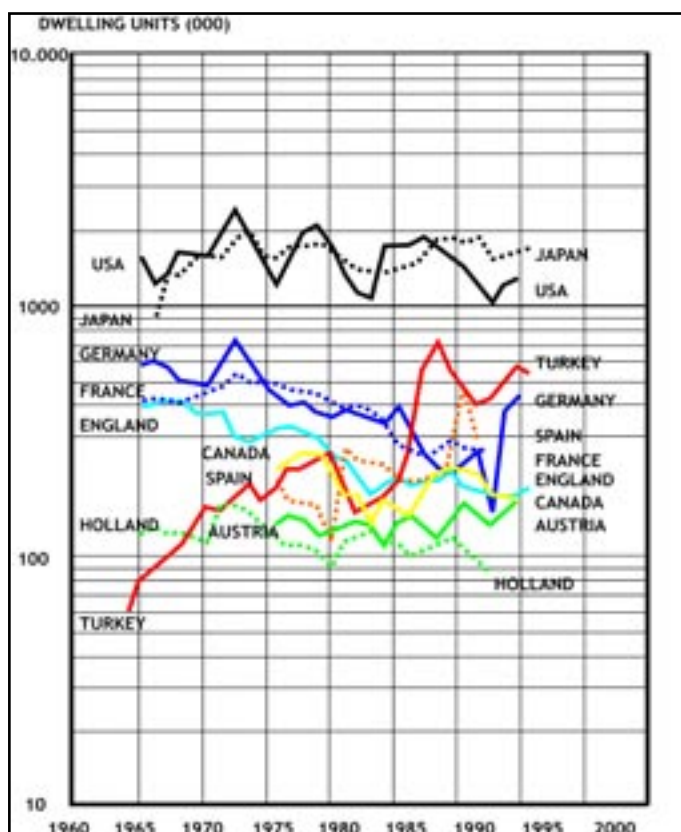


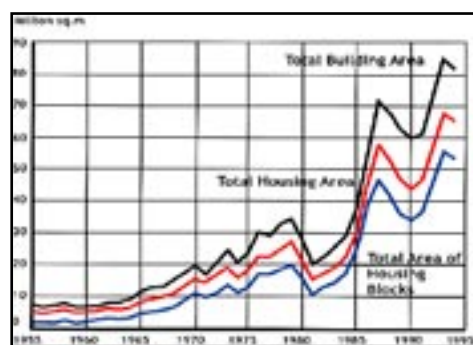


WHY TURKEY HAS TO SHIFT RESOLUTELY TO POLICIES OF REGENERATION?



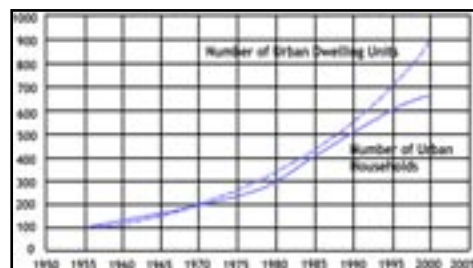
The International Comparison (Chart-1):

- Chart-1 is an understatement of facts because international statistics contain reinvestments in existing stock besides 'new starts'. The ratio of reinvestments is particularly high in stock-saturated countries. Actual new starts are therefore lower than observed.
- Figures for Turkey on the other hand, stand only for authorised investments. No figures are available for unauthorised production. Estimates for the period under consideration are not lower than 30-50% of total production. The red curve is therefore significantly higher than observed.
- This high comparative performance prevailed, despite deficiencies in capital availabilities and low GDP levels in Turkey. It was the special property ownership arrangements in production processes that released such capability.



The Domestic Production (Chart-2):

- The main promoter of housing production and the source of variations is the blocks of flats, comprising more than 90% of total private investments.
- The other components of total production show no significant increases or variations in time.



The Surplus (Chart-3):

- Contrary to claims of 'housing deficits' in urban areas in Turkey, a clear surplus in production is observed. Compared to growth of households. This is yet another understatement:
- Available figures on urban housing production represent authorised dwellings only. This means that actual production lies somewhere 30-50% above this curve.
- The household statistics on the other hand refer to total urban population including households accommodated in the unauthorised part of the stock.
- Despite the surplus, 35-40% of urban households are tenants, indicating to the disparities in urban social groups based on property ownership.



CONCLUSIONS:

1. Turkey has produced in global terms a significant volume of stock, within a limited period. Pace of production has barely allowed full professional services and supervision. As a result, the dominant nature of urban areas are low standard and low-quality unauthorised environments, representing large pools of risks.
2. Even though the ratio of rural population has to drop further in the near future, for an economy compatible to Europe, the rate of urbanisation is levelling and it is probable that the surplus is to persist.
3. Turkey cannot afford to follow the same policies of town expansion for another number of decades. Turkey has to upgrade its urban environment extensively, introducing better infrastructure, transportation systems, public services, shifts in scale economies, ensuring higher safety, reclaiming superior design standards and aesthetics, re-structuring social justice, and make a historical turn to comprehensive policies of urban regeneration.

IN WHAT WAYS THE NEED FOR URBAN REGENERATION IS CURRENTLY PERCEIVED IN TURKEY?

Urban regeneration has recently been a central issue of consideration, and attempts to regulate this process have multiplied in Turkey. This may be due to risks involved, or aspirations of appropriating rents involved, or simply for the sake of appearances. There is no uniform understanding of what regeneration is.

The Law of 'Greatercity Municipalities' (5216; 2004):

Prerogatives given to these authorities include the preparation of 'Strategic Plans' which are essentially socio-economic in nature, besides physical (article 7a). 'environmental plans' (7b), and plans concerning disasters (7u). Powers to 'vacate and demolish dangerous buildings, and to 'demolish all other non-conforming structures' (7z) are vested with these municipalities. They are capable of instituting partnerships with local municipalities and private firms, or establishing firms themselves. They can participate in services and costs of projects carried out with public, private bodies or NGOs (24n), national or international. These municipalities are also entitled to institute 'financial organizations', and to undertake many forms of partnerships in comprehensive regeneration projects (26).

The Law of Municipalities (5215; 2004):

Municipalities are responsible for protecting natural, historical and cultural assets in their functions of plan preparation. They can exercise powers of compulsory purchase for this purpose and for housing provision; start firms, borrow capital, issue shares and paper assets (68). Municipalities of 50 000 and above can designate areas (not smaller than 50 000 m²) for 'urban regeneration and development projects' and risk reduction (73). Processes of demolishing or altering existing buildings under this pretext are subject only to 0.25 of regular duties. Voluntary agreements with property owners are the preferred method in regeneration projects. This does not however exclude the prerogatives of exercising compulsory purchase. Disagreements have priority to other cases in the courts.

The Law Concerning the Northern Entry to Ankara (5104; 2004)

This special Law aims to improve the appearances and 'life standards' of a delineated project area. The Greater

Municipality of Ankara is responsible for the preparation of a plan (1/5000), subject to the approval of the Ministry. All public and private property is subject to compulsory purchase. This is preferably carried out with mutual agreements between property owners and the Municipality. An inventory of property owners entitled to specific shares in prospective property is to record the size, development type, and the legal status of current property. This provides options for individuals (tenants included), and describes a programme of payments, the value of the existing property deduced from total debt. The non-conforming property owners are subject to the special procedures of the Compulsory Purchase Law (2942, article 3), empowering the municipality to distribute payments up to 5 years. The Greater Municipality of Ankara is entitled to have access to credits of the Housing Administration.

The Draft Development Law:

The intended Law empowers the municipalities in the designation of several types of special planning areas for the purposes of implementing projects concerning protection, regeneration, intensive development, and public and/or private investments. Municipalities are obliged to carry out mitigation plans to reduce disaster risks, if ignored, the Ministry could use its prerogatives. They are entitled to determine the location and size of areas for such operations, prepare plans and projects. The municipality or the majority of the property owners in an area could form partnerships for the redevelopment and/or joint management of the area. Besides physical operations of clearance, development, protection, such projects are envisaged to cover policies of finance, management, ownership and means of socio-economic development. The tools for such operations are determined by the municipalities, which are entitled to 30% of the property values and 25% of building surface increases generated. "Protecting the rights of the original owners, the municipalities in these areas could carry out lease agreements, servitudes, comprehensive project development, tendering for construction, supervision, arranging shares according to the Flat Ownership Law, management organizations, etc.... and demolish existing buildings avoiding public purchase" Such property will be exempt from sales and purchase taxes for 5 years, and VAT will be applicable at the rate of 1%.

The Draft Law of Urban Regeneration and Development:

Still another draft law is currently under review in the Parliamentary Committee. This has almost identical wording with the Law of Municipalities, reducing only the regeneration area to 10 000 m², and allowing a phased implementation. The draft law provides absolute powers to the municipalities not only in the preparation of plans and projects, but also in the appropriation of all property, and the arrangement of rights of development and use, even in the cases of absentee ownership.

Action Preferred by the Metropolitan Municipality of Istanbul (MMI):

Disturbed by the earthquake loss assessments, the MMI intends to carry out surveys of the existing stock, identifying buildings destined to collapse. The residents of such buildings will be eligible for the option of owning a new 'safe and high quality' dwelling elsewhere in the new development areas of metropolitan Istanbul. These households will then be liable to pay back a long-term (20-30 years) credit debt. Concurrently, MMI is to undertake a building programme with resources provided by the Housing Administration of Turkey. Distributed to various subdistricts in groups, it is claimed that pilot implementations totaling twenty thousand dwelling units will be completed in two years. This is said to correspond to an investment programme of 2 billion US Dollars. Pointing to the fact that 70% of the Istanbul stock of one million buildings is unauthorised, the Mayor demanded free access to Treasury lands in order to accomplish the total 'survival project'.

Although there are multiple attempts to regulate urban regeneration processes in Turkey, there is little real world experience or finely detailed projects based on authentic circumstances. One exception has been the case of Zeytinburnu, a most vulnerable district in Istanbul in the face of the impending earthquake.



The District-Level Prospects as a Basis for Regeneration

Located at the centre of Istanbul and close to the fault-line, Zeytinburnu has a number of major potential sites and development prospects at the metropolitan scale. These will have direct impact on the regeneration of the district, and plans will have to base their strategies on their shaping. Large tracks of land available at two distinct points in the area constitute a rare opportunity at the metropolitan level. The fate of these areas is not unpredictable as many decisions are already made. However the sheer size of these investments demands careful planning and procurement, involvement of investors from abroad, and competitive mechanisms in their design and development. It is essential to clarify the macro-level scenarios, prior to the monitoring of regeneration operations at the level of local communities.

Nodes and the Spine:

1. The METROGAR complex is very likely to take place on vacant land South of the railway, as the terminal point of the Trans-European Rapid train (TER), and the surfacing point of the Marmarail. This prospect is to transform the area into a most prominent node of Istanbul where all metropolitan, regional and international links of rail, sea, land transportation modes and routes will converge. This immense potential is to prove very high rates of return, and deserves special projects exploiting international investment capacities in transport and tourism facilities, commercial, offices, etc., where up to 10 million m² of building floor area can be estimated to agglomerate. Special organizational skills are necessary to monitor this attractive investment area, in the form of Consortiums or REITs led by the Metropolitan Municipality. Planning and design of the area could largely be carried out by national and international competitions.

2. The Northern Development Area (METROMOD) consists of two neighbouring large sites available for intensive development on the E5 motorway, and represents a unique opportunity. The area can be developed as a multi-purpose complex, an outlet center for leather and textiles industries backed by a techno-park, R&D and information

center, design and fashion center, integrated with training, workshops, and congress centre, exhibition, fair, show-rooms, hotels, office complexes of corporate firms etc. to up-gear the industrial sectors of Zeytinburnu. Major shopping and outlet centers next to the motorway could complement this complex leading to an agglomeration of almost 8 million m². This justifies an investment strategy to mobilise most of the Zeytinburnu industrial and commercial capital, incorporating both the Commercial and Industrial Chambers of Istanbul.

3. Zeytinburnu URBAN SPINE is likely to develop between these two attraction nodes (1200m.) even if not envisaged by any plan. Intensive demand on this axis will favor mixed uses at high densities. Development Partnerships can operate in this area, providing shares to existing property owners, the municipality, community partnerships, and other right holders. A central pedestrian axis, a promenade, plazas, open and green public spaces could mark the main Spine, accessible by public transport stations, and underground carparks. Such public investments will justify increased densities and partnership of the Municipality. The Development Plan could be revised here to indicate the new rights of development in the case of unified building plots, encouraging property owners to form Partnerships, entitling them to higher densities if they do incorporate transferred rights of development.

Special Policy Areas in Zeytinburnu

Other than the Nodes and the Spine, Zeytinburnu district has a number of special areas that require distinct spatial policies. These are the Water-Front, the Wall-Front Tourism Band, the High Risk Çırpıcı Valley-Front, the E-5 Channel Bands, and the Industrial Zone, each demanding special incentives.

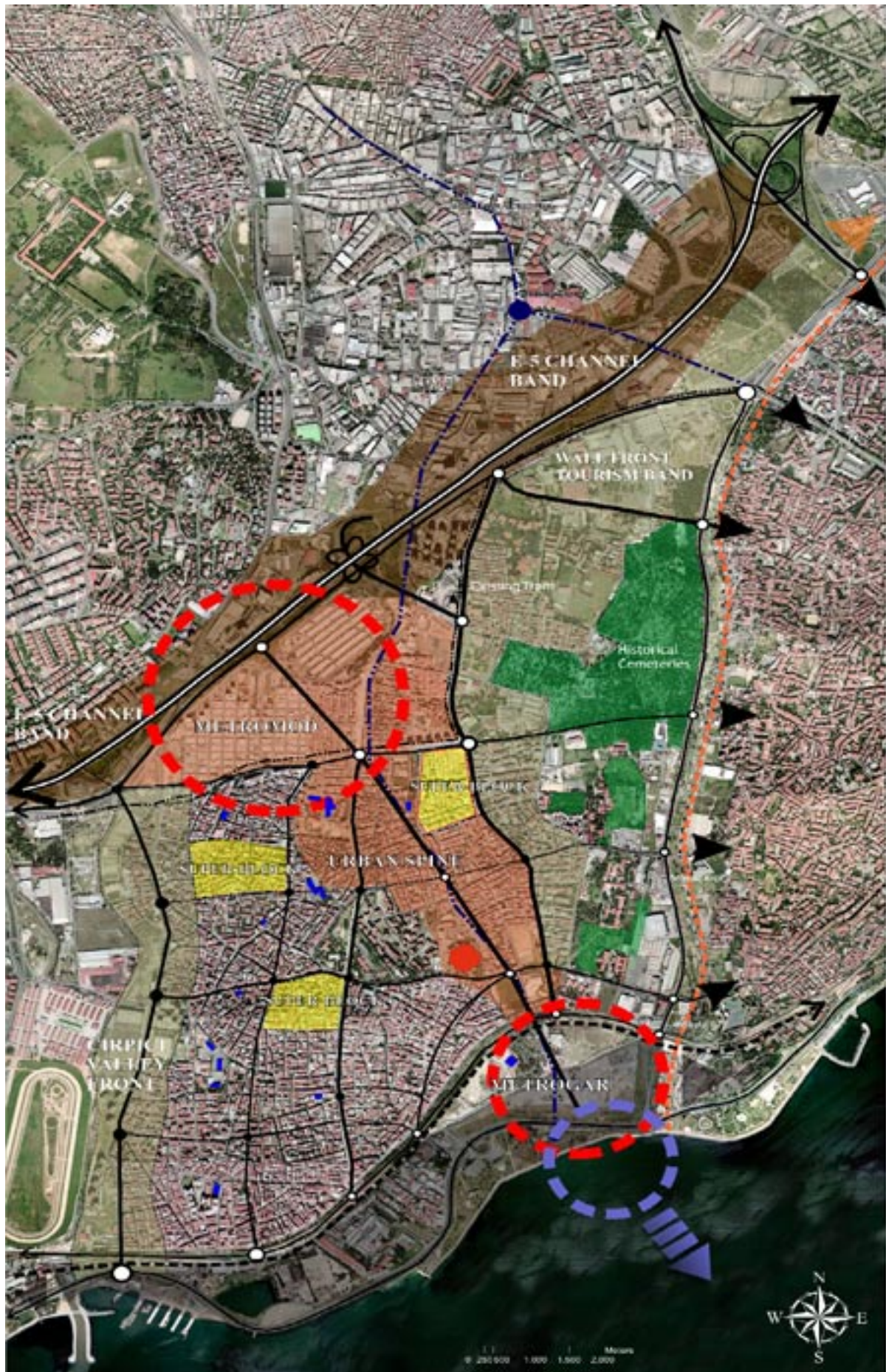
Local Community Partnerships (Super-Blocks):

Regeneration processes in the residential stock will be under the physical and economic pressures of macro level tendencies and policy changes in the area. The property owners in this context will be encouraged for local cooperation and partnerships in self-financing redevelopment schemes. The overall monitoring will take place by revisions in the Development Plan, the Municipality identifying the Super-Blocks (of about 1000 households) for the purpose. The partnership in the Super-Block is not necessarily different from the familiar flat-ownership management practices in individual buildings. The details of the local regeneration model based on partnerships are described below.

Hierarchy of Interrelated Rent-Generating and Transferring Mechanisms:

One of the major objectives of regeneration operation in the district is to involve all real and legal persons in the formation and management of assets in the area. Community Partnerships will be eligible for shares (however small) in the rent generating Urban Spine and Consortiums, alongside with the Municipality, land owners and investors.







The purpose of this project is to demonstrate that comprehensive regeneration could prove viable in physical, economic and social terms, even under most adverse conditions. Zeytinburnu has comparative advantages in comprehensive regeneration within the metropolitan context. Unique local opportunities exist to capitalize and generate an impetus for total physical change and robust development.

The Need for Comprehensive Regeneration in the Residential Areas of Zeytinburnu

The dominant form of development in Zeytinburnu is unauthorized blocks of flats on informally subdivided land. Although all technical and engineering services were avoided at their inception, a minor part of this stock experienced legal registration after 1984. This does not however make them any safer. The urban texture characteristics are narrow and irregular roads, complete coverage in plots, small frontage, 4-5 storey high blocks with high proportion of circulation spaces in the buildings. This represents not only a waste of space, but also a large pool of risks. When EQ strikes, risks are consistently very high irrespective of whether one is within the buildings or out in the street. This is the fundamental reason for a comprehensive regeneration, rather than a retrofitting policy confined to singular buildings. Retrofitting of the unauthorized stock is legally and socially not viable. Another reason for comprehensive regeneration is the intense need for social and economic promotion of households, and the enhancement of community life, collective activities and spaces. It is essential to improve life standards, introduce variety in economic sectors and employment, and induce social integration in Zeytinburnu, besides physical redevelopment. A comprehensive regeneration approach will not only discard the idea of piecemeal retrofitting operations but also invalidate partial attempts as widening of ‘evacuation boulevards’.

The Scope of Regeneration

1. Integration of the recommendations of the EQ Mitigation Plan for Istanbul (EMPI) and the measures envisaged in the sub-province governorate Emergency Plan in the

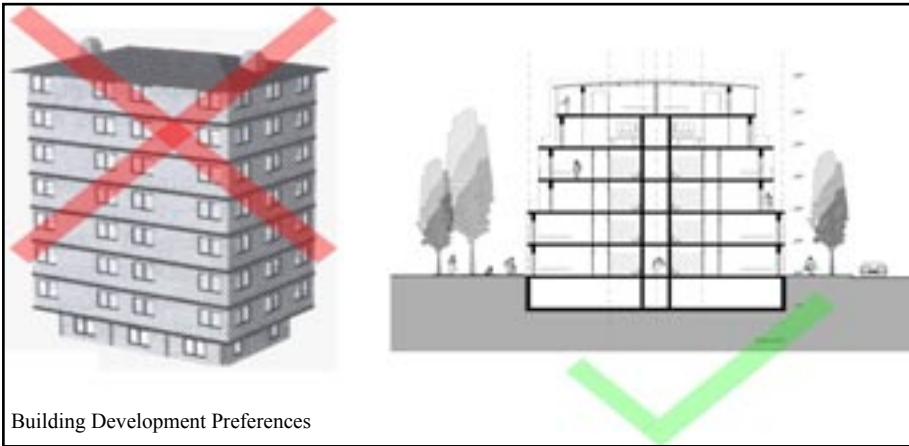
- preparation of an overall Master Plan;
- 2. Assessment of likely investments and developments in the near future in Zeytinburnu, and exploiting such tendencies to speed up regeneration processes;
- 3. Methods and tools to attract property owners and other stake-holders in Partnerships for cooperating in local and macro-level physical and social improvements in the area;
- 4. Engagement of interest, participation and contributions of local communities in the process, through regular information systems; employment of residents in regeneration activities, and in special social projects to upgrade employment, incomes, and living standards, devised particularly for the low income groups in Zeytinburnu.
- 5. Preparation of an explicit ‘organisational procedures road-map’ to identify stake-holders and responsibilities in the coordination of Consortiums, Development Corporations and local Community Partnerships.

Targets and Principles

- 1. Residents as owner occupiers and tenants will not be forced out from their habitats, unless hazard characteristics dictate otherwise; Gentrification will be avoided;

- 2. No free external resources, subsidies or grants will be assumed available; Rather, as self-financing schemes, it is the property owners’ own economic capacities and long-term credit and debt programmes coordinated under Community Partnerships, that comprehensive regeneration will find its resources;
- 3. This is a ‘campaign management’ project to create a climate of total mobilization, involving each and every individual and group of the community in mitigation efforts;
- 4. Through the Community Partnerships, property owners will become share-holders in the Development Corporations, Consortiums, Urban Spine enterprises, and other income generating bodies in Zeytinburnu;
- 5. The redevelopment will lead to higher safety and quality in urban environments; to social organisations that allow collective management of larger urban areas, and a new representation system in the city administration;
- 6. The model devised here with its physical, organizational, financial and legal apparatus will be replicable in other areas in Istanbul and Turkey.





Building Development Preferences

A Regeneration Model Based on Local Partnerships

An outlying feature of the model described here is the role of Municipality in activating and enabling local communities to start partnerships for the redevelopment and management of Super-blocks (of about 1000 dwellings). Programs will be conducted to attract and inform households about the obligations, advantages and procedures of participation. Such campaigns will employ as many residents from the area as possible. Special programs will be organised for a small group of authentically poor and handicapped households. The nature of this participation is not any different from the widely practiced ‘flat-ownership’ procedures. Households will undertake individual credit debt programs organised by the Partnership and the Municipality, in return for rights to redeveloped property and a bundle of other rights.

Redevelopment and Physical Design Options

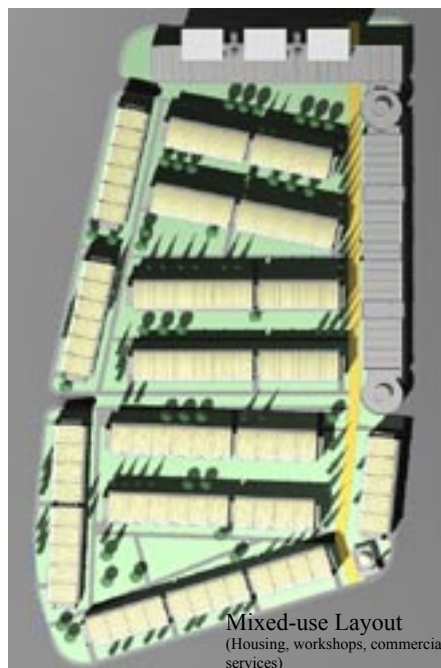
Many alternative site plans and urban designs could be devised when a scope for comprehensive renewal arises as property

is unified through Community Partnerships. The investigation here considered a densely (3.5) packed area (plot coverage 0.80), and questioned if methods are available for redevelopment, and if densities could be further increased to fulfil specific objectives: as protecting the tenants and avoiding gentrification in the area, minimizing running costs, accommodating all cars underground, or compensating some ratio of the debt programmes. Even in such packed areas it is observed that 15-20% increase in building densities are feasible due to space economies of unification without concessions from urban space standards. A second set of considerations dealt with the shaping of buildings. Tunnel-frame construction, symmetrical designs, lowering centre of gravity, pyramidal sections in monolithic bodies with high rates of concrete curtain walls in either axes avoiding lifts were preferred for higher safety and relatively lower construction costs. Such preferences also promise alternative aesthetics, design solutions and some capacity to change urban identity in the city. This unification promises a rewarding area of professional practice for architects and urban designers.

Economics and Finances of Regeneration

Two voluntary constraints are imposed here. The operation is a self-financing project, and no incidental external resources are deemed essential for regeneration. If such resources are available, these would only act as a bonus to make regeneration more attractive. Secondly, the deal will offer no building area in return for the services of a developer, but a normal rate of profit, contrary to the conventions in Turkey. This is to avoid gentrification. On the other hand, two financial and procedural burdens often confronted in regeneration projects are avoided here. No ‘compulsory purchase’ is necessary since this is a voluntary property development partnership, and an extensively-practiced easement in the construction of single blocks of flats will suffice. Secondly, the task of ‘current values assessments’ is avoided. The operation here will only have to take into account the existing deed shares and recalculate them in terms of new totals. This will be the basis for new rights subject to minor corrections according to the ‘as built’.

The total costs of development is to include the developers’ average profit rates and disturbance costs of the residents. These will be met by the individual credit debt programmes. It is most likely therefore that costs of temporary accommodation will be minimized, individuals exploiting their own means to the end. The mass removal of residents and of their household items could well be organised by the Municipality to reduce such costs to a minimum by competitive tender. Yet it is the organizational capacities and the rendering of superior professional conduct that the model demands. Under the circumstances, an individual debt programme of 20 years for a 100m² dwelling unit will imply a payment of 420 YTL/month. Varying sizes in dwellings allows a range of monthly payments (300-550YTL). These could be described as rental payments for housing. About one third of this amount is usually paid by the owner-



Mixed-use Layout
(Housing, workshops, commercial services)



occupiers in terms of running costs, which are nullified in the renewed property. If another one third of such costs were compensated by public resources, the total resources required for activating the whole residential stock in Istanbul would be about twice the amount Turkey has very recently volunteered to raise for the Tsunami victims. This would have reduced the individual payments to the order of 150-200 YTL/month.

In macro-economic terms, the greatest part of the capital engaged in regeneration according to this model would have a very low opportunity cost. Yet on the other hand, the triggering of the construction industry, and therefore the contribution to the overall economy and labour markets are immense.

Social Policies

Regeneration in Zeytinburnu is not confined to operations of physical redevelopment, but a social process representing a transformation into authorised and registered conduct. Changes are to occur not only in property ownership but also in business, employment, and in many aspects of life. Moving into a registered economy requires careful monitoring. Smooth change will necessitate economic sweeteners, business and property tax exemptions, concessions for intermediary periods, etc. This is a new socialisation process, and a move to higher level organisational structures. Social projects of various types have to complement the Comprehensive Regeneration process:

- Compensations for tenants ousted from Zeytinburnu, reimbursements of rentals covered for three years, shared between the Partnership involved and the Municipality
- A system of training and accreditation of developers, builders, building components and materials providers and workers of different categories, with priority to local resident labour
- Training courses in EQ mitigation measures and emergency skills
- Training courses in the tourism services sector for Zeytinburnu residents
- Projects to promote employment variability and job enhancement
- Training of Municipal personnel for the new management tasks involved in regeneration projects; New database formation and management
- Schedule of annual concessions from property taxes and other municipal burdens for business enterprises employing local labour
- Tax exemptions and other subsidies to local Partnerships that start constructional activities in 3 years
- Issuing Municipal bonds for the tax incomes of 2010-15, etc. with access priorities to local Partnerships
- Micro-financing of households intending to operate workshops and small business
- Social agreement that each local community Partnership unit is represented in the Municipal Council, to ensure also at least 1/3 in each gender

WHY WILL RESIDENTS FAVOUR THE PARTNERSHIP MODEL?

- Aspirations for living in an EQ-safe environment with prestigious urban standards
- Relief from the unauthorised state and its pending penalties
- Value increases in property held, up to 3-4 times of present value
- Extra building area to existing (collective ownership and titles to car-parks, storage, workshops, rental dwellings)
- All maintenance and running costs covered by collective income to Partnerships
- Familiar democratic and powerful management and representation principles of 'flat-ownership' apply
- Community income flow from shares in local investments, Urban Spine, and Consortiums
- Low-interest long-term credits obtained through Municipal intermediary action
- Project preparation and building procedures carried out at lower costs and in shorter periods, exempted from administrative costs
- Supervision of constructional work under municipal responsibility at lower costs
- Exemptions from Bank and Insurance taxes and costs
- House-moving and disturbance costs accounted within the total costs
- Temporary exemptions from property taxes, and low rates for periods extending up to ten years
- Obligatory EQ Taxation at lower rates when collectively paid by the Partnership
- Temporary exemptions from taxes concerning purchases and sales, exchange, and inheritance of property
- Rights of current tenants protected by access priorities in collectively-owned excess stock, at former rental values for a minimum of 5 years
- Opportunities for participating in numerous social projects, financially supported by external sources, providing options for new jobs and additional income

WHY WILL THE RESIDENTS CONSIDER PARTNERSHIP MODEL AN IMPERATIVE?

- Concerns that the EQ could inflict heavy damages and loss of life
- Concerns that the Illegal State of Ownership could bring heavy penalties in the near future as these are to be effective soon, introduced by the Penal Law (2004)
- Likely action of the Municipality to send notice to property owners about the Risks of the buildings and declaring it a Public Nuisance
- Likely action of the Metropolitan Municipality to exercise its powers to demolish the building
- Possibility of Compulsory Purchase with extended periods of payment
- Measures and intervention tools recently introduced by the Housing Administration Law, the Municipalities Law, and several draft laws



Urban design options are available at similar densities (from published international examples)

STEPS OF IMPLEMENTATION AT THE MACRO LEVEL

1. Collaborative Preparation of Master Plan and Area Programmes by the Municipality
2. Consortium and REIT formation by the Metropolitan Municipality in collaboration with the local Municipality, Chambers of Industry and Commerce, International Enterprises
3. Encouragement of local communities for Partnerships formation
4. Revisions in the Development Plan
5. Preparation of concept projects and marketing of Consortium areas
6. Procurement of credits programmes with financing groups
7. Preparation of application projects and entitlements
8. Temporary accommodation arrangements
9. Supervision of constructional activities
10. Adopting to the new organizational and administrative context

STEPS OF IMPLEMENTATION AT THE MICRO LEVEL

1. Participation of individuals in residents information campaigns
2. Participation in Partnership formation procedures and claim of rights
3. Participation in project development procedures
4. Application for individual credits
5. Moving and temporary accommodation arrangements
6. Participation in supervision, completion and reclaiming procedures of property
7. Moving in and monthly payments
8. Participation in the new management administration and representation processes

ACTORS IN REGENERATION

All actors must find some incentive or reward commensurate to its contribution to the regeneration process:

Public: Prime Ministry, Ministries, Housing Administration, Governorate, Metropolitan Municipality, Municipality (Coordination, credit arrangements, legal provisions, REITs, Consortiums, Corporations)

Private: Developers, Financing and Project Management Bodies (specialized co-ordination, integration and monitoring services), National and International Investors

Local: Participation of the Municipality in Community Partnerships and Management Bodies Formed by Property Owners (a 'flat ownership' regime as practiced widely in individual buildings)

The basic urban configuration introduced here is only a means to investigate the viability of physical redevelopment, and indicating to the advantages available even of simple 'slab and perimeter blocks' against the existing pattern of conventional individual plot development in relaxing figure-ground relations. It is a method of verification that higher urban standards than existing are possible, even if total building densities are increased by 15% at a most tightly-packed area. It is the unification of urban land in larger sizes that enables space economies and provides opportunities for new horizons in urban design. Superior designs and many alternative aesthetics are available to reshape appearances in our cities within the organisational, procedural, financial, legal, and social guidelines introduced here. Every incentive given for the formation of Community Partnerships is therefore an immense contribution for improved life standards, safety, environmental quality, and for the promotion of local society and democracy.

