

Housing Affordability and Inequality: A Normative Approach



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We propose a new measure of housing affordability that adjusts the traditional approach for normative variations in housing consumption. The new measure is calculated using extensive micro-data from Israel for the years 1998-2015. The findings according to this measure show a sharp decline in housing affordability, adjusted to the quality and normative consumption of housing in Israel. Furthermore, the consumption-adjusted affordability measure shows more pronounced affordability burdens among underprivileged groups. The new measure also gives rise to elevated Gini measure of housing affordability inequality. Finally, we present new findings on the relationship between housing affordability in Israel and demographic characteristics of households, such as education, nationality, gender and country/continent of origin. The results of this study provide new insights, which may assist policymakers in effectively promoting housing affordability in Israel.

Business Judgment Rule as a Shelter from Directors' Liability



Prof. Joseph Gross

Lawsuits against corporate directors and officers have become a common practice in Israel over the recent years. As many candidates for office on the board of directors are concerned about the many responsibilities and duties they face, it is important to note a new trend in case law with respect to director liability, which might protect directors from liability. As recently determined by the Israeli Supreme Court in the matter of Bezeq following decisions of the Supreme Court of Delaware, board members are protected in case of negligence so long as they performed their duties (1) in good faith; (2) on an informed basis; (3) with a lack of any conflict of interests; (4) with proper preparation. So long as the above conditions are satisfied, the court will not review the board decisions and will not cast any liability for their decisions even if they were wrong. In a claim of negligence against a director, the court will examine whether the conditions above have been satisfied, the process that preceded the decision and the degree to which the director participated in the board discussions and whether he acted as a puppet. Self-interested transactions to which the controlling shareholder is a party, are subject to a stricter judicial scrutiny with the burden of proof on the director to establish good faith and fairness.