

A Review on Housing Policies and their Reflections on Real Estate Values in the Case of Turkey

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Abstract

In this study, the housing sector will be examined with a financial approach, based on the housing policies in Turkey and the housing policies implemented in the planned and unplanned period after the proclamation of the Republic. In this study, housing finance systems applied in the world were examined and then an attempt was made to develop a financing model suitable for Turkey. The applicability of the model in question to real life was examined with a feasibility project. In the study, based on the definition of the concept of housing, the cost factors affecting the sector and the size of the sector in fixed capital investments are mentioned.

Keywords: Housing Finance; Housing Sector; Housing Policies; Housing Finance Model.

1. Introduction : Housing Policies In The World

The main purpose of housing policies is to ensure that all segments of the society, from the lowest income group to the highest income group, can obtain "good and adequate housing" at the price they can afford. However, the housing problem, especially for low-income groups, has not been completely solved from past to present, both in developed and developing countries. In this context, to reduce social injustice, to protect social order, to meet population growth, to ensure equality of opportunity and for regular spatial development, healthy housing is suitable for adequate physical, social and psychological conditions, etc. Housing policies and strategies are of great importance in the formation of living environments and, finally, flexible presentation options, whether property or rental housing, for every income group [19].

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1.1. Historical Development of Housing Policies

The fact that housing has many functions also causes some problems. For this reason, states have to produce policies regarding the housing problem in every period. The development of housing policies in the world can be evaluated historically in four phases.

1st phase: Industrial Revolution before the Second World War (1930 economic crisis) Liberal Capitalism

2nd phase: Post-World War 1945-mid 1970s crisis) Social Welfare State

3rd phase: 1970-1990 Neoliberal Approach

4th phase: Globalization after 1990, extension of Neoliberalism

1.2.1. Liberal Capitalism Before World War II

The process of perceiving housing as a socio-economic problem before the Second World War has been on the agenda since the end of the 19th century, when social reformers, especially in Europe and the United States, began to point out the difficulties of the poor [9].

In European cities in the 19th century, unhealthy and inadequate housing conditions attracted attention as a problem affecting the productivity of industrial workers [2].

In the second half of the 1800s, a rapid transition from small-scale production to large-scale industry took place in Germany, and in parallel with this, a severe housing shortage began to be observed. (Engels, 1992). During the said period, in the Netherlands, the housing problem was addressed as a social problem along with a number of problems such as child labor, the right to strike, the right to vote of the working classes and finding a solution to poverty and unemployment. This social problem extends from poor housing to social and physical ills and workplace conditions. For this reason, in the late 1800s, the focus was mainly on cleaning the nests of poverty and providing new housing to the working classes [9].

The history of social housing policies in the Netherlands dates back to the late 1800s. At the end of the 19th century, organizations for cheap housing and low-rent housing were established in France, and the renting of unsanitary housing was tried to be prevented with the laws passed [2].

1.2.2. Post-World War II-1970 Period (Social Welfare State)

Social housing policy emerged as a temporary reactionary response to serious social unrest in Western countries in the period following World War I and to a stagnation in the housing sector as well as in the economy in general [1].

After World War II, it found a more widespread application in parallel with the developing social welfare state understanding. After World War II, the most important factor that necessitated state intervention in the housing

problem was economic, and social housing investments became a tool of economic management. In this period, it is important to quickly maintain the balance between supply and demand. In other words, it is the process of providing a minimum level of housing to those living quickly based on the consequences of war.

In this period, when the social welfare state approach was dominant, the effects of the Fabian movement, which argued that the transition from capitalism to socialism would be achieved through reforms, not revolution, were seen in England at the end of the 19th century [21].

According to the Fabian movement, the process of industrialization and urbanization, the mechanisms supporting social integration and the needs of society, as well as the democratization of politics, are seen as effective forces in the intervention process towards housing. Fabian movement sees the state as a natural tool to eliminate the problems of capitalist industrialization. One of the main reasons why England experienced a process that approved this trend during this period is that there were similar trends in other countries. In the Fabian movement process, which increased the quality of human capital, ensured the welfare of the working class and encouraged social harmony, homelessness and inadequate housing conditions were emphasized. However, it has been observed that social housing tenants are treated as second-class citizens. In other words, there was a tension between ideal and reality. It was observed that some public housing built in the late 1950s produced more problems than solutions in the 1960s. The Fabian perspective began to disintegrate as it was exposed to its own reality, and by absorbing elements of the Marxist approach (radical social management) it failed to take control of the economic system. In this process, social liberalism (a new liberalism with an emphasis on social aspects) that developed around the doctrine of civil and social rights in England also had an impact. During World War II, until the early 1970s, Fabian socialism maintained its hegemony as a dominant element of social reformism. Later, the approach expressed as welfare pluralism (integrative democracy) ideas began to be adopted. It has been requested that local and central administrations and democratic/self-governing voluntary organizations work to ensure greater equality in housing/housing and to adopt a strategic role. It is a pluralistic mixed welfare economy in which institutions other than the state play a greater role.

1.2.3. 1970-1990 Period (Neoliberal Approach)

The 1950s and 1960s were the golden age of state intervention. During this period, the state played a key role in correcting market failures, increasing economic efficiency, ensuring growth, macroeconomic stability and social development. However, when the welfare state understanding entered into crisis in the 1970s and transformations occurred in many areas, especially production-centered, new liberal policies came to power in the early 1980s. After nearly thirty years of state intervention, a striking change was observed in the 1980s. During this period, state interventionism became debatable as increasing public expenditures brought about weak economic performance.

While the role of the state in the economic field decreased with the coming to power of Margaret Thatcher in the UK and Ronald Reagan in the USA in the 1980s, the role of the private sector gradually increased, public expenditures were cut, capital movements and international trade were liberalized, and privatization, governments' was among its priorities. Public Private Partnerships (PPP) that emerged in this period paved the

way for some services that were previously carried out by the state to be carried out in private sector partnerships. This process is described as a new *laissez-faire* wave (Lund, 2006), a state that is as minimal as possible is envisaged, and the market is tried to be substituted for the political process. According to the study, which examined housing policies during and after the crisis period in England and the Netherlands, the privatization policy introduced after the establishment of the Thatcher government was implemented by both selling publicly owned housing and expanding the acquisition of freehold housing.

1.2.4. After 1990 (Globalization)

In the globalizing world, as an extension of the neo-liberal process, the state has shrunk in its role as a provider of regulatory public services. In this context, strategies such as downsizing the state, deregulation, privatization, political reforms, and transformation of socioeconomic policies have become the basic policies of the countries.

In the Habitat Agenda held in Istanbul in 1996, efforts and steps to be taken to create sustainable human settlements were given in this context. Within the scope of these steps, international cooperation; financing housing needs and human settlements; evaluation and monitoring of housing quality, feasibility and participation.

The idea of making it possible is especially important. Because the agenda in question gives the message that governments can no longer meet the housing needs directly through the state. In other words, the Habitat Agenda rather acknowledges the role that the private sector and society can play in housing areas. However, this does not mean that governments will withdraw completely. Rather, it emphasizes that governments play a role as legal regulators and partners, and that they also have responsibilities, including the special responsibilities of poor and vulnerable groups (Hague, 2004). The phenomenon of globalization, which is an element of changing social and economic processes, was effective in the 1996 Habitat agenda and guided its policies. Although local governments have played a greater role in recent years in the USA, the federal government plays a dominant role in housing policies for low-income/low-income segments. There are three types of federal housing/rental assistance programs. The first is social housing. This housing project is primarily financed by the federal government, owned and operated by local social/public housing authorities established by local governments. The latter are projects that are either privately owned by non-profit or for-profit companies and receive financial aid from the government. The third are projects that include rent-based supports (housing aid and housing voucher programs) in private housing [5].

According to the current trend, it is recommended that governments adopt policies that will create jobs in the housing markets. Governments have seven main tools at their disposal to achieve this. Three of these are tools to address demand-side pressures, three to address supply-side pressures, and the other to improve the management of the housing sector as a whole [5].

Demand-side tools:

- Developing property rights, guaranteeing this right and ensuring free housing change by putting it into effect by law.

- Development of mortgage financing
- Rationalize subsidies (subsidy programs should be appropriate and economically scaled, well-targeted, measurable and transparent, and should not have a distorting effect on housing markets)

Supply side tools

- Providing infrastructure for housing development (efficient and effective use of undeveloped lands)
- Regulation of land and housing development (effective regulation of the urban land and housing market by ensuring the benefit-cost balance, especially in land use and construction, to prevent unnecessary housing supply)
- Regulations in the construction sector (Creating great competition in the construction sector, ensuring the use and development of local materials, reducing commercial barriers in housing sector initiatives)

These trends are now supported by the World Bank, which increasingly emphasizes housing finance development and gradually turns to 'housing policy development loans', and states that the above tools should be supported by developing the institutional framework for the management of the housing sector. The loans provided by the World Bank over the last 15 years have been for initiatives closely related to housing. The first is to support the provision of public private partnerships (PPI) in infrastructure projects in the provision of construction and urban infrastructure services. The second is microfinance targeting small entrepreneurs (households who want to improve their structures (such as shelter microfinance, basic infrastructure construction) (Arnott, 2008). At the same time, public, private sector, non-governmental organizations, etc. should be able to take part together, programs and policies should be for the benefit of the poor and their It is developed in a way that ensures participation [5].

1.3. The Relationship Between Different Welfare Capitalisms and Housing Use Patterns

Housing, especially in countries where welfare state policies are implemented, has become an important element of these policies, along with health, education and job security. One of the United Nations Declaration of Human Rights. Within the scope of the article, "the acceptance of housing as a human right and the state's important goal regarding social life to ensure that everyone has a house of the standard required for a healthy life" has been a pioneer in the adoption of this approach. The welfare state represents an understanding that requires the state to make active and comprehensive interventions in the economy in order to maximize social welfare, while aiming to eliminate the failures and inadequacies of the market economy [11].

The classification of welfare states, which characterizes developed capitalist countries as welfare capitalism, 'social democratic welfare states' are at the top of the ranking, followed by 'conservative welfare states' and 'liberal welfare states'. According to this classification, countries such as Austria, the Netherlands, Denmark, Norway and Sweden are social democrats (Northern Europe), countries such as Italy, Japan, France, Germany, Finland and Switzerland are conservative-corporatist (Continental Europe), Australia, the USA, New Zealand,

Countries such as Canada, Ireland and the United Kingdom appear to be liberal-type welfare states. In his study developed in 1999, Southern European countries such as Italy, Spain and Portugal and considered these countries, where social rights are wide, and the Mediterranean welfare state systems as a sub-regime of conservative-corporatist systems [11].

The public plays a regulatory and rule-making role in the market through interest rates, credit and tax policies. Housing prices and the allocation of available housing stock are generally determined by the market. The share and allocation of the public or similar institutions in the housing stock is limited. Since it is a market-centered approach, spatial planning is flexible in the organization of housing supply. In addition, large construction companies are the main actors in the production of new houses. In social democratic welfare states such as Denmark, the Netherlands and Norway, public or central government is dominant and social rights are strong. For this reason, housing policies have a universal approach targeting all segments of society. It is the duty of the state to provide good and adequate housing for the whole society. Subsidies target large groups and housing allocation is based on "need". The state or the public has a strong influence in determining housing prices. In addition to a strict spatial planning approach, the state or public takes initiative for the production of new construction. Social rights are relatively high in conservative-corporatist welfare states such as France, Germany, Switzerland and Italy. Unlike social democratic regimes, social differentiation is not seen as a problem, but state support for rental housing sectors is important as it is seen as a measure to correct market imperfections. In the state market and family ranking, family is important. Private nonprofits are also significantly influential. Conservative Mediterranean welfare states in particular have been strongly influenced by Christian Democratic (e.g. Catholic) doctrines, which, on the one hand, reject the primacy of the market, and on the other hand, emphasize the principle of state aid and prioritize the family as the center of social welfare. Functional and decentralization prevails. In general housing policies, traditional families are given preferential treatment. In other words, stratification within society is maintained and subsidies are directed to specific groups. The state or the public has a moderate influence in determining housing prices. The public market intervenes to correct housing allocation. In addition, some groups may be given preferences during the allocation process. There is partly strict spatial planning in the organization of housing supply. Households and small entrepreneurs (private) are the main actors in the "production" of new housing. In the context of study showing countries with different welfare regimes, when the rates of housing use are examined, it is seen that the distribution of property housing, private and social rental housing in social democratic welfare states is more balanced than in liberal states. For example, in the Netherlands, housing is seen as a problem that should be solved by the state rather than being left to the market mechanism. For this reason, despite recent policies to increase home ownership, it still has one of the highest social housing averages in Europe. The impact of liberal policies began to be seen in the Dutch housing system in the 1990s. With the enactment of the law called 'Housing in the Nineties' in 1989, the distribution of the responsibilities of the central government to municipalities and housing associations reduces the dominant role of the state in the housing market [17].

There are two reasons for the political change in the Netherlands during this period: The first is the heavy responsibilities and economic burden brought by the role of the state in housing production. The second is that the housing stock has grown sufficiently in quantitative terms. In addition, a circular called Housing in the 21st Century, which came into force in the early 2000s in the Netherlands, states that the public can intervene in

cases where they do not really have access to housing, personal assistance and various incentives for its purchase are tools that the government can use, and that old and young people can. It is emphasized that studies on developing housing suitable for both young and old populations are encouraged in line with the changing demands of the population [17].

1.4. Section Result

As a universal phenomenon from past to present, the housing problem is not a completely solved problem in both developed and developing countries. The dimensions and nature of the housing problem vary from country to country, depending on their level of development and socio-economic structure. Various housing policies have been developed in developed and underdeveloped countries around the world regarding this problem. However, it is seen that the ideologies of the countries are effective in the formation of policies and this is reflected in housing and rental housing policies, rent regulations and housing finance system [17].

If a general evaluation is made, as in the liberal welfare states, within the framework of policies that encourage freehold housing, which have become widespread all over the world, especially after 1980, the limitation of access to social rental housing, privatization, and housing in both social and private rental housing sectors depending on rent regulations for the private rental housing sector. The weakening of security and the regulations regarding the housing finance system direct households to the use of property housing. On the other hand, it is more clearly seen that the rise of political tendencies that encourage freehold housing is not rational for a well-functioning housing market, especially as the housing problem of low-income group households increases. Spain's changing approach to housing policies after 2014 and its efforts to increase the social (rental) housing stock in addition to private rental housing within the total housing stock had a positive impact on the housing market and helped balance market prices. On the contrary, it can be said that the housing policies of the Netherlands, where the rate of social rental housing is high, are shaped to respond to the changing and diversifying expectations of households in parallel with the increase in today's welfare level, while on the other hand, they try to maintain an order in which opportunities are offered to low income groups in need. All these policies and the paths followed are indicators that housing policies and regulations can direct the way housing is used within the housing market. In this context, it is important that the housing policies of countries with different ideologies support flexible housing use patterns that take into account households in different income groups.

2. Development Of Housing Policy In Turkey

Turkish housing policy has undergone many changes from the last period of the Ottoman Empire to the present day. Different needs that emerged from the first years of the Republic until today have required different solutions and housing policies have been tried to be created within the framework of these needs. These policies, which sometimes meet the needs and sometimes have difficulty in meeting them, are very diverse. During the single-party rule, Turkish housing policy, which focused on urban structure rather than rural areas, did not intervene much in rural settlement. Infrastructure preparations for the capitalist system adopted in this period come to the fore. Another characteristic of the period is the understanding of statism, which is desired to form

the basis of industrial capitalism. However, a significant bourgeois development was not seen until the 1950s. The influence of the cultural heritage received from the Ottoman Empire and some other requirements caused a centralist structure to come to the fore. In the 1950s, urbanization and housing needs came to the fore due to mechanization and industrialization in agriculture. This urbanization remained at a relatively low level due to reasons such as the Second World War, which occurred before this period, the conditions for migration from rural to urban areas not being sufficient yet, and the concentration of the population in rural areas. In the period up to this period, it can be seen that the resources allocated to the urban fabric were limited and industrialization was aimed rather than urbanization. Another determining factor that is important for Turkish housing policy is the exchange event. Population exchange and forced migration created the need to build new houses. Likewise, directing citizens residing in the East and Southeast to settle elsewhere in order to ensure homogeneity also affected the housing policy. Another prominent element in housing was the civil servant residences. The number of civil servants increased in parallel with the institutional organization of the newly established state, and a housing problem emerged in parallel with this increase. The relative increase in migration to cities after the Second World War led to the emergence of the slum problem. Acceleration in urbanization and the increase in the number of slums have caused the fight against the slum problem to come to the fore within housing policies. There are provisions regarding slums in many laws enacted until 1966. As another struggle, it is seen that social housing is emphasized. Liberal economic policies that emerged in the 1950s were also reflected in housing policy. The housing problem of those who migrate from village to city to become workers comes to the fore. The housing problem has been addressed separately and disjointedly. Efforts have been made to provide housing by providing loans, increasing the powers of local governments, and regulating rents. After the 1961 Constitution, housing policy was handled mostly within the development plans. The main principle in development plans is to prevent the construction of luxury housing and instead adopt the production of public housing. This practice was tried to be carried out mostly through loans and taxes. Tolerance of slums is another characteristic of the period. Studies have been carried out to support housing cooperatives and mass housing. After 1980, it is seen that the population around the world has concentrated in cities, and the urban population in Turkey has increased rapidly. This period is remembered with the January 24 Decisions and neo-liberal open-capitalist policies. The 1980 Military intervention affected housing policy along with many other policies. The 1982 Constitution's view of housing was different from the 1961 Constitution. Although housing is recognized as a right in itself, the priority of protecting the poor has been abandoned. The period after 1980 is known as the liberal period. This period can be defined as the urbanization of industry. It was a period when private sector housing investments increased with the encouragement of the state. The 1980s was a period marked by legal regulations regarding housing. Mass housing laws are one of the prominent aspects of this period. This period is also the period when TOKİ started its operations. TOKİ establishes cooperatives etc. by giving loans. contributed to the formations producing housing. In the ongoing process, the effectiveness of cooperatives decreased and TOKİ came to the fore in the housing construction process. Mass Housing and Public Partnership Administration was named Mass Housing Administration (TOKİ). With the Justice and Development Party coming to power, urban transformation and TOKİ came to the fore in housing policy and TOKİ became an important institution in housing policy. A new era was entered with the urbanization emergency action plan adopted on January 1, 2003. The government stated that the priority of this period was social housing and it was stated that social housing production was emphasized. Article 57 of the Constitution: "The State takes measures

to meet the housing need within the framework of a planning that takes into account the characteristics of cities and environmental conditions, and also supports mass housing initiatives." It includes the statement. This article accepts housing as a right and imposes a duty on the state. TOKI is one of the structures created to serve this purpose. The main purpose of the institution is to solve the housing problem of low-income people. The remarkable thing about TOKI, which was an institution that mostly gave loans to the construction sector from 1984 to 2002, is that it has gained a new organizational structure after many transformations after 2002 and has actually started to build and have houses built. It has an annual housing production average of approximately 50,000. 55% of the work done consists of residential works. Approximately 9-10% of the housing production in Turkey is produced by TOKI. TOKI's main purpose is to produce social housing, but the TOKI law also includes the statement of supporting the construction sector, so it also operates in these matters. In the ongoing process, TOKI has become the most important determinant and implementer of Turkish housing policy. It is seen that TOKI, the prominent institution of housing policy in the post-2003 period, has been mentioned with some criticism regarding centralism. It is known that the new public management approach stands out with concepts such as citizen orientation and decentralization. While in the new public management approach, centralism is replaced by localism. It is seen that TOKI has been criticized for not having a provincial organization and being perceived as an institution representing the central administration. It would be beneficial for the institution to take care to ensure the participation of local stakeholders in the decisions it makes, to take into account the opinions of these stakeholders, and to take measures to ensure the participation of stakeholders, especially non-governmental organizations and local governments.

One of the most fundamental factors determining housing policy is the housing deficit. This gap can be expressed as the number of houses needed by those in need of housing does not match the number of existing housing units, and the existing ones are not sufficient. It seems that the main aim of Turkey's housing policy is to close this gap. However, while quantity is important, the quality aspect should not be ignored. For example, the needs and habits of households in manufactured housing should also be taken into account. It is also stated that in some urban transformation projects, citizens in the transformed region have to move away from the region to which they feel they belong. It would be appropriate to take measures to prevent the loss of neighborhood culture and sense of belonging by focusing on on-site transformation as much as possible, and to take into account the lifestyles of people who will be affected by the transformation while carrying out the transformation process. It is seen that TOKI residences are criticized for their architectural features.

The characteristic features of the region where the houses are built and their compatibility with the local architecture should be taken into account as much as possible, and local materials should be preferred in terms of both functionality and economy. While meeting the housing needs of low-income people, it seems that efforts are being made to make this group own a house [23].

However, it is also possible to meet this need through rental. It would be beneficial to focus on social housing for rent, as is practiced in many European countries. It seems that TOKI's task load is quite high. Spreading the responsibility by transferring some of the authority and duties of the institution to the relevant ministries may be beneficial in facilitating the operation [23].

3. Financing Model Suitable For Turkey

Housing finance systems also show various characteristics depending on factors such as the economic and social development level of the countries, the applied political regimes and the structure of the capital markets. Therefore; While proposing a new housing finance model for a country, the current economic and social conditions of the country are taken into account, as well as the structure of that country's housing sector and the functional and legal flaws in the system depending on this structure; Future expectations and goals also need to be taken into consideration.

In fact, a good housing finance system should be expected to improve the quality of housing as well as increasing the housing supply. The realization of this expectation depends on establishing a balanced relationship between four factors that are very important in terms of housing finance, namely "the state, financial institutions, housing producers and households". If this relationship is not established in a balanced manner or if any of the four factors are neglected, it may cause problems in the financing system. In Turkey, since the relationship between the parties in question has not been established in a proper and healthy manner for years, institutionalization in the housing sector has not been achieved and many efforts have been made.

This model, which is thought to be created in accordance with the characteristic conditions of Turkey, will be effective not only in terms of the "demand side" consisting of home buyers, but also in terms of the "supply side" of the state, house building companies and contractor firms, banks and other institutions providing financing, as well as other institutions included in the system. One of the primary goals is to monitor the parties (for example, operators, real estate appraisal companies, credit rating agencies, insurance companies, suppliers and material sellers) together and determine the outlines of the model accordingly. The main principle of this model is; It is trying to create a housing finance system in which the state, instead of becoming a housing producer by assuming a different role than in the current system (for example, the role of organizer or supervisor), transfers this task to another contractor company included in the system according to a certain agreement, thus reducing the risk undertaken by the state.

3.1. Main Idea of the Financing System

The main purpose of Berberoglu and Teker's study is; While supporting the housing finance system that the Capital Markets Board (CMB) is working on and planning to implement in the near future, it aims to bring different approaches to the subject and make suggestions to further develop this system. When the study is evaluated from this perspective, it is seen that the housing finance model proposed by the CMB is aimed at the sale of houses that are completed and ready for occupation. In other words; Thanks to this system, primarily middle and low-income segments will be enabled to own houses as if they were paying rent, and in the first stage, the existing housing stock will be tried to be reduced [16].

The primary purpose of Berberoglu and Teker's study is to investigate how financing will be done if new housing is produced on demand, unlike the method recommended by the CMB. Priority should be given to establishing an institutional housing finance system in our country.

It is possible to collect the necessary steps under three headings. First; These are some implementation changes and regulations required in the housing sector, especially in social housing project implementations carried out under the leadership of the state. Latter; These are mortgage-based capital market instruments and related structural changes to be issued in order to create resources for the housing finance system in line with the conditions of our country. Finally, it is the fulfillment of the legal regulations necessary for the effective functioning of the system [16].

3.2. Regulations in practice

The proposed model is based on: There is a basic point. First; It is the principle that changes in the type of project and construction cost change the payment plan and therefore the cash flow. The change in costs is due to the possibility of crediting, that is, installments, of both the payments to be made for the materials of the construction and the labor costs, according to agreements that can be made in accordance with the current market conditions. The basic idea of the model of Berberoglu and Teker, is to adjust this credit facility, which is possible in today's conditions, in favor of the borrowers who borrow money to buy housing by reflecting it on their cash flows and thus providing a more comfortable payment plan. This mechanism, which can also be called "crediting of costs", is actually normally implemented in today's construction market. However, in this model it is underlined that; The state should be at the head of the mechanism in question, not the contractor companies that act as construction contractors, and the state itself should play an active role in all necessary regulations.

In fact, the main goal aimed with this logic of thought is; All initiatives should be left to the contractor side, and the state should not remain a spectator to the arbitrary practices of the contractor company without benefiting from some opportunities that may benefit the public. In other words, while it is recommended that the contractor only fulfill his primary duty of construction, the state should personally make the payment agreements for the material and labor costs in this type of social housing construction and negotiate with the parties to find the most appropriate option.

It is emphasized that the one who gives the payment plan must ensure the cash flow. In this way, the state will be able to negotiate with even the largest and most powerful supplier companies and have the opportunity to make payments at the desired price and at the most appropriate time.

Considering that the construction in question is a social housing project; Thanks to this application, it is thought that the state will be able to have long-term and affordable payment opportunities - by wisely using the advantages of competitive conditions if a large number of constructions are carried out. In order to find a solution to the social housing problem and to propose the most suitable financing model for our country, the primary duties of the state should be addressed.

It needs to be looked at from this perspective. In fact, the state should play a "regulatory" role in this system.

State project investment, being a party to cost-payment agreements, procurement of licensed land with ready infrastructure, etc. If it undertakes such roles, housing financing will be done in a more sustainable way [16].

The second point on which the model is based is; It is the claim that the housing problem cannot be solved only by building multi-storey apartments under the name of social housing. social housing; It should be a real estate community that should include a social life. In other words, it has all the facilities required for social life, for example; It should be planned as a city with shopping malls, restaurants, business centers, schools, nurseries, gyms, health centers, mosques and social facilities. In addition, the issue should be seen as a "real estate development project" so that the public can benefit from these social facilities socially and the housing projects carried out under the leadership of the state can find financial resources thanks to such income-generating investments.

3.3. Structural Changes

In our country, it has been understood for years that the housing finance problem cannot be solved by housing project investments carried out by the public or by transferring funds to low-income groups. For this reason, the state must first create an infrastructure for a corporate housing finance model that will operate within the framework of current market conditions to finance the housing sector. Although the details of a new housing finance system to be proposed for Turkey, which is being prepared by the Capital Markets Board (CMB) with the support and leadership of the state and planned to be enacted in the second half of 2005, have not yet been finalized, many of its main principles have been put forward. Article 39 of the Capital Markets Law, amended by Law No. 3794, included the Mortgage-Backed Securities Center (IDMKM) among the various institutions listed under the heading of "other capital market institutions". Therefore, it seems possible to create a model that is both in compliance with existing laws and parallel to the practices seen in countries with developed capital markets. The main purpose of establishing this center is; The aim is to provide resources for housing loans with long-term, high loan/house value ratios and given at market interest rates, through the issuance of Mortgage-Backed Securities (IDMKM) in the second-hand mortgage markets, and to enable the real estate registered in the assets of the enterprises to be liquidated and put into circulation. While it is possible to structure IDMKM as a completely public institution, it is also suggested that it may be suitable for the structure of a joint stock company whose majority shares are sold to housing finance institutions or offered to the public. If the alternative of having majority shares in the hands of the state is preferred, the management and control of IDMKM may be beneficial in terms of being in line with the policies determined by the government [16].

In the alternative of establishing IDMKM as a state-supported and profit-oriented joint stock company; By fulfilling the current financial functions of the Mass Housing Administration (TOKI), which operates in the housing market, within the IDMKM, the inclusion of the IDMKM in the partnership structure will increase the confidence in the IDMKs to be issued and enable the securities in question to be sold at low interest rates. . In order to prevent the control of IDMKM from being concentrated in a single hand, partners should not be allowed to have more than 10% shares. It would be appropriate for the majority of the board members to be elected by the partners, but for TOKI representatives to also take part in the board of directors. It is also thought that it would be appropriate to have one member each from the Capital Markets Board and TOKI on the audit board. In this way, it will be possible to protect public interests in an institution that performs a public function.

IDMKM is thought to have two areas of activity. The first is the IDMK issuance used by Fannie Mae and called

the Anglo-Saxon style, and the other is the issuance of real estate pledged or real estate-based promissory notes in the Civil Code.

3.4. Legal Regulations

Introducing some tax incentives during the formation of the housing finance market will make significant contributions to the development of the market. First of all, in order to popularize the use of home mortgages, the interest paid to individuals should be taken into account as an expense in the calculation of income tax, as is the case in developed countries. Thus, tax advantages will be provided to people using mortgage loans. However, considering the home ownership and tenancy rates in our country, it would be more logical to implement this practice by giving priority to certain groups, assuming that the demand for housing will be high. If the party who received a mortgage loan cannot make the repayments, the institution that gave the loan has the right to seize and sell the mortgaged home and collect the balance of the loan debt. It creates a source of funding that allows consumers to buy housing by giving this loan to them.

Institutions also provide the loans they provide by borrowing themselves. Therefore, these institutions. If the loan repayments cannot be made, they will not be able to pay the party they owe money to and will not be able to fulfill their obligations. For this reason, foreclosure procedures regarding unpaid loans must be initiated without delay and the obligations of the financial institution to the institutions to which it is receivable must be fulfilled.

3.5. Mortgage insurance function

One of the most important functions in the mortgage-based housing finance system is the mortgage insurance function. For example; If the value of the house to be purchased by a household that needs cash to buy its dream house is more than its purchasing power, it will apply to a financial institution, such as a bank, that can provide it with a loan under favorable conditions. The bank will consult the credit registry office to investigate whether there is any harm in granting a loan to the consumer. If, as a result of the research, there is no problem in giving a loan to the consumer, the consumer will be able to receive the loan. Meanwhile, real estate appraisal institutions will also step in and the fair value of the house will be reported to the bank as a result of the examination carried out by licensed appraisers. In fact, the flow of the system so far is not much different from the mortgage loan application process implemented today. The differentiation of the system begins with the involvement of insurance functions in the process. According to the new system, the consumer who is approved for a loan will also have life insurance for himself as the borrower and insurance for the house he purchases.

It will be required to have earthquake insurance. Repayments must also be insured by IDMKM against the risk of not being able to repay the loan installments as a result of any negative situation that may occur in the consumer's financial situation. The consumer who uses a loan to buy a house will have to pay the premiums of three insurances (earthquake insurance, life insurance and insurance against the risk of non-repayment) to the financial institution every month, along with the installments he is obliged to repay. Thus, the consumer, who is insured against all kinds of risks, will be able to purchase the house with peace of mind. After the bank, where

loan repayments are made regularly, receives its own commission from the amount paid; It will transfer the earthquake insurance premium to the Earthquake Disaster Insurance Institution (DASK), the life insurance premium to the contracted insurance company, and the remaining insurance premium to IDMKM, which assumes the risk of non-payment of installments, within the same period.

3.6. Model City Model

A feasibility study was conducted to test the applicability of the housing finance model proposed for Turkey under today's conditions. Istanbul, which has the highest housing deficit in our country, was chosen to implement the model. It was decided to plan the city with a social housing project concept.

The target audience of the project is the middle and low-income segment, and care has been taken to primarily appeal to nuclear type families and also to enable solo (alone) living. Since the Model City was planned as a real estate development project rather than a social housing project, care was taken to include social facilities. Social facilities; shopping mall, cultural facility, youth center, restaurant, health center, primary school, high school, kindergarten, outdoor sports facility, park and mosque designed. The houses are planned to be built according to the principle of demand in the market, and the entire housing construction is envisaged to be carried out in three stages. In terms of construction period; The period starting from the date of agreement with the contractor company until final acceptance is taken as basis and this period is planned to be 3 years.

3.6.1. Implementation Steps of the Housing Finance Model in the Sample Model City

3.6.1.1. Goal of model

It was decided to implement a social housing project that allows people to own a house with low installments for the middle-low income group.

3.6.1.2. Location selection

50 decares of treasury land with field quality, numbered 123, island 45, parcel 421, in Istanbul province, Anatolian side, Pendik district, Kurtkoy vicinity, near Sabiha Gokcen Airport, was deemed suitable. The construction conditions of the land in question are TAKS: 0.50 and hmax: 24 m.

3.6.1.3. Design and planning

It was decided to plan the Model City with a social housing project concept. The target audience of the city is the middle and low-income segment, and it primarily appeals to families and allows solo living.

It was decided that all residences and social facilities would be built with reinforced concrete and the tunnel formwork system would be used in the construction.

Of the twin blocks designed as 8 floors, 10 of them are (A) type and 10 of them are (B) type.

It is planned to make a total of 20 pieces.

- There are 4 (S) and 4 (M) type flats on each floor of (A) block.
- There are 4 (M) and 4 (L) type flats on each floor of (B) block.

• Flat types;

- 320 (S) type flats (gross: 75 m², net: 60 m²), 640 (M) type flats (gross: 105 m², net: 85 m²), 320 (L) type flats (gross: 125 m², net: 100 m²)

Sharing plan of 50 decare land;

- Living area for residences: 16 400 m² (32.8%), Living area for social facilities: 7 700 m² (15.4%), Green area: 25 900 m² (51.8% > 35%)

Social facilities;

- Shopping Center: 5000 m² closed area, social-cultural facility: 2000 m², youth center: 200 m², public education center: 500 m², restaurant: 500 m², health center: 200 m², primary school: 3000 m², high school: 1000 m², kindergarten: 300m², sports facility and park: 2000 m², mosque: 500 m²

• The houses are planned to be built according to the principle of demand in the market.

It is envisaged that the entire construction will be carried out in 3 stages.

In terms of construction period; The period starting from the date of agreement with the contractor company until final acceptance is taken as basis, and this period is planned to be 3 years.

3.6.1.4. Cost analysis

Approximate building unit prices announced by the "Ministry of Public Works and Settlement" in 2004 were used in the calculation of construction costs.

- (S) type: 1029 USD, Loan: 15% down payment, 120 months maturity, 1.25% monthly interest, (installment/income): 34%,
- (M) type: 1437 USD Loan: 20% down payment, 120 months maturity, 1.25% monthly interest, (installment/income): 33%,
- (L) type: 1708 USD, Loan: 25% down payment, 120 months maturity, 1.25% monthly interest, (installment/income): 31%,

The unit price of the land (m²) is 1 USD/m² and the total price will be paid at the end of the project.

3.6.1.5. Assumptions

According to the demand forecast assumption; It is assumed that all houses will be sold within 3 years, and there will be a demand of 30% in the 1st year, 50% in the 2nd year, and 20% in the 3rd year.

3.6.1.6. Financing

In the light of all the assumptions and data mentioned above, NAs were calculated, the discount rate (average of 10 years) was taken as 20% and the NPV of the project was found (241248 USD).

If their NA and NPV were less than zero, additional financing sources were applied. Accordingly, especially subsidized loans; It has been deemed possible to apply for international loans originating from abroad, producer loans, and subsidized loans opened by the state.

3.6.1.7. Application

Since all necessary conditions are met, it is suitable to put the project into practice. It is a financing model suitable for Turkey. Today, many housing projects are carried out by applying this model.

4. Conclusion

It is thought that the proposed new housing finance system will have many positive contributions to our economy. The system will not only provide a serious source of liquidity to the market, but also a new resource will be created by securitizing loan receivables in the secondary market, creating a cash cycle in the market. With the system, a new long-term alternative investment tool will be offered to the markets. In addition, if the system is implemented effectively, the acceleration to be given to the construction sector will revitalize more than 200 sub-sectors, increase employment and bring many idle real estates back into the economy. With the new system finding a solution to the housing finance problem, qualified housing ownership will also increase in our country. In addition to the social effects of these developments, economic development will accelerate and positive effects will be seen in planned urbanization. With the implementation of this system, even if there are possible increases in housing prices in the short term under our country's conditions, it is estimated that prices will reach balance again in the medium-long term and rents will also decrease rapidly.

The most important feature of this model is that although all the principles underlying the mortgage-based housing finance system prepared by the CMB are accepted, it is not actually an alternative model to this system.

On the contrary, it has a complementary feature. In the model, it is shown that, as a result of the state assuming a regulatory role in the system instead of providing direct subsidies, the costs of social housing construction in question can be reduced to more reasonable levels by paying the costs of social housing construction in installments. In addition, due to the intensity of costs in the first years of the project, the increase in cash outflow

was covered by rental income from the social facilities that started with the construction of the model city and will be put into operation in the second year. In order for this housing finance system, whose main principle is to transfer the resources obtained from savers to home buyers, to work properly. First of all, a stable macro-economic situation, a reliable and easily accessible land registry system, a professional real estate valuation mechanism that works fully and accurately, tax exemptions and incentives on both the demand and supply sides, a fast and standardized solution in cases where debt repayments are not made. follow-up procedure, securitization of housing finance loan receivables

Appropriate capital market institutions and instruments are required. However, even if all of these prerequisites are met, public intervention is often required to trigger the system when necessary and move it to a certain point.

When housing finance policies in the world and in Turkey are examined, housing is a shelter that a country must provide to its citizens, and this provision must be made under the most suitable and economical conditions for the people of the country.

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