenty-two units. So roughly five times the apartments, on the same land, with six times the height.



Corn

And the public side?



Herman

About fourteen hundred square meters of public buildings. Kindergartens, a synagogue. Three hundred square meters of ground-floor commercial. Three hundred square meters of open public area.



Corn

So the city did extract something. This isn't a story where the developer takes everything and leaves.



Herman

That's right, and I want to be fair to the Israeli system here. There is no standalone Community Benefits Agreement framework in Jerusalem or in Israeli pinui-binui — nothing formally adopted under that name, as far as I can tell from what's out there. But the planning process attaches conditions at the approval stage. Public buildings, open space, commercial frontage. Functionally it's density-for-benefit. It's just not branded as a



Herman (continued)

CBA, and it isn't structured as a private contract.



Corn

So what Hannah is proposing isn't a description of Israeli practice. It's a proposal for improving it.



Herman

It's a proposal, and the interesting question is whether the good parts can survive the transplant.



Corn

Before we get to that, hold on a second on the fourteen hundred square meters.



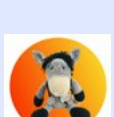
Herman

Go on.



Corn

A hundred and twenty-two apartments, twenty-four floors, and the public buildings are fourteen hundred square meters. That's the whole public contribution. Let me not do the arithmetic on that out loud.



Herman

It's roughly what you'd expect from a system that negotiates case by case.



Corn

That's what I was getting at, yes.



Herman

And there's another number that matters more than any of these, which is the timeline. A typical pinui-binui project takes about twelve years from start to finish.



Corn

Twelve years.



Herman

Starting from the first conversation to the last family moving back in. And most of that time is spent before a single wall comes down, getting the owners to agree.



Corn

Hold that, because let me come back to it when we talk about enforcement.



Herman

There's a human cost in that twelve years that doesn't show up in any of the unit counts. Researchers in Israel have described what they call Urban Renewal Syndrome. Depression, anxiety, worsening chronic pain, in elderly residents during the inception phase. Not because their building came down. Because of the pressure before it does. Neighbors pushing, the developer's representatives knocking, the contract sitting on the table, and everyone knowing that the last few holdouts get the best terms.



Corn

And there's a 2012 record of that in exactly this neighborhood. The city approved demolishing around nine hundred apartments in Ir Ganim and Kiryat Menachem and replacing them with around thirty-six hundred, which would have added more than ten thousand residents.



Herman

Al Jazeera reported on it at the time and quoted an activist named Mike Leiter, who called it a population transfer. His words were that they're pushing out weak people.



Corn

Was he right?



Herman

I don't know about the transfer claim. What I know is that when you offer an elderly owner a bigger apartment in a new building, you're offering them something they may not want. They wanted the garden. The first five hundred units in Ir Ganim were built with private gardens. That was the design.



Corn

A bigger apartment on the fourteenth floor is not the same good as a small apartment with dirt outside your door.



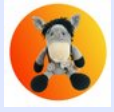
Herman

And the architectural critic in this story makes the case that the new buildings are worse than the old ones in a way that isn't subjective. Gerard Heumann wrote in 2021 that Israeli architecture and urban design had sunk lower in Jerusalem than at any point in the history of the state or before it.



Corn

That's not a subtle review.



Herman

He also described what he thought the municipal brief had become, and this is the line that stays with me. Just multiply by three or more the number of existing apartments, then stick those residential towers wherever you can.



Corn

That's the entire policy, in one sentence, and he wrote it as a joke.



Herman

That's the thing Hannah meant. You can triple the housing stock and get a worse city. Those aren't in tension. They're the same process described by two different metrics.



Corn

There's a "build a lot, get worse" outcome that isn't hypothetical. It already has an address.



Herman

Twenty-two to twenty-four Costa Rica Street.



Corn

Right. Now let me say the thing I keep circling. None of this is about developers being villains.



Herman

Nobody thinks they are.



Corn

Loads of people think they are. And the reason I don't is that the developer is the only party in this entire system who is behaving exactly as designed. He's responding to the incentive the city set. If the incentive rewards building the tallest thing the site will bear, he builds it. If the incentive rewards a two-meter path up the hill, he builds that. The interesting question is never "why is the developer like this." It's "why does the city reward one and not the other."



Herman

And the answer is almost always that the city never wrote down what it wanted.



Corn

That's the sequence question. Decide what you want to be first, then design the rules so that profit delivers it. Do it in the other order and you get Toronto's twenty percent and a hockey rink in the wrong ward.



Herman

There's a limit worth naming. Even a perfectly designed system will concentrate development where land values are highest, because that's the mechanism. Uplift is biggest where the gap between the old use and the new use is widest. That's the engine, and you can't tune the engine to run in a place where there's no margin.



Corn

So capture, however good you get at it, doesn't solve the distribution problem.



Herman

Capture and distribution are two different jobs, and Israel is a good demonstration. The machine didn't go to the periphery until the state put money on the table in 2023. That's not a design failure in the CBA sense. That's a decision to spend.



Corn

Which is a political problem, not a technical one.



Herman

And political problems don't get solved by better spreadsheets.



Corn

Hannah's second question was how you tie density to public benefit so it actually holds. Which is where I think the CBA conversation gets interesting, because the concept is good and the track record is grim.



Herman

Let me define it properly first. A Community Benefits Agreement is a legally binding, negotiated agreement between a developer and a community coalition. The community agrees to support the project, or at least not to oppose it. In return, the developer commits to specific benefits. Local hiring, wage floors, affordable housing, contributions to a community fund, land use requirements. It's a contract.



Corn

Signed between the developer and the neighbors.



Herman

Between the developer and a coalition that claims to represent the neighbors.



Corn

Which is already the weak point, because the coalition is not the city. It's a group of people who got organized for this one fight.



Herman

The design advice is sensible. Build a coalition with deep roots in the community. Make the process transparent. Specify the terms precisely, because vague terms are unenforceable. Assign responsibility for each commitment. And write a monitoring plan, so somebody is checking.



Corn

Those all sound like things people would do anyway.



Herman

They sound obvious because the failure cases are so bad. The Atlantic Yards deal in Brooklyn is the famous one. Promised substantially legally enforceable penalties, in its own language.



Herman

Delivered nothing. The only mechanism was a compliance monitor, and the monitor was never hired. The community groups that signed it dissolved. The journalist Norman Oder's summary was that the rollout was deceptive and over-hyped, the structure was fundamentally flawed, and the oversight was inadequate.



Corn

So the penalties were enforceable in principle and nobody was in the room to enforce them.



Herman

Columbia's expansion into West Harlem committed ten million dollars to affordable housing. In the first six years, a hundred thousand dollars was spent. One percent.



Corn

Over six years.



Herman

There are cases where it worked. Detroit's Little Caesars Arena had a local hiring requirement and a real penalty attached to it, and contractors were fined more than five million dollars for hitting twenty-five percent local labor when the requirement was fifty. So the enforcement was ugly, and costly, and it happened.



Corn

Because someone had a mechanism with teeth.



Herman

Which is the whole lesson. Michael Drezin, who administered the Yankees CBA fund, put it flatly. All a CBA needs is an enforcement mechanism: if you breach the contract, we get to take you to court. And a CBA consultant, John Goldstein, said the single most important factor in whether the provisions hold is good organizing. Good organizing.



Corn

You need a group of people who will still be angry in twelve years.



Herman

And that is the exact quantity we said we'd come back to. Pinui-binui takes twelve years. A CBA signed with a coalition in year one has to be enforced in year twelve. And what a voluntary community coalition looks like in year twelve is usually nobody, because the original organizers have moved, or burned out, or won.



Corn

So the CBA is a guarantee that expires when the people who cared get tired.



Herman

It's a private contract, not a law. And in the successful cases it holds because the coalition is durable — either it's an institution, or the benefit is embedded somewhere it can't be forgotten. The Nashville soccer stadium deal locked in twenty percent affordability, with at least a fifth of those units having three bedrooms. Denver's Gates Cherokee deal got a hundred and fifty affordable for-sale units out of fifteen hundred, and two hundred low-income rentals out of a thousand. The Atlanta BeltLine commitment runs twenty-five years, two point eight billion dollars, along a twenty-two mile loop.



Corn

Twenty-five years is roughly the lifespan we're asking a CBA to survive in Jerusalem. That's two generations of neighborhood politics.



Herman

And that's why I'd lean toward the Vancouver shape rather than the CBA shape, if I had to pick, for the public benefit that matters most. Put the obligation into the planning permission itself, so it attaches to the land. Then it doesn't depend on a private contract surviving. It runs with the property. Whoever buys the building inherits the duty.



Corn

Which also means it doesn't require a community coalition to stay alive for twelve years.



Herman

It requires the city to stay organized, which is a lower bar than a community group staying organized, because the city has staff and a budget and it doesn't get tired of this the way people do.



Corn

That's a real difference.



Herman

There's a catch, and it's the nexus doctrine again. If you want a library and a transit stop and a park out of one project, the law may only let you take the pieces that are connected to that project's impact. The design answer is to set the priorities at the citywide level first, so the negotiation is about which of the city's own goals this project can carry. Then the connection is between the project and a documented city priority, and not between the project and something a councillor wants.



Corn

So the sequence matters twice. Once to know what you want, and once more to make the extraction legal.



Herman

That's fair.



Corn

Then there's the question of whether it's even fair to put any of this on a single building. A twenty-four-story tower carrying kindergartens, a synagogue, a commercial strip, and open space is a building doing municipal work. Which sounds efficient until you count how much of the city ends up with no project in it.



Herman

Which is the periphery problem again. The tool can only draw from places where there's a project, and the projects only go where the money is.



Corn

So the places with the least money get the least of the city's attention. The system is not neutral. It's skewed, and it's skewed in exactly the direction Hannah says.



Herman

And the equitable thing to do about it is to accept that, and spend. Mandate the density everywhere, as the Israeli courts did when the rich neighborhoods objected. Then subsidize the places where the margin doesn't exist, the way the state started doing in 2023.



Corn

That's two policy instruments, not one. A capture instrument and a spending instrument.



Herman

And confusing them is how you get a framework that looks fair and produces nothing.



Corn

Alright. So give me the shape of a system I could defend. Start with the decision.



Herman

Start with the city deciding what kind of place it wants to be. A list of priorities that staff can hold in their hands, plus an area strategy for each part of the city, so that a neighborhood like Ir Ganim has a written answer to what it needs before anyone shows up with a proposal.



Corn

Then?



Herman

Then the capture. Density is granted. The uplift is measured. A portion of it is captured, consistently, under a rule that applies to everyone, so no developer has to guess and no councillor gets to pick favorites.



Corn

And the third piece?



Herman

The obligation attaches to the land, not to a handshake. That's the Vancouver move. So the kindergartens, the path, the square, the affordable units — they're in the permission. Anybody who buys the project inherits them.



Corn

And the fourth piece is the one nobody wants to say out loud, which is that on its own it doesn't reach the parts of the city where the numbers don't work, so somebody has to write a budget line.



Herman

That's the one.



Corn

So the answer to Hannah's hierarchy question is that developers are downstream. They're not at the top of the list, and they're not villains at the bottom. They're the last link in a chain that starts with the city deciding what it's for. Get the first link right and the developer becomes the most useful tool the city has. Get it wrong and he becomes the thing everyone yells at for doing what the rules told him to.



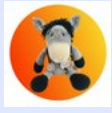
Herman

Note what she didn't ask. She didn't ask how to stop developers.



Corn

Because the honest answer is that you don't want to. You want them pointed at something.



Herman

I'll say one more thing and then get out of the way. The thing that decides whether any of this works is not in the design documents. It's whether the city is willing to say no. A capture rule with no refusals available is just a fee. The reason Vancouver gets seventy percent is that Vancouver's staff can walk away. The developer needs the density as much as the city wants the amenity, and both sides know it.



Corn

A city that can't say no can't ask for anything.



Herman

That's the whole of it.



Corn

Before we go, there's something about the design that I keep coming back to, and it's the two-meter path.



Corn

Everyone in this conversation has been talking about thousands of units, seventy percent capture, billion-dollar commitments. And the thing that changes whether a neighborhood works is a path two meters wide between two streets, on a slope, so a person can walk down to the shop instead of driving.



Herman

Because a neighborhood is not a stock of apartments. It's a set of routes.



Corn

Which is what the twenty-four-story tower doesn't fix, however many units it holds.



Herman

The tower is the part the camera sees. The path is the part nobody notices until it's missing.



Corn

I've been thinking about the Ir Ganim project the whole time. Twenty-five units becoming a hundred and twenty-two. Fourteen hundred square meters of public buildings. That's a real contribution and I don't want to be snide about it. But I keep asking what the neighborhood looks like in twelve years when the tower is done and the kindergartens are full and the valley is still cutting the neighborhood in half.



Herman

That's the part Hannah's project was for.



Corn

It's the bit that never makes the press release.

L

Larry

Folks, do I have a deal for you. This is a limited time offer, and the price is coming down right now, live, as I speak. We are selling the Ir Ganim Density Voucher, and if you act before I finish this sentence you get a hundred square meters of zoning uplift absolutely free. Wait, and it's now a hundred and fifty. Wait, and I'll throw in a two-meter pedestrian path. Wait, and the voucher now includes a synagogue. Wait, and the price is now lower than it was when I started talking, which is mathematically impossible and legally binding. But wait, the deal just ended. And it also just started again. And it has now ended forever. Call the number you don't have.



Herman

Where the two instruments have to be funded from the same budget, yes, and the political cost of one is much higher than the other.



Corn

Pulling money out of a project is invisible to the person paying the tax bill. Writing a subsidy line into the budget is a vote.



Herman

Yeah.



Corn

So the capture tool is the easy one and the spending tool is the hard one, which means the periphery problem is going to be the last thing anyone fixes.



Hilbert

So I've got a cousin in the business, right. Pinui-binui contractor, works the Jerusalem area. And he did the foundation work on the Costa Rica Street job. I've seen the plans on his kitchen table.



Corn

The twenty-four-story one.



Hilbert

That one. And I've been sitting here for forty minutes listening to you two talk about capture rates and nexus doctrine, and I don't think either of you is looking at where the time actually goes. It's not the developer. It's the homeowners. Twenty-five owners in that building. My cousin spent four years getting signatures out of twenty-five people. Four years. Two hundred weeks of door knocking for a three-story walk-up and a parking spot.



Herman

Four years to get to yes.



Hilbert

And you know what gets them to yes? The extra apartment. That's the thing. The profit isn't the goal. It's the bribe that gets twenty-five people to agree to tear their own house down. Without it you get nothing. Nothing.



Corn

So profit is the lubricant.



Hilbert

It's the only thing that moves anybody. You want to know why it happens in Tel Aviv and not in the Haredi neighborhoods? It's not the market being greedy. It's that Tel Aviv has more people willing to sign, because the numbers on the new apartment are bigger. All of it runs on about thirty people agreeing to the same thing at the same time.



Herman

And if one of them doesn't?



Hilbert

You sit. My cousin has a rule for this. He won't buy a building if more than three of the owners are over seventy-five.



Corn

That's a rule?



Hilbert

That's the rule. Not because of any research, he's never read any research in his life. Because they die before the project starts and then you're negotiating with the heirs. And heirs are worse. Heirs don't want the apartment. They want the money to be split evenly between four people in three countries, and every one of them has a lawyer.



Corn

That's the Urban Renewal Syndrome research in one sentence.



Hilbert

Whatever it's called. You get a building full of old people and it's a graveyard in more ways than one. He won't touch it.



Herman

So the four-year signature process is where the real design constraint is.



Hilbert

Right. And here's the thing you two would never think of. One time he had a woman in her eighties, wouldn't sign. Her husband had died in that apartment. She didn't want a bigger place. She wanted that place. So he promised her the new building would have a memorial corner for her late husband. A little plaque in the lobby. He put it in writing. Developer signed it. The plaque went into the plans.



Hilbert

And the building got sold to another developer before they broke ground. And the new developer took the plaque out of the plans. It wasn't a legal obligation, it was a line on a piece of paper.



Herman

What happened?



Hilbert

He gets calls about it. Still. Once a month or so. Which is bad, but here's the part I haven't told him. I suggested the memorial corner. It was my idea. And the developer who bought the building, the one who took the plaque out? I went to school with him. I've never told my cousin.



Corn

You've been carrying that for how long?



Hilbert

Twelve years. About the same as the project.



Herman

That's the enforcement problem with a memorial corner instead of a fine.



Hilbert

The plaque was never going to get built, no matter what was signed. You can't enforce a memory. The only thing you can enforce is money, and even that takes somebody showing up with a lawyer in year twelve.



Corn

So a covenant that runs with the land beats a plaque every time.



Hilbert

That's what I'd have told him, back then.



Herman

And the four years of signatures?



Hilbert

That's the real cost of the neighborhood changing.



Corn

Alright.



Herman

Alright.



Corn

Let's pull back up for a second. Because I think Hannah's question has an answer, and it's less exciting than either of us made it sound. The city decides what it wants to be. Not in a document that sits on a shelf, in a document the staff actually use. Then it writes down the density it's willing to grant, the share of the uplift it keeps, and the obligations that ride with the permission, so nobody has to sign anything at year one and hope somebody shows up at year twelve.



Herman

And then it does the part nobody wants. It writes a budget line for the neighborhoods where the math doesn't reach.



Corn

The Vancouver model gets you consistency and gives you opacity. The CBA model gets you legibility and gives you a contract that can dissolve when the signatories move away. There's a third way in there somewhere, where the obligations attach to the land and the priorities were written before the first conversation. But I don't know of a city that's fully built it.



Herman

The 2024 batch in Jerusalem is the live test. Around thirteen hundred units across Gilo, Pat, Ramot, and Ir Ganim. Gilo alone is eight hundred and eight. If those projects deliver the kindergartens, the open spaces, the paths they wrote into the plans, and the city has a way to hold them to it a decade from now when the people who approved it have moved on, then this conversation gets a happy ending. If not, we'll be having it again, about different streets.



Corn

The periphery is still going to be the last in line, because capture can't reach where there's no margin.



Herman

That one needs a cheque, not a policy.



Corn

It does. Thank you to Hilbert Flumingtop, our producer. For more along these lines, there's episode three sixty, The Ghost Towers of Jerusalem; episode fifty-eight seventy-four, Who Actually Builds a City's Housing Crisis; and episode thirty-four hundred, What an Israeli Developer Actually Does All Day. This has been My Weird Prompts, the human-AI collaboration podcast. If you want to hear more about the gap between what cities promise and what they deliver, the show's at my weird prompts dot com.



Herman

Send us your own prompt on Telegram at t dot me slash MWP listener bot.



Corn

See you tomorrow.



Herman

Yalla, b'seder.

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