



REPUBLIC OF TURKEY
PRIME MINISTRY
HOUSING DEVELOPMENT ADMINISTRATION



*Mobilization for Planned Urbanization and Housing Production
in Turkey*

HOUSING NEED IN TURKEY

Provision of social housing in Turkey is a priority.

There is housing need in terms of restoration, transformation and quality housing production.

The low-income group and the poor have a serious need for housing and;

- * they have payment difficulties.
- * this has introduced illegal, unplanned and low quality structuring and slum formation.

HOUSING NEED IN TURKEY

5 main factors determine the need and demand for housing:

- 1- Slum transformation and urban regeneration.
- 2- Transformation due to earthquake risk.
- 3- The housing need of the low income group and the poor citizens.
- 4- Age and quality of the existing housing stock.
- 5- Increase in population and increase in the number of houses as the result of migration to the cities.

Solving the Housing Problem

In order to solve the housing problem and to increase housing production at national level, the Mass Housing Law (Housing Development Law) (No: 2487) was passed in 1981.

In 1984, Housing Development Law (No: 2985) came into force, which allowed for keeping the already established Mass Housing Fund outside the regular budget.

In the same year a new and legal entity, the Housing Development and Public Participation Administration was also established with Law No.2983 to ensure that the system was adequately operating.

In 1990, Housing Development Administration of Turkey (TOKİ) was transformed as a separate entity.

Solving the Housing Problem (1984-1990)

Mass Housing Law

give direction to the solution of the housing problem in Turkey whose provisions are particularly relevant in terms of organizational and financial aspects

Mass Housing Fund

defined within the Mass Housing Law; as the financial aspect of the model

Housing Development Administration of Turkey (TOKİ)



given the responsibility to manage the Mass Housing Fund by the Law

Milestones

- ▶ **1982** - The Constitution of the Republic of Turkey; Articles 56 and 57; Every Turkish Citizen has the Right to decent housing & that the State has the responsibility to help to meet those needs and to promote mass housing projects.
- ▶ **1984** – Housing and Public Partnership Directorate was established, Mass Housing Law set the principles and determined the framework to guide housing and provide credit opportunities.
 - ▶ **1990** - Housing Development Administration (TOKİ) transformed into separate entity.
- ▶ **1992**- TOKİ was given the task of reconstructing buildings and infrastructure of Erzincan that had been severally damaged by an earthquake.
- ▶ **1994** – TOKİ received the United Nation’s HABITAT Scroll of Honour (by Erzincan Earthquake Reconstruction Project)

Milestones

- ▶ **1996** – İstanbul played host to the Second United Nations Conference on Human Settlements HABITATII, under the organization of TOKİ.
- ▶ **2001** – The Mass Housing Fund was brought to an end. Emlak Bank's assets and real estate were transferred to TOKİ.
- ▶ **2003** – Turkish Government's Emergency Action Plan for Housing and Urban Development was passed on January 1, setting a five year goal of producing 250,000 housing units by the end of 2007.
- ▶ **2004** - The Urban Land Office is transferred to the Housing Development Administration. This transfer included 64,5 million square meters of property into TOKİ's portfolio.

Milestones

- ▶ **2007:** TOKİ won the award for the Best International Real Estate Project at the Barcelona Meeting Point Conference.
- ▶ **2008:** TOKİ's Erzincan Çarşı Quarter Urban Renewal Slum (Gecekondu) Transformation Project was selected as a "Good Practice" in the Dubai International Award for Best Practices of UN-HABITAT.
- ▶ **2009:** North Ankara Entrance Urban Renewal Development Project was selected as one of the "Good Practices" of UN-HABITAT Business Awards.

Total number of housing units (including all the social facilities' constructions) built by April 16th., 2015 reached 655.000 in 81 provinces in Turkey, since 2003.

The goal by the year 2023 is to start the construction procedure of 1.000.000 housing units with their social facilities.

TOKİ's role in Society

LEGAL STATUS

- ▶ Created by the Mass Housing Law, which is the framework law defining the fundamental principles which give direction to the solution of the housing problem in Turkey
- ▶ An agency of the Turkish Republic - Not a state economic enterprise.
- ▶ Employees are civil servants.
- ▶ Operates like a private sector entity.
- ▶ Subject to public law.

TOKI's role in Society

LEGAL STATUS

- ▶ Not-for-profit entity
- ▶ No shareholders
- ▶ Immune from attachment, but it can grant voluntary security
- ▶ Budgeting process and auditing procedures reflect its integration into the government's institutions
- ▶ Governed by private law so called Mass Housing Law, Article number 2985

TOKİ's role in Society

LEGAL STATUS

- TOKİ is not subject to the Turkish Public Financial Management and Control Law Numbered: 5018 in terms of General Budget Applications and the autonomy of its budget.
- It has a well established non-profit business model which avoids many of the common pitfalls of institutionalized bureaucracy.
- TOKİ reports directly to the Prime Minister's Office, rather than being part of the general administrative bureaucracy.



TOKİ's role in Society

LEVEL of PRIORITY in PUBLIC POLICY

- ▶ Articles 56 and 57 of the Turkish Constitution states that “every citizen has the right to live in a healthy and balanced environment” and “The State shall take measures to meet the needs of housing within the framework of a plan which takes into account the characteristics of cities and environmental conditions and shall support mass housing projects”.
- ▶ Turkish government's top priorities.
- ▶ The government's vehicle for implementing housing policies.

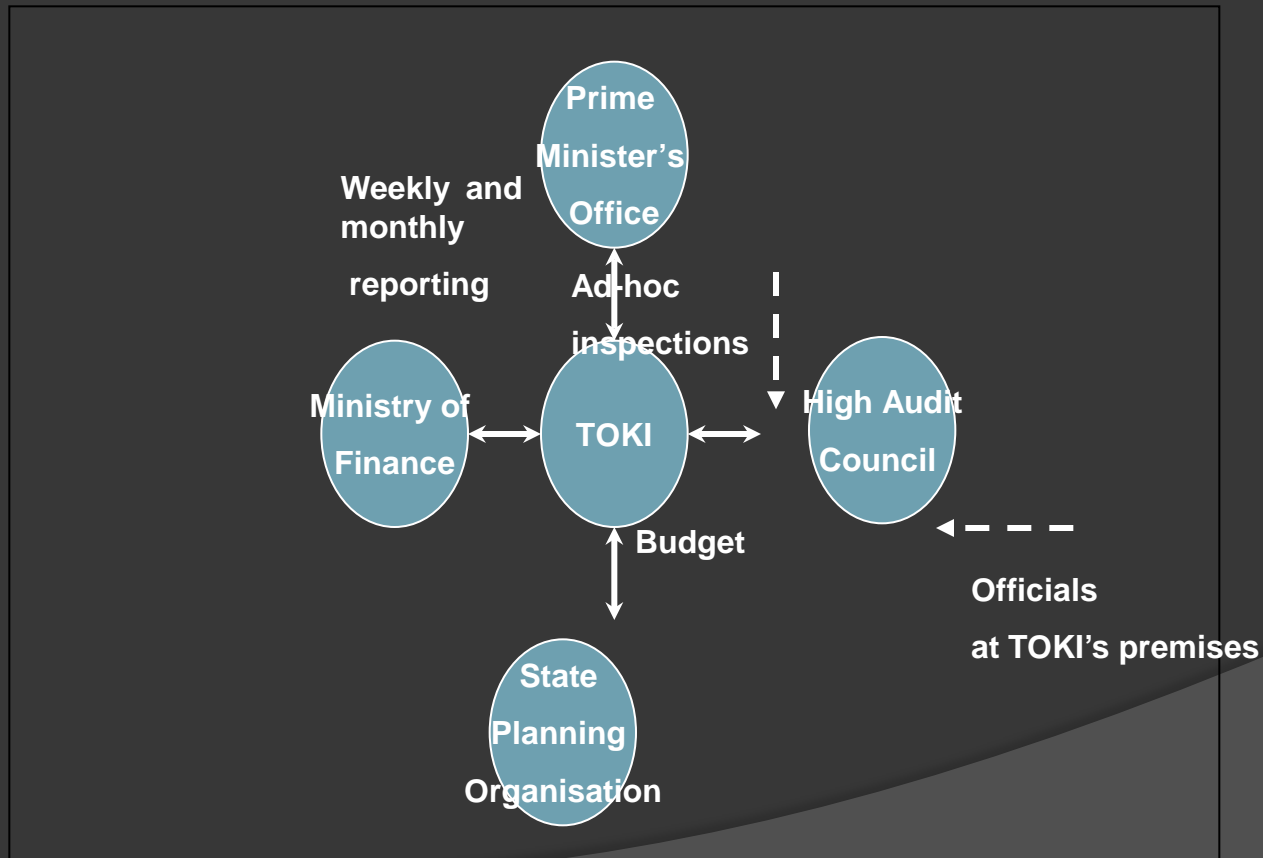
TOKİ's role in Society

LEVEL of PRIORITY in PUBLIC POLICY

- ▶ The Emergency Action Plan sets out the housing policies.
- ▶ Target of producing 5-10% of the housing need .
- ▶ Forms a model with sample applications.
- ▶ Several legal, legislative and administrative changes were made.
- ▶ The only public housing company- leader official institution- in the Nation and accountable to the Prime Minister's office.-

TOKI's role in Society

SUPERVISION & CONTROL



TOKI's role in Society

GOVERNMENT SUPPORT

- ▶ Exempt from Corporation Tax
- ▶ Can issue debt with or without State guarantee
- ▶ 64.5 million square meters of land from the Urban Land Office
- ▶ Additional land from the State

TOKİ - Overview

MANDATE / DUTIES

Duties of TOKİ under the Housing Development Law,;

- ▶ Issuing internal and external bonds
- ▶ Making decision with respect to the use of foreign sources of finance
- ▶ Promoting / ensuring the participation of the banks in financing housing;
- ▶ Supporting the industry related to housing construction
- ▶ Establishing companies related with the housing sector or participating in those that have already been established

TOKİ - Overview

MANDATE / DUTIES

- ▶ Subcontracting any research, projects and commitments
- ▶ Developing projects both in Turkey and abroad directly or indirectly
- ▶ Implementing profit oriented projects
- ▶ Building, promoting and supporting construction of housing units
- ▶ Fulfilling duties imposed by laws and other legislation



TOKİ - Objectives

- ▶ Housing production on its own lands
- ▶ **Renovation of squatter areas** and rehabilitation of existing housing stock
- ▶ Housing production in **disaster areas**
- ▶ Development of Luxury properties for **revenue sharing** to generate funds for social housing
- ▶ Creation of **farming-village** settlements to prevent rural-to-urban migration / Immigrant housing applications
- ▶ **Prevent** market **speculation**
- ▶ **Credit** support to individuals, cooperatives and municipalities

Sources of Revenue

Receivables from the sales of the social welfare housing projects

Share from the receivables from the revenue sharing projects projects

Receivables from the housing loans

Expenditure

In line with its objectives and mandate, TOKI's expenditure is directed towards the development and construction of social housing units.

Production and sales of social type housing

Constructed on TOKİ-owned lands:

- ▶ **Housing for very poor** 45-65 (m2) , no down-payment,
very low re-payments up to 25 years.
- ▶ **Housing for low-income groups**
65-87 (m2) with low monthly re-payments
up to 15 years.
- ▶ **Housing for middle-income groups**
87-146 (m2) - %10-%25 down payments,
market-adjusted re-payments up to 8-10 years.

Production and sales of social type housing

Cost of social housing is the combined cost of general infrastructure work, social facility structures and technical services.

Sales organization is made at the beginning of the construction period (about 24 months).

Loan repayment maturity is 10 years on average.

Repayment conditions are defined due to the target groups' financial capabilities, saving structures and preferences.

10 to 40 percent of the total price is taken as the down-payment.

Production and sales of social type Housing

Monthly installments and the nominal balance are adjusted every six months due to the public sector wage index, announced by the Ministry of Finance.

All aspects of the construction are insured by the contractor during construction.

When construction is completed, TOKİ takes over the insurance policy until the units are sold, at which time the insurance is covered by the homeowner.

Production and sales of social type Housing

Usually the number of applicants for low income housing units is higher than the actual number of housing units available in metropolitan cities. The beneficiaries are chosen by a lottery system organized by TOKİ.

The title deeds are not issued and given to the homeowner until the debt has been fully repaid. Since the property right is owned by TOKİ until the debt is over, the repayments are under guarantee.

The default of repayment is very small. The rate of termination of contracts is very small (like 1/2.000 housing units)

Production and sales of social type Housing

Banks are utilized only for the banking operations in the system; monthly payments are made to the bank accounts of TOKİ.

That is, the financial source is TOKİ's source, which is different than mortgage finance system.

Revenue - sharing model

TOKİ uses this method to establish fund for the projects of low and middle income groups.

Model is based on housing production on TOKİ's valuable lands together with the private sector and on sharing the sales income with the private partner.

This is a *build-sell model*

The *concept is based on income* –not housing.

This model is *a kind of financial tool, an innovative model to provide affordable housing to the target groups.*

Affiliates of TOKI

TOKI has seven affiliates.

These assist TOKI to provide necessary expertise needed to secure ambitious goals of the Administration.

Two of them are real estate investment trusts (REITs).

The others are offering variety of services including project management, real estate marketing, contracting, management services, real estate valuation, appraisal services, funding for restoration, trading and consultancy.

TOKI's share within these firms is in between % 14 - % 50.

Their administrative and financial structure are all independent from TOKI.

They play important roles in TOKI's investment decisions and future programs.



Affiliates of TOKİ

- ▶ Emlak Real Estate Investment Trust (Emlak Konut GYO A.S)
- ▶ Emlak Real Estate Marketing, Project Management and Trading Company
- ▶ Metropolitan Municipality Construction, Real Estate and Procet Co. (TOBAŞ)
- ▶ Real Estate Appraisal Company (GEDAŞ)
- ▶ Vakif Real Estate Investment Trust
- ▶ Vakif Construction, Restoration and Trade Company
- ▶ Boğaziçi Konut Hizmet ve Yönetim İşletmeciliği A.Ş.

Performance

TOKİ as a whole is a country-wide social responsibility project;

- ▶ 43,145 housing units 1984 – 2003.
- ▶ Aims to reach 1,000,000 housing units till 2023.
- ▶ 655,033 housing units in 3.052 construction sites
- ▶ 532,050 houses at their completion stages until now.

Performance

- ▶ 987 schools
- ▶ 266 hospitals
- ▶ 988 sports complexes
- ▶ 168 pension and dormitories
- ▶ 513 commercial centers
- ▶ 513 religious centers

Performance

5,335 separate tenders with the total investment cost of 69,2 Billion TL. (=26.6 Billion US Dollars, by April 2015)

Economic Realities

- ▶ 900,000 new jobs
- ▶ Transportation, manufacturing, telecommunications, and all related sectors
- ▶ Areas where private sector did not sufficiently exist before.

New vision of TOKİ within the scope of the programme of the Government of the Republic of Turkey is to realize the project target of 1 million housing units by the end of 2023.

In this context, the Administration carries on its housing production activities throughout the country in view of priorities and needs;

Urban Regeneration and Slum Transformation Projects in cooperation with the municipalities,
Social housing projects toward the Middle and Low Income Groups,
Establishing example settlement units in our medium-scale provinces and districts,
Development of the historic fabric and local architecture,
Increase of educational and social facilities as well as other social facilities, forestation and landscapes, and
Production of lands with substructure shall be highlighted.

Within the framework of the 2023 vision, the First priority of TOKİ is production of housing with increased quality and qualifications. Horizontal architecture shall be preferred rather than the vertical one.

Local architecture shall be prioritized, and care shall be taken for construction of life spaces in compatibility with a city's own architecture, culture, values and geographical peculiarities.

TOKİ shall act a pioneer in urban transformation. 40% of the social type housing units is intended to be realized within the scope of the urban transformation/renewal projects.



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