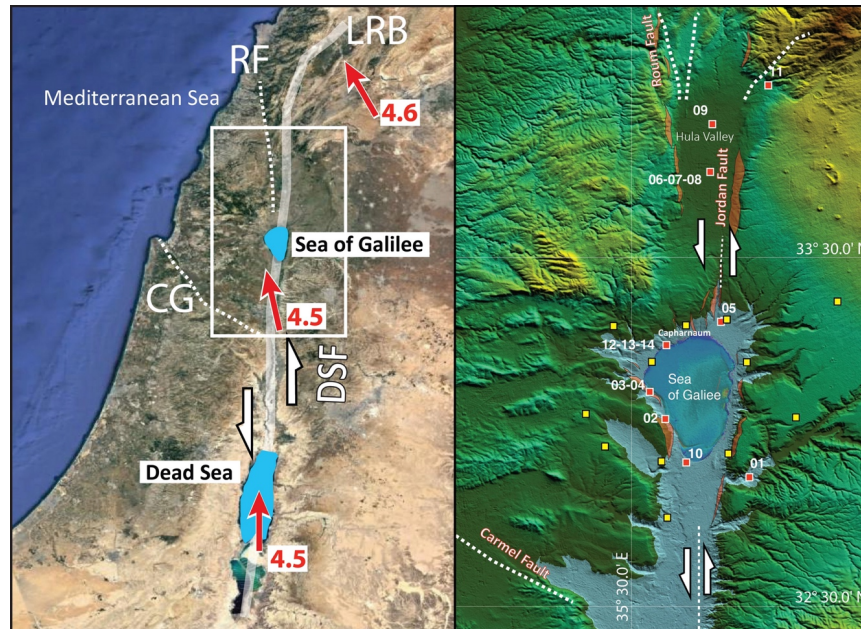


Tiberias Resilience District Concept Plan

An Innovative Framework Enabling Tiberias Local Government to Leverage Urban Economic Assets and New Development



Tiberias Fault Map — Geological Survey of Israel

Prepared for

Executive Summary

Tiberias is among the most seismically vulnerable cities in Israel, located on the Dead Sea Transform Fault (the Northern part of the Syrian African Rift Valley). The city has experienced significant earthquakes historically, and scientific assessments indicate a high probability of a major seismic event in the coming decades.

This study presents a comprehensive framework for financing and implementing a mass residential and commercial seismic retrofitting program in the central area of Tiberias that simultaneously addresses major economic development challenges. The strategy is built on a self-reinforcing cycle: while the urgent need for seismic safety necessitates government assistance for retrofitting, this support arrives alongside aesthetic treatments and public realm upgrades that create a unique opportunity for broader economic strengthening. This integrated revitalization, in turn, reinforces urban resilience and generates the sustained revenue necessary to continuously advance and expand the retrofitting program.

The conceptual plan addresses a critical public safety need: Tiberias sits directly on the Dead Sea Transform Fault, and a significant portion of its building stock predates modern earthquake-resistance standards. Tiberias faces seismic hazard (as part of an active plate-boundary fault), combined with high exposure (dense urban area on steep slopes) and significant vulnerability (older buildings). In Tiberias, a survey cited by the Interior Ministry found that around 2,092 of 4,463 buildings were not earthquake-resistant, and only a small fraction had been strengthened through incremental state-funded programs for public housing complexes.

This framework is built on three interlocking pillars:

- Alternative financing schemes for seismic retrofitting;
- The establishment of a Business Improvement District (BID) for the mixed-use central area;
- A Tourism Tax District (TTD) overlay that leverages tourism revenue.

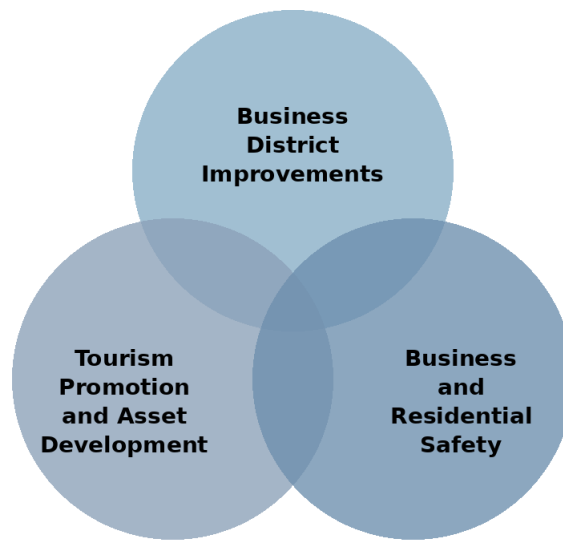
Together, these establish the Tiberias Resilience District, providing a financially sustainable platform to support a mass residential retrofitting program. This integrative framework simultaneously accelerates economic prospects, job creation, and investment, transitioning Tiberias into a 'leaning forward' regional center that is both robust and economically vibrant.

Drawing on the best international practices from the EU e-SAFE program, the Milken Innovation Center research on tourism taxation, California PACE and seismic financing, and municipal disaster preparedness models from the US and Europe, the plan identifies actionable steps across three operational domains: investments (securing long-term capital), management (overseeing structural rollout), and operations (day-to-day program functionality).

The plan addresses gaps between central government activities (including TAMA 38 and national seismic preparedness programs) and local needs, proposing tools that promote

financially viable and sustainable local governance while building community resilience and prosperity.

This concept plan proposes the establishment of Israel's first Resilience District in Tiberias, combining three policy instruments: (i) a geographically defined Business Improvement District with mandatory commercial assessments, (ii) a Tourism Tax District leveraging visitor levies to fund infrastructure and marketing, and (iii) seismic retrofitting incentives proposed previously to catalyze mixed-use urban renewal.



The Tiberias BID would create a ring-fenced investment zone around the city's historic lakefront, central commercial corridors, and key heritage sites. Revenue streams — comprising tourism levies (estimated 1–2% of room revenue), commercial property assessments, and national grant matching — would fund public realm upgrades, capacity to leverage seismic strengthening subsidies, heritage conservation, and destination marketing. The model positions Tiberias to compete for international tourism capital while addressing critical earthquake vulnerability in its aging building stock.

Initial Framework Projections — Projected Impact (5-year horizon)

- **BID and TID-generated capital investment:** NIS 33 million
- **National government matching:** NIS 33 million
- **Private sector co-investment:** NIS 66 million (developer contributions, seismic retrofit co-payments, new construction)
- **Total 5-year investment:** NIS 132 million
- **Leverage Ratio:** 1:2 (every NIS 1 of BID and NIS 1 of TID expenditures catalyze NIS 2 in total capital investment)
- **Buildings retrofitted:** 50–150 pre-1980 structures achieving seismic safety standards

The proposal aligns with existing national commitments — including the NIS 50–70 million tourism and heritage allocations to Tiberias — and offers a scalable template for peripheral cities across Israel.

Economic Development Opportunity

Research on municipal economic development, value-capture financing, and earthquake preparedness demonstrates that investments in seismic readiness generate significant direct and indirect economic benefits. These include increased investor confidence, job creation through infrastructure projects, enhanced property values, lower insurance premiums, and improved municipal creditworthiness. The Milken Innovation Center’s research review identifies five categories of municipal economic development — infrastructure, investment, growth, community, and quality of life — each of which intersects with earthquake preparedness activities.

The central area of Tiberias, as both a commercial district and residential neighborhood with significant tourism infrastructure, presents a unique opportunity to layer multiple innovative financing tools that generate mutually reinforcing economic benefits.

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I. Strategic Context: Tiberias as Tourism-Led Regional Hub

National Planning Framework

The Northern Regional Planning Council's approved master plan envisions Tiberias as a city of approximately 60,000 residents with **tourism as the primary economic driver**, serving as the regional service and visitor hub for the Sea of Galilee. Current planning initiatives include:

- **KANRA Moshava Project:** Mixed-use tourism-residential quarter combining luxury housing, vacation rentals, sports facilities, shopping, and planned rail connectivity — effectively a proto-BID awaiting formal governance structure.
- **Nahal Rakat Promenade:** NIS 3 million investment linking new neighborhoods to lakefront amenities, creating walkable corridors ideal for district-scale management.
- **Archaeological Tourism Anchors:** Roman theater, ancient Sanhedrin seat, and planned national park with projected visitation of up to 3 million annually.

Economic Diagnostics and Opportunity

Recent real estate and economic analyses highlight Tiberias's development potential tied to modernization and diversification. Key characteristics include:

- **Tourism infrastructure:** Established hotel base, pilgrimage routes (Christian, Jewish, and Muslim heritage), and lakefront access.
- **Mixed urban fabric:** Residential neighborhoods, local commerce, public services requiring integrated management.
- **Acquisition prices:** Relatively low property values create attractive entry points for investors.
- **Seasonality challenge:** Partial dependence on peak tourism seasons suggests need for year-round activation strategies (events, conferences, health/wellness tourism).

The combination of national fiscal support, major planned projects, and underutilized heritage assets creates a window of opportunity for comprehensive district-based intervention.

II. The Tiberias Resilience District Model

Tiberias is among the most seismically vulnerable cities in Israel, located on the Dead Sea Transform Fault. The city has experienced significant earthquakes historically, and scientific assessments indicate a high probability of a major seismic event in the coming decades. A substantial portion of Tiberias's building stock was constructed before the implementation of Israeli Standard 413 for earthquake-resistant construction.

The central business area of Tiberias contains a mix of residential apartments, commercial properties, and mixed-use buildings. Many of these structures require seismic reinforcement to meet contemporary seismic safety standards. The challenge is compounded by the peripheral economic status of the city, which makes private-market-driven retrofitting (as practiced in Tel Aviv through TAMA 38) economically unviable without additional support mechanisms.

National Government Gap

Israel's national seismic preparedness strategy, including TAMA 38, has concentrated approximately 77% of retrofitting activity in Tel Aviv and the center of the country. Less than 1% of retrofitted buildings are in the north, despite the region's significantly higher seismic risk. Government subsidy allocation between 2014–2020 reached only 133 buildings in peripheral cities, a pace that would require over 80 years to complete the necessary work¹. A viable strategy to accelerate this lies in accessing long-term structured credit markets to pool projects to be financed simultaneously.

Local authorities, especially in the periphery, can be broken down into three general categories: those falling backward, those standing still, and those leaning forward (Milken, 2019)². These classifications affect not only what can be done, but how it can be done. This structural gap between central government programs and local needs in the periphery is the primary challenge this concept study addresses. The study proposes locally generated revenue mechanisms that complement, rather than depend upon, national programs, and create flexibility and capacity for local government to budget, finance, and build toward its own resilience.

Proposal — A Leveraged and Layered Financial Strategy

- Leverage a financially sustainable national/regional/local platform for deploying seismic retrofitting covering residential properties in the central Tiberias area³.
- Create a Business Improvement District (BID) governance and financing structure for the mixed-use central area to drive local business growth.
- Design a Tourism Tax District (TTD) overlay to leverage tourism-generated revenue for capital investment and to increase tourism competitiveness.
- Fill gaps between national government seismic preparedness programs and local needs.

¹ Shamaï, M., & Hananel, R. (2021). Urban Renewal or Earthquake Preparedness: Lessons from Israel's National Master Plan for Earthquake Preparedness (TAMA 38). *Cityscape*, 23(2), 381–407.

² The “leaning forward” municipal type is growing, leveraging, and strengthening its asset base. It is deploying tools to leverage new investment, and it is using new resources to support growth and stability. Its services are improving and sustainable, and its population and business community are supportive and satisfied.

³ This platform was developed and outlined in a previous study. It presents several structural alternatives that integrate diverse funding sources, including government investment, homeowner participation, philanthropic support, and private sector capital markets.

- Increase overall competitiveness, property values, and socio-economic resilience by enhancing the district’s quality and safety while fostering inclusive growth for all residents.
- Promote financially viable and sustainable local government through diversified revenue tools.

Geographic Scope

The plan targets the central commercial and mixed-use area of Tiberias, encompassing both the traditional downtown business core and surrounding residential blocks. The BID boundary will include properties within the area bounded by the primary commercial streets, tourism infrastructure (including hotels and lakefront facilities), and adjacent residential neighborhoods that form the mixed-use character of the district.

Operational Scope

The work plan addresses three interdependent operational domains:

- **Investments:** Securing the necessary capital for long-term seismic safety improvements through diverse financing mechanisms including special assessments, bonds, grants, tax increment financing, and public-private partnerships.
- **Management:** Implementing a tiered governance model comprising three specialized management entities — each responsible for one of the core pillars (BID, Tourism Tax, and Seismic Retrofitting) — all governed by a central coordinating authority. This overarching body will synchronize professional engineering, financial, marketing, and administrative efforts, ensuring the integrated success and seamless execution of the city-wide resilience framework.
- **Operations:** Ensuring day-to-day functionality, maintenance, compliance monitoring, and stakeholder engagement to sustain program momentum over a multi-year implementation period.

Financing Framework and Alternatives

This section outlines alternative financing schemes for the retrofitting program, drawing on international best practices and adapted for the Israeli municipal context. The framework is designed to be layered, allowing multiple tools to be combined for maximum leverage.

Table 1: Overview of Financing Alternatives

Financing Tool	Description	Application to Tiberias	Precedent
Special Assessments (BID)	Levy on property owners within defined district for shared improvements	Annual per-property assessment funding seismic engineering, district management, and public realm improvements	NYC BIDs; San Francisco; Milwaukee

Financing Tool	Description	Application to Tiberias	Precedent
Tourism Occupancy Tax	Tax on overnight hotel stays directed to tourism development and capital investment	Revenue stream for bond issuance, tourism infrastructure, and seismic upgrades of hospitality facilities. Also has an opt-out model.	Proposed Jerusalem model; Asheville; Amsterdam; Rome
Tax Increment Financing (TIF)	Captures increase in property tax revenue resulting from improvements to finance upfront costs	Post-retrofit property value increases fund debt service on improvement bonds	Chicago; San Francisco; Hamburg
PACE-style On-bill Financing	Property-assessed repayment for retrofit costs attached to tax bill or utility bill	Individual property owner financing for seismic and energy upgrades repaid through municipal assessment	California PACE; EU e-SAFE on-bill model
Revenue Bonds	Bonds secured by dedicated revenue streams (BID assessments, tourism tax)	Issue bonds to finance capital-intensive retrofitting upfront, serviced by BID/TTD revenues	Cleveland; Los Angeles earthquake bonds
Green/Resilience Bonds	Municipal bonds designated for climate resilience and sustainability projects	Integrated seismic-energy retrofit projects qualify under green bond frameworks	NYC Green Bonds; EIB financing
Public-Private Partnerships	Private sector co-investment in infrastructure with shared risk/return	Construction firms, ESCOs, and investors share in retrofit delivery and benefit from property value uplift	Rotterdam; Copenhagen; Toronto Tower Renewal
Central Government Grants/Subsidies	National matching funds, tax credits, and direct subsidies for peripheral communities	Leverage national seismic preparedness budgets as co-funding for locally managed programs	Defense, Interior, Economy and Industry, Construction, Tourism, Environment, Energy, Negev and Galilee Ministries; EU Solidarity Fund
Community Investment Funds	Pooled local investment vehicles (CDFIs, revolving funds) for community projects	Revolving fund capitalized by initial grants and replenished by PACE-style repayments	US CDFIs; EU revolving funds

Layered Financing Strategy

The recommended approach layers multiple financing tools to create a robust and diversified capital structure. No single tool is sufficient; the combination creates financial resilience and maximizes leverage of each public shekel invested.

Layer 1: Revenue Base (Ongoing)

- BID special assessments on commercial and residential properties within the district.
- Tourism occupancy tax on overnight stays in district hotels and accommodations (a model could also be used, for example, through the Tiberias Hotels Association). Examples include regions in Spain, London, Paris, and elsewhere in Europe.
- Fee-for-service revenues from district management activities.

Layer 2: Capital Markets (Upfront Financing)

- Revenue bonds secured by BID and TTD cash flows (a revenue bond would be possible because it would be paid through a dedicated cash flow from the projects, not the general revenues of the local authority).
- Green/resilience bonds for integrated seismic-energy projects.
- PACE-style (special assessment) property-level financing for individual building owners.

Layer 3: Public Sector Leverage

- National government matching grants and subsidies from relevant ministries and agencies.
- Explore further financing to capture post-improvement value increases (e.g., combination of betterment levy — including how it could be structured, timed, and potentially earmarked — development charges/impact-fee obligations, and public-private structures for major projects such as long-term concession, user-pay, and offtake structures with state support or guarantees).
- Technical assistance and planning support from national agencies.

Layer 4: Private Sector Participation

All of the other investment leverages private investment. The goal of the following initiatives is to create legal structures that encourage that to happen through:

- ESCO contracts for energy-seismic integrated retrofits.
- Construction and engineering firms as PPP partners.
- Insurance premium reductions and catastrophe bond participation.

Addressing Municipal Fiscal Constraints

The financing framework is designed to operate substantially off the municipal balance sheet, recognizing Tiberias's fiscal constraints. Key features include the dedicated BID assessment revenue that does not flow through the general municipal budget, tourism tax revenue directed to an enterprise fund with independent governance, revenue bonds secured by dedicated streams rather than general obligation, and PACE-style financing that attaches to individual properties rather than municipal debt.

These structures allow the municipality to catalyze significant investment while preserving its general-fund capacity and creditworthiness.

A. Business Improvement District (BID) Work Plan

While Israel lacks mature BID legislation comparable to UK/US systems, the model can be implemented through existing legal frameworks: designated development zones, tourism priority areas, and municipal bylaw authority under the Planning and Building Law.

Table 2: Proposed Tiberias BID Structure

Component	Specification
Geographic Scope	Defined district encompassing (i) historic waterfront and old city core, (ii) central commercial streets (HaGalil, HaYarden, HaBanim), (iii) KANRA Moshava quarter, (iv) key heritage sites within 500m radius (the district must be focused and concentrated in order to have maximum economic impact)
Eligible Properties	Commercial, hospitality, mixed-use residential-commercial, institutional properties within district boundaries
Levy Mechanism	Mandatory annual assessment on commercial property owners: 0.5–1.0% of assessed property value OR tiered flat fee based on property size, frontage and use class
Governance	BID Management Board: 11 members (7 property/business owners elected by assessment payers, 2 municipal representatives, 1 Tourism Ministry observer, 1 resident representative)
Operating Entity	Tiberias Tourism and Development Company (Chevrat Pituach) — nonprofit municipal corporation or association under Ottoman Associations Law
Term	Initial 5-year authorization with renewal subject to 60% affirmative vote of assessment payers by value

Powers and Functions

The BID operating entity would have authority to:

- Contract for supplementary services beyond municipal baseline (enhanced cleaning, security, landscaping, wayfinding signage, public WiFi).
- Manage public realm improvements (streetscape, lighting, façade enhancement).
- Administer grant and loan programs for seismic retrofitting and building upgrades.
- Conduct marketing and destination branding activities.
- Organize events and cultural programming.
- Coordinate with municipal departments and national agencies.

BID Concept for Tiberias Central Area

The proposed BID for central Tiberias adapts the mixed-use improvement district model to the specific needs of seismic retrofitting in a combined residential-commercial area. Unlike traditional BIDs focused solely on commercial district management, this BID incorporates

residential property owners as stakeholders and assessment payers, reflecting the mixed-use character of the district and the universal nature of seismic risk.

Table 3: BID Establishment Process

Phase	Activities	Deliverables	Timeline
1. Feasibility and Planning	Conduct property inventory and seismic assessment; map district boundaries and property classifications; develop preliminary assessment formula; engage stakeholders (property owners, residents, businesses, government ministries)	Feasibility report; boundary map; assessment model; stakeholder register; establish central-local government workgroup	Months 1–6
2. Legal and Regulatory Framework	Draft BID enabling legislation (if needed); prepare BID formation petition; design governance charter; establish assessment methodology and collection procedures	Legal framework document; BID petition; governance charter; assessment schedule	Months 4–10
3. Stakeholder Approval	Decide method for decision-making (e.g., consensus, majority, etc.); conduct property owner vote/petition campaign; public hearings and community engagement; municipal council approval; formation of BID management entity	Approval vote results; council resolution; registered nonprofit entity	Months 8–14
4. Operational Launch	Hire executive director and core staff; begin assessment collection; commission detailed engineering assessments; launch initial public realm improvements	Staffed organization; revenue collection system; engineering reports; quick-win projects	Months 12–18
5. Program Launch	Prioritize buildings by risk and feasibility; issue first tranche of bonds or financing; begin phased retrofitting of highest-priority structures; monitor and report on progress	Priority building list; bond issuance/financing; completed retrofits (Phase 1); progress reports	Months 18–36

B. Tourism Tax District Component

A tourism levy provides stable, tourism-specific revenue hypothecated to visitor-facing improvements. International precedents demonstrate acceptance by hospitality industry when revenues are transparently reinvested in destination competitiveness (see Section IV).

A Tourism Tax District (TTD) overlay on the BID creates an additional, complementary revenue stream specifically tied to the hospitality sector. Revenue from TTD supports both tourism promotion (maintaining and growing the revenue base) and capital investment in

seismic retrofitting (which directly improves the safety and attractiveness of tourism facilities).

Tourism is one of Tiberias's core economic assets, with the city ranking among the top five overnight tourism destinations in Israel. The Milken Innovation Center's research on tourism taxation demonstrates that well-designed occupancy taxes generate significant revenue that can be leveraged for capital investment, with minimal impact on tourist demand for unique, historically significant destinations.

Based on Tiberias's tourism profile and historic record of recoveries after wars and Covid, we estimate that room nights will rise to over 600 thousand by 2030. Based on this expectation, we are conservatively using an average of 370 thousand as the average room nights between 2026 and 2030.

Using an estimate of NIS 15–20 per room night (based on international averages for hotel taxes in European destinations), the expected revenues will be between NIS 4.1 million and NIS 7 million per year.

Allocating approximately 20% of the annual revenues to annual tourism operating activities, such as promotion/marketing, signage, streetscapes, guides, and other improvements, the average net annual revenues is estimated at NIS 4.47 million⁴.

Tourism Tax Design

Based on international benchmarks, the recommended tax structure combines elements from successful implementations in Amsterdam, Cleveland, and the Balearic Islands:

Table 4: Tourism Tax Design

Design Element	Recommendation
Tax Base	Overnight stays in hotels, B&Bs, vacation rentals, and Airbnb properties within the district
Tax Rate	5% of room cost (aligned with Amsterdam and Berlin benchmarks); alternatively, a fixed NIS 10–20 per room per night
Exemptions	Minors under 16; stays exceeding 14 consecutive nights; domestic travelers (optional phase-in)
Collection	Collected by lodging establishments at point of sale; quarterly remittance to TTD enterprise fund; agreements with sharing-economy platforms (Airbnb, Booking.com)

⁴ (see: <https://milkeninnovationcenter.org/wp-content/uploads/2019/09/Tourism-Tax-Policy-Brief-ENG-Final.pdf> — also available on the Hebrew site)

Design Element	Recommendation
Revenue Allocation	Decide allocation for proceeds (for example a share to capital improvement funds (the aesthetic components of seismic retrofitting, other infrastructure), a share to tourism promotion and marketing, and a share retained for operations and administration)
Governance	Public-private board including hotel operators, tourism businesses, BID representatives, and municipal officials

Appendix 1 has assumptions and an estimate of the annual revenues and financing potential for a Tourism Improvement District tax plan.

A Tourism Tax District (TTD) overlay on the BID creates an additional, complementary revenue stream specifically tied to the hospitality sector. Revenue from TTD supports both tourism promotion (maintaining and growing the revenue base) and capital investment in seismic retrofitting (which directly improves the safety and attractiveness of tourism facilities, totaling an estimated NIS 19 million).

C. Seismic Retrofitting and Urban Renewal Framework

Israel's TAMA 38 program (National Outline Plan 38) demonstrated a successful public-private model for seismic strengthening: owners received reinforced and modernized apartments, developers gained sellable additional units, and municipalities benefited from safer building stock without heavy direct expenditure. Though TAMA 38 has been phased out, municipalities are implementing local frameworks that embed seismic retrofitting within comprehensive urban renewal (Pinui-Binui and targeted overlay zones) for residential and commercial development.

Tiberias Seismic Retrofit Incentive Package

- **Building Rights Bonus:** Properties within BID boundaries and participating in the BID financing that undergo certified seismic retrofitting receive additional 15–25% floor area ratio (FAR) for commercial or residential use now and in the future, subject to urban design guidelines.
- **Direct Subsidy:** Grant covering 60–80% of certified seismic engineering, construction and aesthetic costs, funded from BID revenue (only for buildings in BID) and national matching grants (capped at NIS 1.5 million per building).
- **Property Tax Abatement:** An option for a partial reduction in municipal property tax (Arnona) for 3 years post-completion of seismic retrofitting. This could be a method for encouraging participation, with the Government reimbursing the municipality.
- **Expedited Permitting:** Fast-track building permit review (60-day maximum) for projects meeting seismic standards.

- **Partnership Financing:** *Provide no-cost, low-cost financing for seismic preparations for housing based on household incomes. Financing is supported by incremental housing values resulting from improvements.*
- **Technical Assistance:** BID-funded seismic engineering assessments and architectural services for building owner cooperatives in cooperation with the Governmental Authority for Urban Renewal.

Eligibility

- Buildings constructed pre-1980 (before modern seismic codes) of three stories or more.
- Mixed-use residential-commercial and commercial-only structures prioritized. Residential-use structures that are linked to the BID could also be included.
- Minimum post-retrofit structural rating: 1.0 per Israeli seismic standards. We suggest that in cases where 1.0 is a deal breaker, a lower standard will be considered by a special professional committee as is allowed in other western countries.
- Agreement to participate in BID assessment and maintain façade/streetscape standards.

Target: 150–200 buildings retrofitted over 5 years (~50 in BID), reducing earthquake risk for approximately 5,000 residents and 800 businesses.

III. Integrated Seismic-BID-Tourism Retrofitting Approach

Table 5: Revenue Sources (Annual Average)

Source	Amount (NIS)	Notes
Tourism Levy (hotels + vacation rentals)	5,600,000	Average based on 2026–2030 projections
BID Commercial Assessments	1,152,000	Depending on scenario, based on levy on lineal meter frontage
Concession Fees (parking, events)	1,200,000	Lakefront concessions, special event permits
Total Annual Revenue	7,952,000	

Table 6: Expenditure Allocation (Annual, Average)

Category	Amount (NIS)	% of Budget
Tourism promotional activities	1,100,000	14%
Management	1,132,000	14%
Financing fees	10,300	0%

Category	Amount (NIS)	% of Budget
Financing reserve	3,089,844	39%
Debt payment	2,620,012	33%
Total Expenditure	7,952,000	100%

Capital Investment (5-Year Cumulative)

- **BID and TID-generated capital investment:** NIS 33 million
- **National government matching:** NIS 33 million on a 1:1 basis on top of already planned investments
- **Private sector co-investment:** NIS 66 million (developer contributions, seismic retrofit co-payments, new construction)
- **Total 5-year investment:** NIS 132 million
- **Leverage Ratio:** 1:1 (every NIS 1 of BID and NIS 1 of TID expenditures catalyzes NIS 2 in total capital investment) (see appendix)

Return on Investment for Stakeholders

- **National Government:** Enhanced tourism competitiveness, seismic risk reduction, peripheral development without major direct expenditure, taxes from increased economic activity and long-sought proof of concept for a seismic retrofitting viable financial model with participation by owners in the periphery, and improved resilience.
- **Municipal Government:** Upgraded public realm, increased property values (higher future tax base), destination branding.
- **Property Owners:** Seismic safety, building modernization, increased rents and property values — thereby enhancing the underlying market value of additional building rights and accelerating the timeline for future Pinui-Binui (evacuation and reconstruction) projects to reach economic viability.
- **Tourism Industry:** Increased, more diversified occupancy and premium pricing driven by an enhanced destination quality that **integrates the waterfront with the city's authentic urban fabric, its cultural heritage, and local community assets**, moving beyond the isolated 'lakeside hotel' model.
- **Residents:** Structural resilience that transforms neglected housing into **secure, aesthetically revitalized, and value-enhanced homes**, restoring **personal security, morale and trust** in the city's future. The model also catalyzes **local micro-entrepreneurship** — from artisanal crafts to boutique culinary products — while its improved urban quality **attracts new talent and entrepreneurial populations**, creating a vibrant ecosystem of local and incoming skills.

- **Foreign Investors:** Predictable revenue streams, clear regulatory framework, aligned public-private incentives, access to national tax benefits for development zones.

IV. International Precedents: BID, Tourism Tax, and Seismic Financing Models

A. Business Improvement District Models

Origins and Global Spread

Business Improvement Districts originated in North America (Toronto 1970, New York 1980s) and have spread globally as a “travelling concept” adapted to local governance contexts. The model secures private capital for sub-municipal public goods through mandatory assessments on defined districts, governed by public-private partnerships.

Key International Examples

Toronto Waterfront BIDs (Canada)

Toronto’s waterfront revitalization employed multiple BID-like structures across 2,000 acres of underutilized industrial lands. The Waterfront Toronto public corporation coordinated CAD 2.75 billion in tri-government investment, which catalyzed private mixed-use development in East Bayfront and West Don Lands precincts. Key features:

- Precinct-by-precinct planning with comprehensive urban design guidelines.
- Tax increment financing (TIF) capturing future property tax increases to fund infrastructure.
- Integrated flood protection, transit connectivity, and public realm improvements.
- LEED-ND Gold certification for sustainability standards.
- Mixed-use residential-commercial neighborhoods with cultural and employment anchors.

Lessons for Tiberias: Large-scale waterfront regeneration requires patient capital, strong design governance, and phased implementation tied to infrastructure readiness. BID-type structures provide long-term management capacity beyond initial capital investment.

Scotland Tourism BIDs

Scotland has developed Tourism Business Improvement Districts (TBIDs) operating across broader geographic areas rather than traditional city-center boundaries, specifically targeting visitor economy businesses. Examples include:

- **Go Tweed Valley:** Outdoor adventure tourism BID coordinating bike rentals, accommodations, and trail infrastructure. Focuses on sustainable tourism, wayfinding signage, and bundled visitor experiences.

- **BID4Oban:** Coastal destination BID investing in waterfront facilities, marketing, and seasonal event programming to extend tourism season.
- **Visit Moray Speyside:** Whisky tourism corridor BID upgrading distillery visitor facilities, road signage, and regional marketing.
- **Isle of Bute:** Island-wide BID conducting beach cleanups, trail maintenance, shop-front improvement grants, and cultural heritage programming.

Key success factors: flexibility to adapt BID geography to tourism assets rather than administrative boundaries; strong business leadership and collaboration; transparent reinvestment in visitor-facing infrastructure; combination of physical improvements and marketing/events.

Lessons for Tiberias: Tourism-focused BIDs work best when boundaries reflect visitor movement patterns (waterfront, heritage trail, commercial corridors) rather than rigid administrative zones. Mixing infrastructure upgrades with marketing creates compound benefits.

Baltimore Tourism Improvement District (United States)

Baltimore established a city-wide Tourism Improvement District in 2018 through municipal ordinance. Structure:

- Applies to hotels with 50+ rooms.
- Assessment: 2% of room revenue.
- Governed by District Management Committee comprised of hotel owners.
- Revenue directed to Visit Baltimore (DMO) for marketing, convention attractions, and tourism infrastructure.
- 5-year term with renewal requiring industry support.
- Municipal collection and enforcement via City Charter.

The model demonstrates industry-led self-taxation when revenues are ring-fenced for tourism competitiveness and governed by payer representatives.

Lessons for Tiberias: Hotel industry support is critical — early consultation and governance representation builds buy-in. Clear nexus between levy payment and benefit receipt (marketing, amenities) justifies assessment.

Chicago Tourism Improvement District (United States)

Chicago's downtown hotels initiated a 1.5% room levy in 2026 (recently approved) to fund Choose Chicago destination marketing. Key features:

- Industry-initiated proposal (not government-imposed).
- Applies to hotels with 100+ rooms in downtown, McCormick Place, Medical District, Hyde Park.

- Projected revenue: USD 40 million over 5 years.
- Oversight by 11-member committee of hotel owners (plus non-voting labor and city representatives).
- Explicit response to competitive pressure from other cities with larger DMO budgets.
- 5-year term with option to discontinue if not delivering growth.

Lessons for Tiberias: Framing the levy as a competitive necessity (peer cities investing more in marketing) builds support. Industry control over spending decisions via governance committee addresses accountability concerns.

B. Tourism Tax / Visitor Levy Models

Tourism taxes are widespread internationally, taking various forms: per-night levies, percentage of accommodation costs, or flat fees by establishment type.

Table 7: European Models

City	Levy Structure	Use of Proceeds
Barcelona (Spain)	€0.65 to €2.25 per person per night (max 7 nights), tiered by establishment type; children under 16 exempt	Tourism infrastructure, destination marketing, heritage conservation
Lisbon (Portugal)	€1 per person per night (max 7 nights); under-13 exempt	Tourism Development Fund for competitive investments
Amsterdam (Netherlands)	7% of accommodation cost	Tourism management, overtourism mitigation, public space improvements
Brussels (Belgium)	Varies by room price (€3–€5 range)	City marketing and tourism services
Manchester (UK)	£1 per room per night (voluntary BID levy)	City center regeneration, events, marketing

Emerging Trend in UK

England is exploring tourist levies as a “fiscal devolution” tool, with Manchester’s voluntary Accommodation BID (£1/room/night) generating £12 million over 5 years for city center improvements. Scotland and Wales have active policy discussions on statutory tourist taxes.

North American Models

Tourism Improvement Districts (TIDs) in US cities typically assess 1–2% of room revenue, governed by hotel owner committees, with proceeds directed to Destination Marketing Organizations (DMOs). The model has proven effective in:

- Baltimore (2% assessment, Visit Baltimore).
- Chicago (1.5% assessment, Choose Chicago).
- Visit Quad Cities (stable DMO funding source).

Lessons for Tiberias

- International practice demonstrates 1–2% room levy is industry-acceptable range, perhaps 5% for overseas guests (to mitigate their current VAT exemption).
- Governance by payer representatives (hotel owners) builds legitimacy.
- Hypothecation to transparent tourism reinvestment (not general revenue) is critical for support.
- Exemptions for small properties and vulnerable travelers reduce opposition.
- Sunset clauses with renewal votes provide accountability.

C. Seismic Retrofitting Finance Models

Japan: Subsidy + Tax Incentive Model

Following the 1995 Hanshin-Awaji Earthquake, Japan enacted the Retrofit Promotion Act establishing comprehensive seismic strengthening programs. Key mechanisms:

- **Direct Subsidies:** National and local governments provide grants covering 30–75% of retrofit costs depending on building type and municipality (e.g., Tokyo's Shinjuku Ward: up to 75% subsidy, max ¥300 million for achieving structural rating 1.0+).
- **Tax Reductions:** Income tax deductions for retrofit expenses (percentage of standard construction cost); 50% property tax reduction for 1–3 years post-completion.
- **Low-Interest Loans:** Housing Finance Agency loans at below-market rates for seismic work.
- **Technical Assistance:** Free or subsidized seismic assessments and engineering consultations.
- **Mandatory Disclosure:** Pre-1981 buildings must disclose seismic status, creating market pressure for upgrades.

Results: substantial increase in retrofit rates, though national target (90% seismic safety by 2020) not fully achieved due to cost barriers and aging building ownership.

Lessons for Tiberias: Layering subsidies (direct grants + tax breaks + soft financing) addresses different owner constraints; technical assistance is critical for providing clarity and confidence, enabling owners to make informed decisions and secure technical certainty prior to committing significant financial resources. Targeting commercial and mixed-use buildings (rather than only residential) aligns with BID geography and captures economic multiplier benefits.

California PACE (Property Assessed Clean Energy) Financing

California's C-PACE program finances energy efficiency, water conservation, renewable energy, and **seismic retrofitting** through property tax assessments. Mechanism:

- Private lenders provide 100% upfront capital for eligible improvements (hard and soft costs).
- Repayment via special assessment on property tax bill (typically 15–25-year term).
- Assessment stays with property if sold (not personal debt).
- Senior lien status (repaid before mortgage in foreclosure).
- San Francisco pioneered seismic-specific PACE for mandatory soft-story retrofits; California extended statewide in 2017.

Benefits: no upfront owner equity required; long repayment term lowers annual cost; assessment recapture via property tax system ensures collection.

Lessons for Tiberias: Property tax increment financing can work within the Israeli municipal tax (Arnona) framework. It could complement government grants and efforts. It could also structure BID-backed bonds repaid via targeted rate on retrofitted properties, leveraging future tax increment like US Tax Increment Financing (TIF) models.

New Zealand: Christchurch Earthquake Recovery Fund

Post-2011 earthquakes, New Zealand created a NZ\$5.5 billion Canterbury Earthquake Recovery Fund (plus NZ\$3 billion from Earthquake Commission insurance). Structure:

- Government direct expenditure on infrastructure (water, roads, demolition, land remediation).
- Residential property damage primarily via EQC insurance claims.
- Commercial/mixed-use reconstruction via private capital with government infrastructure coordination.
- Special recovery authority (CERA) to expedite planning and permitting.

The model demonstrates the scale of public investment required for post-disaster reconstruction but also highlights the importance of **proactive** retrofitting to avoid catastrophic costs.

Lessons for Tiberias: Investing in seismic retrofitting now (relatively modest subsidy per building) avoids orders-of-magnitude larger post-earthquake reconstruction costs. Establishing governance structures and finance mechanisms pre-disaster creates institutional readiness.

D. Integrated Seismic-Energy Retrofitting Approach

The e-SAFE Framework

The European Commission's e-SAFE program (Horizon 2020) and the BPIE 2025 policy brief on financing for energy and seismic building retrofits provide a critical insight: integrating seismic reinforcement with energy efficiency upgrades delivers superior economic returns compared to addressing either challenge in isolation. In earthquake-prone regions, buildings

face a dual challenge of improving energy efficiency while ensuring structural safety. The e-SAFE research demonstrates that integrated renovation reduces total lifecycle costs and generates higher property value increases.

Key Principles for Tiberias

- **Combined interventions:** Every seismic retrofit project should assess and incorporate energy efficiency improvements (insulation, HVAC upgrades, solar panels) to maximize the value captured per construction mobilization. Given the city's extreme thermal conditions from May–September, there is significant untapped potential in building insulation to drastically reduce cooling costs and enhance long-term operational affordability for residents.
- **Dual labeling:** Adopt both seismic risk labels and energy performance certificates for each building, following the BPIE recommendation. The dual label serves as a signal to property owners and investors of the strategic value of integrated renovation.
- **ESCO participation:** Energy Service Companies can co-invest in the energy component of integrated retrofits, with payback from energy savings, reducing the net cost to property owners for the combined seismic-energy upgrade.
- **On-bill financing:** Following the e-SAFE model, link repayment of energy efficiency investments to utility or tax bills, allowing property owners to spread costs over time with payments offset by energy savings.
- **Green bond eligibility:** Integrated seismic-energy projects qualify under green bond frameworks, opening access to lower-cost capital and broader investor pools.
- **Strategic Sequencing & Pipeline Alignment:** Conduct a comprehensive audit to categorize buildings based on their **Pinui Binui potential**. For structures where full redevelopment is not anticipated within the next 10–15 years, the proposed “light” retrofit and energy-efficiency model provides a vital mid-term solution. This prevents “investment leakage” into buildings soon to be demolished while ensuring that long-term “wait-listed” residents are not left in unsafe, energy-inefficient conditions.

Financial Incentive Integration

Recent research published in *Innovative Infrastructure Solutions* (Springer, 2025) highlights the role of financial incentives in motivating integrated seismic and energy retrofitting. The study reviews how combining financial mechanisms — including tax incentives, subsidized loans, grants, and on-bill repayment — creates a more attractive investment proposition for property owners than addressing seismic or energy challenges independently. This evidence supports the Tiberias work plan's approach of layering multiple financial incentives to overcome the economic viability gap that has stalled retrofitting in peripheral cities.

Cost-Benefit Considerations

EU research indicates that post-earthquake repair costs for residential buildings average approximately €4.6 billion per year across the EU, a cost that is substantially reducible

through proactive retrofitting. The e-SAFE program has demonstrated that combined renovations can reduce total intervention costs by leveraging shared scaffolding, construction mobilization, and design work. In the Israeli context, the Ministry of Construction's pilot project in Eilat using advanced energy-dissipation technology achieved 50% cost savings compared to conventional retrofitting methods.

For the Tiberias central area, the integrated approach is expected to generate property value increases of 10–20% post-retrofit (based on comparable data from the Eilat pilot and Toronto Tower Renewal program), enhanced rental yields from improved energy performance and safety certification, reduced insurance premiums for both structural and energy components, and tourism competitiveness benefits from upgraded, certified facilities.

V. Proposed Implementation Roadmap

Phase 1: Feasibility and Stakeholder Alignment (Months 1–6)

- Detailed boundary mapping: define 2–3 candidate BID geographies (historic waterfront core, KANRA Moshava corridor, Nahal Rakat zone).
- Stakeholder consultations: Hotel Association, commercial property owners, Tiberias Municipality, Regional Planning Council, and Tourism, Interior, Defense, Finance, Economy and Industry, Negev and Galilee, and Housing Ministries.
- Economic modeling: refine revenue projections, property owner impact analysis, tourism growth scenarios.
- Legal framework design: draft municipal bylaw, BID association articles, tourism levy ordinance, seismic retrofit eligibility criteria.
- National funding commitments: secure Ministries of Tourism, Housing, Finance, Interior, Defense, Economy and Industry, Negev and Galilee. Focus efforts for planning and implementation with the Ministry of Interior.
- **Milestone:** Signed Memorandum of Understanding among municipality, national ministries, and property owner steering committee.

Phase 2: Legal Establishment and Governance Formation (Months 7–12)

- Municipal Council adoption of BID bylaw and tourism levy ordinance.
- Formation of Tiberias Tourism and Development Company, a non-profit or quasi-government operating entity.
- Election of Resilience District BID Management Board (3 residential property owners, 3 business owners, 3 tourism representatives, 3 governmental representatives (one for each funding ministry), 3 local government representatives).
- Hire executive director and core staff (operations, finance, urban planning, marketing).

- Finalize partnership agreements with national agencies, tourism associations, engineering institutes.
- Property assessment roll development and levy notice distribution.

Milestone: BID legal entity operational with first annual budget approved.

Phase 3: Quick Wins and Demonstration Projects (Year 1)

- Launch 5–8 pilot seismic retrofit projects (mix of commercial, residential-commercial, hospitality) with full subsidy + technical assistance packages to demonstrate the model.
- Public realm improvements: waterfront promenade lighting upgrades, wayfinding signage system, landscaping on 2–3 key commercial streets.
- Marketing and branding: develop Tiberias destination brand identity, launch digital tourism portal, coordinate 3–4 signature events (heritage festival, culinary series, wellness retreats).
- Stakeholder communication: quarterly reports to property owners and public on revenue, expenditures, project progress.

Milestone: Visible improvements generating positive feedback; 10+ additional properties applying for seismic retrofit support.

Phase 4: Scale-Up and Diversification (Years 2–3)

- Expand seismic retrofit pipeline to 50–60 buildings/year with streamlined application and permitting.
- Major public realm projects: redevelopment of 2–3 key public squares, streetscape reconstruction on primary commercial corridors, enhanced beach and lakefront access.
- Tourism infrastructure: visitor information center, wayfinding kiosks, public WiFi network, heritage trail signage and interpretation.
- Business support programs: façade improvement grants, small business technical assistance, retail recruitment and mix optimization.
- Marketing intensification: international campaigns (Christian pilgrimage, wellness tourism, cultural heritage), convention attraction, partnership with national tourism board, and year-round events programming.

Milestone: Measurable tourism growth (10–15% occupancy increase), rising property values, national recognition as model district.

Phase 5: Institutionalization and Replication (Years 4–5)

- Complete initial 5-year program: 150+ buildings retrofitted, NIS 100+ million invested in public realm, sustained tourism growth.

- Renewal ballot: BID assessment payers vote on 5-year extension (requires 60% by value).
- Performance evaluation: independent assessment of economic, social, seismic safety, and fiscal outcomes.
- Knowledge transfer: document model for replication in other Israeli cities (Safed, Acre, Nazareth, Eilat).
- National policy advocacy: work with Knesset and ministries to establish statutory BID framework for nationwide adoption.

Milestone: BID renewed for second term; model BID legislation introduced nationally.

VI. Risk Mitigation and Governance Safeguards

Table 8: Key Risks and Mitigation Strategies

Risk	Mitigation	Responsibility
Property owner opposition to assessments	Early consultation, transparent benefits demonstration, phased implementation with quick wins, governance representation	Steering Committee, Municipality
Tourism levy reducing competitiveness vs. neighboring cities	Competitive rate analysis (1–2% standard internationally), marketing investment offsets levy through higher occupancy, sunset clause if ineffective	BID Board, Hotel Association
Low uptake of seismic retrofit subsidies	Generous subsidy levels (30–66%), technical assistance, expedited permitting, property tax abatement, public education on earthquake risk	BID Operating Entity, Ministry of Interior, Housing (Governmental Authority for Urban Renewal)
Revenue shortfall from lower-than-projected tourism	Conservative revenue projections, contingency reserves (5–10%), ability to adjust expenditures, national grant backstop	BID Board, Finance Committee
Poor coordination with municipal services	Clear service demarcation (BID supplements, not replaces), joint planning committees, liaison positions, performance agreements	Municipality, BID Operating Entity
Elite capture or inequitable benefits distribution	Diverse board representation (small/large businesses, residents), public reporting requirements, equity-focused expenditure targets (% for underserved neighborhoods)	BID Board, Municipal Oversight
Displacement of low-income residents from rising property values	Affordable housing set-asides in new development, rent stabilization programs, prioritize mixed-income projects, community benefit agreements	Municipality, BID Board

Governance and Accountability Mechanisms

- **Transparent Budgeting:** Annual operating plan and budget approved by BID Board and submitted to Municipal Council; quarterly financial reports published online.
- **Independent Audit:** Annual external audit by certified public accountant; results published.
- **Performance Metrics:** Track and report KPIs: tourism nights, occupancy rates, property values, buildings retrofitted, jobs created, visitor satisfaction scores.
- **Stakeholder Forums:** Biannual public meetings for property owners and residents to review progress and provide input.
- **Sunset and Renewal:** Mandatory 5-year renewal vote by property owners (60% threshold) ensures accountability and course correction.
- **Conflict of Interest Policies:** Board members must disclose financial interests; recusal from decisions where conflict exists.
- **Municipal Oversight:** City retains authority to approve major expenditures, revoke BID charter for malfeasance, and adjust boundaries or assessments.

VII. Positioning for Investors

Investment Thesis

The Tiberias Tourism and Resilience BID offers domestic and foreign investors a **structured, government-backed framework for hospitality and mixed-use real estate investment** in a strategic location with significant upside potential. Key value propositions:

Reduced Development Risk

- Predictable public investment in infrastructure and destination marketing (NIS 100+ million committed over 5 years).
- Clear regulatory framework for seismic retrofitting with streamlined permitting.
- BID governance reduces uncertainty around public realm maintenance and area management.

Enhanced Returns

- Tourism levy funds destination marketing, driving higher occupancy and ADR across all properties (not just new developments).
- Public realm improvements increase property values and rental premiums.
- Seismic retrofit subsidies (50% grants) lower capital costs for building modernization and expansion.

National Tax Incentives

- Tiberias designated as “Type A” National Priority Area: reduced corporate tax rates for eligible enterprises (9% vs. 23% standard).
- Investment grants and accelerated depreciation for tourism and industrial enterprises.
- VAT refunds for capital investments in eligible sectors.

Strategic Location

- Only city on Sea of Galilee with significant urban services and infrastructure.
- Christian pilgrimage route (Nazareth–Galilee–Jerusalem), tapping international religious tourism market.
- 2-hour drive from Tel Aviv and Haifa; emerging rail connectivity.
- Northern tourism corridor (Galilee, Golan Heights, Jordan border crossings).

Diversified Upside

- Heritage/archaeological tourism (Roman, Byzantine, Jewish, Christian and Muslim heritage).
- Wellness and medical tourism (hot springs, therapeutic lake).
- Conference and business tourism (convention facilities).
- Domestic leisure (weekend/holiday destination for Israeli families).

Table 9: Priority Target Investment Opportunities

Asset Class	Opportunity Scale	BID Support
4–5 Star Hotel Development	200–300 room properties, estimated USD 80–120M investment	Tourism levy marketing, public realm connectivity, seismic retrofit co-funding if adaptive reuse
Mixed-Use Residential-Commercial	50–100-unit buildings with ground-floor retail, USD 25–50M	Seismic retrofit subsidies (50–66%), FAR bonuses (15–25%), expedited permitting, streetscape upgrades
Heritage Adaptive Reuse	Convert historic structures to boutique hotels, cultural venues, USD 10–30M	Seismic + conservation grants (combined 50–76%), heritage tourism marketing, wayfinding integration, subsidized BID/lakefront shuttle
Waterfront Commercial	Restaurants, retail, entertainment along promenade, USD 5–15M per project	Lakefront concession coordination, public Wi-Fi, events programming, parking management
Residential Rental (Build-to-Rent)	100–200-unit of housing, USD 40–70M	Seismic standards compliance support, public transport connectivity, quality-of-life amenities

Due Diligence Support and Investor Services

The BID operating entity will provide foreign investors with:

- Regulatory navigation assistance (permits, national incentives, tax registration).
- Market intelligence and feasibility analysis.
- Partnership facilitation (local contractors, financial institutions, government agencies).
- Coordination with national tourism marketing (joint campaigns, convention bookings).
- Ongoing area management ensuring public realm quality and security.

Table 10: Key Performance Indicators

Metric Category	Indicator	Year 5
Structural Safety	Number of buildings retrofitted in district and surrounding neighborhoods	160
Financial	Annual revenue collected (BID + TTD)	₪7,952,000
Financial	Capital invested in seismic retrofitting	₪3,168,000
Economic	Property value change (post-retrofit)	15%
Tourism	Increase in hotel night growth in district (internationals)	22%

VIII. Next Steps and Engagement Process

Immediate Actions (Next 60 Days)

- **Establish Steering Committee:** Convene 12–15 member working group (Tiberias Mayor's office; Tourism, Interior, and Housing Ministries; Israel Hotel Association; 4–5 major property owners; 2 foreign investor representatives; an academic/technical advisor; and any other ministries that partake in the initiative, such as the Defense, Housing, Energy, Environment, and Negev and Galilee Ministries).
- **Refine Geographic Boundaries:** Commission GIS mapping and property inventory for 2–3 candidate BID zones.
- **Economic Modeling:** Engage financial advisory firm to validate revenue projections, subsidy levels, leverage ratios, IRR scenarios.
- **Legal Framework Design:** Retain Israeli municipal law specialist to draft BID bylaw, tourism levy ordinance, operating entity charter.
- **International Roadshow:** Present concept to foreign investor groups (hospitality REITs, development funds) in New York, London, Singapore (perhaps through the Foreign Investment and Industrial Cooperation Authority).

Medium-Term Milestones (6–12 Months)

- Complete feasibility study and publish public consultation draft.
- Secure in-principle commitments from Tourism and Housing Ministries and other ministries which may take part: Interior, Defense, Finance, Economy and Industry, Energy, Environmental Protection, Negev and Galilee, and Interior Ministries for matching grants.
- Conduct property owner ballot: 60% residents + support (for business and tourism by Sqm/frontage m) required to proceed.
- Tiberias Municipal Council adoption of BID establishment ordinance.
- Announce anchor foreign investment commitment (target: USD 50–100M hospitality or mixed-use project).

Long-Term Vision (5+ Years)

The Tiberias Resilience District serves as a **national model for integrated urban-tourism development** in Israel's peripheral cities. Success in Tiberias enables replication in:

- Safed (Kabbalah tourism, artist quarter).
- Acre (Crusader heritage, Mediterranean waterfront).
- Nazareth (Christian pilgrimage, Arab Israeli heritage).
- Eilat (beach resort, regional gateway).

National BID legislation could standardize the framework, creating predictable investment environments across multiple cities and catalyzing private-sector-led regeneration aligned with national development priorities. The Municipality of Tel Aviv–Jaffa created Israel's first Business Improvement District administration in 2010 and has formed 9 BIDs in the city for planning and enabling economic development. BIDs were first established in the U.S. and Canada in the 1960s and exist across the globe in South Africa, Germany, Japan, Denmark, New Zealand, Australia, and elsewhere.

IX. Conclusion

The Tiberias Resilience District represents a **transformative opportunity to align urban revitalization, tourism competitiveness, and urban resilience (focusing on seismic safety) through innovative financing and governance**. By integrating three proven policy tools — Business Improvement Districts, Tourism Tax Districts, and seismic retrofitting incentives — the model creates a self-reinforcing cycle:

- **Tourism levy and BID assessments** generate stable revenue for public realm improvements and destination marketing.
- **Enhanced destination quality** drives higher visitation, occupancy, and property values.

- **Seismic retrofit incentives** catalyze building modernization, expanding hotel capacity, mixed-use development, and property values.
- **In turn, rising property values and economic activity** increase the future tax base, enabling sustained reinvestment.

For national government, the BID offers a high-leverage mechanism to achieve synergetic peripheral development, tourism growth, and earthquake risk reduction with modest direct expenditure (matching grants amplified by private capital).

For municipal government, it provides resources and governance capacity to upgrade infrastructure and services beyond baseline budgets, while building the tax base for long-term fiscal sustainability.

For property owners and businesses, the BID delivers tangible benefits (safer and higher-value apartments and buildings, better public realm, more customers) in exchange for modest assessments, governed by their elected representatives.

For foreign investors, the framework reduces risk, enhances returns, and provides clear alignment with government priorities and national incentive programs.

For residents and visitors, the outcome is a safer, more attractive, more economically vibrant Tiberias that honors its heritage while securing its future.

With approximately **NIS 350 million (USD 95 million) in total investment over 5 years** — leveraging modest tourism and property levies with national grants and private co-investment — Tiberias can establish itself as a leading destination while pioneering a scalable model for Israel's urban future.

Note: *This project brief work plan is a draft for discussion purposes. Financial projections are estimates based on available data and international benchmarks, and will require refinement through detailed feasibility analysis as part of Phase 1 implementation.*

Appendices

Appendix 1: Tourism Improvement District Concept Plan

Tiberias is a destination for international tourists — particularly Christian tourists focusing on heritage, cultural, and religious assets in the region. Over the last two decades, according to the Israel Central Bureau of Statistics, the rate rose to a peak in 2018/2019 with over 800 thousand room nights in Tiberias's hotels, Airbnb, and other guesthouses. With the outbreak of COVID and the recurrence of wars in Gaza, Lebanon in 2024, and the outbreak of war with Iran and Hezbollah in 2026, the room nights dropped to lows of just over 100 thousand. Based on previous patterns, we estimate that room nights will rise to over 600 thousand by 2030. Based on this expectation, we are conservatively using an average of 370 thousand as the average room nights between 2026 and 2030.

Using an estimate of NIS 15–20 per room night (based on international averages for hotel taxes in European destinations), the expected revenues will be between NIS 4.1 million and NIS 7 million per year.

Allocating approximately 20% of the annual revenues to tourism improvement activities — such as promotion/marketing, signage, streetscapes, guides, and other improvements — the average net new revenues are estimated at between NIS 830,000 and NIS 1.4 million annually.

Using the amount available to support financing (and applying a 2× debt coverage (Net Income/Debt Payment) for a 15-year capital market loan at 7% interest) and a 5% annual management fee to the economic authority for the operations of the Tourism Improvement District, the new capital available to Tiberias to support the tourism district, and a share of the municipality’s investment in earthquake preparations, will be an estimated NIS 19 million.

Tourism Improvement District

International Tourists (overnight)	136,667	projection based on average 2026-2030	
Average Nights	2.7	per CBS	
Average Hotel Nights	369,000		
		Low	High
Hotel Tax per room night (NIS)		15	20
Collection rate		75%	95%
Room night revenues (NIS)		4,151,250	7,011,000
Share for Tourism Development		830,250	1,402,200
Available revenue for financing	4,464,900	projection based on average 2026-2030	
Term	15		
Interest Rate	7%		
DCR	2		
Maximum debt Issued	20,332,963		
Management	5%		
Management fee	1,016,648		
Available capital from financing	19,316,314		

Figure A-1: Tourism Improvement District financial model

Appendix 2: Business Improvement District Concept Plan

The financial model for a business improvement district is based on a business district in the downtown area along the waterfront — extending about 1 kilometer. The basis for the district financing is a fee per lineal meter for the frontage along the business district — about 8 meters per business for approximately 160 businesses. The fee per lineal meter will range between NIS 475 and NIS 900, depending on the scenario.

The financing assumptions are based on a 20-year bond with a 5.5% coupon rate. The bond is assumed to carry a 10–30% guarantee, covering a first loss of the bond issue, depending on the scenario.

The capital budget assumes that about NIS 10 million will be spent on the district and the remaining NIS 3 million will be allocated to earthquake preparations. The debt available from the net cash available is approximately NIS 13 million, assuming a 1.5× debt coverage (net operating income/debt service).

In addition to the improvements within the business district and the allocated capital to earthquake preparation, it is expected that the improvements will increase the value of the business property by 15%.

Business Improvement District			
	Scenario A	Scenario B	Scenario C
Project Assumptions			
District size	25 dunam	25 dunam	25 dunam
Businesses	160	160	160
Average frontage	8 meters	8 meters	8 meters
Total frontage	1280 meters	1280 meters	1280 meters
Amona rate	45 per meter	45 per meter	45 per meter
Average size of business	130 meters	130 meters	130 meters
Fee per frontage	550 NIS per LM	475 NIS per LM	900 NIS per LM
Operating costs	10%	10%	10%
Investment in district improvements	7500 per meter	7500 per meter	7500 per meter
Investments in preparation	750 per meter	750 per meter	750 per meter
Earthquake Preparation	30%	30%	30%
Increase in value of property	15%	15%	15%
Average fair market value	4500 per SM	4500 per SM	4500 per SM
Financing Assumptions			
Debt Term	20 years	20 years	20 years
Bond Interest Rate	5.50% per year	5.50% per year	5.50% per year
Upfront Fees	2% of TPC	2% of TPC	2% of TPC
Ongoing fees	0.25% of debt	0.25% of debt	0.25% of debt
Government guarantee	20% of TPC	30% of TPC	10% of TPC
Guarantee fee	0.75% of guarantee	0.75% of guarantee	0.75% of guarantee
Escalation	2% per year	2% per year	2% per year
Revenue collection losses	5% of gross	5% of gross	5% of gross

Figure A-2: BID financing scenarios — project & financing assumptions

Projection				
Capital budget	Scenario A	Scenario B	Scenario C	
Sources				
Debt	13,431,462	13,554,347	13,513,621	
Other	296,538	173,653	214,379	
Total Sources	13,728,000	13,728,000	13,728,000	
Uses				
BID Activities	10,560,000	10,560,000	10,560,000	
Earthquake Preparation	3,168,000	3,168,000	3,168,000	
Total Uses	13,728,000	13,728,000	13,728,000	
Operating Budget				
Gross Revenues	704,000	608,000	1,152,000	
Losses	35,200	30,400	57,600	
Net Revenues	668,800	577,600	1,094,400	
Expenses				
Management	70,400	60,800	115,200	
Guarantee amount	2,745,600	4,118,400	1,372,800	
Guarantee Fee	20,592	30,888	10,296	
Total expenses	90,992	91,688	125,496	
Net District Operating Income	577,808	485,912	968,904	
Debt Calculation				
Available for Debt Payment	577,808	485,912	968,904	
Debt Coverage	1.5	1.25	2.5	
Net available	385,205	388,730	387,562	
Max Debt Possible	13,431,462	13,554,347	13,513,621	
Amona per Business	5,850	5,850	5,850	
Average Fair Market Value per business	585,000	585,000	585,000	
Increase in value from BID	672,750	672,750	672,750	
Percentage increase for Business Prope	15%	15%	15%	

Figure A-3: BID capital budget and operating projections (Scenarios A, B, C)

Profile of the Primary Business Improvement District in Tiberias

The main commercial district in downtown Tiberias runs along the waterfront and adjacent streets, centered on:

- HaGalil Street — main historic commercial street
- Tiberias Promenade / Boardwalk (Tayelet) along the Sea of Galilee
- Streets around the Old City Gate and marina

Approximate Length: The primary commercial stretch is approximately 900–1,100 meters (≈1 km). This includes:

Commercial Stretch Segments

Segment	Approx. Length
Old City / Church of St. Peter area → Tiberias Marina	~350 m

Segment	Approx. Length
Marina → Central Promenade hotels	~300 m
Promenade → HaGalil Street retail strip	~300–400 m
Total commercial waterfront + adjacent retail spine	≈1 km

The core tourism-oriented commercial zone is roughly 1.0 km long × 80–120 m deep ≈ 80,000–120,000 m² (8–12 hectares).

Key Economic Functions

The district serves primarily:

- Pilgrimage tourism retail
- Restaurants and cafés
- Hotels and guesthouses
- Boat tour operators
- Souvenir shops
- Religious tourism services

Estimated Number of Businesses in Downtown Tiberias Commercial District

Core tourism zone (Promenade + HaGalil Street + marina area): ≈ 120–160 businesses.

Typical Breakdown

Business type	Estimated number
Restaurants / cafés	35–50
Souvenir & tourist shops	40–60
Hotels / guesthouses in district	10–15
Convenience stores / mini-markets	10–15
Boat tour operators / tourist services	5–10
Other retail / services	15–20
Total	~120–160

Spatial Concentration

Most of these businesses are located within:

- Tiberias Promenade (Tayelet) along the Sea of Galilee
- HaGalil Street retail corridor
- Gdud Barak Street and the marina area

This is roughly 1 km of continuous tourism retail frontage, making it a small but dense tourism commercial district compared with major Israeli retail centers.

Comparison with Other Israeli Retail Areas

Location	Businesses
Tiberias's waterfront district	~120–160
Jerusalem Mahane Yehuda Market	~250+
Mamilla Mall	~140 stores
Dizengoff Center (Tel Aviv)	~420 stores

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