

## Private interest closing social space? A critical analysis of Lebanon's real estate sector

*Abir Saksouk-Sasso*<sup>39</sup> and *Nadine Bekdache*,<sup>40</sup> with inputs from *Mohammad Ayoub*<sup>41</sup>

### Introduction

Together with banking, the real estate sector is the main pillar of the Lebanese economy. In a 2014 CNN report entitled 'Up-and-coming cities for the rich', Beirut appeared first on the list, described as the "ideal place for adventurous real estate investors".<sup>42</sup> Elsewhere, this vision is promoted in local venues and advertisements. During an episode of the popular talk show *Kalam Ennas*, aired live from the real estate Dream 2014 Expo, members of the Real Estate Association of Lebanon, together with several parliamentarians, linked the sector's success to the country's favourable investment regime for the sector.<sup>43</sup>

In fact, liberalisation policies initiated during post-civil war reconstruction aimed to establish Beirut as a global destination for international capital and investors, in line with other urban interventions in the Arab Middle East and elsewhere.<sup>44</sup> The trend is driven by a vision of Beirut that aligns the city's future to the interests of Lebanese and Arab Gulf private capital. It has benefited from an array of public subsidies, such as tax exemptions and infrastructure, as well as public facilities enshrined in special regulations tailored to fit the needs and interests of private real estate companies.<sup>45</sup>

Furthermore, an evolving legal framework has progressively pursued urban densification and the maximisation of buildable surfaces, made possible by consecutive changes to the building law (1971, 1992, 2004) and by exceptional legislation. Commensurate policy to take into consideration other priorities around use of urban space, or issues of collective rights to urban resources, has lagged behind. According to economist Kamal Hamdan, the construction and real estate sector together attract more than 70% of the total private and public investments in the country.<sup>46</sup> Some argue that a taxation system that offers exemptions and tax facilities to holdings and joint-stock companies of non-nationals clearly favours wealth and capital accumulation of certain actors at the expense of the majority of citizens with limited incomes.<sup>47</sup>

39 Abir is an architect and an urbanist. She has been involved in several research projects, including the history of spatial production of the informal suburbs of Beirut, and more recently that of Ein el-Helwe camp. Since 2012, she has explored the notion of public space through research on the coast of Beirut. Her interests include development planning, multidisciplinary research on space and exploring tools of urban change. She is a co-founder of Studio for Public Works and Dictaphone Group.

40 Nadine Bekdache is a practising designer and an urbanist, and co-founder of the Public Works studio. Her research focuses on socio-spatial phenomena through multidisciplinary methods. She has employed mapping and filmmaking as both a process of investigation and representation. She is also a graphic design instructor at the Lebanese University.

41 Mohammad Ayoub is founder and Executive Director of NAHNOO. In parallel to his activism work, he obtained a Masters degree in History before pursuing a diploma in Psychology and studies of Public Policy. Driven by a desire to dissolve sectarianism, he is leading several mediated campaigns for the development of public spaces in Lebanon.

42 Up-and-coming cities for the rich, CNN Money, 6 June 2014, <http://money.cnn.com/gallery/luxury/2014/06/01/rich-real-estate-cities/>

43 Lebanese Broadcasting Corporation, *Kalam Ennas*, Special Episode about the "Dream Real Estate Expo", 26 June 2014, <https://www.youtube.com/watch?v=HjbWe1DFa0M>

44 S. Makdissi, Laying claim to Beirut: Urban narrative and spatial identity in the age of Solidere, *Critical Inquiry*, 23(3), 1997, pp.660–705

45 M. Krijnen and M. Fawaz, Exception as the rule: High-end developments in neoliberal Beirut, *Built Environment*, 36(2), 2010, pp.245–259

46 K. Hamdan, The real estate boom and the housing market, Paper presented at the Housing Policies, Rent Control, and Property Taxation in Lebanon: Towards a Socially Just Model of Urban Development conference, organised by the Issam Fares Institute for Public Policy and International Affairs, Konrad-Adenauer-Stiftung and the American University of Beirut, Beirut, 24 October 2014

47 C. Nahas, Necessity of land and real estate taxation in Lebanon, Paper presented at Ibid.

The growth of the real estate sector has been intrinsically associated with post-civil war reconstruction in mainstream discourse. Beirut in the 19th and early 20th centuries gained a reputation as a prosperous, cosmopolitan city, home to numerous migrants and ethnic and sectarian groups (among them Shias, Sunnis, Greek Orthodox, Greek Catholics, Maronite Catholics, Druzes and Jews). Its historic core had sustained a complex network of social relations characterised by a religious and class mix since the 1800s. Beyond the old core, Beirut's residential quarters constituted mixed populations as shown in voters' registries of the time, partially due to historical patterns of land ownership and further enhanced by the state's regularisation of the housing market through rent control, which enabled a wide variety of people (across class and religion) to access housing in different neighbourhoods. Beirut retained its reputation of openness and tolerance until the civil war. This surface of mutual tolerance was shattered as political conflicts, as well as tensions between communities, escalated in the 1970s. The capital was severely fragmented and partially demolished, its historic centre and the areas extending out from it transformed into a no-man's land between the warring factions. The result was new demarcation lines, causing significant demographic change.

After the war, a whole city had to be rebuilt. The opportunity for rebuilding the city in such a way as to consolidate peace and confidence building among Lebanon's divided communities was not, however, tackled. In the case of the reconstruction of historical downtown Beirut, damaged buildings in need of renovation were hastily levelled to the ground by Solidere (*Société libanaise pour le développement et la reconstruction de Beyrouth*), a publicly owned, privately managed real estate company. The Solidere project turned the former historic core of Beirut into a high-end commercial downtown, causing radical demographic change under the banner of building a future world-class capital city. As one scholar put it:

*“The city center is a surface that will be inscribed in the coming years in ways that will help to determine the unfolding narrative of Lebanon's national identity ... For it is in this highly contested space that various competing visions of that identity, as well as of Lebanon's relationship to the region and to the rest of the Arab world, will be fought out.”*<sup>48</sup>

Indeed, the new identity manifested in spatial erasure was not limited to Beirut's central district. Since the mid-1990s, several waves of abrupt changes have targeted and are still targeting shared spaces in the city, replacing its residential fabric and network of open social spaces with new constructions that are believed to testify to the vibrancy of economic liberalism and a booming real estate market. Not only do these constructions reduce the significance of spatial production to economic profit maximisation, but they also prioritise profit over other dimensions of societal values – in particular, the city's social cohesion.

The direct translation of these “development policies that conceptualize real estate investment as a main source of national economic growth”<sup>49</sup> has been a radical reshaping of the built environment over the past two decades, as poignantly described in the brochure of the Dream 2014 Expo:<sup>50</sup> “projects are digging deeper and building higher than ever before, with residential towers reaching 20, 30 and even 40 floors into the urban sky...” The real estate sector has impacted not only the built environment, but also, more profoundly, citizen's perceptions of the city and of themselves. Real estate developers, architects, investors and government officials have collectively reinforced a model of urban development that is focused on a high-end/high-rise-oriented real estate market,

48 S. Makdisi, 1997, Op. cit.

49 F. Traboulsi, *A modern history of Lebanon*, London: Pluto Press, 2007

50 This brochure can be viewed at <http://www.promofair.com.lb/exhibitions/1>

in which individual and private home ownership is promoted as the only solution to housing pressure. A large portion of the Lebanese coast has been transformed into beach resorts, exclusive hotels and other private enterprises that serve only a small proportion of the population. This model of urban development is propagated as a symbol of trust and belief in the ability of the country to overcome its conflicts. Paradoxically, in the view of the authors and many stakeholders interviewed for this research, the mode of urban development linked to real estate expansion may work against the long-term interests of peace and harmony in Lebanon. It appears this mode of development is also capable of transforming the active force that is society into a group of isolated individuals, who define themselves in terms of how much they can afford to consume. Along these lines, the provision of basic rights and services, such as housing, water, electricity and open spaces are handed to private initiatives, including religious institutions and those affiliated with political figures.

## Political economy profile: key players and the state

The following section examines the power dynamics at play in shaping the unfettered growth of the real estate sector, and of luxury development projects spreading across Beirut in particular.

The new constructions consist of luxury towers, the majority of which are high-end residential buildings with apartment prices ranging between US\$1 million and US\$4 million. These constructions have been argued to be the material traces of a global circuit of capital in which Beirut is inscribed.<sup>51</sup> By looking more closely at the making of these towers, several investigations have revealed that state actors and leaders of political parties have consistently been associated with this development boom. It has also become widely known that the new projects are owned, either partly or entirely, by politicians or those connected to sectarian political parties.<sup>52</sup>

According to one analyst, the relationship between politicians and the economic or financial elite, with interests in the construction and real estate development sector, is as old as the Lebanese Republic itself.<sup>53</sup> The reign of this “financial oligarchy” over the economy, and the tight connections between business activity and the political sphere, continues until today in the form of “property speculation [which] raised the price of land and imposed the construction of luxury apartment buildings”.<sup>54</sup>

The presence of the economic elite in the political arena intensified in the post-war era, largely as a result of the booming real estate development sector. In an economy where the construction sector is a main contributor to the country’s GDP (second only to the services sector), several real estate developers and contractors held, and still hold, prominent governmental positions, and several politicians have investments in the construction sector.<sup>55</sup> One family alone is alleged to own, directly or indirectly, 59 real estate companies in Lebanon.<sup>56</sup> Looking into publicly available

51 M. Krijnen, Filling every gap: Real estate development in Beirut, *Jadaliyya*, 5 November 2013, [http://www.jadaliyya.com/pages/index/14880/filling-every-gap\\_real-estate-development-in-beirut](http://www.jadaliyya.com/pages/index/14880/filling-every-gap_real-estate-development-in-beirut)

52 M. Krijnen and M. Fawaz, 2010, *Op. cit.*

53 F. Traboulsi, 2007, *Op. cit.*

54 *Ibid.*

55 Sources include: H. Achkar, The role of the state in initiating gentrification: The case of the neighbourhood of Achrafieh in Beirut, Master thesis in *Ville et Paysage*, Institute of Fine Arts, Department of Urban Planning, Lebanese University, 31 October 2011; and J. Chaaban, Paper presented at the Rent Control and the Politics of Eviction conference, Issam Fares Institute for Public Policy and International Affairs, Beirut, 29 October 2014

56 Najah Wakim, al-Ayadi al-Soud, Beirut: Sharikat al-Matbou’at, 1998, pp.128–139

information, it is immediately apparent that other prominent Lebanese politicians from across sectarian divides are also involved in real estate, together representing the main force driving the sector.<sup>57</sup> The state's lower-level bureaucrats also have their share in the real estate sector, apparent for instance when municipality members are directly involved in issuing and reviewing permits for demolition and construction.

In the case of the Dalieh seafront area in Beirut (discussed further below), real estate companies purchased the land in 1995 and are now planning a development project on the formerly public space.<sup>58</sup> Taking the example of one of these companies, Al Bahr, the official commercial register (provided by the Ministry of Justice) indicates that Bahr Company is owned by 13 shareholders – Irad Investment SAL Holding IIC (trading as Erad Holding Company) being the biggest shareholder. Upon tracing the registry of Erad Holding, a further 22 shareholders emerge who are affiliated with major political figures.<sup>59</sup> The 'silent associates' and the 'one-project companies' facilitate an opaque process whereby political actors are able to conceal their connections to some of the major projects taking place. Concealing these relationships is politically expedient particularly where controversy is generated.

The information consulted for this article confirms that the intricate ownership structures cut across all the main groups represented in government and across sectarian leaders. An overly simplistic reading of Lebanon's history may render this claim unconvincing, given the very different historical trajectories of each sectarian power group as well as the history of conflict. In an interview with one veteran activist, he explained: "Lebanon is divided into areas of influence between the main leaders, or the dominant groups. Whether directly or indirectly, they are all involved in the sector, which constitutes one solid source of capital cash flow for these sectarian political leaders."<sup>60</sup> This helps to finance the clientelist system on which power is based in Lebanon's sectarian society.<sup>61</sup> There are thus profound implications for the local political process and on democratic space in Lebanon. Given the power-sharing structures in government, the real-estate-generated wealth for the political powers is used to purchase political affiliation and reinforce sectarian groupings to preserve their own power base. Such groupings reaffirm sectarian social divisions.

### Beirut's urban development – overview of stakeholder groups, interests and decision-makers

The key players involved in decision-making about public space in Beirut are the Municipality of Beirut, the National Government of Lebanon and the Directorate of Urban Planning (DGU). NGOs and experts lobbying for the preservation and reactivation of public spaces provide the most vocal counterweight.

#### *Government*

The government holds special decrees to make decisions and design laws governing public space. Within government, the minister of environment and the minister of public works and transportation are responsible for making the decisions about public spaces in Beirut.

57 Ibid.

58 Dictaphone Group, *This sea is mine*, 2012, <http://www.dictaphonegroup.com/wp/wp-content/uploads/2013/11/SIM-booklet-compressed.pdf>

59 Information about these companies is available on the website of the Ministry of Justice, <http://www.justice.gov.lb/>. More specifically, see <http://cr.justice.gov.lb/search/result.aspx?id=1000011480> and <http://cr.justice.gov.lb/search/result.aspx?id=1000001734> (in Arabic)

60 A. Darwish, co-founder of Greenline, an NGO established in 1991 and involved in documenting encroachment on public spaces, interview by Public Works on 20 February 2015 at Greenline office

61 Ibid.

### *Municipality of Beirut*

The Mayor of Beirut, Head of the Municipal Council and representing the legislative power in Beirut is Bilal Hamad. The Governor of Beirut, in charge of the executive power, is Ziad Chebib. The Municipality makes decisions about the creation, reactivation and maintenance of public spaces in Beirut. According to tradition, the mayor should be a Sunni Muslim and the governor a Greek Orthodox. The municipal division of power in Beirut is a particular case in Lebanon, since both the mayor and the governor have a seat on the Municipal Council, and, therefore, the governor of Beirut holds both executive and legislative power. Moreover, the governor is involved in the urban planning process, as the governor signs all the construction licences, while, in other cities in Lebanon, the head of municipality fulfils this role. The Beirut is Amazing campaign launched by the mayor relies on partnerships with the private sector, wherein companies 'adopt' such spaces, renovating and administrating them. For example, Sanayeh Garden experienced a massive renovation project funded and led by the Azadea Foundation, a Beirut-based charitable arm of a major fashion retail company. Citizens of Beirut believe that public services are not able to manage and maintain public spaces. The rare public spaces left in Beirut are in such disrepair as to reinforce this point of view: the only public beach in the city, Ramlet al-Bayda, is polluted, not equipped with appropriate services and unsafe.

### *Directorate of Urban Planning (DGU)*

Lebanon's urban planning law (Law 69) dates back to 1983. It gives the public authorities (in particular the DGU) the power to regulate the built environment and infrastructure in Lebanon. The DGU was also given the authority to set population densities in different areas, forbid construction that might negatively affect the surrounding area, protect the environment and order the acquisition of land for public purposes, among other things. Therefore, in theory, the DGU plays a big role in decision-making about public spaces, especially because it could impede projects that might affect public spaces. The DGU was meant to have an active role in the post-2006 war reconstruction, with the power to intervene in planning and preserve historic areas in line with social values. However, financial limitations and political entanglements have obstructed its ability to play an effective role in the process. According to a former president of DGU, the DGU is not playing the essential role that it could play. The DGU has in principle no specific political or sectarian affiliations; however, all its decisions have to be approved by Cabinet, if they are to hold – meaning that political factors swiftly come into play.

### *Civic lobby of NGOs and experts for the preservation and reactivation of public spaces*

Several NGOs in Beirut and experts from the urban planning field are mounting pressure at both the local and national levels for the preservation and reactivation of public spaces. Activities include the organisation of protests, events and conferences, as well as raising awareness among the citizens of Beirut about the importance and the right of citizens to have public spaces accessible for all.

Citizens' opposition to the dominant development trend in city-making has intensified. For instance, a number of activists infiltrated the abovementioned episode of LBC's *Kalam Ennas* carrying banners with the following slogans:<sup>62</sup>

*“The dream of the 3% is contributing to the nightmare of the 90%.”*

*“Eighty percent of Lebanese households don't earn the minimum required salary to get a subsidised bank loan.”*

*“The dream of our city does not lie in real estate development, but in the public spaces and open access to the sea.”*

62 To watch the video of the intervention, visit [www.youtube.com/watch?v=HjbWe1DFa0M](http://www.youtube.com/watch?v=HjbWe1DFa0M) (in Arabic)

These activists are not alone in their contestations. Indeed, civil society groups in Lebanon are known to be rather well mobilised vis-à-vis a variety of public issues, such as education, health and the environment. One scholar points out, however, that, until very recently, urban issues were somehow absent from the agenda of NGOs and activists: “People are rather unaware of urbanism as a professional practice and of topics related to the city, such as housing, urban services, public transportation, informal settlements... In the past decade, however, urban issues have become more and more debated in the public sphere”.<sup>63</sup> An increasing number of youth groups and activists have voiced concerns with the ways authorities have been managing urban policies and making the future of the city. Such voices include, for instance, blogs such as *The Beirut Report*, art collectives such as Dictaphone Group, activist groups such as Stop the Highway Coalition, campaigns such as Tripoli’s rejection of turning its historic al-Tal Square into a parking lot, as well as established NGOs, as the box contributed by NAHNOO elaborates further.

By investigating the impacts of the real estate sector on Beirut’s shared spaces through the case of the Dalieh seafront area, and on tenants residing in life-long neighbourhoods under the old rent law, this article will further explore the responses and contestations led by citizens that have emerged in each case.

### NAHNOO – NGO activism

NAHNOO started as a group of students from the suburbs of Beirut, who faced a lack of opportunities on an everyday basis, as well as the pervasive mistrust stemming from the highly sectarian society. NAHNOO – which translates from Arabic as ‘us’ or ‘we’ – organised activities and a platform for fellow students to meet, express themselves and develop skills. NAHNOO was officially registered as a non-profit organisation in 2009.

In its approach towards a country where differences are respected and citizens are treated equally, NAHNOO identified public spaces as an essential factor. Public spaces provide a venue for different social strata and sectarian groups to meet, intermingle, exchange ideas and get to know each other. The absence of public spaces reinforces divisions endemic in society, which are further perpetuated by the political class. The lack of public spaces in Lebanon is therefore regarded by NAHNOO as a crucial factor contributing to continuing social tensions within Lebanon’s urban agglomerates. The exclusive approach adopted by such private control of public spaces, pushing to gentrification, affects the interests of marginalised people (for example refugees, migrant workers, etc.) who are not allowed to enter the public spaces. These affected interests marginalise the marginalised communities even further, and may even be a factor in creating support for extremist movements, as put forward in the focus groups organised by NAHNOO. It also has implications for gender relations, something that NAHNOO investigates in its work. Urban development in post-war Lebanon has failed to integrate the concept of the ‘public good’ through the creation of public spaces that counterbalance the divisive trends within cities and contribute to enhancing the quality of life.

To counter the increasing social divide and conflict in Lebanese urban areas, NAHNOO decided to conduct a legal and urban analysis of public spaces in three major urban agglomerations in Lebanon (Beirut, Baalbek and Tyre) – including extensive focus group discussions to understand citizens’ perspectives; train teams of youth from all different backgrounds in life skills (communication, advocacy and public speaking); form community action teams and encourage young people to make action plans and set up advocacy campaigns; raise awareness about local public spaces; and pressure municipalities to reactivate public spaces by launching the following local campaigns:

63 M. Harb, *Public spaces and spatial practices: Claims from Beirut*, Jadaliyya, 25 October 2013

- **Bayda Ramletna** (Beirut): The rehabilitation of Ramlet al-Bayda beach as a public space; cleaning the sewage polluting it and adapting it to the needs of all.
- **Al Kalaa Bi Alb Baalbek** (Baalbek): Connecting the Temples of Baalbek to the city itself.
- **Souretna Jneinetna** (Tyre): Restoring and reopening Tyre's park.
- **Together for the Reopening of Horsh Beirut** (Beirut): Campaign to reopen the pine forest in the middle of Beirut that has been closed to the public for more than 20 years, although it has been completely restored. The municipality has responded by promising to open the park.

NAHNOO's campaigns have been well covered in all major local media outlets and also attracted international press coverage through, for example, Al Jazeera. These activities helped influence the public discourse and place the issue of public space on the national agenda. NAHNOO believes victory in the different campaigns can be demonstrative of cross-sectarian and youth-led community impact, setting a precedent in the improvement of the public space situation through civic engagement and partnership with the municipalities. NAHNOO is also part of the Civil Campaign to Protect Dalieh, to save the land of Dalieh, which has been a public watering hole for decades but is now fenced off because developers want to turn it into a private luxury marina (see case study below), as well as the Civil Coalition against the Hekme-Turk ('Fouad Boutros') Highway, which aims to stop the construction of a highway that crosses through eastern Beirut.

## Development of Beirut's coast: threatening open communal spaces

In 2003, the real estate magazine *Lebanon Opportunities* published an article about investment along the coast of Beirut. The article, entitled 'Corniche coasts along', began with the following:

*"As the thousands of Beirutis who spend the early hours of the morning walking, jogging, strolling or roller skating on the Corniche know, the stretch from Ain Mreisseh to the start of Ramlet el Baida skirts some of the most attractive pieces of real estate in the city."*<sup>64</sup>

The article argues that the price of land along the four-kilometre seaside drive has seen relatively little real estate activity due to the focus of investors over the past few years on Beirut Central District (BCD): "People saw many opportunities in downtown, and a momentum was created that focused on that area. The type of investor that would normally be interested in plots of land along the Corniche is exactly the same one who would be interested in the BCD." Consequently, the article argues that, in order to reactivate real estate projects along the coast, "re-zoning would catapult the value of some seaside plots ... drafted legislation currently before the Cabinet would allow for plots on the seashore in excess of 30,000 square meters to be considered as part of Zone 5. If passed, the law would greatly increase that land's value."<sup>65</sup>

As these extracts demonstrate, Beirut's coast is seen as a prime location for investment. 'Reform' to current legislation, which prohibits any building on the seafront, has been seen as the way to increase building percentage as well as land price. Today, private beach resorts, hotels and exclusive marinas, with walls, gates and entrance fees, punctuate the coast of Beirut, hindering the access of the majority of city dwellers to the sea. A portion of these resorts was erected during the civil war, in a process of illegal encroachment on the public maritime domain. Yet the continual growth of such resorts even after the end of the war indicates a normalisation of such processes.

<sup>64</sup> Corniche coasts along, in *Lebanon Opportunities*, February 2003, p.54

<sup>65</sup> Ibid.

A look at the history of laws governing the coast of Beirut will demonstrate how the legal framework has been continually adjusted to allow and encourage such investments. However, in the view of many observers, this is at the expense of public interest. Property transformations, coupled with changes in legal frameworks, have been tailored to serve the financial elite and the real estate sector, at the expense of communal spaces of the city – and, arguably, the long-term interests of peace and harmony in this plural community.

The first wave of legislation during the early Lebanese Republic was signalled by a set of zoning codes applied to the Beirut seafront. The Beirut Master Plan issued in 1954 prohibits construction of any kind in Zone 10, an area made up of multiple seaside plots communally owned by different families. By the 1960s, Beirut was turning into a main tourist attraction in the region, and was at its most attractive towards the coast, an area of wide boulevards, palm trees and cafés on the Corniche, overlooking the sea. In 1966, at a time when the state was putting forth policies to encourage real estate development,<sup>66</sup> several decrees were passed to facilitate building development along the coast. Decree 4711 amended the zoning regulations for Zone 10, which stretched from the Raouché area to Ramlet al-Bayda beach. Whereas the 1954 Beirut Master Plan prohibited construction in Zone 10, the amendments permitted building activity to varying degrees. More drastically, a decree was passed in conjunction with the amendments made to the zoning regulation: a decree that transformed the nature of the entire Lebanese coast. Decree 4810 – Nizam Ishghal al-Amlak al-‘Aamma al-Ba’hriyya – was issued on 24 June 1966 to allow owners of property adjacent to the sea to privately exploit the maritime public domain. It nevertheless carried with it a set of conditions related to the “common good” in case the public domain is exploited, such as offering 25% of one’s property to the municipality to transform it into a public garden. Yet, when the decree was issued in 1966, it excluded Zone 10 of Beirut’s Master Plan. The reason behind this exclusion was to preserve Zone 10 as a publicly accessed seafront area for the inhabitants of Beirut.<sup>67</sup>

These seafront properties were the result of the visions of Ottoman and later French authorities to entrust the city commons to the main families of the city, as its custodians and protectors.<sup>68</sup> Until the early 1990s, these properties were few and far between and held by numerous members of the so-called old families of Beirut. By the early 1990s, investors successfully appropriated these property shares, consolidated ownership and expanded over the commons through a series of laws issued specifically for this coastal condition. The Mövenpick Hotel and the Dalieh are cases in point.

Prior to the erection of the Mövenpick Hotel, the area was composed of a natural bay and rocky seashore. In 1986, a businessman from the Daher family – under the name of Merriland Company – systematically bought all shares from the multiple owners who historically owned the lands. Al-Daher, part of the financial elite at the time, was strongly connected to politicians and wartime militias.<sup>69</sup> Taking advantage of the civil war conditions, decree number 169 was tailored and issued in 1989 to enable the Merriland Company to build a large hotel project in the bay, contravening existing legislation.<sup>70</sup>

66 A. Saksouk, Dalieh, the hidden life of Raouche, *Bidayat Magazine*, Issues 8–9, 2014 (in Arabic)

67 A. Saksouk, al-Dalieh wal Ba’hr Lana [The Dalieh and the Sea Belong to Us], *Assafir*, 15 March 2014 (in Arabic)

68 A. Saksouk, The making of spaces for the public: The story of the Dalieh of Beirut, *Arab Studies Journal* (forthcoming 2015)

69 Dictaphone Group, 2012, *Op. cit.*

70 The decree abolished the article from the 1966 regulation that requires 25% of the land to be given to the public. More importantly, the decree allowed the exploitation of the public domain in Zone 10 of Beirut, when it was previously excluded from decree 4810/1966.



Decree 169/1989 continues to enable the colonisation by private development of the very few remnants of public space.<sup>71</sup> A more recent example is the fate of the Dalieh of Beirut: a main space for the public in Beirut. The area boasts a number of informal fishermen's kiosks, a vibrant seaside informal economy, and a steady stream of visitors enjoying the sea, picnicking, swimming, bathing and strolling. Dalieh is a prime destination for a variety of users: low- and middle-city residents, suburb dwellers, unemployed youth, Syrian and Iraqi migrant workers and refugees, and the Kurdish community that celebrates the yearly grand Nowruz festivities at the site. Two local fishing ports, one of which is famous for offering touristic boat rides along the coast of Beirut, also inhabit the area.

In 1995, and in a process similar to the making of the Mövenpick Hotel, three real estate companies (all owned by the late Prime Minister Rafik Hariri) purchased on a single day the vast majority of shares from the owners of the plots in Dalieh. According to the middleman appointed by Hariri to negotiate with the owners the selling of their shares and currently a developer himself, "Hariri envisioned the coast [of Beirut to be] covered with resorts, hotels, and yachts marinas", and that: "Such a project would attract a different type of tourist to the city through commercial activities and restaurants that were to be inserted into the area."<sup>72</sup>

In parallel to the land purchases, Law number 402 was issued in 1995 to enable landowners with a plot larger than 20,000 square metres to multiply the allowable percentage of construction if a hotel is to be built. This means that any investment on the seafront of Raouché has to be a multi-million-dollar investment for it to be successful. Thus, manipulations of the regulatory framework for building development in Lebanon have systematically encouraged an intensive circulation of capital, enabling private actors to take charge of planning of the city. Private capital and its demands have overthrown other priorities formerly protected by law, particularly related to the common good. Additionally, the shift in property from shared onto single ownership through political connections has played a major role in the transformation of the coast – as well as the entrenchment of political elites' power base and hence the status quo through ongoing wealth accumulation. Over time, this has led to existing communal seafront spaces and practices to be characterised and denigrated as "illegal squatting" on private land. In Dalieh, the land has been fenced off and tagged private property.

In September 2013, the companies ordered the eviction of the fishing community living in Dalieh through court orders. The fishing community protested, and direct clashes with security forces occurred. However, in March 2014, the companies succeeded in negotiating with the fishermen families (with the exception of one), compensating them with amounts ranging from US\$80,000 to US\$500,000, bulldozing their houses and evicting them.

A campaign has also emerged in response to these events. The Civil Campaign to Protect the Dalieh of Raouché is a coalition of individuals and organisations advocating for the preservation of Dalieh, working through legal and civil means to protect Dalieh as a shared, free and unrestricted area for the people.<sup>73</sup> With the slogan "Lift Your *Warshé* Off Our *Rawshé*" (*warshé* is Arabic for construction site), the campaign has sent official letters to relevant ministries, organised rallies in Dalieh, prepared legal and environmental research, and produced slogans, visuals and videos to promote this space. It also archived old photographs of the site, published press releases and filed lawsuits.

71 A 1997 report indicates that private waterfront enterprises occupy 81% of the coastline between the bay of Jounieh and Beirut International Airport. Source: E. Verdeil, *Entre guerre et reconstruction: Remblais et empiétements littoraux à Beyrouth*, in N. Baron-Yeles, L. Goeldner-Gianella and S. Velut (eds.), *Le littoral, regards, pratiques et savoirs, Etudes offertes à F. Verger*, Paris: Editions Rue D'Ulm, 2003, pp.319–335

72 Dictaphone Group, 2012, Op. cit.

73 For more on the campaign, see [www.dalieh.org](http://www.dalieh.org) and [www.facebook.com/dalieh.org](http://www.facebook.com/dalieh.org)

The right that city dwellers have acquired to Dalieh is a prescriptive right, meaning the right to become legally established or accepted by long usage or the passage of time.<sup>74</sup> By urging wider recognition of this prescriptive right, the Dalieh campaign is essentially battling to transform the notion of “property to exclude” into a “property to not be excluded”.<sup>75</sup> It is in essence a struggle to maintain the users of Dalieh (fishermen, low-income city dwellers, refugees, suburb dwellers, the Kurdish community and others) as an integral part of the city. The threat posed by the real estate market to communal spaces along the coast acts as an obstacle to the process of trust building between different communities, and between these communities and the state. The real estate sector is hence indirectly hindering possibilities for social cohesion and peacebuilding, by reproducing divisions, whether along sectarian or class levels.

## Ending rent control: towards mass eviction?

Beirut has been facing a severe housing crisis since the 1950s, particularly in relation to access to low-cost housing. Housing policies in the country were unable to meet increasing demands because of a set of factors: uneven development, the neo-liberal economic model and political conflicts that hampered decision-making. In the past, the state intervened in one significant way to control markets in the housing sector, through rent control; this has been its most durable form of intervention. Though rent control is at odds with the laissez-faire political economy of Lebanon, the state did regulate the private rental market through laws that placed a ceiling on the maximum yearly rent increases that landlords could enforce, at least up until 1992.<sup>76</sup> Having previously been the main means to access housing, these contracts, from the end of the civil war, fell out of favour. In 1992, a new rent law was approved and implemented, freeing all new rental contracts to a three-year period, while the old rent control law remained effective for all contracts signed before 1992.

The devaluation of the Lebanese currency in 1984 obliterated rents as a source of income for old landlords. In 1992, instead of addressing this situation by introducing a much needed comprehensive housing policy amidst sky-rocketing property prices, the state kept the old contracts, though problematised, as being outside the realm of the market and in contradiction to the neo-liberal approach. Truly, in today’s Beirut, rent control has preserved neighbourhoods that do not typically follow old and new demarcation lines produced by religion, sect, class and political affiliation, and the spatial frontiers these produce. They are also spaces that maintain particular kinds of livelihoods; artisans, craftsmen, small shops and a variety of economically viable spaces remain richly distributed across the city and remain sustainable primarily because of rent control.

In fact, the responsibility of providing housing was transferred from the state to old owners, placing both old landlords and tenants in a position of insecurity. Though obtaining a lawful contract, tenants lived under continuous threat of displacement, marked by extra legal measures.<sup>77</sup> In January 2012, the collapse of a building in the Achrafieh area spurred public opinion against rent control, framing rent control laws as unjust and unconstitutional. In effect, an old parliamentary agenda dedicated to liberalising old contracts was revived.

---

74 A. Saksouk, *Dalieh, the Hidden Life of Raouche*, Op. cit.

75 A. Saksouk, (forthcoming 2015), Op. cit.

76 S. Glynn, *Where the other half lives: Lower income housing in a neoliberal world*, London: Pluto Press, 2009

77 N. Bekdache, *Evicting sovereignty: Old housing tenants from citizens to obstacles*, Arab Studies Journal (forthcoming 2015)

After the fall of the abovementioned building, the Association of Landlords, formed in 2006, led a media campaign against the old rent law, and was able to form the Syndicate and Association of Owners of Leased Property and Buildings through an order issued by the minister of labour in January 2013. A new law towards liberalisation was issued that intends to dramatically escalate the drift towards a seemingly liberalised housing market. The law, as proposed by the Administration and Justice Parliamentary Committee, was passed in just 13 minutes.<sup>78</sup> Significantly, no prior discussion was allowed for, contrasting with previous drafts, which saw negotiations between landlords' and tenants' committees, as well as public and media discussions.<sup>79</sup> For instance, the 2004 version of the law was the product of two years of work by the head of the Public Institution for Housing. It provided a rent-to-buy clause as the main condition to end rent control, while asserting a priority to enable tenants to stay in their neighbourhoods. Although Law 767 was actually issued on 11 December 2006, the decrees for its implementation never emerged.<sup>80</sup> The Committee to Defend the Tenants' Rights, a citizens' committee established in 1956 by active tenants affiliated with diverse left-wing political formations back then (such as the Communist Party, Socialist Progressive Party and the Communist Labor Organization), played an important role in the development of this proposed legislation. The same Committee is now deeply involved in contesting the 2014 rent law.

The real estate sector, and its links across the political spectrum, is increasingly perceived by residents and many citizens to be behind the dramatic legal turnaround. Popular resentment of the legislative shift prompted the Committee to Defend the Tenants' Rights to accuse real estate actors and banks of attempting to evict life-long residents from their neighbourhoods for the purpose of wealth accumulation. For today, prime land in the capital is blocked from real estate development by the old rent law.<sup>81</sup>

The new law redefined the conditions of eviction. The old rent law stipulates an eviction compensation fee that is calculated according to the price of the square metre of land in the neighbourhood. It allowed many tenants to buy an apartment in the vicinity of their neighbourhoods. With time, and with the increasing value of land, it became impossible for small landlords to pay this fee; a fact that developers have taken advantage of by buying the old landlords' properties since 1992. In the new law, the compensation fee has been dropped in favour of a gradual increase of rent values to reach market prices, which are also linked to the value of property prices and hence unaffordable to the majority of city dwellers. Compensation has, however, remained effective for tenants willing to vacate immediately, but at a much lower percentage than previously calculated. According to lawyer Nizar Saghie, eliminating compensation for eviction is stark evidence that the law has been tailored to benefit developers.<sup>82</sup>

Provision of justice to long-abused landlords is put forward as the major justification of the new law.<sup>83</sup> However, this argument appears spurious when the bigger picture of radical changes in property ownership in inner-city neighbourhoods is taken into account, with the ownership of

---

78 Sakan Beirut Blog, Repercussions of the new rent law, 3 September 2014, <https://sakanbeirut.wordpress.com/> (in Arabic)

79 Drafts varied between terms for providing compensation to those evicted, mechanisms and timeframes given to bring rents in line with market values, the means for determining the socio-economic position of tenants, the possibility of inheriting old rent contracts and propositions to prioritise old tenants for renter-to-owner privatisation programmes.

80 A. Chamoun, Director General and President of the Board of Directors of the Public Housing Institute, interview by author, Beirut, 23 September 2014

81 C. Taffin, F. Roy, L. Gonnet and C. Nahas, Real estate market activity and exposure of the financial sector in Lebanon, Social and Economic Development Group Middle East and North Africa Region, World Bank, 15 June 2010

82 N. Saghie, Head of Legal Agenda, lawyer, interview with Public Works at the Legal Agenda headquarters on 20 January 2015

83 S. el Jisr, parliamentary office Beirut, interview with authors, 18 November, 2013. El Jisr was the principal member of parliament behind the drafting of the new law, as minutes of parliamentary cabinet meetings for The Administration and Justice Parliamentary Committee from 2012–14 demonstrate. He is a member of the Future Party.

many rent-controlled buildings in reality transferred to real estate companies, sometimes to the extent of monopolising property ownership in certain neighbourhoods. Regulations introduced to the building law have also caused impediments to owners of small-sized plots. Land pooling has become a common practice for real estate companies for the purpose of building higher. This activity has transformed the urban space to the extent of alienating the older low-rise urban fabric. Compounding the number of tenants who have been targets of eviction, small landlords are thus also being pushed to sell and move elsewhere.

Many activists claim that as many as 85% of traditional landlords have by now sold their property to large investors. While this cannot be verified, anecdotally the numbers are clearly significant. In fact, the lack of census, surveys and credible studies as a prelude to making laws that affect the lives of hundreds of thousands of citizens in itself casts doubt on the integrity of legislation. The ambiguity of facts in relation to the numbers of old tenants and their socio-economic status plays a major role in diffusing discussion around the newly proposed law. In the void created by a lack of sound policy analysis and data, stereotypes are bounced across the faultlines, with old tenants often falsely represented as a homogenous category, and their claims to remain in place delegitimised. Nonetheless, it is widely estimated that over 100,000 old rent contracts are registered in Lebanon, which accounts for around half a million people potentially now facing eviction.<sup>84</sup>

Various committees and groups of tenants have organised multiple demonstrations against the new law. As above, the Committee to Defend the Tenants' Rights has been actively protesting, organising public seminars and lobbying with parliamentarians. These agents (the Committee, the old tenants, as well as diverse activists) have articulated concerns that do not necessarily comply with the narrow notion of "individual private property". Instead, their underlying perspective is to re-infuse in the housing discourse a necessary political dimension related to the "right to the city", addressing fundamental political questions of entitlement. The mobilisation has successfully led to 10 parliamentarians changing their position on the new law, the required number to challenge the law in front of the higher constitutional council. In response, the higher council provided a rich definition of the "Right to Housing" unavailable in previous official texts, infusing in this right a constitutional dimension.

Tenants argue that the fact that no housing policy to cater for the needs of the urban poor exists in Lebanon should in and of itself delegitimise the law. For instance, Ghassan Moukheiber, a member of the parliamentary committee, spoke out that the law was supposed to be issued with a set of other laws that targeted low-income dwellers.<sup>85</sup> Many old tenants are in the category of elderly people and retired with no benefits. As such, old tenants are being stripped of the only housing guarantee provided by the state, without being offered alternatives.

The issuing of the new rent law has also produced numerous local tensions. Although the validity of the law is still in debate, it has nevertheless served as a symbolic tool to exert psychological violence on tenants. Relying on a heavily contested law, landlords have been sending eviction notices to tenants, putting them in a highly vulnerable position. Additionally, the Public Prosecution of the Ministry of Justice has issued an order that allows members of the internal security to

---

84 Housing statistics from 2004 stipulate that there are a total of 153,361 old rent contracts. The largest numbers of old tenants reside in Beirut (43,594 contracts). Recently, the Ministry of Finance stipulated the number of registered contracts to be 100,000, while an estimated 20% are unregistered. Among these, 24,500 are in Beirut and 42,345 are in Mount Lebanon. Sixty-five percent of households make three times less than the minimum wage. Information sourced from unpublished documents of the Ministry of Finance.

85 G. Moukheiber, *The legislative dimension of a housing policy in Lebanon*, Paper presented at the Housing Policies, Rent Control, and Property Taxation in Lebanon: Towards a Socially Just Model of Urban Development conference, Op. cit.

help landlords raid the houses of tenants who have not allowed experts into their houses for inspection, as the new law has not yet come into effect.<sup>86</sup> These forms of violence are producing conflict and risk escalating the situation.

## Conclusion

The state in Lebanon has directly and proactively facilitated the boom in the real estate sector, and a model of urban development that has had consequences on livelihoods, public and social spaces, and good community relations in a plural society. Individuals close to the centres of power, from different political and sectarian persuasions, are closely aligned with real estate companies and have a direct commercial interest in this model of development. Public sector failure to properly administer public issues is put forward as a rationale for ever-increasing private sector leadership in housing provision. The disproportionate power of the governor of Beirut regarding decision-making and implementing decisions concerning public spaces, and the commensurately dependent position of the DGU, provides just one example of the degradation of democratic decision-making free from sectarian and political affiliations concerning public spaces. Individual positions of state actors have consistently been aligned with large-scale construction projects that reflect the presence of personal agendas and interests in the political field, instead of representing the public interest. The property-owning elite ascertains its wellbeing through politics, and the political elite ensures its continued dominance, to a large extent, through wealth derived from property.

The political economy of the real estate sector and the model of rapid urban development driven by private sector interest alone negatively impacts conflict dynamics in Lebanon – both by shoring up a political system that is fundamentally flawed and divisive, and by sharpening day-to-day divisions between, and social exclusion experienced by, citizens. A spatial order of political difference is actively being produced through the model of post-war urban planning. Communities are increasingly divided in neighbourhoods with a sectarian majority. Given other challenges – both emanating from the legacy of the past and continued identity pressures in the present – this represents a fundamental risk factor.

This article urges attention to the messages emanating from citizens' resistance actions, which argue that the real estate 'market' is not a fair arbitrator of spatial allocation, and that alternatives exist and must be discovered. The value of space – whether a home or a communal space – in Lebanon needs to be recognised as going beyond market value to include significant social value and potential. A comprehensive land policy is urgently required to achieve social justice and cohesion in the city. By setting civic values and perspectives in decision-making about urban development as a priority, the influence of the real estate sector ought to be tempered by effective regulation and monitoring.

---

<sup>86</sup> R. Hamze, the Public Prosecutor puts internal security forces for the service of landlords, *The legal agenda magazine*, 23 February 2015 (in Arabic), <http://www.legal-agenda.com/newsarticle.php?id=898&folder=legalnews&lang=ar>