

CHANGING OF MASS HOUSING PRODUCTION BY THE GOVERNMENT IN TURKEY

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Abstract:

Mass-housing production has made a significant impact on the major urban areas in Developing Countries. In the first decade of the millennium, it has usually been the local authorities who have control over the housing market. The role of the official bodies, central or local, in the shrinking housing market of the post-eighties, in the world in general, needs to be discussed. The paper aims to analyze the existing “housing market” in the large urban areas from the perspective of Mass-Housing Authority (MHA). Cases from Turkey will be provided to exemplify the changing role of MHA with a critical approach. More specifically, such a role can be defined as (1) direct intervention into the housing market and (2) indirect intervention into the housing market. The selection among these roles will change the cities both physically and spatially. Physical change involves a sudden increase in the agglomerations of the settlements. The activities of this institution influence the profile of the new housing populations to be added to the city. The public bodies, mainly MHA, are usually supported by such mechanisms as banks, cooperatives and contractors. Housing provision through a mass-housing authority has both advantages and disadvantages. The goal is to transform those advantages into opportunities, and prevent the disadvantages from becoming threats. Housing typology, demand-need for housing, and its level of match with the potential dwellers, along with the quality factor, will be thematically examined in relation to the implementation of MHA in Istanbul. This is expected to serve the readers to understand better the dynamics of the contemporary housing market and how it has changed within an historical perspective regarding the parameters of (a) target groups and other actors, (b) credit strategies, (c) power relations, (d) size and scale of the units and housing settlements. The extreme growth of the cities due to intense and increased scale of building activities leaves no unbuilt area for public preservation in the future. What happens to the development plans of the city? Planned growth of its population? In its peripheries? At its center? What happens to the values of urban land? These are the questions one must ask as the implementation of this institution’s policies shift. The paper will look into these questions as part of the analytical and critical approach, with the ultimate hope that a mass housing authority shall have certain roles and qualities for bettering the lives of all citizens.

Keywords: mass housing, mass housing authority, low-income groups

INTRODUCTION

In 1984, by means of Mass Housing Law No. 2985, a fund for mass housing was formed by combining several sources of income. In the same year, a new and legal entity, Mass Housing Authority (MHA) was also established to meet the housing needs of low income groups:

- To provide housing for low and middle income groups without homes,
- To develop alternatives for opening new residential areas with infrastructure following the cleaning up of squatter settlements,
- To provide financial support for housing construction,

- To pool public funds for urbanization and house production,
- To obtain new sources and mobilize them for housing purposes.

The Mass Housing Fund, with its provision of credit, increased the productivity of housing cooperatives in 1987, and the number of housing cooperatives increased to the maximum level.

In 1996, the first Real Estate Investment Trust (*Gayri Menkul Yatırım Ortaklığı*) was established which facilitated the investment of finance capital in large-scale real estate projects. MHA, tied to the Prime Ministry, emerged as another significant actor central to the urban restructuring process in Istanbul. These powers include forming partnerships with private construction companies and involvement in the construction and selling of housing for profit; being able to take over state urban land at no cost with the approval of the prime ministry and the president's offices; expropriation of urban land to construct housing projects; and developing and implementing squatter (*gecekondu*) transformation projects (Bartu, Candan, Kolluoğlu, 2008). At the end of 2001, the Mass Housing Fund was deactivated due to its ineffectiveness in providing credits to mass-housing construction credits from 70-80% of construction costs to 5%. By 2002, the real estate and monetary funds of the Real Estate Bank had been transferred to MHA, increasing its financial power even more (Özüekren, Yirmibeşoğlu, 2006). MHA's share in housing construction jumped from 0.6% between 1984 and 2002, to 24.7% in 2004, and decreased to 12.1% in 2005. MHA has constructed 50,183 housing units in Istanbul (<http://www.toki.gov.tr>).

MHA's housing production models are as follows:

- Social housing fund raising projects, land provision and production in cities,
- Disaster housing,
- Urban transformation projects (squatter transformation projects),
- Housing production on MHA's lands for low and middle income groups,
- Agriculture villages.

The housing situation in the new millennium in relation to mass housing policies is changing. Housing studies have documented the increasing contribution of MHA in the production of formal housing in the urban housing market and its speed in meeting the housing gap in the urban areas. The paper aims to analyze the existing "housing market" in the large urban areas from the perspective of MHA. Cases from Turkey will be provided to demonstrate with a critical approach the changing role of MHA. More specifically, such a role can be defined as (1) direct intervention into the housing market and (2) indirect intervention into the housing market. It realizes the implementation of housing principles through housing policies. It acts as a fund-provider, land provider and enabler at the local level.

Recently, to alleviate its financial bottleneck, MHA has started sharing revenues with the private sector, which has certain technical and financial resources, in order to solve the urbanization problems including housing. The Authority has also cooperated with central and local government agencies to reach this end. The labor capacity has been increased and while reducing the bureaucracy, MHA has undertaken certain risks, such as pressure from the private sector to increase residential density.

DYNAMICS of CHANGING CONTEMPORARY HOUSING MARKET through MASS-HOUSING AUTHORITY

In this section, we consider the dynamics of the contemporary housing market and how it has changed with an historical perspective, regarding the parameters of **(a)** target groups and other actors, **(b)** credit strategies, **(c)** power relations, **(d)** size and scale of the units and housing settlements.

Target Groups

As users, different income groups in the city are considered: currently, housing needs of the low-middle income are met by subvention through construction of units for the high, middle-high income groups. MHA is meeting the housing needs of mainly the middle-income groups. The urban poor, who constitute the bottom end of the low-income groups, and who usually have no ready assets for immediate purchase, are to be provided with housing in the long run. They become a kind of tenant in the meanwhile and pay rents not to a landlord but to the Authority by giving no down payment and paying a monthly amount for up to 20 years. At the end they own the unit. Otherwise they would have to rent a less quality home and pay some money monthly for many years before owning, if at all possible. Normally, all the rent they have paid so far would have evaporated. Thus the opportunities for the lowest income exist in MHA projects because the installments are low (no down payment, and repayment of credit is US\$ 100 per month), although the houses are quite small (55-65m²). The low-income groups, another target profile, are expected to make a small down payment (US\$ 2670 and repayment US\$ 170 per month,) but they have relatively larger units at the end (65-87m²). Similar to the lowest group, they have long term repayments (about 15 years) (Bayraktar, 2008).

Credit Strategies:

Credit institutions are thought to be an inseparable part of the public and to some extent private housing sector. The source generation for large scale mass-housing projects had been through, for example, consumption taxes, oil products taxes, exit fees for departing tourists and credit returns in the past. Recently MHA has initiated alternative ways, such as using a revenue sharing model in which the private sector, i.e., developers and contractors, is involved. The build-and-sell type which the institution practices, in addition to revenue sharing, seems to be working well (www.toki.gov.tr).

Power Relations:

MHA is a non-profit government administration. The public bodies, mainly MHA, are usually supported by such mechanisms as banks, cooperatives and contractors. The housing policies are closely related to the work of such institution(s) because there should be harmony between the two, rather than conflict. The “public” foot of the housing sector is largely administered by these institutions, and therefore, it must not be overcome by the “private” and “popular” sectors.

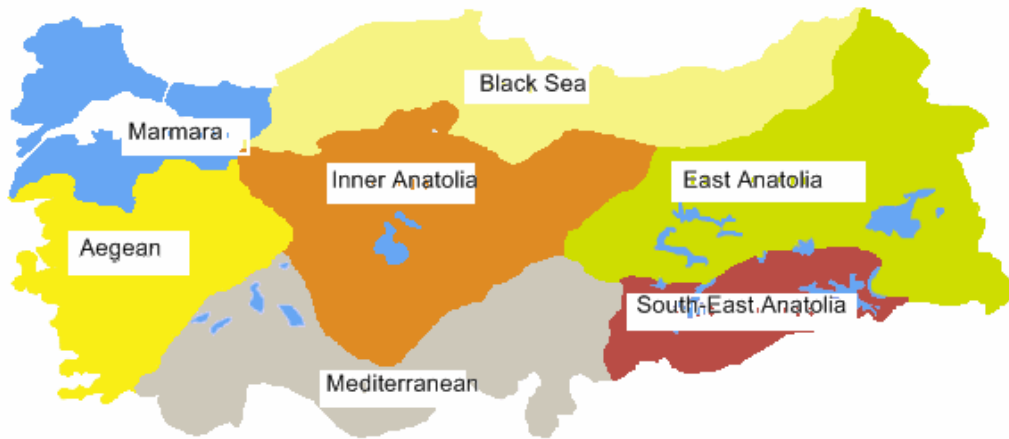


Figure 1, Administrative Regions of Turkey
http://tr.wikipedia.org/wiki/Dosya:Türkiye_Bölgeler.gif

Size and Scale of the Units:

The scale of the projects, although they vary, is usually very large. The Law requires at least 400 housing units to be constructed at one place. In Turkey there are 7 administrative regions: Marmara, Aegean, Mediterranean, Inner Anatolia, East Anatolian, South-Eastern Anatolian and the Black Sea. Each of these regions is characterized by different climates and sub-cultures. In the table below are shown the number of mass-housing projects and the number of housing units in one large and one smaller city in each region. The cities where these mass-housing projects are implemented are not restricted to the ones given on the table, but rather to give an idea as to size and scale.

The top of production numbers is Inner Anatolia; MHA has constructed 288 housing projects, but they have 96,354 housing units, some of them finished, some of them still going on (Table 2). The second big numbers are in the Marmara region, MHA has built fewer (222) housing projects, but more (103,546) housing units. In East Anatolia, it has built 27,656 housing units in 288 housing projects; in Aegean it has constructed fewer projects (105), more housing units (31,551). It can be said that MHA has built more high rise housing projects which have more housing units, in the western part of Turkey than in the eastern part.

REGION OF TURKEY	PROJECT NUMBERS	TOTAL HOUSING UNITS
Marmara	222	103546
Aegean	105	31551
Mediterranean	88	23736
Black Sea	147	40695
Inner Anatolia	288	96354
East Anatolia	163	27656
South-Eastern Anatolia	111	29928
TOTAL	1124	353466

TABLE 1: Completed and on-going projects of MHA in Turkey (source: www.toki.gov.tr)

These projects make a significant impact on the expansion of the cities in terms of population and construction density.

IMPACT ON SHRINKING HOUSING MARKETS OF MASS-HOUSING POLICIES

The extreme growth of the cities due to intense and increased scale of building activities has left no unbuilt area for public preservation for the future. The development plans of the city which would guide the planned growth of its population have changed to include peripheral settlements. The new satellite towns and gated settlements built during the last several decades have made that inevitable. On both sides of the Bosphorus towards the north and on both sides of the Marmara Sea, the city of Istanbul has expanded, and got nearer to other cities without leaving any protective green belts. At its center, the urban land which has gone through the gentrification process became very expensive and the user profile changed.

MHA owns almost half of the real estate market. Equal distribution (of housing) for the maximum number of people has been its goal. This is a universal public aim regardless of history and geography. The Pareto optimal, which is also supported by the Constitution, claims that everyone has the right to live in a healthy and balanced environment (Article No. 56). MHA is especially interested in increasing the number of units it has been building.

There have been no specific qualitative goals set by MHA lately. In the earlier MHA term when the institution was establishing itself, after the first implementations such as Halkali, in Istanbul and in other major cities, such as Ankara (Eryaman Project), occupancy evaluations were made by the academicians. The institution had sponsored an AR-GE/Research and Development Project (R&D) nationwide. Various universities from different regions participated in these R&D projects between 1993 and 1996. The authors of this paper were also involved in R&D projects the name of Istanbul Technical University (Dulgeroğlu-Yuksel et al., 1996). The results were to provide feedback on the improvement of the projects to be built from the aspects of physical, socio-cultural and aesthetical qualitative qualities. Probably it was MHA's thought that after many years, it would be possible to increase the number of units in order to decrease the housing gap, but that it was the right time to think about the quality of houses for bettering the life quality of the residents.

Housing typology, demands for housing, its level of match with potential dwellers, and the quality factor will be thematically examined in relation to the implementation of MHA in Istanbul.

Housing and Construction Costs and Sale Prices

Prices of some housing projects supported by MHA are shown in Table 2. Areas of some studio flats are from 64m² to 91m². Their prices range from US\$ 114,600 to US\$ 180,000. Areas of two bedroom flats change from 97 m² to 129 m² and their prices range between US\$ 74,800 and US\$ 266,000. Areas of three bedroom flats change from 123m² to 158m² and their prices range from US\$ 99,330 to US\$ 317,000. The maximum price of units with four bedrooms reaches US\$ 1,000,000 (Table 2).

PROJECTS	Area (m2) (1+1)	Prices (US\$)	Area (m2) (2+1)	Prices (US\$)	Area (m2) (3+1)	Prices (US\$)	Area (m2) (4+1)	Prices (US\$)
MY WORLD	69	180 000	129	254 000	158	317 300	-	-
UPHILL TOWERS	-	-	119	266 600	-	-	310	1 000 000
SPRADON	91	126 000	112	160 500	148	204 000	187	254 000
AVRUPA KONUTLARI	64	114600	114	182 000	138	206 666	165	266 660
SARI EVLER	-	-	97	74 800	123	99 330	-	-

TABLE 2: Prices of some housing supported by MHA in Istanbul

EVALUATION OF MASS-PRODUCED HOUSING PROJECTS

Housing provision through MHA has both advantages and disadvantages. The goal is to transform those advantages into opportunities, and prevent the disadvantages from becoming threats. Some criticize the fact that the housing gap is only being met by MHA as one of the drawbacks.

Most mass-housing projects have the planning principles of providing privacy at home, economical and fast construction of many housing blocks by the tunnel formwork system; yet they also have problems of flexible growth, sound and thermal insulation problems, excessive vertical density of high and wall-like or point blocks, unaesthetic city-silhouette, and too much space consumed on ground parking lots. One of the issues is that MHA thinks that it must generate high density settlements. However, it mistakenly believes that this is possible only through high rise buildings. The other alternative is to use horizontal blocks, which may leave less ground space but which might be fit for the existing cultural form layouts of most cities in the nation (MHA meetings, 2009).

Among the criticized aspects of MHA are:

- The head of MHA is the only authority concerned with selling urban land, making decisions on planning and determining the value of lands. Hence it is a kind of government supported monopoly in the housing sector (Geray, 2009).
- MHA has rights and authority of a financial institution among other finance offices and banks.
- MHA has extended power on city planning and tax exemption.
- The government makes it easier to sell public lands for the use of MHA.

In 2004, all duties and authority of the Urban Land Office were transferred to MHA. Based on this legal arrangement, 64.5 million square meters of land have been passed on to MHA's portfolio (Pulat Gökmen, Özsoy, 2008). Therefore MHA has become privileged among the government institutions that have taken responsibility of Development Plans and construction permits of local authorities in cities. MHA has not been able to give credit to cooperatives since 2003; they prefer individual applications for housing needs (Geray, 2009).

Some criticisms claim that MHA gives valuable urban lands with high unearned income in cities to the construction firms with low prices, and that there is no sufficient control on these land sales (Tuna, 2009). MHA declared that it has built homes for low-income groups. It gives 45-60 square meter flats to these families, but they are generally big families, and the flats do not fit these families. It is asserted that the authority does not consider the saving capacities of poor families (Tuna 2009).

Some criticize that MHA is not very successful in organizing housing demands. In some cities like Ardahan, Bitlis, Erzurum and Şanlıurfa, MHA could not sell 1515 housing units out of 1625 built flats (Tuna, 2009). Turkish Government Control Institution has submitted a report about MHA implementations. In this report, they have highlighted that MHA has built housing all over Turkey, but it does not consider economic conditions, housing needs, possible housing demands of settlement areas; MHA did not make feasibility work in chosen areas (Tuna, 2009).

Consistency between Aims and Actions

It seems that the quantitative objectives of the Authority are mostly met: MHA has constructed 45,293 units and received about half of the 8 billion TL to be collected. This is from the Revenue Share Model. From the sale model, out of almost 300,000 places built, 265,000 have been sold. Of the 165,000 units, the social facilities and environmental design (i.e. landscape architecture) are in the process of completion (Anon, 2008). It has provided completion credit to 56,000 units since 2003. In the same report, it is stated that by the end of 2007, MHA had aimed to start the construction of 250,000 residences and by mid-year, this goal had already been reached. This led the institution to increase its goal to 500,000 in the following term. Over 61,000 residences are being produced for low-income urban groups.

Real Estate Investment Trust has built nineteen housing settlements in Istanbul, five settlements in Izmir. Twenty-eight settlements and the number of housing units constructed are 35,231 all over Turkey. There have been 359,677 housing units built along with their infrastructures, social structures and surrounding arrangements; 573 housing settlements have been finished, 204 housing settlements are still being constructed all over Turkey in 2009 (www.toki.gov.tr).

During the last 6 years, according to Cengizkan (2009), the aims of creating a quality living environment, especially for the low-income, have not been implemented: instead, superficial numeric aims were adopted. The aims were set as:

- Improving the quality of the finished housing with new actors in the building production,
- Increasing the quality of near environment of housing and settlements,
- Supporting the level of justice among different user groups by bringing them together in the same living quarters,
- Homogenizing housing based on the common grounds of affordability,
- Obtaining the sustainability of mass-housing projects through participatory democratic methodology,
- Realizing the results of residential environments to become separable parts of the city due to the housing production system.

The aims have not been met due to the predominance of the low-cost public and public lands in the global market, it has been met through high rents and profit.

Urban Development Plans

It seems that mass-housing projects, on such a large scale, are pushing forward the population growth of the cities. Although some are used as secondary homes, it encourages people's investments in real estate more than providing residences for those who do not have one. These projects are orienting the development plans, indicating the location of residential areas and urban facilities. In the case of Balıkesir, a middle-size city located in the south Marmara and northwestern Aegean regions, a large transformation project has been undertaken by MHA, which will change the future of the city layout and social make-up. Especially, the high density settlements are projected to cause a lot of ownership problems (i.e. change of hands, rent focus formation, etc.), and a non-conforming urban texture (which used to have low-rises). This is claimed to be opposite of the physical urban quality. This is aimed to be a prestigious project with a total area of 70,000m² out of which 12,176m² is spared for residential use. The buildings, especially housing, were claimed to be of higher quality than the usual standardized MHA implementations and even more so than the social housing projects formerly built. However, the resulting housing turned out to be of material quality only. Therefore, they were criticized to be of low-spatial quality, a neglected aspect of "prestigious" housing. Furthermore, the identity of the city as less dense is lost with the high blocks of residences and commercial buildings (Bırol, 2008).

User Satisfaction

As an evaluation criterion, user satisfaction is quite difficult to meet. On one side limited housing typology for the economies of scale, and on the other, multi-culture and heterogeneity of urban populations, the values and needs of which vary greatly, are on the other. The issue is how to meet the sometimes conflicting needs in the same project. One consideration is related to quantity and the other is related to quality.

The dwellers of the mass-housing projects constitute too big a population sample to properly sample in terms of their assessment of their homes. In some articles it is said that "MHA's use of the same tunnel formwork system producing the same house plan types in all cities and in the same fashion indicates that the qualitative and quantitative user needs targeted have not been properly analyzed and that is a problem" (Tomruk, 2009).

The middle-income groups in the city (i.e., in Kayseri) are growing fast and determining the future generation and production of urban lands -- in terms of emptying of city centers. The transformation of an Anatolian city with such a change in the role of the middle-class, together with the mass-housing projects, may lead to concerns about such changes in the environment with the existing historical center (Tozoğlu, Sönmez, 2008).

One of the major criticisms of the mass-housing projects in urban areas is related to those built at the peripheral city for the low-income people; their far distance from their work places and social networks may turn out to be a disappointment in the future and may even be vacated by their dwellers (Kumkale, 2009).

CONCLUSION

The paper inquires into these questions as part of an analytical and critical approach, with the ultimate hope that a mass housing authority shall have certain roles and qualities for bettering the lives of all citizens. The balancing of the public and private sectors in the market has become more reasonable than at the beginning. However, the participation of the popular sector has been weak since the start and is continuing. The worst scenarios, such as vacating the mass-housing projects by their low-income dwellers in Turkey, as had happened in St. Luis in the past, may not happen in the shrinking economies of today, especially since the public lands are too scarce to lend themselves for squatter invasions.

The housing problems of the urban poor and those people who have need of housing must be resolved through an integrated and participatory process. *Integration* is necessary for the implementability of development plans, and participation is necessary for the anticipated dwellers of mass-housing projects to tolerate the undesirable results of the plans. The projects will have to be discussed with the people in a transparent fashion rather than the people being informed after the projects have been prepared. Instead, a participatory decision-making system must be adopted to reach the aims.

Furthermore, the designers should be able to propose lower density design proposals, which would better fit into the urban dynamics of Developing Countries.

Large-scale interventions being made by MHA need to be reconsidered, as they will impact on the physical, social and economical aspects of the urban pattern.

One of basic responsibilities of social government is to provide housing needs for urban poor and low-income groups. But today, high income groups benefit more from housing production by MHA than do to low-income groups. High income groups can buy and own homes without any public support. Therefore social housing applications must not address these groups.

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