



AMERICAN UNIVERSITY OF BEIRUT

PROPERTY, HOUSING AND PROCESSES OF  
GENTRIFICATION: A CASE STUDY OF THE  
NEIGHBORHOOD OF MAR MIKHAEL (BEIRUT)

by  
DARIA ZIAD EL SAMAD

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for the degree of Master of Urban Planning and Policy  
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DARIA ZIAD EL SAMAD

Approved by:

Dr. Mona Fawaz, Associate Professor  
Department of Architecture and Design



Advisor

Dr. Mona Harb, Associate Dean and Professor  
Department of Architecture and Design



Member of Committee

Dr. JadChaaban, Assistant Professor  
Department of Agricultural Sciences



Member of Committee

Date of thesis defense: April 25, 2016

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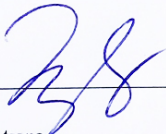
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## AN ABSTRACT OF THE THESIS OF

Daria Ziad El Samad for Masters of Urban Planning and Policy  
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Title: Property, housing and processes of gentrification: A case study of the neighborhood of Mar Mikhael, Beirut

Since 1940, a rent control regulation has constrained more than half the units in the neighborhood of Mar Mikhael (Beirut, Lebanon) to lower than market-value rates. More than 70 years later, currency devaluation, thousands of restrictions and impediments and the increasing price of land has produced a major gap between the current market value of most neighborhood apartments and their current rent, as it is collected by property owners. While proponents of market adjustments have convinced the parliament to pass a new regulation that lifts the ceiling on rent, the materialization of these new policies on the ground appear enormous. Indeed, thousands of elderly long-time neighborhood residents are threatened with imminent displacement. The trend has been exacerbated by the fact that most of the neighborhood properties have now been inherited by multiple family members, many of whom are absentee landlords.

Building on a theoretical framework that approaches the question of gentrification from the standpoint of property value and the rent gap, this thesis argues that the ongoing transformations of the neighborhood are made possible by the very structure of the property market that disempowers both small-scale landlords and old time tenants and favors the take-over of property by large-scale developers who actually reap the profits generated by the accumulated rent gap. It further shows that this same structure of property limits the ways in which the neighborhood can be claimed, reducing the possibility of negotiation for evicted neighborhood dwellers to the amount of compensations, while other forms of claiming the neighborhood on the basis of past use, for example, are denied (Blomley 2004).

The data gathered for this thesis include the records of 86 property-titles in the neighborhood, 30 interviews with neighborhood dwellers and 3 interviews with developers who have worked in the neighborhood. Additional information was available from participation in a workshop in Mar Mikhael in May 2015.

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# CHAPTER 1

## INTRODUCTION

### **A. The dwindling of affordable housing**

While it is widely acknowledged that access to safe and secure housing is a fundamental human right (Universal Declaration of Human Rights), the task of securing housing to all has never seemed harder. Indeed, in the context of global property booms and neoliberal urban economies, the financial role of urban land has increased exponentially at the expense of its social functions. Thus, the allocation of land for the provision of affordable housing or public spaces, the arts and other components of urban livability has been undermined by the speculative potential of capital accumulation pegged to its financial functions.

Beirut is no stranger to this situation. Most of the city's residents struggle to find adequate shelter, while the bulk of its new housing production targets expats who view real estate as a safe investment. Apartment prices range around the unaffordable rates of US \$4000 per sqm (RAMCO, 2014) in municipal Beirut, at a time when the official minimum wage is just below \$500. Furthermore, legislation has recently freed the last stock of affordable housing units held under an admittedly inadequate system of rent control (The Daily Star, 2014), placing an aging population until now somewhat protected by this regulation at high risk of losing its only housing option. This is hardly surprising in a national context where shelter, like all other basic social needs, has largely been left to the market (UNHCR, 2014). National statistics indicate that a majority of

household allocates close to one third of their income on housing. However, cost of housing is exacerbated for lower to middle income residents, as studies showed that the lower the income, the bigger the proportion of income spent on housing (CAS, 2009).

In addition, property, and land specifically, is treated as a financial investment, that is safer than bank deposits loans. In an exclusive interview with the Daily Star, Raja Makarem, founding and managing director of Ramco, explained “developers are making around 10 percent to 15 percent yearly profits on their projects which is higher than the interest rate offered by banks on deposits in Lebanese pounds.”

What happens, then, in neighborhoods that are managed as financial assets, where rent control is being lifted, population aging, and land prices skyrocketing? How can we preserve the livability in our urban neighborhoods? Is there a way for a neighborhood to undergo “healthy” change, in which dwellers have a say in shaping their environments?

## **B. Thesis Argument and Significance**

### ***1. Framing the problem***

Recent property booms across the globe have exacerbated the lack of affordable housing in many cities across the world. Scholars of the urban increasingly speak of gentrification, “a process involving a change in the population of land-users such that the new users are of a higher socio-economic status than the previous users, together with an associated change in the built environment through a reinvestment in fixed capital” (Clark 2005 in Shin, 2009, p. 907). This thesis adopts the framework of “urban

gentrification”, the “influx of middle-income classes” into low-income neighborhoods” (Glass 1964 in Krijnen et al 2015, p. 289) which has preoccupied scholars of the urban for several decades, as an analytical entry point through which to understand transformations in building and residential practices and their impacts on the housing options of a fragile population group in one neighborhood of Beirut.

Smith (1979) attributes the interest in reinvesting capital in a certain locality to what he termed the rent gap; the gap produced by the difference between the “potential” rent level that can be reaped by a property and the actual rent that is capitalized under its present use (p. 545). This rent gap, many scholars have shown, is not the simple or natural outcome of supply and demand market curves. Rather, the gap is produced to a large extent by certain policies and regulations such as rent control, heritage preservation and zoning regulations that create the opportunity for such gap to be produced in the first place (Krijnen, 2016).

Among urban regulations, property law, is increasingly recognized as a framework that affects the rent gap, as it plays a role in distributing power over property, allocating burdens of persuasion or defining the allowable “bundles of rights” (Singer, 2000). “Property law is about entitlements and obligations, which shape the contours of social relations” (Singer, 2000, p. 61)

It is precisely here that the thesis sets its first goal in exploring the impacts of an unquestioned acceptance of the ownership model on gentrification. The assumption, for instance, that property ownership constitutes the main category to classify urban dwellers, locates the divide about lifting rent control as one between owners and tenants. To what extent is this reflected in reality? Adopting the ownership model furthermore

reduces claims over the neighborhood to individual property claims. This, in turn, gives owners a class monopoly over its use (Harvey, 1973), but it also masks, as I will argue, collective claims based on past use and shared memories (Blomley, 1997).

This, Blomley argues, “relates to the argument that the neighborhood has been physically produced through local struggle and collective agency, and that the community therefore has some claim to that space” (Blomley, 1997, p. 206). Accepting the ownership model also embeds negotiations about the right to stay in the legal property framework. These aspects and more encourage us to investigate the impacts of modes of ownership on gentrification. We will do so first by exploring the impacts of an individualized property claim of investors on the ability of residents to resist gentrification. Secondly, this will lead us to explore forms of claiming that may transcend individual property ownership.

## *2. Thesis Argument*

The thesis argues that the ongoing transformations of the neighborhood, specifically the displacement of its dwellers, are made possible by the very **structure of property ownership** that disempowers residents and favors the take-over of investors who reap the profits generated by the accumulated rent gap. The thesis also relocates the ongoing debate setting up tenants against landlords in the rent control argumentation, and focuses instead on the role that investors play in the disempowerment of residents.

It further shows that this same structure of ownership that is skewed to facilitate the large-scale transformations in a neighborhood, limits the ways in which the

neighborhood can be claimed. This then reduces the possibility of negotiation for evicted neighborhood dwellers to the amount of compensations, while denying other forms of claiming the neighborhood on the basis of past use, for example (Blomley 2004, Fawaz 2014). The research aims to tell richly detailed stories about the neighborhood change as a case study analysis of the neighborhood of Mar Mikhael in order to get more insight about the complexity of the processes of gentrification through dispossession. By dispossession, I am adopting Porter's definition of "the intentional restructuring of space to (re)fresh spaces of accumulation in ways that work to displace people and their lifeways, livelihoods, memories and sensibilities from space" (Porter, p. 388). By extending Porter's argument (2014), the thesis shows that neighborhood dwellers' right to the city is truncated by the fact that they are only entitled to claim the city through "property", limiting hence all other claims to those of "compensations for displacement" rather than actual residency in the city.

Finally, guided by the notion of social justice and the city, the thesis argues that by reframing the tenant/property owner relation and including in the equation the strategies of a third group of players - property developers - it is possible to articulate an affordable housing strategy that builds precisely on developers ongoing strategies. Advocates of the right to the city suggest that the experience of inhabiting a city through practice gives one the right to the city (Purcell, 2013). "Use value" is thus prioritized over "exchange value," strengthening the rights of urban dwellers claiming the social use values of land over the exchange value of land as property in the context of real estate transactions.

### ***3. Thesis Significance***

While images of gentrification depicting trendy stores and middle-income dwellers displacing lower income groups have become quite common, few studies have explored closely the mechanisms and processes through which gentrification occurs. This research hopes to contribute to the gentrification literature by exploring the vital link between gentrification processes and conceptions of property. It adds to a handful of studies (Engels, 1999) that have called on researchers to investigate processes of gentrification, particularly in relation to the frameworks and patterns of property ownership.

Furthermore, the thesis hopes to contribute to the literature on gentrification in Beirut (Ashkar, 2011, Krijnen, 2016, Krijnen et.al, 2015) by shedding light on the critical role played by the structure of property ownership on gentrification in one of its neighborhoods. What are the processes of property acquisition in the neighborhood? What are the factors facilitating these processes? What kinds of tenure conversions are taking place? What are the prevailing patterns of property ownership within the locality of Mar Mikhael? How can these patterns help us reformulate the dire questions raised concerning housing affordability in the neighborhood? These answers have important implications not only for Mar Mikhael but also for other neighborhoods of Beirut that are severely affected by the inaccessibility of affordable housing. Finally, the thesis hopes to inform current policymaking by reframing the highly controversial issue of rent control and proposing locally adapted interventions for affordable housing.



## **C. Review of the literature**

### ***1. Gentrification in Beirut***

The term “gentrification” is frequently ascribed to urban sociologist Ruth Glass who first coined the term in a 1964 text in which she looked to analyze what she described as a common pattern where an “influx of middle-class residents into working-class neighborhoods” leads to the displacement of working-class families and the transformation of the neighborhood (Krijnen & De Beukelaer, 2015, p. 289). Since then, the term has taken a life of its own as hundreds of scholars have found it useful in describing the processes through which gentrification occurs (Achkar, 2011), the local forces that reshape it (Krijnen 2015) and others.

One of the first studies of gentrification in Beirut was conducted by Ross and Jamil (2011). The authors began with this question: “why are people investing in Beirut real estate at a time of such unnerving political instability?” (Ross & Jamil, 2011, p. 15). The study suggested that these processes were driven by investors who had counted on an agreement after a period of instability, thus exploiting a gap between low costs of often war-torn Beirut property and its potential price during a time of peace and stability. Gentrification was then made possible because of the transition from the brink of renewed civil war to peace and reconciliation. This finding was confirmed in another research looking at two areas in Beirut where the authors contended that “gentrification in Beirut has been driven by transnational capital and facilitated by state interventions, including – inter-alia – tax breaks for investors and the liberalization of rental contracts” (Krijnen & De Beukelaer, 2015, p. 285).

Ashkar (2011) further argued that the state played a central role in fostering gentrification since the frequently described laissez-faire of the Lebanese government hardly represents the reality of the Lebanese state actions that are geared towards facilitating gentrification. Ashkar (2011) further claimed that “the state institutions are apparently instrumented by these elite to accumulate profits, and subsequently setting the adequate framework for gentrification...through two opposing though complementary mechanisms: by active state intervention and by the lack of it, depending on the interests of the dominant elite” (p. 16).

In a more recent investigation of processes of gentrification in Beirut, Krijnen & De Beukelaer (2015) adopted a methodology that combines the analysis of global structural elements, notably a rent gap, to local specificities connected to local processes such as specific policy frameworks, individual preferences, or social factors such as sectarian tensions. Thus, Krijnen and De Beukelaer showed that the typical image of a “gentrified” neighborhood where old charming structures are repainted and appropriated by rich developers is not materializing in Lebanon. Rather, pushed by developers who seek to maximize profit in an environment where real estate and real estate speculation are well guarded (Krijnen and Fawaz 2010), gentrification occurs through the demolition of such old structure and their replacement by taller and larger buildings that can maximize capital accumulation. Similarly, owners of high-end apartments in these buildings are frequently *not* the users of the pubs and restaurants on the same street, since they are usually expatriates who are purchasing apartments as long-term investments. Hence, “according to developers and brokers, most buyers are Lebanese working abroad

who only reside in their apartments in summer, buy it for their children or as an investment, or rent it out.” (Krijnen & De Beukelaer, 2015, p. 299).

In sum, existing knowledge about gentrification in Beirut has informed us about some of its patterns, the forms in which it materializes and the role of the state in the process. We however still know very little about how patterns of property rights affect gentrification in the city, a gap this thesis hopes to fill.

## ***2. Ownership and gentrification***

In looking at the ways in which property ownership affects gentrification, several scholars examined the characteristics that determine how owners can influence gentrification through the transactions of purchasing, renting and selling property (Engels 1999, Chelcea, 2006, Rivers, 2007). In his study on an inner-city locality in Sydney, for example, Engels’ argued that gentrification is largely dependent on the prevailing pattern of property ownership within the locality. His study moved beyond explaining the cause and effect relationships that are assumed to underlie the processes (those of in-moving gentrifiers and gentrified out-moves) to raise questions of who might actually own gentrifiable property and what they intend to do with this property. According to Engels, these questions “are largely treated as unproblematic, even though they must have a significant bearing upon whether the process proceeds or not” (Engels, 1999, p. 1475).

### **a. Absentee owners**

Engels’ study found that the persistence of a large private rental sector in Glebe, Sydney suggests that the process of gentrification can be initiated and sustained by absentee property owners. Engels questions whether absentee property owners play a role as long-term market agents or facilitators. Similarly, Rivers (2007) observed that

absentee owners were more likely to sell properties than resident landlords.

#### b. Socio-economic status of owners

Another characteristic that determines processes of gentrification is the financial and social status of landowners. In Warsaw, for example, it was observed that owners restituted property often gave up their properties because of their restricted financial means that prevented them from renovating their properties. In such a case, landlords with poor financial means are more likely to facilitate gentrification (Chelcea 2006).

Chelcea's study also found that population ageing played a role in the landowners' ability to maintain their properties. In his research on Warsaw, the author argued that making the high costs of maintaining and repairing the dilapidation of their buildings poses a difficult economic situation for the households that were owned by pensioners. (Chelcea, 2006).

Engels found that employment choices also largely affected processes of gentrification in Glebe. Since the neighborhood was a target for middle class and working class residents because of its proximity to employment, market displacement was also accompanied by a process of voluntary replacement (ie. owners renting out or selling their properties) by those who didn't work nearby.

#### c. Shared ownership

A third determining characteristic is how the property is held among owners. Gilbert, Sharp and Felin (2002) found that shared ownership, when in the form of several heirs, often results in conflicting ideas on what to do with the property, which thus encourages the sale of properties. The research found that joint inheritance (in the case of rural land in southern US cities) often leads to forced land sales, since any individual co-owner can

legally demand his or her share of the property or sell to non-family members, regardless of the wishes of other heirs. In such cases, nonfamily members buy small shares in a parcel of land in order to then force a partition sale in courts.

Rivers (2007) also found that although shared ownership grants full rights of ownership to all heirs, it fails to distribute responsibility of the property between the heirs. “Thus, for heirs’ property owners, the bundle of rights of property ownership is half empty, as heirs must allocate the right to possess, use and exclude property with other cotenants, while every heir has a determinative right to transfer their interest – and to force the sale of other cotenant interests through partition actions in equity court” (Rivers, 2007, p. 41).

The situation becomes even more complex in the case of managing or maintaining the property. As there are no legal bindings to the management of the property, a common owner who fails to pay their share of expenses does not lose any interest in the property. This could entice any common shareholder to force a sale of the land (without seeking the consent of the others) in order to recoup any expenses that they incurred in the maintenance of the property (Rivers, 2007).

Conversely, Rowland’s research suggested that property residents (heirs) are more influenced by collective family interests than market factors when making decisions regarding property management and are thus more attached to their properties. In other words, residents perceive the land for its cultural and historical significance and are less willing to sell.

These investigations suggest that patterns of property ownership indeed facilitate or delay gentrification, making an investigation of who owns and how necessary to elucidate processes of gentrification in Beirut.

#### **D. Methodology**

In order to respond to the research question, the thesis takes up the case study of the neighborhood of Mar Mikhael where it questions the representation of neighborhood dwellers as owners and tenants arguing instead that the real divide is between residents and investors. Going further, next, in processes of property acquisition, the thesis shows that the structure of property ownership clearly determines the outcomes of gentrification, suggesting hence that there are lessons to be learned from the neighborhood. I begin this section by explaining my selection of the case study and to flesh out the data gathering process.

The thesis is part of research conducted on the “right to housing”, which is part of Issam Fares Institute’s Social Justice and the City program<sup>1</sup>. The research began with a workshop in March 2014 on the neighborhood of Mar Mikhael in collaboration with Gaia Heritage, Sciences Po and the MUPP/MUD program at AUB. Two studies were published as a result of the workshop (Fawaz, 2015), and another workshop followed in July 2016 under the title of Inclusive Urban Policies for Beirut: Strategies at the Building and Neighborhood level, in which it established partnerships between scholars, policy makers and activists.

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<sup>1</sup> [https://www.aub.edu.lb/ifi/programs/social\\_justice/Pages/sj\\_city.aspx](https://www.aub.edu.lb/ifi/programs/social_justice/Pages/sj_city.aspx)

## ***1. Case Study selection***

For several reasons, the neighborhood of Mar Mikhael provides a good case study to investigate the relation between property and gentrification. First, the neighborhood is currently undergoing a rapid process of gentrification. This makes it possible to “observe” the neighborhood during this period of flux, to document the strategies of developers, property owners, and dwellers, and to discern how one’s property claim and the legal framework of exchange affects these processes.

In addition, a recent report by Gaia Heritage includes a socio-economic study of the neighborhood in which the authors surveyed Mar Mikhael’s demographics, age groups and tenure status (Gaia Heritage, 2015b), found that the neighborhood was home to a highly immobile population. With a population of roughly 20,000 people, the report found that Mar Mikhael hosts a large population of elderly over the age of 55 (47.7% of the population), a high proportion of renters compared to the national average (51.8% - a majority of whom pay old rents - compared to 29% nationwide) and a highly rooted population, with 51.4% having lived in the neighborhood for 30 years or more (Gaia Heritage, 2015b). Almost 80% of the renters are leasing under rent control (Gaia Heritage, 2015b).

Furthermore, between 2007 and 2010, the area saw apartment prices increasing from \$1200 in 2007 to \$3000 in 2010 (a 150% increase) and prices are still increasing, albeit at a slower rate (Gaia Heritage, 2015). This makes it a judicious case for investigating the impact of property pattern and gentrification on a vulnerable population group.

Finally, several researchers and scholars have already worked on the neighborhood, documenting ongoing changes. By choosing to build on existing work, I am empowered to dive into further details about processes and mechanisms of gentrification that can illuminate important gaps in the planning literature about processes of gentrification, particularly in relation to property patterns and claims.

## **E. Data Collection**

In order to collect data, the first task was to frame the boundaries of Mar Mikhael since the denomination doesn't reflect an actual jurisdiction. Based on earlier studies and interviews with dwellers, the thesis adopted the following boundaries as the boundaries of area studies (see figure 1., p.22):

EDL to the West, the train station to the east, and the first block behind Armenia Street. We are roughly calling this area Mar Mikhael. We have included the area where the Fouad Boutros highway is projected. Some studies have extended beyond the train station (Barakat and Hariri), however for the purpose of data collection, we have zoomed in at a small-scale level. It is important to note that the blocks were chosen because they were the areas that witnessed the highest level of change and number of new real estate developments. This was the case in order to understand what are the factors that could facilitate these transactions. Within this area, the following data was collected:

### ***1. Property titles***

The research developed a set of 34 interviews conducted with residents and developers in the neighborhood and surveyed and reviewed 86 property titles belonging



to buildings in the same area. 50 property records were collected from Medawar, and another 36 from Rmeil. Property titles were used to trace historical changes in patterns of ownership including inheritance and sales, to trace conflicts and court cases as well as tax arrears and other constraints placed on property owners. I also looked at the distribution of ownership shares over time and correlations between them and processes of gentrification.

## ***2. Real estate pressures***

Additionally, I surveyed the neighborhood, located all new projects, identified buildings where apartments are held under rent control, residents were being evicted, and owners were undergoing lawsuits. Information was gathered about all the projects and, whenever possible, interviews were conducted with developers in order to profile them, learn about their strategies, the processes through which they target clients, and other aspect of their interventions.

## ***3. Resident Interviews***

Interviews were also conducted with property owners who have either sold their property and/or are in the process of selling the property in order to understand the dynamics of these plots and other property owners that might be in negotiations for selling. Interviews with property owners investigated their motivation for selling, the status of tenants, their experience with real estate agents, and their negotiation processes.

In addition, interviews with residents were conducted to learn about individuals' residential trajectories, ongoing negotiations about eviction and compensation, family disputes, and perceptions of change.

## **F. Thesis Outline**

In this chapter I have presented the problem and framed my research in a triangulation between property, gentrification and housing. I present, in the following chapter, the case study of the neighborhood of Mar Mikhael, before proceeding to contest the landlord-tenant divide in chapter 3. In chapter 4, I present the mechanisms that facilitate gentrification and the takeover of investors. The final chapter will conclude with a summary of findings and recommendations based on the analysis.

## CHAPTER 2

### THE NEIGHBORHOOD OF MAR MIKHAEL

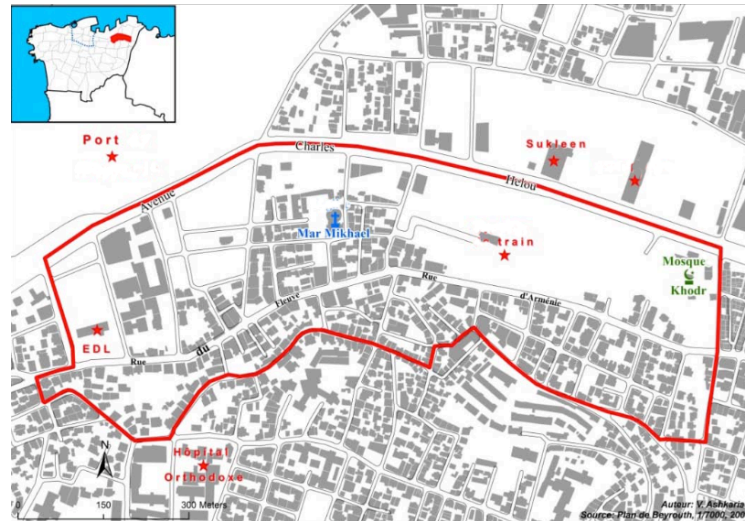


Figure 1 - Location map (Ashkarian, 2001)

In this section, I provide an overview of the neighborhood of Mar Mikhael and its residents, starting with a brief history leading up to current building activities and the transformations that are taking place in the neighborhood. I then move to presenting forms of property ownership that exist in the neighborhood.

#### A. Location in Beirut

The neighborhood of Mar Mikhael lies at the northern entrance of Beirut, within the city's administrative boundaries (the districts of Medawar and Rmeil). The area counts around 20,000 residents, according to local *mukhtars* – or heads of neighborhoods.

The neighborhood, which starts at the meeting point of Pasteur and Gouraud Street (Gemmayze) and extends towards Bourj Hammoud (Beirut River) is relatively close to the city's historical center, but also at the edge of its administrative boundaries.

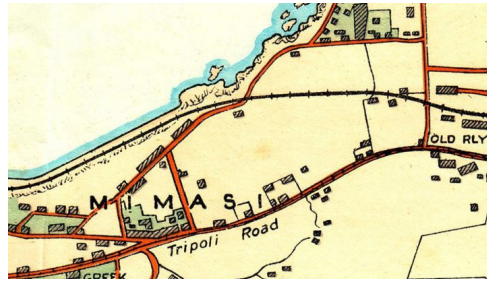


Figure 2.a neighborhood in 1923



Figure 2.b neighborhood in 1936



Figure 2.c neighborhood in 1948



Figure 2.d neighborhood in 1983

## **B. Historical background**

At the end of the 19<sup>th</sup> century, when Beirut's walls were brought down and the city's dwellers moved to live beyond the walls, the neighborhood was shaped from a (nearly vacant) agricultural land into a residential neighborhood (LU report, 2011). The area continued to be characterized mostly as a summer destination (*masyaf*) for wealthy residents living in Achrafieh. Indeed, the first owners of the old houses along Armenia street that date back to the late 19<sup>th</sup> century were known to be wealthy Lebanese. Architecturally, the neighborhood is characterized by its traditional buildings that date back to the French Mandate. It also includes modern buildings that date back to the 1950s (LU report, 2011).

According to property records, among the first major property owners in the neighborhood were the Tyan family, who still own many parcels of land in the neighborhood, some developed and others not. Other landowners include the Maronite Church, the Vatican, Armenian Church and Armenian associations.

However, with the construction of the Damascus Road, the port and the train station in the late 19<sup>th</sup> century, the neighborhood saw a turn, in which those initial summer residents rented out many of their homes to working class rural migrants (mostly Maronites) moving from villages to the city in search of jobs and opportunities. The neighborhood also became home to many Armenian refugees as of 1922 who settled in camps in Mar Mikhael, amongst other places.

The neighborhood grew around the Tripoli road, which served as the Northern entrance to the city and the train station into a mixed-use working class neighborhood.

The residential sector expanded, and the social services as well, with the construction of schools, churches, and other institutional buildings. Under the French Mandate, the church was named Mar Michel. During this period, small, locally owned businesses such as crafts, woodwork, metalwork bloomed on the main street, Armenia Street, which also saw the emergence of small-scale industrial shops and garages.

At the time, the neighborhood was recognized as a working class residential and commercial area, and appreciated for its proximity to commercial hubs such as the train station, the port, EDL, the cinemas...(LU report, 2011). Another wave of rural-urban migration was accelerated in the 1960s as a result of financial need and conflicts.

Interviews with local stakeholders indicate that while the neighborhood's zoning was changed from industrial to residential in the 1960s, the advent of the civil war prevented the movement of these industries out to other industrial zones.

### **C. Socio-economic context**

As mentioned earlier, the neighborhood is home to a particularly large number of elderly long-time residents who had secured their homes through the protection of rent control that has kept rent values below market rates. Indeed, a restriction on rent increases introduced first in 1940 to protect tenants was eventually extended through several rounds until 2014. The main intent of the law was to provide affordable housing to low and middle-income population and control the impact of real estate speculation on their ability to access housing. However, the real value of fixed rents was reduced drastically with the depreciation of the Lebanese Pound between 1985 and 1987, reducing the income received by landlords, as rent can go as low as \$20 per month. As

prices dived, rent control shifted from the socio-economic to the political realm, becoming a top priority of labor movements, tenant organizations, and other consolidated groups who have protected the subsidy as one of the key pieces of a social pact that maintains peace in the city. As such, although Law 159/1992 freed new rents from any control, making new tenants sign three-year contracts and pay rent according to their landlords' demands, old rents were maintained well below market value (Law 160/1992) until the more recent adoption of Law 8/5/2014 which still awaits a final implementation. This law stipulates a yearly increase on rents until a full liberalization of rents is achieved after a period of nine years.

A recent report by Gaia Heritage includes a socio-economic study of the neighborhood in which the authors surveyed Mar Mikhael's demographics, age groups and tenure status (Gaia Heritage, 2015b). With a population of roughly 20,000 people, the report found that Mar Mikhael hosts a large population of elderly over the age of 55 (47.7% of the population), a high proportion of renters compared to the national average (51.8% - a majority of whom pay old rents - compared to 29% nationwide) and a highly rooted population, with 51.4% having lived in the neighborhood for 30 years or more (Gaia Heritage, 2015b). Almost 80% of the renters are leasing under rent control (Gaia Heritage, 2015b). Finally, the report pointed to the fact that more than half (55%) of Mar Mikhael residents do not own a home other than the one they currently reside in the neighborhood.

#### **D. Transformations and building activities**

In less than a decade, the neighborhood of Mar Mikhael has witnessed a renewed investment in its commercial sector, in which trendy pubs, upscale restaurants and designer boutiques have replaced car mechanics and small-scale industrial facilities. The transformation extended to the residential sector in which at least 11 construction projects have been launched, entailing the destruction of seventeen buildings, while another dozen buildings have been emptied and are awaiting demolition.

Furthermore, between 2007 and 2010, the area saw apartment prices increasing from \$1200 in 2007 to \$3000 in 2010 (a 150% increase) and prices are still increasing, albeit at a slower rate (Gaia Heritage, 2015). As mentioned earlier, the rising prices have affected both commercial and residential activity, as it has attracted investors attention to the possibility of pooling land plots and thus achieving higher profits in demolishing existing (5 floor) buildings and replacing them with taller buildings.

As mentioned previously, the area was known for its bustling commercial activity. Since 2009, Mar Mikhael witnessed large changes in its commercial sector, in which many of the small-scale shops on street level were replaced with new pubs, restaurants, designer boutiques. According to Gaia Heritage's work on the creative activities in the neighborhood, their work found that the neighborhood first attracted arts, crafts and design (ACD) industries because of its accessibility, affordability and unique social and spatial character (GAIA, 2014). many of the old-time shopkeepers either get compensated (if their buildings get bought) or their contracts are replaced with new contracts. There is a process of decline in the traditional industries (such as car mechanics



and other light industries) that have been replaced with restaurants, bars and new upscale residential developments.

Most importantly, the interest from real estate developers has translated into a handful of demolitions, hundreds of evictions, and large changes in the urban and social fabric of the neighborhood. Real estate developers conceive the neighborhood as a “bohemian” one that attracts young families with its artsy feel. In interviews, developers described the neighborhood as “industrial,” “funky,” and “European,” referring to its local traditional businesses, new creative and design scene and street and building alignment . The neighborhood is depicted as such in many of the marketing and promotional material that real estate developers utilize to sell their projects.

One developer that was interviewed<sup>2</sup> identified the “East Village” development as the first project that later triggered a “snowball effect” in the neighborhood. As for the choice of higher end units, according to one developer in the neighborhood, the market dictates the supply of the units. Although at first, the developer aimed at providing “trendy” and small units, in order to make a profit with the increasing prices of land and have a return on the high costs, the initial plans had to be modified into high-end units that start at \$4000 per square meter. Buyers were identified as typically expatriates or the children of parents who have decided to buy homes for them in the neighborhood.

Typically, the real estate developers cited their interest in the neighborhood of Mar Mikhael as a result of the saturation of Ashrafieh, and thus its strategic “prime” location of being at the edge of Beirut. “Accessibility is key,” explained one developer.<sup>3</sup>

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<sup>2</sup> Interview conducted with real estate developer in January, 2016

<sup>3</sup> Interview conducted with real estate developer in November 2015

Another developer<sup>4</sup> accounted for the fact that those coming from the North can easily access Beirut and Ashrafieh (with the projected highway).

It followed that many commercial institutions such as BLF and Bank of Beirut garnered an interest in building their headquarters along the part of the neighborhood that lies on the Charles Helou highway that has easy accessibility. One developer explained<sup>5</sup>, “it will be the new Solidere, but cheaper,” referring to the presence of large banks and businesses.

These activities have led to the displacement of hundreds of families from the neighborhood, many of whom were protected by the old rent contracts. During field research, it was found that most of the evicted residents moved to Beirut’s suburbs including Dekweneh, Bourj Hammoud, Jdaideh, Zalka, Antelias, and Sin El Fil. Interviews with tenants revealed that although residents moved out of Beirut (administratively), they still held a strong claim to the neighborhood (chapter 3).

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<sup>4</sup> Interview conducted with real estate developer 3 in February 2016

<sup>5</sup> Interview conducted with real estate developer 3 in February 2016



**Figure 2 - map of new developments**

Number	Name of development	Name of developer	Name of owner	Status
1	East Village	Nayla Kettaneh	Nayla Kettaneh	Built
2	BLF Headquarters	BLF	BLF	Planned development
3	LIV	Premium Projects	360 Degrees Company SAL	Under construction
4	Skyline		Societe Toucana D'exploitation Fonciere Sal	Built
5	Portland	Moawad Group Management	Medawar 660 SAL	Under construction
6	Main Mar Mikhael	Aspect Developers	Officio SAL	Under construction
7	Rizk Tower	Rizk	Georges Rizk	Under construction
8	--	---	Carnaby Real Estate	Bought-no development yet

9	Several	----	Estate 468 SAL	Some built
10	---	---	Massoud Real estate	To be demolished
11	Bobo	Zardman	Nabil Elias Aoun	Under construction
12	Aya Tower	Har Properties	Mar Mikhael – Rmeil SAL	Under construction
13	Michelange	Michelange SAL	Michelange SAL	planned
14	----	Rmeil 671	Rmeil 671	Bought
15	----	-----	Agricola SAL	Bought

## **E. Property ownership**

### ***1. Forms of property ownership***

Each property in Lebanon consists of 2400 shares that can be claimed by one or many individuals or companies. Looking at the landscape of our 86 randomly selected property titles, we found the following distribution: 22 out of the 86 properties were sub-divided into several parts, while 55 were still owned in their entirety (under common ownership). 5 of the buildings were sub-divided into apartments. The rest of the property is owned by religious communities (annex).

#### **a. Owning in shares**

Property can be held in two ways – several owners claiming a percentage of shares or claiming property in its entirety. Shared ownership is a structure in which the property is owned by more than one owner – each having a right to the common functions of the property. Property is usually held under common ownership, allowing all owners the right to act on the property, regardless of the number of shares they own or

whether they inhabit the property or not. All owners have a right to use, exploit and dispose of the common but are bound by the rights of the other shareholders.

It is common for property owners not to re-subdivide a building in individual titles, so that many multi-story apartment buildings are held by over a dozen property owners who own the entire building –and not a particular individual. However, it is possible to re-subdivide a building, thus translating the number of shares owned into a square meterage in the building.

The titles revealed that the property landscape was one of fragmented property ownership, which means that most of the properties are held by more than four individuals. Only a few property records were owned by 1 individual, most of those had been recently bought back by a developer. The property titles revealed that close to half of the property surveyed was held by four owners or more. This is a result of property being held in common, usually a byproduct of inheritance.

#### b. Individual claims

In other cases, the property can be held in its entirety. There are two cases in which owners can hold the property in its entirety. The first is after the sale of units within the building. The building is then sub-divided and each owner can act independently with his part of the property (the apartment unit). We find some cases in Mar Mikhael where some of these units are rented out to new renters if their owners don't occupy them, but the majority of those units are inhabited by their owners. These cases hinder processes of gentrification. A second way of holding property entirely is if a property is held in shares, and when inherited, is not immediately sub-divided into apartments (remains under the structure of shared multiple ownership).

### c. Waqf ownership

The property landscape also revealed a large interest from major large institutions. Apart from the Municipality of Beirut who has a vested interest in property in the neighborhood, the Maronite Church, the Vatican, all have a stake in the property ownership. Hamasakian, an Armenian Cultural Association, is another landowner that provides social housing, as well as the Armenian Orthodox Church. Although not Waqf, politically, the area is home to a mixture of “active” parties, including the Phalanges, who also offer a social housing center with social services.

### d. Joint stock companies/commercial holding companies

Property can also be held by registered joint stock or holding companies, in which several individuals hold shares in the company. The property is managed remotely and through the holding company, and the units are then sold to various individuals. These companies can hold other companies within them, allowing for a multiplicity of individuals under one institutional umbrella. The holding companies and the allocated shares can be found in the Lebanese commercial registry and allow us to trace the individuals that own property.

Another option of registering a transaction is by signing a sales contract, which gives the buyer 10 years to officially register the property, rather than going to the real estate registry (RER) office and registering the sale.

## ***2. Constraints on property***

Although private property is considered an inalienable right, its sanctity is not considered to be absolute. Property can be legally expropriated and property owners can be forcibly dispossessed, and paid compensation, if used for public interest. In this case, the Municipality's proposed plans for the Hekmeh-Turk highway since the 1960s manifested in a handful of expropriations of properties that lie within its trajectory. Field surveys revealed that most of these properties are emptied out now, especially on the upper side of Rmeil.

Other constraints on property include tax arrears, financial debt or heritage classification. Some owners mortgaged their properties at the bank in return for a loan. In several cases, land-owners bankrupted and this ultimately led to the sale of their properties. As for tax arrears, most of the properties were sent tax warnings in the period between 2002 and 2005. In one case only, we see the classification of an old building on the heritage list. Field research revealed that the owner intended to sell, but after the Ministry of Culture classified his property on the heritage list to be protected, he was not able to do so. He has thus emptied it out and left it to deteriorate, in hopes of it to crumble down.

Finally, as mentioned previously, a restriction on rent increases that was first introduced in 1940 was extended through several rounds until 2014. This placed a constraint on the return property owners can get from their properties.

## **F. Conclusion**

This section has illustrated the different forms of property ownership in the neighborhood, and has also investigated the framework of property ownership. In the next chapters, I will analyze how these forms of ownership can strengthen certain claims on property ownership and disempower other claims. These patterns and processes of property ownership will be explored further building on the classification and field research through interviews (chapters 3 and 4).



## CHAPTER 3

### SEEING AS A RESIDENT –

#### *Alternative narratives to property*

In the popular press, the residents of Mar Mikhael are often described as owners against tenants, the latter struggling over the right to stay in the units they have occupied while the former are reclaiming the right to take back their private property. In the neighborhood, we found a different reality with a narrative that often unites neighborhood residents, regardless of their ownership status. This chapter profiles the neighborhood residents, but begins by describing the groups of tenants and residents, before highlighting the similarities between them. The chapter argues that residents' claims to the neighborhood (whether through place attachment or own shares in the property) is weakened because of the framework of property ownership.

#### **A. Who are the residents?**

In profiling the residents of Mar Mikhael, it is useful to refer to data gathered as part of a large socio-economic study (Gaia) that covered 286 households based on a random sampling of the neighborhood that is home to an estimated population of 20,000 residents (Gaia Heritage, 2015b). The research targeted an extended area of the neighborhood of Mar Mikahel, and divided the neighborhood into 15 districts. My research focused on two specific districts in the neighborhood, which are witnessing a lot of real estate activity (in terms of buying and selling property).

While the Gaia report found that the population of Mar Mikhael is divided into almost two equal parts of renters and owners (51.76%, 48.25% respectively), our targeted research actually found that only 12% of the owners resided in their buildings. This factor of owners residing in their building will be explored further in later chapters. The report also detailed that among the renters, almost 80% pay old leases (under the rent ceiling) on apartments. Furthermore, more than 30% of rents pay an average annual rent below \$700. Most of my interviews were conducted with tenants that were under old rent (25) and only a few (3) with tenants of new rents.

### ***1. Tenants***

Of particular interest to us in this section is the distinction between the groups of “old tenants”, residents who have occupied their homes in the neighborhood on lower than market rate rent values for several decades owing to the protection of the rent control law and “new tenants” that are usually younger individuals who have moved to the neighborhood in the past decade.

Among those who live in Mar Mikhael, we can distinguish:

1. Third-generation families of Armenian descent that had settled in the area since the 1920s, at the time of the French Mandate and in the years after, first in camps and eventually in more consolidated homes.
2. Tenants who moved from rural areas to the neighborhood before the civil war (1975), as part of a rural to urban migration that brought many families to the capital city looking for job opportunities

3. Families who fled their places of residence in other areas of the city and beyond during the civil war and found refuge and a home in this neighborhood.
4. Younger individuals (students, fresh graduates and young professionals) who study or work nearby. Typically, a group of students share one apartment in order to afford the higher market rate of rent.

Of the sample of 28 interviews conducted with tenants, 25 tenants were under old leases and 3 new tenants. Ten of the respondents were individuals of Armenian descent who had been born and raised in the neighborhood and still viewed their future in this area. Around seven of the respondents were elderly who had moved before the civil war, with five interviews with tenants who moved during the civil war. The interviews also included three interviews with tenants that had been evicted from their homes in Mar Mikhael in the previous years. Three interviews were conducted with younger individuals who had moved into the neighborhood in the past year or two.

Despite differences in their individual trajectories, these tenants had in common the fact that they were mostly elderly, all of them exceeding the age of 55 years. Most of the interviewed tenants (who are now retired) had either worked in the neighborhood, or had easy access to their places of work nearby (Ashrafieh, downtown Beirut...). More than half of the tenants interviewed were born in the neighborhood and have lived their entire lives in the neighborhood. Almost three quarters of the tenants lived with a partner, with children that have either traveled or moved elsewhere in the city or in Lebanon. The new tenants, on the other hand, had moved to the neighborhood recently for its “trendiness” and lower rents, relative to other neighborhoods. The profiles of these highly mobile

young individuals were those had moved from neighborhoods such as Hamra in the past year because of increasing rent prices and traffic.

## ***2. Property owners***

Property owners in the neighborhood of Mar Mikhael can be classified into those who came to the neighborhood to reside in it and those who bought during the civil war and later. For this chapter, we will be looking at the category of owners who reside in the area and hope to stay. Owners who bought in the period before the civil war are typically either second generation Armenians or Maronites who were settling in the neighborhood during its time of urban growth. They made up around 46% of our surveyed buildings (40 out of 86).

Looking further at the pre-war period, it is possible to distinguish between the two waves of migration: those who had arrived during the French Mandate period and those who came later. We further find that a large wave of property exchanges had occurred during the period preceding the civil war, as property was exchanged for example with rural migrants arriving to the capital city in search of employment.

Property records furthermore indicate that property ownership in the neighborhood has been changing hands as individuals and/or families left the country – particularly during the years of civil war. Only 15 property titles in our samples were claimed by individuals of Armenian descent, while the majority of property in the mid 20<sup>th</sup> century had been held by individuals of Armenian descent. Here, it is important to note that only 11 out of the 86 properties surveyed counted at least one owner residing in them.

Another way to look at the resident owners that has shown to be particularly significant is how they own the property. One means of ownership is whether they claim in shares or as whole units. As explained in the previous chapter, Lebanese law allows for a multiplicity of owners, holding property in varying amounts of shares. This ownership is often held in “commons” and is usually a byproduct of inheritance of a building by a single individual or typically two business partners who pass their property onto several inheritors who become third or fourth generation owners.

In practice, this means that a resident owner can be a recognized owner in the apartment he resides in, even if legally he/she owns only a few shares, which don’t amount into the size of an apartment when his/her shares are translated into area in square meters. Conversely, an inheritor who lived abroad for several decades, but holds more than half of the shares in a building may not be claiming any of the apartments. Claiming the property as such lies outside the “legal” framework of ownership.

Therese<sup>6</sup>, for example, a 55-year old property owner who used to work in a sanitation company near Mar Mikhael, describes common ownership by explaining that “all the residents of this building own the building in a local and popular form (ahaliyyeh mahaliyye).” In other words, her ownership rests on family and social agreements, rather than subdivided and individualized apartments.

### ***3. Contesting the tenant v. owner conflict***

Now that we have profiled the residents by looking at tenants and owners, I will contest the claim that the divide lies between these categories, and instead propose that

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<sup>6</sup> Interview held with resident on March 2016 in Mar Mikhael. All names have been changed for the purposes of the research.

the divide lies between resident and investor. I will do so by presenting a detailed case study of one building in the neighborhood, with interviews conducted by Salemeah as part of IFI's workshop entitled Inclusive Urban Policies for Beirut: Strategies at the Building and Neighborhood level.<sup>7</sup>

On the main artery of Mar Mikhael, Armenia Street, stand two low-rise buildings that date back to the 1920s. The property, with a relatively small lot area (less than 1000 sqm) was acquired by a wealthy trader from Bekfaya, who we will call Danny for the purpose of this study.

The property title shows that in 1954, the building was bequeathed to three sons (in equal thirds). Interviews with the residents revealed that Danny's two daughters inherited sums of money, rather than shares in the building. Two of these sons emigrated, and the building was taken care of by the third son, Michel, his wife and five children, who in turn inherited the property's "third" of shares after their father passed away in 2000. Michel's sister, Micheline, also lived in the building with them, and she had divided the larger apartments into smaller units in order to rent them out, although she didn't own any shares. In some sense, the property was managed by the siblings in Lebanon irrespective of property shares. These units were rented out to 8 residents, and 3 commercial shop tenants. These residents lived together in the building for over 30 years. Most of them described living in the buildings "like a big family". The divide between landowner and tenant didn't exist, in the sense that building residents were connected

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<sup>7</sup> As part of the Issam Fares Institute's program on Social Justice and the City, a workshop entitled Inclusive Urban Policies for Beirut: Strategies at the Building and Neighborhood Level was conducted in July 2016, organized by Mona Fawaz and Dounia Salemeah.

through agreements that may have not been reflected in legal contracts (such as rent agreements, late payments).

Interviews also revealed that the building residents all felt equally connected to their homes and surroundings. Many residents described how the buildings and the neighborhood, were their places of work, play and social livelihood. One of the residents recalled that “I had been there for 35 years, so I had good relationship with everyone... When I lived there, I had clients in my apartments. I was an esthetician and a seamstress, and I did all sort of things: crochet, painting, anything. Here, I was unable to do the same,” referring to the place she had moved to with her family. Narratives from 4 other building residents echoed these sentiments. Only one still lives in the neighborhood, under social housing provided by the Armenian cultural center.

In 2008, the buildings were sold to a real estate company. At the time of the sale, 5 of the family members living in the building, as well as 7 other tenants who were protected under the rent control, and two commercial tenants. However, the real estate developer had convinced the absentee shareholders to sell their shares, without the consent or knowledge of any of the buildings’ residents. Negotiations with the buildings’ residents failed to stop the sale of the buildings, and owners (as well as the tenants) felt dispossessed with very little means to resist eviction from the buildings.

An interview with Micheline revealed that the developers had bought out the shares of two of the absentee owners in 2010, although Michel and his sister were willing to buy the shares from their brothers. Michel, the final shareholder to sell his share, had tried resisting for a year, before finally giving up his share in 2011.

*“We didn’t want to sell. I don’t know how he got to them in France and Spain, but he convinced them to sell, and we had no choice. I don’t know what he told them or how he convinced them....And I don’t know how he convinced them to sell for such a cheap price.”*

While the shareholders have the right of pre-emption, or legal right of first purchase (haq il shaf’a), in most cases, they cannot afford the costs of lot subdivisions and registration fees. These cases are replicated across the neighborhood in many of the properties that undergo a sales transaction. The cases shed light on the major role that a real estate developer plays in the negotiation processes between absentee shareholders (who have little attachment or use of their property) as well as residents.

### **C. Dwellers in the neighborhood**

As seen above, a majority of the dwellers described the neighborhood as a larger home. Their concept of ownership extended beyond their homes and fostered a sense of community and place attachment that is reflected in their attachment to neighbors and friends, in an anchored attachment that is in the particular morphology of the neighborhood and in their investment in improving the organization of the neighborhood over the past several decades.

#### ***1. A Social Framework for Livelihood***

A first level of attachment to the neighborhood is reflected in the social relations that connect neighborhood dwellers together, making them a real community from which newcomers, whether they are tenants not protected by rent control or apartment owners



are not included. Hence, most tenants attest to the fact that they have lived in the area “like family”, and that they knew other dwellers well. This translated into feelings of trust and security in the neighborhood. “We know most of the long-time residents by face,” explained Arteen, one of my respondents who had been evicted but still remains in the neighborhood with the help of the Armenian cultural society.

Samar, an elderly woman who has lived in the neighborhood her entire life and now lives alone, explained, “we have been friends with neighbors from a nearby building for over 12 years.” Samar further recalled the names of every resident in the building across, described them as siblings who invite each other to lunch casually, in sum operating like a large family. Dory, a 55 year old man who works in a shop in the neighborhood, further described how walking down the street, she would pass by saying hello to everyone. And if someone was sick or needed help, she described neighbors who would all gather to help them. “It was a village here,” he says, referring to the sense of community fostered in the neighborhood.

These social relations make for networks of solidarity that are often activated when one of the tenants faces a challenge, including the threat of eviction. For example, Wadad, a widow with two children who fled her village from conflict during the civil war, explained: “The landowner wanted to charge a very high rent. But the neighbors were nice, and they all convinced him to help me out,” she explained. The negotiations over property happened through the network of social relations rather than through a legal framework.

Many such cases were recorded, in which tenants appealed to other frameworks of claiming and could negotiate their right of residing in the buildings directly with their

landlords much easier. Hagop, a 70-year-old man of Armenian descent, had been occupying an apartment for three years without a registered rent contract. Instead, he relied on an informal agreement with the landlord. Once the building was bought by a real estate developer, Hagop had to establish his right to the neighborhood through collecting his water and electricity bill receipts to the Municipality. As the Municipality was unable to provide him with a legal document, Hagop had little means to claim his right of residing in the neighborhood. “I had proof of water and electricity, but I had to get into courthouses and lawsuits, you know these are big companies,” he said.

Michel and Wadad, a mother and son, who had moved to the neighborhood during the civil war fleeing the conflict in Baskinta, hadn't registered their rent contract because the property owner hadn't transferred the ownership of the apartment from its previous owner whom he bought the property off (to evade paying taxes, the tenants explained). “The new owner didn't want to transfer the apartment to his name so that he doesn't pay [the registration] tax. But, because we are paying water and electricity, we have official proof that we have been living there.” They also consulted with a lawyer to make sure that they will not be evicted unwillingly, although the landlord is not looking to sell the building. “We went to the Municipality of Beirut, but they wouldn't register the rent- they need the previous owner to do so, but he is deceased!”

## ***2. 'People as infrastructure'***

This attachment to the neighborhood is furthermore spatialized in particular locations where dwellers have established daily routines, places where they regularly meet up and satisfy their social needs by discussing politics, football games, their

children's stories, and numerous other cultural and social issues that they share. This is the case, for example, of the Saliba Supermarket, which has been inherited by the owner's son and has been dwellers' favored market for decades. where dwellers pick up their groceries in the morning. Dwellers pick up their vegetables from Hammoudi, the vegetable reseller located on the main street of Armenia. Many small commercial shops in the neighborhood are places of encounters where dwellers meet up in the mornings and play backgammon. These encounters are often rooted in shared individual histories, particularly among those who grew up in the area. "Growing up, we used to come together in this location to play football" said one of the evicted residents. "Now we barely meet up. Every time I come back here, it's just to catch up with the people I grew up with. Another resident, Dory, pointed to a building, now demolished, where he used to meet with his friends after school. "We were 25 kids who went to the same school. We would hang out in this house." Many of these places are furthermore attached to the actual characteristics of the neighborhood: its ability to maintain large staircases and greenery, making the outdoor agreeable to the elderly. It also extends to the organization of its social and economic activities: "It is close to everything. We have supermarkets, hospital, church - they are all close by. We love the neighborhood," explained Michel and Wadad.

In that sense, this relation extends beyond the mere individual relations to reflect in the social organization of services that relies often intensively on the network of social relations, well in line with what Abdoumalig Simone (2004) had described elsewhere as "people as infrastructure". Garbage collection, for example, is an organized local effort. Dwellers organize and delegate between each to make sure no waste remains on the

streets and that the garbage is located on Armenia Street or the train station for garbage collector trucks to pick them up. Also, some dwellers ensure the cleanliness of their buildings by regularly sweeping and disposing of the garbage in front of their shops and building entrances. This is most prevalent along small passages of the neighborhood or private roads in which many dwellers walk by. As such, residence in Mar Mikhael extended for many of the tenants well beyond their contractual agreement with a landlord to encompass a wider attachment and sense of responsibility towards the neighborhood.

Some residents spoke of how these social relations were important because it allowed them to participate in shaping their everyday lives in the neighborhood. For example, Shohag, a property owner who works in a local market, recalls that if there was a problem in the electricity of the building or the neighborhood, she would gather a few of her neighbors and other friends that were affected by the problem and head down to EDL to try to resolve the issue.

Dory and Hagop also told stories of how they had a say in their businesses, their streets through local political representation as well. “If there was a problem, we could talk to our representatives, to each other and find a solution,” Dory said. “Now, no one will listen.”

### ***3. Economic ties***

The fact that these tenants were and still are invested in the area is one way in which they claim the neighborhood. Even if evicted, some of the tenants kept a relation to the area through a small business, visits to the church, regular visits to old friend, and other social and economic networks. This was for instance the case for Alice, who had

been evicted from the neighborhood in 2013 but still owns a small shop that many residents rely on to purchase everyday food supplies. Her shop is a meeting point for many dwellers, who place chairs in front of her shop to socialize. Alice feels entitled to live in the neighborhood because she has worked and lived there her entire life, as she explains, “I still work here, I have lived here almost all my life, why should I move?” Another example is Salwa, the wife of one of the inheritors of a property in the neighborhood, who relates that as one heir wanted to sell to a property developer, the other heirs used a legal tool for the dissolution of the commons (that is explained in the next chapter) to acquire shares and stop the sale. The decision was largely based on the fact that her husband works from the neighborhood. “We stood in the face of the sale, especially my husband,” she explained. “He works here and lives right above his shop...He was raised here, he is familiar with everyone [in the neighborhood].”

Indeed, the interviews showed that many property owners living in their buildings or in the neighborhood generally rented out their ground floor shops to a wealthier group (or intended to) to make up for the return they don't make from old renters. Because of the mix of old and new rents, it was clear that those living in the neighborhood were more considerate to the claims that the old tenants held to their homes (with the exception of 1 or 2 property owners).

#### ***4. Relation to place - detachment***

It is important to note, again, that while many residents have claimed the neighborhood and invested meaning in it, their relation to place is not fixed. At times, one

can speak of erosion: a sense of loss vis-à-vis the place that encourages them, particularly given the ceiling of the law, to let go of the neighborhood.

As such, tenants sometimes lose their attachment to the neighborhood through these property negotiations. Some of these may have secondary homes, or prefer living outside the city, and most dwellers feel alienated in that the neighborhood has been disrupted and is no longer suitable to their needs.

Sentiments of detachment from the neighborhood have thus materialized into the desire to leave. “We are not attached to the neighborhood. The neighborhood is not ours anymore. It is a construction site. We just want to live in dignity. We want homes. We want to leave, who wants to live in this noise and traffic? It causes depression; we just want to live in peace,” Ani explained. “They are humiliating us in order to make us leave. For 2 years, there’s been a scare about the new rent law.” As a result, these tenants who willingly want to leave reduce the number of claimants in each case.

### ***5. Ceiling of financial compensation***

Ultimately, no matter how residents claim the neighborhood, their entitlement under the law has restricted their ceiling of placing claims to that of financial compensations, receiving payments in exchange of leaving rather than remaining in the unit they have dwelled in it for decades.

The introduction of eviction by compensation in the 1992 rent law (159 and 160), allowed for property owners to retrieve their property by paying a financial compensation to tenants. This, coupled with the fact that most property owners are no longer residing in

their buildings and have no social ties with the tenants, made it difficult for tenants to negotiate beyond this structure of financial compensation.

Claims are then limited to financial compensation, ultimately facilitating the exchange of property between property owners and developers, as most property owners are either unwilling to pay compensations or unable to afford to. This also resulted in deepening the tensions between tenant and landlord that had not previously existed as such.

Similarly, resident owners are just as vulnerable to eviction, as a result of a legal mechanism that forces them to lift common ownership, resulting in having to divide the property legally (as we will see in chapter 4). As mentioned previously, sometimes the units they resided in through common ownership do not legally amount to a substantial meterage. In addition, many owners cannot afford the costs of resisting a sale and thus succumb to receiving payments for the sale of their property as well.

In a few cases, resident owners are able to resist any property transactions by rallying a sufficient number of shareholders and thus convincing the majority of them not to sell. This was the case with one of my respondents, Salwa, the wife of one of the inheritors of a building in the neighborhood. Salwa and her husband live in the building that they rent out to old tenants mostly. She runs a shop on the ground floor of her building. She explained that they were under the threat of eviction at some point during 2010, when other heirs wanted to sell the building to a property developer. However, her husband took the lead in fighting the sale and was able to convince the other shareholders not to sell so as to keep his business and place of residence. Salwa and her husband represent the scenario in which resident owners were financially capable of resisting the

sale. However, that is not the case of most resident owners, who ultimately, are is more likely to receive financial compensation as well rather than a right to remain in the neighborhood.

#### **D. Conclusion**

This section aimed to demonstrate the collective claim that residents hold over the neighborhood – one of shared memories and investment regardless of whether they were property owners or not. However, because of the current ownership model that reduces property rights to individual rights, a cost of these logics is that those targeted by dispossession are limited by the ceiling of financial compensation. In the face of large property-led transformations by developers, dwellers turn to the language of financial compensation, which then, neglects the rights of city dwellers to their homes, neighborhoods and cities – “their place in the world” (Porter, p. 397, 2014). The next chapter will demonstrate the processes that facilitate dispossession by investors.



## CHAPTER 4

### SEEING AS AN INVESTOR—

#### *Maximizing exchange value*

The previous chapter emphasized the collective claim that residents hold over the neighborhood, regardless of their legal status of tenant or owner. In this chapter, I illustrate the factors that facilitate processes of gentrification in the neighborhood of Mar Mikhael as a result of the landscape of investment. I argue that these processes are largely facilitated by the framework of property (how property is held, regulatory bodies and local support).

#### **A. Who are the investors?**

##### ***1. Individuals/families***

The majority of buildings developed during and immediately after the French Mandate and seemed to have belonged to a class of relatively wealthier individuals, typically professionals such as bankers, judges, doctors, and others. These individuals and/or families typically owned buildings that have been held under rent control since the 1940s. A handful of few property owners (around 6) were nonetheless individuals that had accumulated wealth outside of Lebanon and came to invest their money into building and renting out units during that same period.

Another group of owners was those who bought during the civil war when the economy was at a low. These fit the profiles of investors who bought land cheaply and

then reap the profits post-conflict. These owners comprised around 11.6% of our survey (10 out of 86). The third group of owners was those who bought after the civil war and were betting on better returns with the reconstruction of the city. This group of owners made up 12.7% of the sample (11 out of 86).

Many of the owners in this locality are absentee, who typically delegate a representative, usually a lawyer, to deal with the affairs of the building and collect rents from tenants. Some of these representatives visit the neighborhoods, while others work and reside outside of Beirut (and Lebanon) altogether.

## ***2. Holding companies***

As seen in chapter 2, property can be held by registered joint stock or holding companies, in which several individuals own shares in the company. The property is managed remotely and through the holding company, and the units are then sold to various individuals. These companies can hold other companies within them, allowing for a multiplicity of individuals under one institutional umbrella.

Of the 86 property records in Mar Mikhael, 12 of those were held by joint stock/holding companies. Most recently, for example, one company with major shareholders of the Stephan family (a family known for its commercial activity in the Port of Beirut), Estate 468, has acquired a sizeable amount of property by buying shares in different properties. Other large institutions and prominent individuals include the Hariri family, the Moawad family, Agricola company, Kettaneh, BLF, Bank of Beirut, and Massoud real estate. Typically, buyers demolish existing buildings and replace them with upscale residential developments (as seen in chapter 2) or large commercial projects.

In an interview with The Daily Star, Raja Makarem, founder and managing partner of RAMCO, explained that “around 5 percent of the 4 million Lebanese people are making fortunes on a daily basis and they are interested in buying real estate in Lebanon because they have businesses in the country and they are making good profits.”

### **B. Case study – introducing the mechanisms**

It is useful to return to the case study presented in chapter 3 to introduce the mechanisms that facilitate a property sales transaction. As presented earlier, the lot was bequeathed to 11 individuals of second and third generation members of the owner, Mikhael’s, family. At the time of the sale in 2008, only two of those owners resided in the building. These resident owners claimed only a small fraction of the property; each held 160 shares. So their residence arrangement depended on a common agreement between the family members.

In 2008, the developer, who also ran a real estate brokerage office, secured the shares of nine absentee owners (over the course of four years). He was then able to pressure the two remaining shareholders to sell, given that they could not afford purchasing back the rest of the shares nor covering the legal costs of subdividing the property.

Following the sale, the developer moved to negotiate with the tenants, pressuring some by insisting on negotiating individually. He paid \$600,000 in total compensation to the tenants who had preferred to remain in their places of residence. The developer bought the entire property for an estimated cost of 2.2 million USD in 2011. The three-floor building is expected to be demolished and replaced with an 11-floor building, with prices starting at \$3000 per sqm (total return on sellable area exceeding 12 million USD).

With the high profit rate, the developer would need to sell only a few apartments to cover the initial cost of investment.

This case introduces several processes that facilitate these transactions. One is the way in which property is held (absentee ownership, owned in small shares), another is the threat of a legal mechanism and finally, the pressures that are placed on residents.

Zooming out of the case study, these processes will be further investigated in the next section.

### **C. Facilitating property transactions**

The following section will present the landscape that is conducive to investments that maximize the exchange value of property. I argue that the way in which property is held, regulations and property law are the main factors that facilitate such processes of gentrification.

#### ***1. Property map***

The way in which property is held plays a large role in facilitating or hindering processes of gentrification in the neighborhood of Mar Mikhael. Two main findings determine the outcome of negotiations between owners and property developers; 1- how owners claim the property and 2- whether owners reside in their buildings or not.

Firstly, the large number of absentee property owners plays a major role in facilitating property transactions. Only 11 out of the 86 buildings surveys counted one property owner living in the building. All these 11 owners owned only shares in the buildings where they dwelled and several were threatened with eviction the same way.

According to interviews, these absentee owners can have different dispositions and relationships to the neighborhood. The explanation that the literature presented between gentrification and absentee ownership (Engels 1999) is nonetheless clearly reflected in Mar Mikhael. Indeed, the sample indicated that most absentee owners were likely to sell property to any bidder faster than residents.

This is further exacerbated by the fact that many of the properties are owned by several members of a family, as a result of inheritance. The analysis of 86 property titles in the neighborhood revealed that almost 45% of the property surveyed was held by four owners or more. This is a result of property being held in commons, usually a byproduct of inheritance. Furthermore, 12 of the 19 properties sold to real estate developers since 2010 counted more than four inheritors that were third or fourth generation owners. That means that many residents not only owned in shares that didn't reflect their occupancy in their properties, but also that they had little or no attachment to the property. As one dweller explained to me, "some of these buildings have now been inherited and each inheritor is in a different place. One in the US, one in Canada, one in France."

The sale process is facilitated further not only by absentee owners but also by some resident owners who have lost their attachment to place. It seems that how long an individual has lived in the neighborhood has a high relation with their place attachment and subsequently their attachment to property. One property owner, for example, came back to the neighborhood of Mar Mikhael to retire after having lived abroad in the USA for almost 35 years. Robert now resides in the building that he has inherited in equal shares with his two sisters (who are absentee). He is now looking to dispose of his shares, because he wants to move to the mountains and "retire in peace". Robert, although he

still resides in the building, fits the profile of third generation inheritors that can lose attachment to their property and want to sell.

## ***2. Regulatory bodies***

### a. Property law

A thorough analysis of property titles reflects the predominance of one kind of lawsuit; partitioning. Under the Lebanese law, law 82/16 allows for the partitioning, or the dissolution of common ownership - *izalet shuyoo3* - of a property. This measure allows a shareholder to force the rest of the shareholders to partition the property into the form of individual title. This allows each shareholder to register the property individually and take any decisions independently of other shareholders. In practice, this results in compensation for those who hold smaller shares, since their shares don't materialize into the ownership of a full apartment.

Once the property is subdivided, the law also introduces public auctioning if certain shareholders are unable or unwilling to cover registration or other legal costs. In many cases, the distribution of property in shares does not reflect the reality of dwelling. For example, the heir of a property owner who has lived abroad for decades may not be claiming any of the apartments. Conversely, a grandchild who was born and raised in that same building may be widely acknowledged as an owner of an individual apartment, while holding only a minority of shares that do not legally amount to the size of the apartment he/she claims.

Of the property surveyed, almost half of the lots sold - and those with the intent of being sold - record this type of lawsuit during the sale process. Our interviews revealed

that landlords that attached a social or symbolic significance to property were the ones that were more likely to hold on to their properties. However, the current structure of ownership reduces small-time property owners' ability to claim their property. Shared ownership, especially when in the form of multiple heirs, often results in conflicting claims that on the one hand halt but on the other often encourage the streamlining and sale of properties to developers.

Typically, the process involves the legal partitioning of the property, and the real estate developer buying small shares over a period of time. Many times, if there are conflicting claims to the property, the real estate developer buys shares from one owner (often absentee) without registering the deed. This owner can then ask to partition the property, thus pressuring the other owners to sell. He is incentivized to convince the rest to sell to the developer, as under Lebanese law, proof of ownership is only through the title deed after registration. Once enough shareholders are convinced, the developer can then register the property without worrying about conflicts had he registered the deed and had to deal with it himself.

Otherwise, a multiplicity of ownership in shares would stall the process of gentrification when property rights are so scattered that the developer is discouraged to initiate a purchasing process. In Mar Mikhael, this was the case, for example, with a real estate developer who admitted that "most of the [vacant] lands are difficult to negotiate because for example, one lot is owned by thirty shareholders, some in Brazil and elsewhere." One such property for example was owned by two partners in 1947. After the passing of one of the partners, these shares were inherited to his five children. In 2012, the partner (who was not residing in the building) sold his shares to a real estate

developer. However, the property is still under dispute as the company is suing one of the shareholders who is currently residing in the building.

#### b. Other regulations

Other regulations also play a major role in facilitating processes of gentrification by widening the rent gap. A set of building allowances, such as the new building law (Law 646/2004) which considerably increased allowed build-up area (Fawaz & Krijnen, 2010), allows developers to profit highly. Real estate developers furthermore engage in buying adjacent lots of land to merge them so they reach the minimum ceiling to benefit from a basket of exceptions allocated to large developments and build high-rise developments. At the same time, rent control also facilitates processes of gentrification as most of the times, property owners feel deprived of the benefit of their property and cannot afford the costs of compensation to retrieve their properties and are more likely to sell to developers. Finally, in some cases, real estate developers evade taxes by holding on to property without registering it for 10 years.

### ***3. Social pressures***

At a first stage, real estate developers activate their social networks by expressing interest in a specific locality. As the neighborhood of Mar Mikhael garnered interest from the commercial sector and the “creative” class, the neighborhood witnessed the rise of local “brokers” who acted as mediators between investors and property owners. These “brokers” typically work on the ground floor shops in the neighborhood, as mechanics, or hairdressers, and are well aware of many of the legal or familial disputes on property, or if any of the absentee owners are willing to sell. The first step of “finding” a property is



thus usually attributed to “word of mouth” by the developers interviewed. Indeed, when dwellers are asked about the status of the buildings or who resides in them, most residents suspect that it is a real estate transaction. This was a case described by many residents, but one explained the neighborhood as being “full of brokers. The barber is a broker, someone working in contracting also follows real estate transactions, my friend Tony works as one in his free time. Once they (developers) know someone who knows someone, it doesn’t matter how much the commission is, they will make a minimum amount off of the transaction. 2.5% is the official commission, but sometimes it can be less,”<sup>8</sup> alluding to the unregulated brokerage market.

Speaking to one of the hairdresser/brokers, Jean explained that he listens to the concerns of his clients and gathers information about possible sales of buildings based on what he hears. “I know the affairs of people here, who wants to sell, who doesn’t... You know, it’s word of mouth. When they talk about their day, their affairs, their news, sometimes they bring up the buildings or that they heard this person wants to sell. Usually, someone will come into the neighborhood and ask around for things for sale. I have the information.”

These brokers also act as mediators in convincing residents to accept the amounts offered by developers. Several interviews revealed that since these local brokers had close ties with residents, they could make the deal better than a “stranger” to the neighborhood and land the agreements themselves, often by convincing them that it is a price that can secure them (or that they would not find a higher bidder). As an elderly tenant explained, “everyone who bought here decades ago would have never imagined

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<sup>8</sup> Interview conducted with residents of the neighborhood.

that the price of property would increase to this rate. Nobody thought of the value like that.”

Negotiating with developers about a financial amount then becomes the last resort for residents. One interview with tenants revealed that developers would not let them discuss their eviction together. Alice, a shop owner in the neighborhood who was evicted two years ago from her home, explained that the property developer would not let her and her neighbor discuss eviction together. “We wanted to negotiate together, but he wanted to pay the least amount of money possible and he thought we could be stronger if we negotiate together.”

## **E. Conclusion**

This chapter revealed the landscape that allows developers to reap a large profit by utilizing legal mechanisms, social pressures, and regulatory exceptions that have created a large rent gap. At the same time, little or no measures are taken to protect the rights of those who have invested their social livelihood in the neighborhood. The final chapter seeks to articulate a set of recommendations that build on existing market dynamics in favor of local dwellers.

## CHAPTER 5

### CONCLUSION AND RECOMMENDATIONS

By learning from the case study of the neighborhood of Mar Mikhael, the thesis argued for shifting the debate that set up tenants against landlords in the argument for/against rent control to inscribe instead the debate within the larger framework of the housing affordability crisis in Beirut. More specifically, it sought to document the strategies utilized by a group of real-estate developers who have managed to acquire property in the area in order to learn from their strategies. In this last chapter, the thesis will investigate the possibilities to derive insights from developers' strategies that could inform locally adaptable interventions to preserve the stock of affordable housing in the neighborhood. In other words, what can we learn from observing developers' strategies that could inform public interventions towards preserving and/or increasing the stock of affordable housing in the city?

#### **A. Summary of Findings**

In the previous chapters, the thesis research findings indicated the following conclusions:

1. The ongoing transformations of the neighborhood, specifically the displacement of its dwellers, are made possible by the structure of property ownership (i.e. the legal framework that surrounds the management and exchange of landownership) that favors the take-over of investors who reap the profits generated by the

accumulated rent gap, leaving residents –whether landowners or tenants- at a disadvantage in resisting displacement.

2. Aside from the individual claims of neighborhood dwellers as residents needing shelter, interviews indicated that many neighborhood dwellers associated their presence in the area to a collective sense of belonging which was reflected in numerous historical incidents when they made collective claims, the tight social relations connecting them to neighbors having facilitated the formation of these claims.
3. Neighborhood dwellers’ ability to resist the threat of displacement posed by the increasing rent gap and the interest of developers to benefit from this gap is truncated by the fact that they are only entitled to claim the city through “property”, limiting hence all other claims to those of “compensations for displacement” rather than actual residency.
4. Contrary to the widespread representation of the “rent control law” problem as a tension being between tenants and landlords, the research found that a better formulation of ongoing changes in the neighborhood would pit “residents” who are invested in the neighborhood as a lived space against “developers”, “investors”, and other shareholders who capitalize on the exchange value of land, rather than its social value.

## **B. So what for policymakers and planners?**

### ***1. Assumptions***

Based on the thesis findings, it is possible to make several recommendations for policymaking. The recommendations proposed in this thesis are based on the following assumptions:

- The first assumption is that long-term residents who have invested socially and sometimes economically in the area for an extended period should have the right to remain in the neighborhood should they choose to (Blomley 2004). While these residents may not need to acquire the exchange value of the property, recognizing their right to the area is important.
- Second, it is desirable to maintain a level of social diversity in the city, one that may have been preserved so far by the existing rent control framework and that could be strengthened if a stock of affordable housing units can be managed by public authorities as such and allocated over the long run to specific, needy social groups.
- Third, the research assumes that in some cases, the social functions of property need to be prioritized over the exchange value through real estate transactions
- The final assumption is that recommendations that build on existing market dynamics are more pragmatic and can be contextualized to become locally adaptable.

## ***2. Rethinking the ownership model***

As mentioned previously, the legal framework through which property ownership is managed is skewed to facilitate the appropriation of property by developers who have the financial means to deploy legal mechanisms and eventually dispossess dwellers. Furthermore, the planning framework that renders large-scale developments particularly enticing further encourages these developers to acquire property and initiate such large developments, generating long-term transformations in the neighborhood, limiting the ways in which the neighborhood can be claimed, reducing the possibility of negotiation for evicted neighborhood dwellers to the amount of compensations, while other forms of claiming the neighborhood on the basis of past use, for example, are denied (Blomley 2004, Fawaz 2014).

In order to mend to these trends, the thesis proposes two types of interventions. One, short-term, recommends learning from developers and replicating their strategies by building interventions where a publicly funded and/or public agency directly intervenes on the market to benefit from the existing legal framework and acquires properties with large rental stocks to preserve them as a stock of affordable housing in the city.

The second, more long term, requires legal revisions that reduce existing legal mechanisms that render small-scale property owners vulnerable to the purchases of developers.

### **a. Short term interventions**

#### **i. Building by building interventions**

The following proposal builds on the existing market dynamics to empower local residents that want to stay in the neighborhood they reside in. In seeking a solution that provides residents with proper tools to resist eviction, the recommendations articulate a scenario where the Municipality of Beirut intervenes as the main authority. It may do so either directly or through the intervention of local agencies such as community development corporations –following the American model (Smith, 2003)- as a strategy to acquire a housing stock in neighborhood where vulnerable populations are being displaced and maintain them in place.

There are numerous important arguments for implementing this strategy in Mar Mikhael (Fawaz et al, forthcoming). To begin with, the neighborhood, as outlined in Chapter 2, contains a sizable stock of heritage buildings that should be preserved. In the absence of a heritage preservation strategy, it is difficult to assume that property owners will be willing to preserve heritage buildings at their expense. Conversely, subsidized by the necessity to maintain a housing stock, these buildings may serve a dual purpose in the area of both shelter and heritage preservation. To be successful, however, would require the introduction of appropriate institutions, institutional mechanisms, and planning tools. Here are a few steps:

#### ii. Community Development Corporation

Community Development corporations are community based private organizations that can provide affordable housing by buying, renovating or building for sale or rental properties. It can also develop real estate, attract businesses and build local economic development. It builds social capital and community organizing and may be responsible for the neighborhood's public spaces, branding... (Smith, 2003).

Typically, CDCs are organizations publicly funded via their city's governments, or federal grants in the US. In line with that, the Community Development Corporation would exist as a development arm of the Municipality of Beirut.

The advantage of a CDC is that it can also finance its developments through several funds from private sector, banks, or grants. They depend heavily on government and private philanthropic funds and foundations that in turn leverage financing from banks and other investors.

The main goal is to turn a profit only in order to reinvest only in the neighborhood it is based in. At least one third of a CDC's board is composed of community residents, thus allowing for participation in decision-making. This is important because a corporation would work closely with neighborhood residents, and thus empower their claims to the neighborhood.

### iii. Financing:

The CDC creates a fund for developing affordable housing units. It could forge partnerships with the private sector through CSR initiatives. Some examples include the banks opening in Mar Mikhael and other larger private companies. We had previously seen an interest from private sector to intervene in the neighborhood. For example, in 2006-2009, the Banque Libano Francaise repainted the facades of Mar Mikhael as part of their Corporate Social Responsibility. Other property owners, such as religious communities, could also be involved in public private partnerships.

We find examples of other types of partnerships between small-scale property owners and architects/developers in which property owners offer their land in exchange



for some units in a new building. The costs of construction would be covered by the developers. In that manner, this poses a win-win situation for both developers, who have a number of units in the building to sell, and property owners who get to occupy their apartments. The corporation can also be responsible for creating land trusts with current residing property owners that might accept to hold their properties in trust.

#### iv. Mechanism

As mentioned earlier, the creation of the CDC builds on existing dynamics in the neighborhood. The corporation would follow the same approach that real estate developers take in the neighborhood. It would buy shares from (absentee) owners that are detached and would like to dispose of their shares of property. That way, it will have a stake in property in the neighborhood, thus empowering residents. As a result, it would not need to streamline the property into the hands of an individual, but empower residents to continue living under the commons, if they chose to. At the same time, real estate developers will gain by receiving more built-up area.

#### v. Incentives

At the same time, the CDC's responsibilities extend to finding mechanisms that incentivize current small-scale property owners to maintain their buildings, since many owner-occupiers have little financial means to renovate their property. As one resident complained: "The municipality sent a warning that I need to maintain the building around three years ago. How am I supposed to afford that, it costs \$20,000 and my brothers in

law should not have to pay for this?” As a shareholder in these buildings, it could play a role in financing the maintenance and renovation of old buildings.

#### vi. Limitations of CDC

Although the value of a CDC is clear, there are several limitations to taking this approach. One of these limitations involves the financing and funding of the CDC and the scale of the corporation. Should the CDC operate at a neighborhood or city scale and how large should the CDC be? If it is on a neighborhood scale, how does it attract funds specific to this neighborhood and not others? If on a city scale, how do we bypass the sectarian concerns and allocate funds to neighborhoods?

#### b. Legal framework

We argued that the legal mechanisms that allow for disowning small shareholders leaves residents disempowered and with no means to resist eviction. The thesis suggests revisions to both the regulatory framework organizing property exchange and planning new constructions in ways that can preserve a more inclusive framework of residency in order to strengthen the rights of those who live in the neighborhood regardless of number of shares that they own.

On the short run, and to serve the interests of urban interventions of the type outlined above, it would be good to introduce planning tools such as the following:

#### i. Inclusionary zoning

Inclusionary zoning has recently been implemented in several cities across the globe, mandating that a percentage of units in new developments for more “affordable” use.

Inclusionary zoning refers to a regulation that provides incentives to private developers to incorporate affordable housing as a part of market-driven developments. This comes in the form of either incorporating the affordable units into the same development, building it elsewhere or contributing money or land for the production of affordable housing in lieu of construction. (Calavita and Mallach, 2010). The most frequently used tools of inclusionary zoning are developer set-asides. (Katz et al) These programs require developers to set aside a percentage of units in new residential developments for affordable housing. In return, the regulation provides some form of incentive, such as density bonuses.

It is important to note, however, that tools need to be adapted into their contexts for them to be most effective. Indeed, inclusionary zoning works well when market conditions are good, but is largely ineffective in poor market environments. (Calavita and Mallach, 2010)

#### ii. Density bonuses

Density bonuses are zoning tools that allow developers to build more units in areas that can sustain larger developments. Implementing this tool incentivizes developers to build in a specific locality. The return on density bonus can either be monetary (by receiving a payment per square meter sold) or it can be in the form of a percentage of new units for affordable use (a form of inclusionary zoning). (Calavita and Mallach, 2010)

#### iii. Regulations to limit high exploitation

It is crucial to review building regulations that allow special exemptions to developers to build higher than the permitted FAR. One such regulation is the pooling of lots by developers which allows and incentivizes demolitions and empowers large scale developers. Thus, once the pooling of lands is forbidden, there is less incentive for the developer to buy adjacent lots and pool them to build a large-scale development.

#### iv. Protections for vulnerable tenants

Finally, it is as important to introduce protections for vulnerable tenants, in the form of clear legal mechanisms that reverse existing regulatory frameworks to recognize and strengthen the social value of land. This includes preventing legal cases that disempower small-scale owners and instead recognizes the use value of an owner and ensures security of tenure for residents.

### **C. Conclusion**

Numerous countries around the globe have recognized the social value of land, introducing reforms and regulations that have protected vulnerable social groups. This is well in line with UN-Habitat's recent urban policy, which reflects a growing recognition of the "right to the city" as an important framework for securing more sustainable and inclusive cities. By delving into one case study to show empirically what the social value of land may mean in Beirut (Lebanon), this thesis has sought to provide policy and planning directions towards more inclusive cities. More work is to be done in order to

take this policy framework further, test it, and think through the strategies that may make it indeed feasible for the context of Beirut and perhaps beyond.

## APPENDIX

District	Lot number	Date of ownership	Armenian owner?	Development	Lawsuit	Status	Ownership status	Number of owners
MEDAWAR	489	1932	Yes	reserved for sale – merged to under construction	For sale	demolished		7
RMEIL	640	1934	no		lawsuit	empty	whole	8
RMEIL	715	1942	No		no	empty		
RMEIL	1255	1949	No	sold but not registered yet	warning from bank	old rent	whole	1
MEDAWAR	1044	1950	No		dividing inheritance	owned	divided into apartments	6
MEDAWAR	676	1950	yes		no	owned	divided into apartments	5
RMEIL	674	1951	No			old rent	whole	1
RMEIL	1840	1951	no		no	land	whole	1
MEDAWAR	1155	1953	No		no	commercial	whole	1
RMEIL	1250	1954	No		no	owned	whole	1

MEDAWAR	714	1954	Yes		no	owned		6
RMEIL	1838	1956	no		debt	appropriated	whole	31
RMEIL	1839	1956	no		no	land	whole	1
RMEIL	682	1957	yes		no	owned	whole	3
MEDAWAR	1116	1958	No		no	old rent	whole	3
RMEIL	713	1959	no		izalet shuyoo3	empty	shares	7
RMEIL	650	1959	no		Right of way	owned	Divided into apartments	1
RMEIL	660	1960	no	intent to sell	izalet shuyoo3	owned	shares	1
MEDAWAR	464	1960	yes		reserved	old rent	whole	3
RMEIL	1247	1961	no		no		whole	1
MEDAWAR	1119	1963	No		no	old rent- increasing	whole	2
RMEIL	1252	1965	no		Izalet shuyoo3	old rent	shares	10
RMEIL	692	1965	No		no	owned	whole	6
RMEIL	711	1966	No		no	owned	whole	6
MEDAWAR	1041	1966	No		no	owned	whole	3
MEDAWAR	419	1967	No		Izalet shuyoo3	owned	shares	3
MEDAWAR	1120	1968	No		no	old rent	whole	3

MEDAWAR	1099	1968	No		Rent lawsuits	owned	whole	1
RMEIL	1246	1969	no		no	Old rent	whole	6
same owner as 585	1095	1969	Yes		no	1 old rent	whole	1
RMEIL	656	1971	yes		no	waqf/empty	whole	1
RMEIL	694	1971	No	intent to sell	izalet shuyoo3	old rent	shares	9
MEDAWAR	386	1971	No		ifraz	owned/old	whole	6
RMEIL	673	1972	No		no	empty	shares	3
MEDAWAR	462	1972	yes		no	only commercial	whole	5
RMEIL	1243	1974	No		no	old rent	whole	2
MEDAWAR	728	1974	No		no	owned	whole	1
MEDAWAR	1122	1974	No		no	old rent	whole	1
MEDAWAR	1047	1974	no	Shares sold	izelit shuyoo3	old rent	shares	16
RMEIL	716	1975	no		no	appropriated (old)	shares	-
RMEIL	1642	1975	no		wade3 yad		whole	6
RMEIL	687	1975	yes		izalat shuyoo3	old rent/owned	shares	6
MEDAWAR	718	1978	yes		no	old rent	whole	3
MEDAWAR	1121	1979	No		Division of apartments	old rent	whole	2
MEDAWAR	382	1979	No			old rent	whole	1



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