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Case study paper relating financialisation of the built environment to changing urban politics, social geographies, material flows and environmental improvement/degradation in Ankara

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Abstract
This paper examines transformation of urban development in its repercussions in urban politics in Ankara since the 1920s with particular emphasis on the post-1980 period. It focuses on management mentality and finance mechanisms of housing policy in the city. This case study paper on Ankara shows that integration of urban land and housing with financial markets has been one of the central tendencies of neoliberal political economy particularly in the 2000s. The paper also notes that the case study epitomizes changing role of the state in creating urban rent and enabling and fortifying the link between the construction and banking sectors.

Keywords: Ankara, housing, city planning, financialization, built environment, TOKİ, Justice and Development Party

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1. Introduction

Ankara was accepted as headquarter of the new Turkish Republic in 1919 and officially became the capital city in 1923 due its strategic position at the geometrical centre of the Asia Minor and relatively homogenous population at the time. From 1923 to 1950, during the period of urbanisation of the nation-state (Şengül, 2009), despite some efforts at urban planning and institutionalisation concerning housing, in the absence of macro-housing policy, the supply of housing remained short of increasing demand.

From the 1950s to 1980, the city lured large amount of migrants from rural areas as a result of changing agricultural structure in the countryside. This cheap and unorganized labour force would be needed for lower-level jobs in the public sector as well as in the growing industry. Within the context of insufficient housing stock and land speculation, these new comers created well-established squatter neighbourhoods through the 1960s and 1970s. In these years, mass housing cooperatives were supported to resolve the housing supply shortage for the low- and middle-income households. While labour power and its reproduction were main concerns of urbanisation, use-value constituted the point of entry in understanding the housing policy until the 1980s (Şengül, 2003).

Since the 1980s, a different logic based on exchange-value became dominant in the urban processes. The construction sector was assigned an engine role in the economy. Urbanisation of capital, in which urban space was largely commodified, was administered by the state at different scales (Batuman, 2013: 580; Şengül, 2009). While, cooperatives remained to be important actors in the housing construction in the early 1980s, private construction companies started to enter the market towards the end of the decade as they have expanded their capacities especially in the Middle East and North Africa. With the advancement of commodification of housing, the main motivation that motivated the sector became exchange-value or investor-oriented decisions (Clark and Hermele, 2013).
Meanwhile, financial liberalisation and particularly capital account liberalisation in August 1989 deepened the banking sector with increasing in-flows while increasing the vulnerability of the economy vis-à-vis volatile capital movements. Growing macro-economic imbalances due to hot-money flows led to 2000-2001 crisis with severe consequences for the financial sector. 18 banks went bankruptcy that were either closed down or transferred to Banking Regulation and Supervision Agency (BRSA). Two other banks followed suit in 2002 and 2003. Faced with such a crisis, the government adopted a comprehensive restructuring program called “transition to strong economy” which was supported by the IMF and WB.

The “Banking Sector Restructuring Programme” (BSRP) was put into implementation in May 2001. For an internationally competitive banking sector that would be resilient to internal and external shocks, banks were to strengthen their capital structure (equity capitals) either independently or through mergers and acquisitions. State-owned banks were also restructured in the same way and brought under a joint management. In October 2005, the laws and regulations regarding banking activities were renewed by the Banking Law (No. 5411) in line with the internationally recognized principles and standards (BAT, 2009: 22). The provisions of that law envisaged a national banking system to be entirely integrated into the international finance. Expectedly, penetration by foreign banks increased especially after the 2000-2001 crisis. The Turkish banking sector, particularly after 2005, became very attractive for foreign banks.

Under the condition of increasing liquidity in the world market and decreasing interest rates in many developed countries, Turkey was able to attract capital inflows with the aid of high financial arbitrage it offered in international capital markets. The restructured Turkish banking sector, in the aftermath of the 2000-2001 crisis, lured global financial flows predominantly in the form of portfolio flows that proliferated the capacity of the banks to give more loans to consumers and firms. Maintaining an appreciated Turkish Lira weakened the export oriented sectors and directed money towards sectors that are
relatively immune from international competition. Manufacturing, energy, health and education, and other service sectors became more profitable under these macroeconomic conditions. Among these, under the rule of Justice and Development Party (JDP) that came to power in 2002 and has remained to be the ruling party since then, the construction sector has become the leading sector of the whole economy (Sönmez, 2014a).

The Turkish construction sector has become highly dependent on and shaped by the foreign finance capital rushing into the banking sector in the form of portfolio investments. Increase in the foreign (hot money) inflows was coupled with decreasing domestic savings due to high private consumption boom fuelled by the credits. Under these conditions, the Turkish banking sector assumed a significant role in unleashing/enabling if not creating the demand for housing per se. A major portion of bank loans was addressed to construction and mortgage. As of the end of September 2014, 44 percent of the consumer loan stock is allocated to loans for housing (Sönmez, 2014c). Since 2005, Turkey has become one of the world’s fastest growing real estate markets with increasing housing prices. However, it is consumption with high levels of debt and overvalued housing market creates financial vulnerability with various crisis tendencies.

The boost of the construction sector should not be evaluated as a spontaneous result of the capital rush into the Turkish banking sector. The decisions on public investment were very important in orienting the economy towards construction. Mass Housing Administration (MHA), a public institution originally established in 1984 to facilitate the construction of social housing by the private as well as the public sector, over the course of the 2000s has turned into the single public agency taking-over the functions and authorities of various other public institutions at different scales of the state concerning urban planning and construction. Eventually, the MHA, directly under the Office of Prime Ministry, has become the major actor in giving the construction sector its boosts from particularly 2003 onwards.

Although the changes in the urban planning system and the integration to international money flows since the 2000s had a striking role in the re-building of İstanbul. However, the rise in the construction sector was not only limited to İstanbul city-region, Ankara, the
second biggest city of Turkey, has taken its share from the growth of real estate market through a) replacing and renewing the old housing stock of the city and b) urban sprawl towards the eastern corridor of the city. Several amnesty laws between 1983 and 1988 had prepared the suitable legal framework for integrating the squatter settlements into the real estate market through construction of multiple-story buildings replacing squatter neighbourhoods. In addition to the regeneration of the existing housing stock, partly due to the macroform of the city, new development areas were generated along the eastern corridor sprawling the city towards the neighbouring city of Eskişehir with a rather ad-hoc planning manner.

The paper is divided into three main parts. The first part provides a historical background of urban planning and development in Ankara from early 20th century to mid-1970. In the first section it is noted that despite various planning attempts and consecutive plans, urban development of the city has continuously been exceeded the projections. During those years, public finance through various sources funded the housing sector albeit remained systematically insufficient to meet the demand. From the mid-1960s, the housing construction through cooperatives became one of the main policy orientations. As a case study of mass housing project accomplished through cooperatives, the paper focuses on planning and development of the Batikent Project provided housing for low- and middle-income households. The second section focuses on the neoliberal policy orientation in relation to the housing sector. The section examines the Dikmen Project as a parable of the shift from managerialism to entrepreneurialism of the local governments in urban regeneration. The last section evaluates the dynamics behind the acceleration of the real estate market and focuses on the Northern Ankara Project as an exclusionary regeneration project conducted by the Ankara Metropolitan Municipality in collaboration with the MHA.

The paper combines the secondary literature review with insights from qualitative interviews with key agents in the private sector such as property management firms, banks managers, developers and contractors, in the public sector such as planning and housing
authorities, municipalities and finally social organisations/movement/actors such as the Chamber of Architects, the Chamber of City Planners, neighbourhood collectives and individual residents of the concerned neighbourhoods.

2. Evolution of urban planning and development until the 1980s

The early plans for the first two decades of the new capital city were prepared by two German planners. In 1924, the first plan of the city was prepared by Carl Christoph Lörcher, who had served as a member of İstanbul City Development Commission (on behalf of Keşfiyât ve İnşaat Türk Limited Corporation). In the same year, the very first law was enacted to prevent unplanned development. However, the plan of Lörcher was not only limited in terms of planning projections, but limited also in the estimation of population growth, which rose to 74000 from 20000 between 1920 and 1927. In the following years, three city planners (Hermann Jansen, Leon Jausseley and Josef Brix) were invited to Ankara to prepare their individual draft plans. Among these plans, the one made by Hermann Jansen won the competition in 1928. Until the 1940s, the Jansen plan was accepted as the Master Plan of Ankara and was put in execution within the newly established institutional structure to deal with the housing shortage and increasing land speculation.

The main problem with the Jansen Plan, like the preceding one, was the underestimation of the population of Ankara in the decades to come. From 1927 to 1935, the population rose from 74000 to 122720 (Batuman, 2013). From the 1930s onwards, but particularly in the post-war era, the city received a great deal of migration from central Anatolia. By 1940, the Jansen Plan was officially terminated due to its unrealistic population projections as the plan reached its target population in just two decades. In 1957, Uydabin-Yücel Plan, in line with the Jansen Plan, was accepted as the Master Plan of Ankara. It is argued that as the new plan was too ardently following the previous plan, it was not creative enough to provide further solutions for the development and housing problems of the city (Bademli, 1987: 107).
There have also been a number of legal and institutional changes and developments since the foundation of the Republic in order to finance and regulate the urbanisation process. Real Estate and Orphan Bank (REOB) in 1926 and Ankara Planning Department (APD) in 1928 were founded to provide financial resources for construction and as well as to institute an authority in charge of crafting and executing the planning of the city (Adam et al., 2009: 266). In the Municipality Law of 1930 (Law no: 1580), the role and functions of municipalities were defined quite largely so that they could neatly plan the urban modern life in the capital city of the Turkish Republic (Tekeli, 2005: 9). In 1933, The Bank of Municipalities was founded (Law No: 2301). The bank was restructured in 1945 as Bank of Provinces with a mandate to provide technical support as well as funds and loans to local governments (municipalities) for infrastructural investments (Kibaroğlu and Başkan, 2011: 16). Despite these rather ambitious intentions for urbanisation of the nation-state, the financial resources of neither REOB or Bank of Provinces nor the APD or the municipalities were sufficient to meet the demand for housing. The REOB credits were provided mostly for high-income household for luxurious houses. In 1958, to produce metropolitan and regional plans of major cities, the Ministry of Settlements and Development was founded (Law no: 7116). In addition to the unrealistic projections of the plans, the state authorities responsible for executing the plans of the city was lacking necessary means to perform their functions.

The 1950s witnessed massive migration from rural to urban areas all over the country. Three million people have migrated to the urban areas between 1950 and 1960 (İçduygu et al., 1998: 14). Since Ankara in particular attracted large portion of this population (Taş and Lightfood, 2005: 6; Şenyapılı, 2004b: 3), the period between 1950 and 1980 is considered as urbanisation of the labour force in Ankara (Şengül, 2009). This unskilled and inexperienced labour force employed in low-level jobs in the public and industrial sector as well as marginal non-industrial and informal sectors remained in the margins of the city (Şenyapılı, 2004b: 3-4; Tekeli, 1982). Due to intense land speculation, it was unaffordable for the
newcomers with low financial resources to own the land rights and construct a dwelling in their own property. Such urbanisation soon coupled with squat housing that is first named as Baraka – may be translated into English as shanty-in the 1930s and then Gecekondu from the 1950s onwards (Şenyapılı, 2004a: 93-4). Gecekondu means literally “landed on one night” implying ad-hoc and spontaneous nature of the construction. A Gecekondu is defined in the Dictionary of Town Planning as a dwelling constructed without a building licence, in contravention of the building and construction regulations, on the land owned by public authorities or private individuals are called elsewhere “spontaneous”, “illegal” “unauthorised” or “uncontrolled” types of dwelling and settlement (cited in Yılmaz and Keleş, 2015: 352-3). These houses would be built as one-room shacks in a matter of hours with help of friends and family out of paperboard, sheets of tin and plank of woods. If the land was not reclaimed, these shacks would be improved and expanded by replacing the original construction material with bricks and cement (Şenyapılı, 1986). Appropriation of land was illegal generally for two reasons the land plot was either squatted or subdivided/shared in an unauthorised way. In the latter, a developer buys a plot of land in a peripheral area, informally subdivided the land and sells those smaller plots to individuals through public notary that was instituted in 1931 (Şenyapılı, 1986). Thus, residents of the squatter settlements would have neither construction nor residence permits/title deeds. Particularly in the 1960s, given the rising rent prices as a result of shortage of housing supply, squatter settlements became a viable option for new comers. Furthermore, the construction of squatter settlements was accelerated in the aftermath of the Amnesty Laws (no: 6188) in 1953 (Adam et al., 2009) when squatter settlements constructed until that year were legalised through granting the title deeds and rights to buy the land. The Squatter Law in 1966 recognised the squatter housing to improve the conditions of those dwellings by bringing infrastructure and services to these neighbourhoods. As a result, from the late 1960s, these squatter areas turned into established neighbourhoods with infrastructure of electricity and water, and public services of transportation, schools and hospitals (Erman, 2001: 986, cf. Şenyapılı, 1986: 153).
Shared ownership of one lot of land was an option for middle-income households coming to the city. In this option, one lot is divided in sub-plots. The co-owners of the lot would contract with a small-scale constructor managing its business –with typically limited capital resources– through the so-called build-and-sell method. The contractor does not pay for the land, offers between 30 to 50 percent of the property to the owner of the land, builds an apartment block, and sells his shares of the flat upon completion of the construction. In the aftermath of the Second World War, the rent prices were fixed between 1956 and 1962 (Law no: 6785). When the rents hiked after 1962, new investments in construction had become more profitable (Adam, et al., 2009: 274).

The (demolish-) built-and-sell model was also one of the most common ways of improvement of the city’s central areas since the mid-1960s, due to the increased development/density rights in lot with the Shared-Ownership Law proclaimed in 1966 (No: 5711), which triggered to build apartment blocks in individual parcels (Adam et al., 2009: 269). Eventually, the low-density garden city project was totally replaced by high density
housing with overloaded population that would make air pollution as an urging problem of the city from the late 1960s.

Mass housing construction was an option of housing for limited sections of the society. There were three types of mass housing construction: construction cooperatives, direct state initiative, and private sector companies. Bahçelievler Housing Cooperative was the first housing cooperative founded in 1935 by senior bureaucrats in Ankara (Akın, 2007: 171). The 169 dwellings were financed by the state owned REOB. States direct involvement in mass housing started as construction of social housing for public officers. The first of such public mass housing projects was Saracoğlu public officers’ neighbourhood—also known as “state neighbourhood”—with 434 dwellings launched in 1944. This project was financed by the Republic of Turkey Real Estate and Credit Bank (RECB) that was transformed in 1946 with enhanced financial resources from REOB. The private sector entered mass housing construction later in the 1960s.

The municipality of Ankara took the first step to increase the housing stock for middle income families in the city. In 1947, the municipality intended to expropriate land and build housing with a loan from Bank of Provinces. However, at the time land expropriation for housing construction was not within the law-permitted capacities of municipalities. The project could be executed after the promulgation of the Squatter Amnesty Law (Law no: 5218) and Building Construction Support Law (Law no: 5228). With this former law, the land plots where squatters did not exist were transferred to the Municipality to be allocated at a low cost to individuals for construction of new housing. The land cost would be paid in ten years with equal instalments without interest. This law also empowered the Municipalities with the authority to undertake improvement policies for the existing squatter neighbourhoods (Sat, 2007: 29). The latter law regulated the provision of housing credits from RECB for those who own land for construction. RECB were to finance them up to 75 percent of the total cost of construction at an interest rate of 5 percent. Upon receiving the credit, the construction had to be completed in two years. Needless to say, these laws were
applied to whole country but in Ankara their application led to the establishment of a new neighbourhood (Yenimahalle). More than 2000 buildings were completed in this new neighbourhood. In 1950, with amendments on the Municipality law (Law no: 5656), municipalities gained further authorities to develop urban land and housing. Later in 1953, municipalities were also granted the responsibility to build “cheap housing and selling or renting these houses privileging the squatter inhabitants” (Law no: 6188). In 1959, municipalities were given all the public land to be allocated for housing (Law 7367). Finally, the Squatter Law in 1966, gave further authorities to municipalities to upgrade existing squatter neighbourhoods, while demolishing the inhabitable ones and relocating the inhabitants to new low-cost housing developed by the municipality.

Promotion of cooperatives became a policy priority of the state to prevent formation of new large squatter settlements in the 1950s that would render possible the formation of modern residential areas appealing to the residents of the squatter settlements. Construction cooperatives would be managed by their members to produce housing for themselves and dissolve after the construction is completed when each member become the title-holder of their dwellings. Contrary to their European counterparts, cooperatives in Turkey did not own the dwellings managed for social renting. Until the 1950s, only high ranked state employees were able to establish housing co-operatives probably due to lack of financing. The number of housing cooperatives in 1939 was only 4, increasing to 26 in 1942, and 50 in 1946 (Akın, 2007: 171). The number of dwellings constructed by these cooperative until 1944 was as little as 554 (Akın, 2007: 171-2).

In 1961 Constitution where the state was defined as a “social state under rule of law”, Article 49 mandates that “state takes the necessary measures to meet the need of housing for poor and low-income households.” In the First 5-Year Development Plan (1962-67), housing investments were estimated as 20 percent of all investments during the plan period. It is noted that housing credit, fiscal policy, land and rent policies would be crafted to facilitate the construction of housing for lower-income household. For that purpose, the
plan spelled out the priority that would be given to housing cooperatives through the policy of “making your own house”. Urban cooperatives were promoted for that purpose (Keleş, 1988). Promotion of rural cooperatives had already been in the agenda prior to the plan, as previous attempts had reached to its formal institutional form under “village development cooperatives” (Köy-Koop) in 1964. It was also noted that to prepare comprehensive Master Plans for the three biggest cities, Metropolitan Planning Offices would be instituted (Law 6/4970) (Altaban, 2002): the one for İstanbul was established in 1965, İzmir in 1967 and Ankara in 1969. In the Second 5-Year Development Plan (1967-1973), the role of the state in housing was defined as “regulator.” Housing provision was considered as a service where the active role of the state would be reduced, leaving space for the private sector along with the self-help cooperatives (Keleş 1988). Accordingly, the Law on Cooperatives (No: 1163) promulgated in 1969 aimed at accelerating the establishment of housing cooperatives with the active support of municipalities. Until the amendment of this Law in 1984, cooperatives and unions of cooperatives enjoyed a privilege in land allocation from the municipalities. After the Second 5-year Development Plan, the role of the state in housing policy is defined more loosely (Keleş 1988).

Cooperatives were supported by local and central governments through allocation of land at lower than market prices, loans from public funds at lower than market interest rates and supply of infrastructure investments. In 1950, the Social Security Organisation, which is primarily responsible for pensions as well as health and disability payments for the unionised labour force, began to provide housing credits for cooperative members. These small amounts of funds were provided –as a result of lengthy bureaucratic procedures- for lower and middle-income households those had been covered by social security for at least five years as well as being confined to apartment blocks that comply with rigid standards of social housing (Öncü, 1988: 42).

Towards the end of the 1960s, mass housing construction by the private sector started to become a significant option in particular for middle-income families. Two significant
examples of such projects were MESA and ORAN mass housing projects. Big joint ventures and holding companies demanded to buy large urban land for mass housing projects (Adam et al., 2009: 275). These and other big construction companies expressed their intention to be involved in the housing construction projects of the municipalities. The 1974 Government Program mentioned the importance of the mass housing construction by private companies with the credit provision by the RECP. Similarly, 1977-78 Government Program defined the promotion of mass housing as one of the policy priorities of the government (Adam et al., 2009: 276). In 1980, the coalition government announced its “National Housing Policy” which emphasised the importance of housing ownership by particularly low- and middle-income households. In order to attain this objective, the policy scheme notes that wide plots of land for housing should be created and allotted to mass housing projects by the local state authorities.

A healthy housing policy requires provision of finance for housing accessible to different income levels. Until the late 1960s, the loans given by the state-owned banks were very limited and were only for high- and middle-income households (Buğra, 1998). Those banks, in accordance with the industrialisation strategy of the time, allocated large portion of their credit reserves to finance public investment in infrastructure especially in the building of motorways, airports, dams and NATO facilities. Commercial banks that had developed in partnership with industries of manufactured consumer goods largely excluded concessionary credits to private housing production. These banks were even prevented by law from providing long-term fixed-interest rate home mortgages (Öncü, 1988: 42). It was only possible to get credits for housing from the RECB. Nevertheless, this bank provided credits at highly concessionary rates with limited funds mostly to civil servants. RECB also produced housing for middle- to high-income household in Telsizler neighbourhood in Istanbul. Within the banking system as a whole, housing credits accounted for 12.7 percent in 1960, 5.9 percent in 1970, dropping to 1.7 percent in 1979 (Öncü, 1988: 42). Before the credits provided through Social Security Organisation, most of the workers of state economic enterprises were using housing credits from the solidarity funds of their
institution. Yet, these alternative sources of credits through Social Security Organisations and solidarity funds remained very insignificant in terms of its effectiveness for housing finance.

From the late 1970s onwards, public resources were directed to housing construction by private sector. Construction companies with the capacity to plan and execute mass housing projects would be provided public land along with various credits, subsidies and tax exemptions. Beginning in the late 1970s and accelerating through the 1980s, the housing construction sector has become the new direction of money flow originated mainly from the remittances. Meanwhile, increasing activities of the private construction companies in the Middle East and North America expanded the scope of projects that those companies would be willing to undertake within Turkey. Along this trend, bankers started to finance these construction companies to enter the housing market in the Middle East and North Africa (Adam et al., 2009: 280).

As the population doubled every ten years through the 1940s with a great deal of migration from central Anatolia, by 1980, squatter settlements turned into full-fledged districts around the city, housing 70 percent of total population (Danielson and Keleş, 1985: 42). "Rehabilitation" of these squatter settlements would be chosen as the solution as demolition projects would create strong reaction from the settlers, which are typically organised around extra-parliamentarian socialist left movement.

2.1. City Macroform: Compact Form with Oil Drop Growth
The city of Ankara lies on the eastern edge of the Anatolian Plateau with an altitude of 850m. The old city centre is located at the bottom of a bowl-like macroform surrounded by mountains on three directions, with open plain land corridor towards West (see Figure 1).
Both Löcher and Jansen Plans adapted Garden City model for Ankara emphasising that such a model was also compatible with the topographic and microclimatic structure of the city. According to Garden City movement, the future of urban development was defined a low density urbanisation with low-rise houses in gardens together with large non-build areas allocated for parks, sports fields and play grounds. Ankara River runs through East-West direction splitting the city into two. The other two rivers (İncėsu and Kavaklıdere Rivers) and their streams meander through the city. The plans projected to protect these morphological features of the city by integrating the riverbeds, valleys and the hills into its development.
Although some axes may have experienced more development than others, it could be argued that the city development followed an oil-drop pattern [Tekeli, 2001: 83]. The Löchter plan projected the North-South direction as the main development axis. Both Löchter and Jansen plans were compact plans. The Jansen Plan projected a development on the North-South axis and on the East-West axis paralleled to the railroad route. However, with the pressure of hiked population in the absence of sufficient supply of housing to meet the demand, the city expanded with sprawl of squatter areas towards North, North-East and West towards geographically undesirable edges of the bowl reaching to the valley around the city.

In order to enable a development of the city towards the valley, the western corridor became the new direction. The Uydabin-Yücel Plan projected the construction of the West axis of the city as a connection to the other intercity highways [Günay, 1988: 34]. The Uydabin-Yücel Plan like its predecessors was not accurate in its population estimates. The rate of urbanisation was three times faster than any city in Turkey. The population estimate of the Plan for 1985 was reached in 1964. The urbanisation problems of this new metropolitan city were not even foreseen by the Uydabin-Yücel Plan.

As nearly all the development out of the plan turned into squatter areas, the form of the plan becomes illegible [Yaşar, 2010: 78]. A new Master plan was needed. In 1970, with its 1,230,000 population, 70 percent of which living in squatters, the city and its centre was densely squeezed within the bowl. Despite its irregular shape, although the city remained rather compact with linear development due to its topography [Akçura, 1971: 72], the squatter settlements surrendering and suffocating city centre was urging the plans for new residential areas.

The Ankara Metropolitan Planning Office since its establishment in 1969 provided a new planning approach for the city until the year 1990. The new planning approach was in line with American and British planning systems in which the focus of planning was not only the physical factors, but also the social and economic structure of the city [Altaban, 2002]. 1990
Master Plan prepared by the Office was the first attempt in the planning process of Ankara to build a bridge between the physical planning and its theoretical background by redefining the whole planning process involving the collection of data, crafting of alternative plans with the active participation of interested actors (e.g. academics, practitioners and other public authorities) into the design and the implementation of the plan (Altaban, 2002). Primary aims of the plan were to create a proper public transportation system to solve the inner city traffic and citywide air pollution problems, to improve the green areas and social-technic infrastructure, to solve the problems of squatter settlements. A green belt encircling the city was projected to control the growth of the city (Yaşar, 2010: 80).

The plan prepared by the Ankara Metropolitan Planning Office, in line with the Uydabin-Yücel Plan, aimed to direct the development of the city towards the Western corridor along the railroad axis particularly with residential and industrial zones. The corridor plan was chosen as the best solution for the development of Ankara. The main development zones for mass housing projects were Sincan and Batıkent. These two areas were on the railway system and Batıkent on the metro axis.

**2.2. Batıkent Project as an example of cooperation for social housing**

The main policy proposal of the plan of the Ankara Metropolitan Planning Office regarding the squatter settlements was to produce a better alternative for lower classes called ‘Akkondu’ (literally means “white-settlement” implying its legal status) replacing squatter dwellings. The Ministry of Settlements and Development and the Ankara Metropolitan Planning Office made an agreement for the Akkondu project where the Planning Office had an active role in the selection of the site, the first phase of planning and the appropriation of the land. However, this initiation proved to be stillborn due to shortages of financial resources (Altaban, 2002). Realisation of such projects only became possible with active participation of housing cooperatives as was initiated by the mayor of Ankara in 1974 under
the name of Batikent Project. It should be noted that this project bears the rather bold mark of “productive municipality” model, which became influential when the social democrat Republican People’s Party won a significant number of major municipalities in 1973 local elections (Karasu, 2005: 62).

The Batikent Project is the biggest mass housing project that is accomplished with active participation of housing cooperatives. The Batikent area is on the north western part of Ankara expanding over 10,500,000 square meter of land only fifty percent of which was allocated to housing. The project was planned for 50,000 housing units (two-storied –of 100 m² living space with a small garden- and multi-stories –between 5 to 12 stories ranging from 85 to 140 m² of living space) for about 250,000 people. The project was crafted as an environmentally green project with large common recreational areas (20 m² green area per person) planned right from the beginning. In addition, construction of 40 nurseries, 20 primary schools, 7 high schools, 4 maternity centres, 4 health centres were planned.

The Project was initiated by the Ankara Municipality in 1974 in accordance with the plans of Ankara Metropolitan Planning Office -in line with the Squatter Settlement Law (Law no: 755)- to expand the city towards its western corridor. By 1978, the expropriations were completed by the Ministry of the Housing and Development and the development plans was ratified in 1979. To meet the housing demands of lower and middle income households by creating sustainable urban environment and rich social and communal life with active participation of the households, the project was planned and executed by a tri-partite coalition among the Union of Housing Cooperatives (shortly known as Kent-Koop), the Ankara Municipality and the central state. The construction started in 1981 upon signing the protocol in December 15, 1980. The first 516 housing units were sold in 1983.
According to the Protocol, the Municipality was responsible for providing the sites (plots) for houses twice a year upon request by Kent-Koop; executing the construction of infrastructure financed by Kent-Koop; constructing the recreational and commercial areas from its own financial resources. The Kent-Koop was responsible for providing architectural and engineering designs of the houses; supervising the constructing of houses, financing the construction of infrastructure, obtaining credits from domestic and
foreign sources. Responsibility of the central state was confined to providing credit support 
and financing the construction of health, education and other public service buildings.\textsuperscript{viii}

Kent-Koop functioned to enable cooperation of cooperatives of low- and middle-income 
households who could not own a house under the existing mode of supply in a democratic 
and participatory way (Göymen, 1982). This umbrella institution was formed in 1979 by the 
members of some 13 housing cooperatives from two main trade unions [Türk-İş and 
DISK].\textsuperscript{ix} Soon enough, the number of associate cooperatives reached to 105 with 30,000 
members. The General Assembly of Kent-Koop that was formed by three delegates from 
each member cooperatives commenced once a year to oversee and evaluate the 
performance of its Board of Directors (of 11 members) and the Board of Auditors (of three 
member) elected by the General Assembly among its members for four-year-tenure. The 
decision-making organ of Kent-Koop is the Board of Directors among which three 
members form the Executive Committee as the President the Secretary General and the 
Treasurer.

The total cost of the project (expropriation, social and technical infrastructure, fixed 
investments, and housing construction) is calculated as 43.5 trillion TL ($1 billion) at the 
1996 prices. Ministry of Housing and Development executed the land expropriation and paid 
the compensations to the landowners from the budget of the Ministry. The land ownership 
rights were then transferred to the Ankara Municipality. It is claimed that during the 
expropriations, as land speculation was prevented to a large extent, the cost of land in 
construction costs remained as low as 0.5 percent (Karasu, 2005: 67). Thus, it could be said 
that the land rent was truly socialised in this project.

While the eligible cooperative members received credits from Social Security Organization, 
most of the cooperatives mainly relied on the solidarity and availability of financial 
resources of civil organizations such as trade unions, associations and professional 
chambers. Furthermore, in 1989, the Kent-Koop received $28.5 million from European

Since its foundation, Kent-Koop did not confine its role to construction. Kent-Koop has been organizing various social and cultural events annually to help establish civil relationship among the residents of Batikent. Arts and sports competitions, summer schools for kids, continuing education seminars, acts and sports courses, exhibitions, picnics, excursions and concerts are included in events that Kent-Koop actively organizes. Kent-Koop together with Batikent Culture and Education Foundation call for “Best Environment Competition” for which the most environmentally sensitive cooperatives are awarded.\textsuperscript{x}

In 1987, The Batikent Project received World Habitat Award by the Building and Social Housing Foundation as part of its contribution to the United Nations’ International Year of Shelter for the Homeless. The success of the project was also considered to be the initial motivation behind the Mass Housing Law (Law no: 2985; dated: March 2, 1984).\textsuperscript{xi}

\textbf{3. Evolution of urban planning and development from 1980 to 2004}

The first years of the 1980s witnesses a dramatic fall in the housing construction. In 1980, the construction licenses fell 20 percent while the further dropped 31 percent compared to 1979 [Kent-Koop, 1983: 52]. There was a need to boost the industry that would in turn reinvigorate many related sectors. The small-scaled built-and-sell model was not the solution and most of those contractors could not even survive the years of economic turmoil. Thus, the shift to the large-scale mass housing production from the small-scale private housing production began in the early 1980s with the enactment of the Mass Housing Law in 1981 (Law no: 2487). Although the first drafts of the law revealed the underlying tendency of the housing policy, the final draft favoured housing cooperatives to receive credits from the Mass Housing Fund (Okan and Okan, 2013). With this law, the central state has taken a significant step in regulating the housing market in Turkey, first by way of encouraging the cooperatives to housing construction for the middle and lower
classes, then more directly undertaking the construction of the mass housing project in public private partnership model which would be ripened after 2004.

The draft Mass Housing Law is implicating the strengthening pressure of the Turkish builders with capacity to undertake mass housing projects as many construction companies had already expanded their activities abroad especially in the Middle East and North Africa. The draft law maintains that mass housing companies with the capacity of undertaking housing projects on minimum 15 ha. area would be granted construction licenses. The land for mass housing projects would be determined and expropriated by the Mass Housing Administration to be transferred to those companies with license. For any project, for initial investments on management and equipment these companies would receive credits up to 60 percent of the total value of the project with 5 percent interest rate without any repayment in the first three years. Following this first credit, the draft law projected that mass housing companies would be eligible for a second credit for investment on construction up to 30 percent of the project value. Thus, a mass housing company could eventually receive 90 percent of the project investment. Considering the tenures and interest rates, these credits were indeed the subsidies for mass housing by big construction companies. From the beginning of the project until the completion, the company would only deal with the central state by-passing bureaucratic procedures of the local state which was made responsible for the infrastructural construction concerning the project. Last but not the least, if the company could not sell the houses, Mass Housing Administration would purchase them to auction (Adam et al., 2009).

The enacted version of the law did not include those projected privileges of the mass housing companies, rather prioritised the cooperatives along with medium-income households in finance. According to the law, the land for mass housing would be expropriated by the Mass Housing Administration and allotted to cooperatives, union of cooperatives or social security institutions which intent to undertake mass housing projects. The law defined the role of the state as guiding and subsidising the housing sector
This project has received funding from the European Union’s Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

for an unlimited time span. As in the first draft, the enacted law largely excluded local administrations. Although the draft law depicted the pressure of the supplier, the enacted version of law was catering the demand-side of the housing market. Continuing migration from rural to urban areas since the 1980s could explain the rising demand for urban housing for particularly addressing medium-income households. The final version of the law regulated that the housing cuts by social security system would be transferred to Mass Housing Fund (MHF) through the banking system.

Three conditions were defined in the law for the MHF to provide credits for households. The first condition was concerning the saving capacity of the household. Those families who could be able to save (in a “construction savings” bank account) a quarter of the total value of a house for down payment to purchase would be eligible for credits of the Fund. The second condition was that the household (the spouses and children below the age of 18) would not own any house to apply for the credit. The third condition was limiting the function of the MHF to finance social housing. The houses that are eligible for credit would have no more than 100 m² gross area. The monthly instalments of the credit were 57,000 Turkish Liras when the minimum salary of the time was 10,000 Turkish Liras. Considering the repayment conditions of these credits, it would be claimed that these credits would only be accessible for middle to high level-income households.

The first Mass Housing Law is considered as a stillborn attempt because of two reasons. First, the law was inconsistent in terms of the definition of the households who would benefit from the credit. While the monthly installments were too high for lower income families, the households would be able to pay those high installments would not prefer a 100 m² dwelling. Secondly, despite this mismatch, the Fund failed to meet the demands for credits because financial resources, which had to be allocated from the Treasury, were not indeed received. Faced with demands coming from Construction Sector Investors Organisation, a new mass housing law had to be crafted (Öymen, 1985: 9).
The new Mass Housing Law that was enacted in March 1984 (Law no: 2985) brought significant changes to the function of the Fund. The eligibility conditions for credits were changed so that the Fund’s function would not be limited to subsidise “households in poverty with low income.” The new law did not identify any income level, removed the condition of no-previous home-ownership and increased the house size from gross 100 m² to 150 m². The monthly installment of the credits was rearranged to expand different income levels (from 23,200 to 53,900 Turkish Liras for the mass housing dwelling units, from 28,300 to 63,300 Turkish Liras for non-mass housing dwelling units while minimum salary was 24,525 Turkish Liras).

Housing and Public Partnership Directorate was established in 1984 (Law no: 2983). Later in 1990, the directorate was separated into Public Partnership Administration and the Mass Housing Administration (MHA). With the foundation of the MHA under the Prime Ministry, the construction industry has assumed a new role in shaping the whole economy. From the mid-1990s, Mass Housing Fund (MHF) and MHA were working like twins to mediate mass housing construction. While the MHF aimed to provide loads to support housing production particularly of the cooperatives, MHA was meant to produce housing production for low-income groups. For Eryaman Project with 210,000 resident units were built by big private construction companies such as MESA, GAMA and KUTLUTAŞ as contractors of the MHA. Between 1984 and 1986, the MHF credits accounted for 80 percent of the housing costs, yet these credited steadily diminished thereafter. In 2001, when the MHF was abolished, MHA practically overtook the functions of the fund without receiving any fund from Treasury, instead raising its own funds financial sources. By the end of 2002, the MHA produced 45,000 residential units.

Concomitantly in 1984, a two-tier administrative system was formed (Law no: 2972 and Law no: 3030) in the three biggest cities. The city-scale (larger area of the cities) planning was under the control of the Greater City Municipalities (GCM) and district-level was under district municipalities both of which are ruled by a mayor leading the council locally elected from different political parties for five-year-tenure. The planning power of the GCM and the
district level were assigned according to the scale of the municipalities. While the GCM was responsible for the macro-level plans, district municipalities were for making district level plans at a micro-scale under the principle of decisions of the Greater Municipality. District municipalities were able to offer their comments on the macro-scale planning processes and to cooperate with other district municipalities in the preparation of metropolitan plans. After the preparation of the plans at the district level, they were submitted to the GCM council for approval. With these laws, the planning process became more centralised at the city-level with bringing different planning agencies formally dependent on the ministries (such as Metropolitan Planning Offices and the Water Supply and Sewage Authority) under the GCM. These laws also introduced new financial resources for local governments enabling them as major components and even main actors of the urban economy that could undertake large investments in urban space and services.

Despite the attempts at boosting mass housing projects, the built-and-sell model was revived from the mid-1980s, when squatter settlers became right-holders/share-holders of the land and title-deeds owners of the dwellings with several amnesty laws enacted between 1983 and 1988. These new amnesty laws (aka. Redevelopment Law) brought about a model as part of the rehabilitation strategy of the squatter dwellings on individual plot along with higher density development of the squatter settlement neighbourhoods (Şenyapılı, 1996). This model served to commodify the urban land by transforming the squatter lands into formal urban land stock. With these amnesty laws, the market-led planning has become the rule of thumb of urbanisation. In these small-scaled redevelopment projects through built-and-sell model, the rent-gap in form of extra development rights would be shared in a negotiated manner between the squatter settlers and the small constructors. But these negotiations on rent would not always end up with mutual agreement as urban land was becoming a primary site of value creation.

Under the context of profound macro-economic reorientation, local governments were to assume a new entrepreneurial role either directly or through partnership with the private
sector. Legal powers and funds of the municipalities were employed for smoother urban transformation while repressing –if necessary- the opposition from the squatter settlers. By the late-1980s, market-oriented and state-led urban redevelopment in highly profitable but not yet capitalised places came into agenda at the municipal level (Kuyucu and Ünsal, 2010). These large-scaled urban transformation projects undertaken by the municipalities in partnership with the private capital have led to partial gentrification that would entail eviction of squatter settlers from their dwellings, regeneration of neighbourhoods for both the evicted population and higher income groups (Güzey, 2009: 182). In this model of redevelopment, the payments of indebted households with title-rights of smaller plots than the regeneration scale are used to meet the project costs. This model is an alternative to expropriating the land and giving squatter title-right owners land in another part of the city to build their own houses. Nevertheless, it is argued that in such redevelopment projects, very high percentage (89.5 percent from redevelopment project of Koza Street, 93.3 percent from Küpe Street) of the original settlers move from their redeveloped neighbourhoods within the first three years (Güzey, 2009: 185).

These urban redevelopment projects were handled through public-private partnership model bestowing entrepreneurial characteristics to the district and greater city municipalities in the process. These redevelopment projects increased the housing stock addressing to middle- and upper-income households in Ankara significantly as these projects retain the features of supply oriented gentrification. They started to produce mass housing on large tracks of land with on-site recreational amenities protected by private guards. These urban redevelopment projects were the early examples of state-led accumulation by dispossession transferring the rent from squatter settlers in inner-city squatter housing areas to the state and them to the private constructors (cf. Karaman, 2012: 1301). These projects were also the messengers of forthcoming gated communities which were then dressed as “safe cities” to be sustained through macro-level plans and reports in the aftermath of the Second Habitat meeting held in İstanbul in 1996 (Güzey, 2009: 29).
Such a boost in the construction sector through mass housing and large-scale redevelopment would best be accompanied to lure the investments of finance capital in the real estate. A legal framework for the establishment of the first real estate investment trusts (REITs) was established as early as in 1996. The first REITs were established in 1998 bound by the general principles set by the Capital Markets Board (CMB). In the beginning, REITs in Turkey invested in real estate to rent, but this has changed into developing real estate, which ended up as a growing portfolio of real estate development. The REITs, which had invested in real estate for trade and business, shifted their investment into housing and shopping malls. Currently, these REITs operating in Turkey hold 60 to 65 percent of their assets for investment, 15 percent for trade. They have been approximating the global criterion to hold at least 75 percent of their assets in real estate (Şarkaya, 2007: 184).

There were 14 REITs with a total portfolio of $ 3.295 billion in 2008 (Erol and Tirtiroğlu, 2011) and currently there are 31 REITs with $ 8.518 billion in 2014 (Table 7) on the İstanbul Stock Exchange. The REITs in Turkey use a variety of activities in order to get capital gains and to earn rental income:

’(i) purchase and sell real estate, (ii) lease real estate from third parties and rent them in return to generate rental income, (iii) purchase and sell capital market tools and do reverse repo transactions with such tools, (iv) buy land in order to carry out real estate development projects, and (v) purchase foreign real estate on the conditions of obtaining ownership and investment in real estate-backed foreign marketable securities and of not exceeding 10% of the value of the REIT portfolio’ (Erol and Tirtiroğlu, 2011: 178).
Table 1: Portfolio Value of the REITs

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>The Value in the Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Thousand TL</td>
</tr>
<tr>
<td>2011/12</td>
<td>23</td>
<td>11,708,492</td>
</tr>
<tr>
<td>2012/09</td>
<td>24</td>
<td>13,409,858</td>
</tr>
<tr>
<td>2012/12</td>
<td>25</td>
<td>15,781,822</td>
</tr>
<tr>
<td>2013/03</td>
<td>27</td>
<td>16,877,359</td>
</tr>
<tr>
<td>2013/06</td>
<td>28</td>
<td>16,299,683</td>
</tr>
<tr>
<td>2013/09</td>
<td>30</td>
<td>17,084,711</td>
</tr>
<tr>
<td>2013/12</td>
<td>30</td>
<td>18,632,452</td>
</tr>
<tr>
<td>2014/03</td>
<td>30</td>
<td>19,956,284</td>
</tr>
<tr>
<td>2014/06</td>
<td>31</td>
<td>20,671,981</td>
</tr>
<tr>
<td>2014/09</td>
<td>31</td>
<td>19,432,453</td>
</tr>
</tbody>
</table>

Source: Sermaye Piyasa Kurulu, 2014

The role of the REITs gains importance when we consider the first ten REIT companies according to their value in the market (Table 1). It is evident from Table 2 that the major REIT is Emlak Konut, which is owned by the state with the major share held by the MHA.
Table 2: First ten REIT Companies in Turkey in 2014 3rd quarter: Real Estate Investments Share and the Value in the Market.

<table>
<thead>
<tr>
<th>No</th>
<th>Name of Company</th>
<th>Real Estate Investments (%)</th>
<th>The Value in the Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Emlak Konut REIT</td>
<td>61.30</td>
<td>9,000,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Torunlar REIT</td>
<td>58.02</td>
<td>1,535,000,000</td>
</tr>
<tr>
<td>3</td>
<td>Doğuş REIT</td>
<td>93.19</td>
<td>895,200,131</td>
</tr>
<tr>
<td>4</td>
<td>İş REIT</td>
<td>83.33</td>
<td>864,108,000</td>
</tr>
<tr>
<td>5</td>
<td>Yení Gimat REIT</td>
<td>97.74</td>
<td>823,065,600</td>
</tr>
<tr>
<td>6</td>
<td>Saf REIT</td>
<td>86.19</td>
<td>806,807,519</td>
</tr>
<tr>
<td>7</td>
<td>Halk REIT</td>
<td>76.57</td>
<td>767,690,000</td>
</tr>
<tr>
<td>8</td>
<td>Akmerkez REIT</td>
<td>73.30</td>
<td>594,733,440</td>
</tr>
<tr>
<td>9</td>
<td>Vakıf REIT</td>
<td>28.72</td>
<td>577,428,215</td>
</tr>
<tr>
<td>10</td>
<td>Sinpaş REIT</td>
<td>55.15</td>
<td>510,000,000</td>
</tr>
</tbody>
</table>

Source: Sermaye Piyasa Kurulu, 2014

3.1. Transformation of the Macroform: From Compact to Decentralized

The 1990 Master Plan prepared by the Metropolitan Planning Office in 1970 was accepted as the Master Plan of the City until 2006. As stated above, the plan projected the development of the city towards the western corridor as the only feasible axis that is compatible with the morphology of the city. Accordingly, various mass housing projects (Batı Kent, Eryaman, Sincan) and organized industry zones (Sincan) were planned in this axis moving the development towards Eskişehir and İstanbul intercity roads. The 1990 Master Plan aimed to reorganize the previous mostly non-planned oil drop form of development of the city within a more planned radio-centric form radiating from a centre expanding outward to the periphery particularly with a visible corridor. The plan suggested a green
belt around the city and forestation of the surrounding areas in the East and Southeast of the city, attempting to counteract new squatter settlements particularly in the Southeast.

Due to market-led-planning since the 1980s, the development in the western corridor exceeded the projections of the plan. Particularly when the administrative system of the city was restructured in 1986 as a two-tier body, authority rivalry between Greater Ankara Municipality and the District Municipalities created another impulse for a rather unplanned/ad-hoc planning. Unlike its predecessors the 1990 Master Plan overestimated the population rise of the city and projected more urban land was created than it was necessary (Yaşar, 2010: 83). Therefore, the first signs of the leaping to Southwest and South with new housing development in Çayyolu Village and Gölbaşı took place in those years (Baykan, 2006: 94). The periphery of the city was opened to development, yet in the years to come it would create the momentum for urban sprawl and excess housing stock in the city.

In 1986, a group of academics from the Department of City and Regional Planning at Middle East Technical University was asked to craft a new macro (1/100.000) scaled plan for Ankara. The Ankara 2015 Plan was never approved and remained to be more of a “bundle of policies instead of regulatory development plan” (Altaban et al. 1985: 182). The Plan proposed to shift the main planning approach of the city from radio-centric macro-from to more decentralised form due to estimated population increase of the city. With this shift, the sprawl of the city started. Although the plan emphasised the limitation of development in north, south and east, leaving the western corridor as the most suitable growth direction, there were plans to develop new centres -an industrial centre of Ahiboz in the South, residential centres of Temelli and Polatlı in the West, industrial centre of Kazan that would be attached to the developments around Istanbul intercity road in the North, heavy-industry centres of Kırıkkale and Elmadağ in the West-. With such a decentralised model, it was suggested that the density of the city would be decreased. Like the previous 1990 Master, the 2015 Structure Plan proposed a greenbelt surrounding the city. One of the applied
policies of the plan was regarding the lakes of the city, Eymir and Gölbaşı as environmental reservation area.

The decentralised form that was projected in the Ankara 2015 Structure Plan, soon enough turned into a market-led and mostly ad-hoc planned sprawl. The plan was proposing a more balanced form of decentralisation as if it was applied as projected it would have curbed the problem of sprawl (Yaşar, 2010: 86). However, this plan’s development projections towards West were taken as the main guide yet, substantial elements of the plan that aims to support this axis with transportation reorientation and allocation of ventilation corridors in the form of green spaces, large parks and water basins in the city were never put into practice. Concomitantly, the high-income residential areas in the South started to develop triggering to the urban sprawl in the Southwest. From 1985 to 1997, city macroform has continued to expand towards higher altitudes of surrounding mountains in the North and Southeast as well as to valley bottoms and basin floors towards the West and Southwest (Erçoşkun, Varol and Gürer, 2005). The city expanded towards the lands previously outside the development plans with cheap land plots, reached old and established squatter neighbourhoods. In the 1990s, the city was transformed through transformation of squatter neighbourhoods in the inhabitable steep slopes of the hills and valleys around the bowl in three directions.

3.2. Dikmen Project: The shift from managerialism to entrepreneurialism in urban regeneration

Dikmen Valley is located in the south of Ankara covering a large area (of 6 km. length and 300 m. width) spanning from nearby city centre towards south. The Valley is within Çankaya district running across two densely populated neighbourhoods, Ayrancı and Dikmen. Çankaya district could be considered to be the most prestigious district of Ankara, with the Presidential Resident, the residences and offices of the Prime Minister, the Supreme Court,
the foreign embassies, universities, cultural centres and shopping malls occupied with an upper- and middle-income household population.

The Valley was not included in the Jansen Plan; it was first planned in 1957 Uydabin-Yücel plan as a green reservation area. Nevertheless, there has been considerable squatting in the area after the 1960s, leading the creation of five neighbourhoods with 4092 squatter dwellings and 18,415 inhabitants (Karayalçın, 2009). In the 1980s, when air pollution and the scarcity of the green areas became urging urban problems, the valley attracted attention (Türker-Devecigil, 2009: 198). In 1984, Dikmen Valley was planned as recreational area (Dikmen Stream Green Area Project). This plan, 1/5000-scaled plan of the Valley was prepared by the Greater Ankara Municipality in 1986, was proposing removal of the squatters, relocation of squatter settlers to another part of the city and reorganisation of the Valley as an urban park area with permitted construction on the sides of Valley. However, this project could not be implemented because of high expropriation costs and oppositions from the squatter settlers (Türker-Devecigil, 2009).

The take-off of the Dikmen Valley Regeneration Project was after 1989 Local Elections with the new administration of the GAM. The project bearers were the Greater Ankara Municipality, Çankaya District Municipality, and a project development company that was founded in cooperation with the GAM that is City Development Bureau (CDB) (Metropol /mar). The first two stages of the project explicitly aimed –with limitations- at maintaining the participation of the squatter homeowners in the planning process. In January 1990, a large meeting was held with the participation of the squatters and the GAM representatives. For that purpose, In July and August 1990, the plans of the project prepared by the CDB and 1/5000 scaled Master Plan and 1/1000 scaled application plans were approved by the GAM City Council (see Table 3). In October 1990, Dikmen Valley Environmental Development and Housing Construction Cooperatives were established in each of the five neighbourhoods with the initiative of the squatters (Karayalçın, 2009). Another participatory unit of the project was the Dikmen Valley Decision Council composed of 11 members (mayor of the GAM, the District Mayor of Çankaya, four representatives from
the GAM, four representatives of the valley inhabitants, the General Secretary of the CDB). The council commenced on a monthly basis with the agenda prepared by the GAM and established a channel in which the inhabitants would be informed about and more importantly included into the decision-making process concerning the Project.

Table 3: The main elements of Dikmen Valley according to the feasibility plan (08.02.1991) by the CDB.

<table>
<thead>
<tr>
<th>Stage</th>
<th>#of squatters</th>
<th>Residential Construction (m²)</th>
<th>Recreational and Commercial (m²)</th>
<th>#of Social Housing</th>
<th>Green Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>525</td>
<td>69000</td>
<td>6000</td>
<td>745</td>
<td>77000</td>
</tr>
<tr>
<td>2</td>
<td>361</td>
<td>87000</td>
<td>27000</td>
<td>950</td>
<td>71000</td>
</tr>
<tr>
<td>3</td>
<td>249</td>
<td>81000</td>
<td>9000</td>
<td>878</td>
<td>235000</td>
</tr>
<tr>
<td>4-5</td>
<td>709</td>
<td>186000</td>
<td>32000</td>
<td>2000</td>
<td>258000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1844</td>
<td>423000</td>
<td>74000</td>
<td>4573</td>
<td>641000</td>
</tr>
</tbody>
</table>

Source: Karayalçın, 2009.

According to the feasibility plan by the CDB (See Table 3), the project would be completed in 5 stages with total cost of 393.9 million DM and revenue of 602.3 million DM. The GAM tried a very innovative option for funding the project. From 1989 to 1994, the GAM was the first municipality to raise funds through bond issuance in overseas markets that would be used as a lever for many of the public investments of the GAM. Between 1990 and 1992, GAM entered Frankfurt stock exchange market through a German Bank, DGM, then entered Japan Samurai stock exchange through a Japanese firm, NOMURA undertaking “private placement” activities (Karayalçın, 2009). In order to be able to enter the stock market directly, the GAM requested to be audited by Standard and Poor’s for credit grading. As a result of Standard and Poor’s audit, the GAM received BBB credit grade –same as the credit grade of the Turkish Treasury of the time- enabling it to enter directly the Japan Samurai Stock Exchange. On November 1992, The GAM sold 50 billion yen worth (400 million US dollar) of bond at the Japan Samurai stock exchange with the guarantee of the Turkish Treasury. With the intention to expand these financing activities, the GAM aimed at
establishing a bank, called KENTBANK, yet this solicit was denied by the Treasury (Karayalçın, 2009).

Table 4. Resources generated through bond issuance between 1990 and 1992

<table>
<thead>
<tr>
<th>Bond type</th>
<th>Date of issuance</th>
<th>Original currency</th>
<th>US dollar (million)</th>
<th>Tenure</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frankfurt German Bond</td>
<td>10.15.1990</td>
<td>150 billion DM</td>
<td>95.4</td>
<td>5</td>
<td>10.25</td>
</tr>
<tr>
<td>Tokyo Private Placement I</td>
<td>05.06.1991</td>
<td>8.5 billion JPY</td>
<td>61.7</td>
<td>5</td>
<td>8.40</td>
</tr>
<tr>
<td>Tokyo Private Placement II</td>
<td>19.03.1992</td>
<td>4.6 billion JPY</td>
<td>34.6</td>
<td>5</td>
<td>7.60</td>
</tr>
<tr>
<td>Tokyo Samurai</td>
<td>10.11.1992</td>
<td>50.0 billion JPY</td>
<td>400.0</td>
<td>5</td>
<td>6.80</td>
</tr>
</tbody>
</table>


The project is planned to be self-financing. The objective was to accomplish the first phase from the funds raised by issuing bonds, then to finance the following phases of the project with the revenue collected through the sales of the luxurious residents and commercial offices at an auction that would be executed by the GAM. An additional urban rent that would be created through increased development rights were to be used to accomplish the financial sustainability of the project (Türker-Devecigil, 2009: 203).

The value of title-rights of the squatter owners was not negotiated individually unlike in the case of the improvement through build-and-sell model. In the Dikmen Project, these rights are used to finance some portion of the cost of the project. 350m² is called regeneration scale that means those title-holders whose land area is 350 m² would be given a flat without any payment. Those with a land plot below 350 m² would become a debtor to the Municipality, and those with a land plot above 350 m² would receive an expropriation fee regardless of the ownership of the land. The landowners without squatters were not eligible for flat apartment units but paid a satisfactory amount of expropriation fees.
On April 1992, the first stage of the Project was launched upon signature of the construction contracts of the flat apartments for the title-holders. In January of 1994, keys of these 404 flat apartments were given to the former title-holder squatters (Karayalçın, 2009). On October 1992, the construction contract of the culture bridge along with the luxury residential towers was signed.

Picture 3. Dikmen Valley Project First and Second Stages

While the project initially perceived the valley as an urban area to be transformed and rescued, with serious modifications on the project from the mid-1990s and particularly in the 2000s, the Valley has been converted into a value to be shared (Batuman and Altay Baykan, 2014). The first two stages of the project were completed in the 1990s, yet the project has gone through significant changes after the 1994 elections with the mayorship of Melih Gökçek. The project principles, terms of agreement with squatter residents were changed and the participatory character of the project was totally removed since the main issue turned into sharing the rent generated by the project (Batuman and Altay Baykan, 2014).
In the 2000s, for the third phase of the Project, the earlier plans that had proposed the conservation of valley as a green area was changed, narrowing the borders of the Valley, increasing the construction density around the valley. Furthermore, the squatter residents were forced to sign more disadvantageous contracts in terms of their development rights. The regeneration scale was increased to 400 m² from 350 m². The expropriation fee for the land was determined at a very low level (310 Turkish Lira/m²), which was later rearranged (varying from 1850 TL/m² 1850 TL/m²) after the landowners sued the GAM. The third phase of the project can be distinguished with drastically increased building storeys as well as increased construction areas of housing units (see Table 5). The spaces previously allocated for public service offices are redefined as commercial offices to be sold. These changes significantly transformed socio-economic demographics and fabrics of the area. As gentrification intentions of the GAM were surfaced, this had direct impact on urban politics (Batuman and Altay Baykan, 2014).
Table 5. The Comparison of the 3rd and 4th Phases of Plan Proposals

<table>
<thead>
<tr>
<th>Third Phase</th>
<th>Area (ha)</th>
<th>Projected # of Dwellings</th>
<th>Projected density (person/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>21.2</td>
<td>663</td>
<td>125</td>
</tr>
<tr>
<td>2001</td>
<td>28.6</td>
<td>1039</td>
<td>145</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fourth and Fifth Phases</th>
<th>Area (ha)</th>
<th>Projected # of Dwellings</th>
<th>Projected density (person/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>67.7</td>
<td>1503</td>
<td>89</td>
</tr>
<tr>
<td>2001</td>
<td>176</td>
<td>4200</td>
<td>95</td>
</tr>
</tbody>
</table>


From 2006 onwards, the squatter inhabitants organised to resist against the Project by founding the “Bureaus of Right to Shelter” as the GAM redefined the general principles of the project. With the support of the Chamber of Architects and the Chamber of City Planners, the inhabitants denied to evacuate their squats that practically halted the construction of the fourth and the fifth phases of the project. In February 2007, the municipality attempted to evacuate the squats with 5300 police, 120 ambulance, 25 buses for the detainees. Yet, the resistance of the squatters were fierce and the attempt of the municipality to demolish the squats was unsuccessful.xvi

In 2011, the GAM attempted to revive the project including by the MHA into the project. In the beginning of 2012, terms of the regeneration project were redefined. The non-title holder squat settlers became eligible for social housing in the project; the residents of the squat were permitted to remain in their squats or if they choose to evacuate, they would be provided with rent support until the construction of the affordable housing units are completed. However along with these conditions, the conditions of the debts were also changed, the payments of the loans were not fixed to the inflation level, which would make the conditions acceptable for the squat settlers.
As Batuman and Altay Baykan (2014) effectively illustrate in the following lengthy quotation: “The Valley currently provides a significant repertoire of distinct housing types, all of which can be observed in sequence through a walk along the Valley. The earliest housing blocks in the first and second phases are still inhabited by the squatters and exist side by side with the upper class houses built to compensate them. The park in the middle of these blocks is a public space used even by people coming from different parts of the city. Yet, as further one walks, the Valley gradually turns into a semi-gated community, where significant portions of the green areas are left to the private use of expensive housing complexes. After these well-designed buildings and elegant landscapes, one suddenly meets with concrete barriers signalling the limits of the completed project site. Behind the barriers lay a no-man’s land with the debris of evacuated slums of the fourth phase, which are reoccupied by unsheltered people living on garbage collection. And after this vacant area, there are the traditional houses of the squatters who have been living in the Valley for more than three decades”.

The Dikmen Valley Project was realised within a public-private-partnership model. Construction companies were keeping their separate legal personality, while entering a partnership with the Greater Ankara Municipality for a particular project. This model was based on the consolidation of the development rights that would refer to amalgamation of the existing development rights instituted on the land parcel based on the project and
consolidation and redistribution of the land rights within the framework of the agreed principles of the public-private partnership (Yılmaz and Keleş, 2015: 354).

In November 2014, the GAM opened an action for the sales of the land for the 4th and the 5th stages (234,268 m²) of the project. The land was divided into 9 parcels, 8 of them being allocated to residential (227,956 m²) and one for commercial use with total construction areas of 691,000 m². There is no restriction on the storeys of both residential and commercial buildings. However, the bid had to be closed twice and postponed for an indefinite time due to the lack of interest of the construction companies, which would be definitely related to the fierce resistance of the squat residents of the Valley supported by the Chamber of Architects and the Chamber of City Planners and other democratic civil society organisations.

4. Evolution of urban planning and development since 2004: Mass Housing Administration

In the aftermath of the 2001 economic crisis in Turkey, the structural reforms strengthened the Turkish banking sector enabling the Turkish banks to borrow from international credit markets. It should be noted here among those structural reforms that all the assets of the RECB were transferred to the MHA. Under these newly defined conditions, the competition between the banks to increase their credit market resulted in the decreased interest rates. Consequently, housing loans have rapidly increased in 2004-2006 period. In 2007, with the Housing Finance Law (Law no: 5582), banks were enabled to pool mortgages and securitize these housing loans. As Turkey has become one of the fastest-growing real estate markets, this tendency continued until 2010 with the share of housing loans in total consumer loans revolving around 48 per cent between 2006 and 2010. In May and June of 2011, the BRSA attempted to monitor the skyrocketing loans by tightening the regulations concerning capital adequacy and credit risks, which forced the banks to be more prudent with respect to consumer loans particularly in housing loans.
Through the 2000s, there has been attempt to lure international capital to Turkish real estate market. In 2002, an amendment in the Public Procurement Law (No. 4734) made (Yemar, 2009) to attract foreign direct investments in the construction sector. The law involves the establishment of a separate central institution, called Public Procurement Institution (PPI) with extraordinary powers derived from the related ministries. In 2003, real estate sales to foreigners were made possible with an amendment of the Land Register Law (Article 35). In 2007, an amendment of the Tax Law further aimed to increase the international competitiveness of the Turkish real estate sector. In May 2013, a new law redefining the rules of reciprocity has substantially eased foreign investments in Turkey. With this new law, both European and Gulf-based property investors have turned their attention to Turkish real estate market. The efforts of the government paid off, Turkey ranked the third most attractive real estate investment destination within emerging countries. Since then, the property sales to foreigners in forms of housing, land and offices between 2003 and 2013 reached 25 billion USD which correspond to 13 percent of the tourism revenue earned in the same period (Sönmez, 2014c). The boost of the construction sector is reflected on the rates of construction investments particularly since 2004, with a slowdown in 2008 and 2009 (Table 6).

Table 6. Construction Investment and Growth Rates [2003-2013]

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>11.2%</td>
</tr>
<tr>
<td>2004</td>
<td>11.4%</td>
</tr>
<tr>
<td>2005</td>
<td>10.9%</td>
</tr>
<tr>
<td>2006</td>
<td>8.7%</td>
</tr>
<tr>
<td>2007</td>
<td>8.3%</td>
</tr>
<tr>
<td>2008</td>
<td>9.0%</td>
</tr>
<tr>
<td>2009</td>
<td>9.0%</td>
</tr>
<tr>
<td>2010</td>
<td>9.0%</td>
</tr>
<tr>
<td>2011</td>
<td>9.0%</td>
</tr>
<tr>
<td>2012</td>
<td>9.0%</td>
</tr>
<tr>
<td>2013</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Source: Sönmez 2014c.

As capital has shown tendency to flow to land and property, local and predominantly the central state had assumed the central role in creating rent to be channelled to private
sector circles. Series of changes in the laws to attract FDIs in the construction sector brought an upward rescaling of the state authorities in order to better facilitate the demands of the international money flows (Çelik, 2013). Such an upward rescaling of state power would also be instrumental to have grip on political power to bolster the political influence of the JDP from top to bottom.

In the 2000s, there were 78 laws and 10 by-laws for amendments or enactments in the legislations concerning totally or partially the production of built environment (Balaban, 2012). The majority of the amendments were to make urban planning more flexible and to remove the obstacles for developers both in private and public sectors in the selection process of location to invest and the volume of the investment (Balaban, 2012).

There have also been institutional changes in the city-scale planning institutions since the MHA gained new planning powers starting from 2004 when it is attached to the Office and the Prime Ministry. As the national scale planning authority has assumed more powers, the city-scale planning authorities in Ankara -GAM and District Municipalities– have regressed in their planning powers as urban regeneration projects became the main policy for redevelopment of dilapidated neighbourhoods and squatter settlements (Çelik, 2013).

The role of the GAM was to prepare large-scale plans by setting annual goals and investment programmes and district municipalities had to prepare micro-scale plans, but also had more locally dependent responsibilities, and regulatory procedures; collecting solid waste; inspecting for health hazards and public safety; building car parks and recreational areas; building and maintaining secondary and local urban roads; building and maintaining facilities for health, education and culture; protecting cultural, natural and historical assets; offering social and cultural services for the elderly, women, children and disable; providing burial services; and offering training for skills and trades (Çelik, 2013).
While the responsibilities and duties of greater and district municipalities remained the same, their planning powers changed after 2004. At the same time, the MHA was delegated the authority to prepare all kinds of plans on lands where ownership has been transferred to the MHA [Law no: 5162] (Altaban 2012). The institutional and legislative alterations to the planning powers of local institutions were due to the national state’s approach to moving the whole planning system towards an ‘urban regeneration’ focus. This shifted power to national scale institutions and weakened the role of the local state and reduced the ability of dwellers to participate in the planning process. The main change towards upward scaling of planning powers was the empowerment of the national-state authority of housing and planning, the MHA (Çelik, 2011: 491-93).

One of the roles given to the MHA was to consolidate the politicised process of urban regeneration projects. The MHA assumed the role of primary investor, when the private sector refrained from launching urban regeneration as the central actor. This role was given to a central state body, since the Greater and District Municipalities were limited financially, politically and administratively to be able to undertake the scale of spatial restructurings projected. The MHA was therefore reinvigorated as a powerful operator in urban regeneration process, solving the legal and bureaucratic ‘obstacles’ for investors, giving financial and technical support to the municipalities, and organising resident relocations resulting from regeneration projects, and weakening possible civil resistance by both subtle and if necessary harsh methods.

The power of the MHA has been expanded by many far-reaching legal and institutional reforms. In 2003, with the new law [Law no: 4966], the MHA was authorized to establish its own profit-seeking construction companies, undertaking partnerships with existing domestic or foreign companies. In these ventures, the MHA could provide credit and land; and/or directly undertake regeneration projects on public land. The partnership protocol would be based on revenue sharing model. It was also noted in the law that the revenue of the MHA gained though luxury housing projects can cross-subsidise affordable housing
This project has received funding from the European Union’s Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

projects. In 2004, in order to increase the land stock that MHA could handle, all the duties and powers of the national Urban Land Office have been transferred to the MHA, with its land stock. With this law [Law no: 5273] the land stock of the MHA increased from 16,5 million m² to 65 million m², at no cost to the MHA.

In 2004, the MHA gained urban planning powers at all scales for the first time since its establishment (Law no: 5162). With the same law, it also assumes the authority to plan urban regeneration projects in squatter settlements. This capacity was expanded to historical areas, and dilapidated inner city zones in 2005 (Law No: 5366). In 2007, the MHA took over all the planning duties of the Ministry of Settlement and Development (Law No: 5069).

With each consecutive law, the MHA has become the only central state institution with extraordinary powers to restructure the relationship between the state, space and urban policy through its housing policies (Çelik, 2011). Its powers expanded in scope and content to include the building of schools, hospitals, dormitories, sport centres, social and cultural facilities, police stations and military facilities. Therefore, the completed and on-going MHA projects constitute an important part of the recent urbanisation process in general, and urban regeneration projects in particular.

The Concluding Report of the 2008 Housing Summit of the Association of Real Estate Agencies [GYODER, 2008] argued that, ‘In Turkey, the complexity of planning processes puts a halter on the construction sector’s activities. The capacity and limitations of the institutions effective in this process should be reconsidered to create clear and fast solutions in a long-run planning process’. The Association demanded new legal regulations as a part of the adjustment process for integration into the EU and for integration with global capitalist dynamics. Although large-scale urban investors and real estate investment trusts were satisfied with the role of the MHA, there were further demands for reduction in the planning bureaucracy with more powers transferred to the MHA as the
central planning authority equipped with a guarantor role to reduce the risks of the investors [GYODER, 2007, 2008].

Demands and concerns of international construction companies appear to be influential in further legal regulations concerning the MHA. In 2009, the MHA became the sole institution in charge of planning of all state-owned lands [Law No 5:018]. Finally in 2012, a new legislation [Law No. 6306, 2012] was passed in order to empower the Ministry of Environment and Urbanisation and the MHA to use the planning authority to initiate regeneration projects in the disaster-prone areas enlarging the geographical scope of forthcoming regeneration projects. The authorities of the local governments have been largely curtailed in favour of centralisation of urban development decisions.

Table 7: Construction Investments by the Public and Private Sectors

<table>
<thead>
<tr>
<th>Year</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>8</td>
<td>24</td>
<td>32</td>
</tr>
<tr>
<td>2003</td>
<td>9</td>
<td>28</td>
<td>38</td>
</tr>
<tr>
<td>2004</td>
<td>12</td>
<td>33</td>
<td>45</td>
</tr>
<tr>
<td>2005</td>
<td>15</td>
<td>41</td>
<td>56</td>
</tr>
<tr>
<td>2006</td>
<td>18</td>
<td>49</td>
<td>67</td>
</tr>
<tr>
<td>2007</td>
<td>22</td>
<td>51</td>
<td>73</td>
</tr>
<tr>
<td>2008</td>
<td>24</td>
<td>53</td>
<td>77</td>
</tr>
<tr>
<td>2009</td>
<td>22</td>
<td>51</td>
<td>73</td>
</tr>
<tr>
<td>2010</td>
<td>25</td>
<td>54</td>
<td>79</td>
</tr>
<tr>
<td>2011</td>
<td>25</td>
<td>54</td>
<td>80</td>
</tr>
<tr>
<td>2012</td>
<td>25</td>
<td>54</td>
<td>80</td>
</tr>
<tr>
<td>2013</td>
<td>25</td>
<td>54</td>
<td>80</td>
</tr>
</tbody>
</table>

Source: Sönmez, 2014

Since 2003 construction investments of the MHA hold more than 80 percent of shares in the total public investments. In total, from 2003 until 2013 (first nine months), the public sector invested some 18 billion dollars while the private sector has invested 35 billion dollars (Sönmez, 2014). The MHA has provided 900.000 employment in its 2900 workplaces. Between 2002 to 2015, the MHA produced 640.000 housing units, that would correspond to 23 cities with 100.000 population. Furthermore, 500.00 housing units are to be constructed by the end of 2023. Of total housing production by the MHA, 40 percent is addressed for middle-income families, 23 percent is low-income families, 6 percent is housing under
risk-prone zones, 15 percent is urban development projects. Urban regeneration projects are divided into two kinds of houses: Affordable housing (85 percent) and luxury housing (15 percent). Affordable housing units are ideally addressed to the titleholders of the squatter dwellings. However, due to challenges of payment of monthly installments of their credits, it is widely known that the original residents of the area eventually sell their flats.

The main function of the MHA has been transformed from providing affordable housing towards pulling the private sector as locomotive force. The enabling service of the MHA was not equally benefiting small- and medium-size constructor. Rather it has been detrimental to small built-and-sell model constructors tilting the power towards big construction companies.\textsuperscript{xvii} The MHA launches its urban regeneration projects in squatting areas, which eventually turns into gentrified area by increasing the rent that would be gained in construction of new housing in the area. In such regions, the MHA starts the transformation of the area, and once the urban regeneration project transforms the social and cultural texture of the neighbourhood, more luxury housings are being constructed in that area than before. Furthermore, the MHA is an instrument of systematic use of state power to boost the construction sector to change the composition of social life in Turkey.

4.1. Transformation of the Macroform: Urban Sprawl Threatening Sustainability

The development of the city towards the west has created an axis with commercial and public high-rise buildings and shopping malls. The southwest side also experienced a sprawl with residential area for high-income households. With this sprawl pattern, the city of Ankara has moved from a compact city form towards a decentralised policentric urban structure. It should be noted that the urban sprawl towards the West and Southwest of the city was planned and projected to a certain degree in the 1990 and 2015 plans. However since 2007, the sprawl was accelerated with the present plan of the city.

Greater Ankara Municipality prepared a new plan in 1996, and approved and put into force in 2007, replacing the Ankara 2015 Plan. According to this 2023 Development Plan, the city
would grow beyond the peripheral ring road in the Northwest direction while the zones between the city and the peripheral ring road would be planned as new development area, recreation and forestation zones. Although the new plan justified this sprawl with reference to expected population hike, it became clear, from the beginning of the 1990s, that the city’s population rise has come to moderate rates. Its metropolitan area population estimate for the year 2023 is 7.5 million, which seems impossible for the rates of population increase. 2023 Development Plan is aimed to boost the supply of luxury housing by systematically increased the development rights on the Southwest side of Ankara where land rents are already high. The pressure of the real estate market –investment in housing and land- was an obvious push policy.

Built environment of the city transformed drawing on three dynamics: existing squatter settlements, the density increment in some of the old squatter settlements and the land demand especially in the western corridor which pushed the land prices and created urban land rent (Ercoşkun, Varol and Gürer, 2005). In the eastern part of the city is suffering from squatter settlements, while the squatter areas in the North are being replaced by middle-to upper-income household residential area. While at the same time, increased rent of the previously vacant land facilitated by the local and central state has led to sprawl of the city towards west and south-west axes with highly prestigious urban uses for residential and commercial purposes creating day-by-day a housing bubble in the city.

There are attempts to open the ventilation corridor of İmrahor (stream) Valley and Eymir/Mogan lakes area to urban development and construction. An OECD report on “Environmental Performance Evaluation Report: Turkey” noted that air pollution in certain areas (especially in Ankara) surpassed national air quality standards (cited in Barış et al., 2014: 1660). Such corridors are necessary to clean up the air of the urban area by the help of air movements created by the temperature differences between the urban fabric and the valley as a green corridor. Therefore, the sprawl of the city is reached the reserve areas around the city posing an environmental risk for the whole city (Barış et al., 2014: 1661).
4.2. Northern Ankara Regeneration Project: Profit Sharing through the Exclusion of the Poor

The Northern Ankara Regeneration Project spreads on 1582 ha. area that fall into three district municipalities (Keçiören, Pusaklar and Altındağ). The project area is along the highway in the north of the city connecting the city centre with the Esenboğa Airport, named as Protocol (VIP) Road. Total of 18000 units -6770 of which are allocated for rightful-holders-, 2 five-star hotels, 1 congress centre, and recreational facilities for 70000 inhabitant will be constructed in 16 stages within the project (Akin, 2007: 216).

Unlike other urban regeneration projects, this project is enacted with a legislative framework that was crafted specifically for this location; Urban Transformation Law Concerning Northern Entry to Ankara (Law no: 5104 in 2004: Law no: 5481 in 2006). With this law, all the earlier plans for the area within the project would be annulled and re-projected within the new plans crafted by the GAM. All the existing vacant public land (115 ha.) within the project area would be transferred to the GAM without any expropriation fee. The remaining land would be cleared in accordance with the agreements separately signed with owners of the land, houses, offices and industrial complexes. All the dwellings would be cleared and a new urban project would be designed by the GAM in cooperation with the MHA. Hence, once the area is cleared of from squatter dwellings by demolishing them, regeneration would start on the vacant area or “void” (cf. Batuman and Altay Baykan 2014).

With this law that defined the role of the state in urban planning and development co-authorised the GAM and MHA to undertake the project in partnership with the private sector. This partnership was institutionalised under Construction, Real Estate and Project Company (TOBAŞ). The dividends of TOBAŞ are the MHA and GAM each owing 50 percent of the corporation and each providing 50 percent of its financial resources. The responsibilities of TOBAŞ included agreeing with all the residents within the project area based on three options provided. They would sell their land; they would be given a flat
based on the value of the land they are entitled to; or they were given another plot of land of equivalent value in another area in Ankara. If they choose to have a flat in the newly constructed buildings within this project, they would receive rental support during the construction. Then TOBAŞ demolished the squatters, relocating the title-holder inhabitants of 10,500 squatter dwellings to another mass housing project of the MHA in Karacakaya district or providing them with rental support –that fell short of meeting the cost of rental housing for most families- during the projected construction period.

For the non-title-holders and tenants, the MHA offers homeownership in its different projects. They were provided with 4000 residents built in the Pursaklar District with 15 year-tenure loans from the MHA. However, the terms of these loan agreements were not favourable for the squatter residents. Like all the MHA loans, monthly payments are indexed to public sector wages. For instance, a squatter owner makes an advance payment of 500 Turkish Liras for a 80-square-meter-house at Karacaören and committed to pay monthly installment of 226 TL for 10 years. Right after signing the agreement as of March 2012, the monthly payments were increased to 370 TL recalculated according to the wage raise of civil servants (Yılmaz and Keleş, 2015: 358). Considering that most of the squatter owners have no job security and/or regular jobs. These monthly payments let alone its being indexed to the public sector wage level would cause payment difficulties of many households. It is true that the title-holders and tenants who could not be considered as eligible to obtain mortgage loans in the banking system, ipso facto, “cannot own a housing unit under the existing market conditions” can access to the MHA loans. Nevertheless, the terms and conditions of the MHA credits are not as affordable as officially presented by the MHA authorities. Despite these inconveniences and payment difficulties, as of mid 2014, 8152 affordable housing units are being built. The next stage of the project is the 5800 luxury housing units to be sold to finance the project are currently under construction based on revenue sharing model.
Picture 6. Squatter Settlements Before the Project was Launched Compared with a view from First Stages of the Project
The financing of the project was defined as Revenue Sharing Model. It is claimed by the MHA authorities that this model aims to provide housing for high-income groups, in order to raise funds for housing projects of low- and middle-income groups. It is based on housing production on the MHA owned lands in collaboration with the private sector and on sharing the sales income with a private partner. The MHA calls for an open tender that is not regulated within the legal framework of the Public Procurement and Tender Laws, which had seen 25 changes since 2003 (Ateş, 2010: 119, see also Ercan and Oğuz, 2006). The subject of the tender is the land owned and provided by the MHA. The responsibilities of the candidate bidders are engineering, construction, infrastructure services, marketing and sales of certain amount of residents and other facilities. Candidates offer a ratio of the total probable revenue in the tender (the ration of winning offer has been around 30 and 40 percent), the highest revenue offered wins the tender and becomes the shareholder of a particular stage of the project. The eligible candidates should provide a bank statement for an account or real estate credit with the amount of not less than 10 percent of the offered revenue.

It is purported by the MHA authorities that “the revenue-sharing model is a built-and-sell concept but is it based on the revenue instead of housing units.” It is claimed that the MHA
developed this model to close the gap between its short-term investment expenses and its long-term receivables. Although the revenue sharing model is presented as built-and-sell model, this particular form of public-private partnership leads to siphoning off the profits of gentrification by construction companies. The “development rent” is created in the evacuation of the land by defining the low expropriation fees, simply dispossessing the original inhabitants. Then increasing the development rights on this land plot for the new project to be sold to the private sector construction companies. This fact is rather bluntly acknowledged in the MHA official website “the land is generally evacuated by TOKİ [MHA] less than its actual market value. So, as a result of this hidden subversion, the selling (sic) prices of the houses are in general lower than houses sold by other developers (sic) creating a somewhat unfair competition” (emphasis added). “The shareholder has the advantage of providing (sic) the land procurement procedure in the shortest term with the possible least cost” and the projects have “high marketing and sale capabilities”.xxi Furthermore, there are various allegations regarding the auction procedures for the public lands. Arguably, it has been claimed that, the land value after the increase of the development rights are systematically determined lower than its real market value which means that development rent is not even shared between public and private in these partnership, but rather transferred to the private construction companies. Therefore, it seems that the balance of power in this revenue sharing model is titled overwhelmingly in favour of the construction companies juxtaposing the public interest. The method of sharing the incremental value of the land due to increased development rights conflicts with the public interest. In the ideal alternative to such a model the incremental value of land should return back to public without being shared with, -and even completely red to, according to the allegations- the private sector.
In 2009 UN Habitat Business Award Selection Committee awarded the project with “Good Practices” that “aims to recognise and publicise outstanding achievements contributing to sustainable urbanisation through corporate responsible practices”.xxii
5. Conclusions: Questions of Sustainability, Bubble and Burst

Ankara was a small Anatolian village with 30,000 population in 1923. The city has grown rapidly and changed completely becoming a metropolitan city with the population of 5.1 million in 2014. In most of its history, the city suffered from shortage of housing supply. Two main reasons for such a shortage were a) the land speculation since the 1930s; and b) the lack of affordable housing loans for middle- and low-income households. It has been illustrated in various data sets that until recently there was a shortage of housing stock in Turkey. While the development plans estimated the housing demand between 1963 and 1994 as 9,464,437, the constructions permits for the same period remained as low as 4,207,177. Consequently, squatter housing settlements have been the main problem of urbanisation facing Ankara like many other big cities in Turkey. Although the efforts to boost the construction sector started in the 1980s, the sector really became the driving engine of the whole economy in the 2000s following the 2000-2001 economic crisis. Even in the Eight Five-Year Development Plan (2000-2005), the housing shortage was estimated around 3 million. However, the rate of provision of housing accelerated in the 2000s.

In the Turkey Real Estate Year Book of 2008 prepared by the Association of Real Estate Investment Companies (GYODER), the editorial note is entitled as “Turkey’s star shines ever brighter”. The editor of the yearbook rightly notes “the construction sector was the driving engine of growth during the past five years and, particularly with the surge that began in the fall of 2004, it helped to keep the economy alive” (Genç: 2008: 13). There has been an increasing entrance of global investors in the Turkish real estate market which accelerated construction of housing, commercial centre and shopping malls. Flow of external resources exceeding on average of 40 billion dollars facilitated a growth performance of 5 percent annually (Sönmez, 2014). With its good macroeconomic performance, Turkey has become a refuge in the midst of the 2008 crisis. The years between 2007 and 2009 did not lead to a major and long-lasting slowdown in housing demand in contrast to what has experienced in Europe and the US in the wake of the 2008 crisis. Finally, in May 2012, a new
law redefining the rules of reciprocity is substantially eased foreign investments in real estate sector. European and Gulf based property investors have turned their attention to Turkish real estate market.

How much longer that star of Turkey will continue to shine is what matters. According to the Global Housing Watch of the IMF, housing prices are still running well ahead of inflation in Turkey where inflation is high and current deficit is quite large (Rebucci, 2015). Foreign borrowing in form of housing mortgage appears to be fuelling the demand of housing. The housing bubble is growing in Ankara as well as in Turkey. Data provided by the State Statistical Institution and the Chamber of Civil Engineers for 2010 suggest that there is an excess stock of 403.394 flats in Ankara (Yaşar, 2010: 58). The excess stock of housing has become visible to naked eye in the past years. Commuting along the Eskişehir intercity road, one cannot miss those vacant buildings for sale and rent standing next to each other. Particularly, the year 2013 shows a downward trend in the housing sector. A recent report (January 2015) prepared by the Chamber of Real Estate Contractors is tellingly entitled as “Beginning of year with rapidly changing agenda and expectations and increasing uncertainty and perception of risk”. As could be deduced from its title, the report is drawing a gray picture due to high level of uncertainties, compared to the rosy picture in the immediate aftermath of the 2008-9 crisis. According to this report, the rate of growth of the sector had decreased in the first three quarters in 2014 (respectively 5.1 percent, 2.8 percent and 1.0 percent). In 2013, the average growth of the sector was recorded as 7 percent. Furthermore, the report notes that the rise of the demand for housing has stopped in starting from November of the same year (TMB, 2015). The construction investments in the course of the Turkish Statistical Institute, Household Work Force Survey, the construction employment has decreased in 2014 from 2.018.000 (first quarter) to 1.854.000 (second quarter).

Therefore, macro-economic growth almost single-handedly dependent on the construction sector would inevitably bring the question of sustainability. The slowdown of the construction sector would toll the alarm bells pushing the government to create more
profitable projects and demand-triggering sites for construction. In the sense, the mega construction projects in İstanbul, such as the third airport, the third bridge and the new urbanisation axis around and within the Northern Forests in İstanbul may have seen as sings of such a challenge (Sönmez, 2014b). The pressure over the Reserve Areas such as İmrar Valley and Eymir Lake are similar projects in Ankara boosting the construction sector by opening more profitable areas to invest and more demand for newly-build housing units.

Various domestic and international problems may poke the bubble to burst. One international scenario is said to be the Fed’s decision on interest rates (Rebucci, 2015, TBM, 2015). It is expected that in the case that the FED decides upon a considerable increase in the interest rate, this would cause turmoil in the countries like Turkey as hot-money flow reverts back to the centre. Banking system would face with deep drought of portfolio accounts, which would lead to an increase of the interest rates including the mortgage rates. Indeed, the challenge of FED’s change of monetary policies has been swinging over the Turkish banking system, and the macroeconomic managers like the Sword of Damocles. The FED’s signals about increasing the interest rates had already diverted some foreign investors towards the US bonds, increasing the foreign exchange rate around mid-2013. To curb the foreign exchange rate, the interest rates are increased in January 2014 from 5.5 to 10.5 which made the mortgage loan less appealing leading a sharp drop in the mortgage home sales through the year.
A domestic reason for losing its competitiveness may be impact of ever increasing allegations of corruption-bribery concerning the MHA activities and lack of accountability of the macroeconomic management in general. There has been an increasing suspicion regarding the auctions undertaken by the MHA for the public-private-partnership in housing projects and other mega construction projects most notorious of them being the third airport and the third bridge in Istanbul. The former head of the MHA (Dec 2002-March 2011) who later became the Minister of Environment and Urbanisation was one of the cabinet members who were at the centre of corruption allegations. The allegations were not cleared as these corruption cases were closed without any investigations. Furthermore, the reports of the Court of Accounts, the highest public auditing institution, were not brought to the Parliament creating a heated debate in the public agenda. Therefore, it is possible that the violated principles of transparency and accountability in the past years may cause a loss of thrust in the Turkish market in the near future.

The boom of the construction sector is and will be definitely associated with macroeconomic management of the Justice and Development Party. However, present
tendencies hint us that a deflation if not the burst of the construction industry and more specifically housing bubble is probable and in that even it will surely be associated with the same political party, the JDP. A bottleneck in the construction sector will inevitably bring about an overall slowdown and even a deep crisis of the whole economy. Such a scenario may even end up with the deflation of the JDP’s rule. Is the construction sector the Achilles’ hill of JDP period, remains to be an open-ended question.
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https://books.google.com.tr/books?id=9QTFLWD5g4wC&pg=PA5&dq=turkey+real+estate+y
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earbook+2008&hl=en&sa=X&ei=iVzeVP_gDsebNoy8g9gE&ved=0CC8Q6AEwAA#v=onepage&q=turkey%20real%20estate%20yearbook%202008&f=false Accessed: 13/2/2015.


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\[\text{\textsuperscript{i}}\] Since 2003, household debt, particularly in form of housing loans, has been growing. (For more information and data on this secular trend, see Bedirhanoğlu et al., 2013).

\[\text{\textsuperscript{ii}}\] For the details of the concerned law, see [http://www.yds.gov.tr/dosyalar/1326978039-1580.pdf](http://www.yds.gov.tr/dosyalar/1326978039-1580.pdf)

\[\text{\textsuperscript{iii}}\] Sale of construction materials on credit also gained importance in this period. Since these dwellings were built of used materials from demolished buildings, demolition, storage and sale of discarded materials became a profitable job. “Some of those who had occupied larger areas, set up businesses based on collection and sale of discarded materials on part of their land. In some cases the ‘scrap dealer’ built the gecekondu himself and sold them. In the others he sold land on the condition that building materials were bought from him. Any person could engage in all of those three kinds of speculation” [Şenyapılı, 1986: 152].

\[\text{\textsuperscript{iv}}\] Since the first form of land appropriation is more common, we will use its English translation as squatter settlement.

\[\text{\textsuperscript{v}}\] The Garden City approach was first implemented by Jansen in this housing cooperative for middle-upper income families. The given name to the cooperative area is Bahçelievler, which means “Houses with Garden” in Turkish. For the details of the project, see: [http://www.goethe.de/ins/tr/ank/prj/urs/geb/sta/trindex.htm](http://www.goethe.de/ins/tr/ank/prj/urs/geb/sta/trindex.htm)
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vi Yet Article 53 of the same Constitutions considerably relaxed this responsibility of the state.

vii Although these green areas are considerably reduced with the plan changes in the forthcoming years, Batı Kent still continues to be a relatively environmental friendly project.

xii http://www.toki.gov.tr/docs/mevzuat/2985SAYILIKANUN.pdf

10.12.2014

Although land owners were not regarded as the right-holders in the first and the second phases, these land owners in the third phase claimed higher expropriation fees for their lands, and such disputes are carried to the courts which eventually found the land owners’ claims rightful. In the third, fourth and fifth stages of the project, the land owners were also considered as right-holders. To illustrate, in the third phase, a land owner with 200 m2 land would be entitled to own a house (Türker-Devecigil, 2009: 205).

xvii Interview with high-level MHA official.

xx Interview with high ranking MHA official.
xii http://mirror.unhabitat.org/content.asp?cid=6936&catid=5&typeid=6&subMenulId=0 Access date: 12/3/2015.
Financialisation, Economy, Society and Sustainable Development (FESSUD) is a 10 million euro project largely funded by a near 8 million euro grant from the European Commission under Framework Programme 7 (contract number: 266800). The University of Leeds is the lead co-ordinator for the research project with a budget of over 2 million euros.

THE ABSTRACT OF THE PROJECT IS:

The research programme will integrate diverse levels, methods and disciplinary traditions with the aim of developing a comprehensive policy agenda for changing the role of the financial system to help achieve a future which is sustainable in environmental, social and economic terms. The programme involves an integrated and balanced consortium involving partners from 14 countries that has unsurpassed experience of deploying diverse perspectives both within economics and across disciplines inclusive of economics. The programme is distinctively pluralistic, and aims to forge alliances across the social sciences, so as to understand how finance can better serve economic, social and environmental needs. The central issues addressed are the ways in which the growth and performance of economies in the last 30 years have been dependent on the characteristics of the processes of financialisation; how has financialisation impacted on the achievement of specific economic, social, and environmental objectives?; the nature of the relationship between financialisation and the sustainability of the financial system, economic development and the environment?; the lessons to be drawn from the crisis about the nature and impacts of financialisation?; what are the requisites of a financial system able to support a process of sustainable development, broadly conceived?"
THE PARTNERS IN THE CONSORTIUM ARE:

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