

SOCIAL HOUSING POLICY AND THE WELFARE REGIME IN TURKEY:  
A COMPARATIVE PERSPECTIVE

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## DECLARATION OF ORIGINALITY

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## ABSTRACT

### Social Housing Policy and the Welfare Regime in Turkey:

#### A Comparative Perspective

This thesis examines how the housing policy and the housing sector in Turkey have been shaped by the country's welfare regime through its transformation in the Republican period. The investigation of the Turkish case is undertaken in a comparative historical perspective, where Turkey's welfare regime is discussed in terms of its similarities with the Southern European one, and this discussion is extended to the common characteristics of the housing policy and the housing sector in Turkey and in four Southern European countries. It is argued that the direction of welfare regime change in Turkey was different from the one observed in South European EU member states, and this difference is reflected in the new trajectory of housing policy.

## ÖZET

Türkiye’de Sosyal Konut Politikası ve Refah Rejimi:

Karşılaştırmalı Perspektif

Bu tez Türkiye’de konut politikasının ve konut sektörünün Cumhuriyet döneminde refah rejiminin dönüşümüyle nasıl şekillendiğini incelemektedir. Türkiye örneği karşılaştırmalı tarihsel perspektif içerisinde, Türkiye’nin eski refah rejimi ve Güney Avrupa refah rejimi benzerliği açısından ele alınmaktadır. Tartışma konut politikaları ve konut sektörünün Türkiye ve dört Güney Avrupa ülkesindeki ortak özellikleri üzerinden genişletilmektedir. Türkiye’de refah rejimi değişikliğinin yönünün Avrupa Birliği üyesi Güney Avrupa ülkelerinden farklı olduğu ve bu farklılığın konut politikasının yeni yörüngesine yansımaları tartışılmaktadır.

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## DEDICATION

This thesis is dedicated to the memory of Nesrin and Nezhir Gürbüztürk.



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## PREFACE

Over the past decade, we have experienced the expansion of the Housing Development Administration (*Toplu Konut İdaresi*, TOKİ) as a gigantic institution in Turkey. With a number of institutional arrangements made in the 2000s, TOKİ has become the single most competent institution in housing policy and the housing sector in Turkey. However, neither TOKİ's history nor the history of housing policy or the housing sector has been limited to the last decade. Today, TOKİ stands as a result of a number of developments and transformations both in the housing sector and in the welfare regime of Turkey. This thesis examines the current situation of housing by focusing on historical developments and transformations.

Since the foundation of the Turkish Republic, many different policies have been implemented or attempts have been made to implement them in the field of housing. The housing sector, of course, was shaped within these policies. But today we can see it more clearly than in previous years. Nevertheless, this does not mean that the policies implemented in the housing sector in previous years did not affect the housing sector. Since the first years of the Republic, both the housing policy and the housing sector have been shaped according to the historical and institutional context. However, this context could not be considered without taking the country's welfare regime into account, because the conditions under which the welfare regime has emerged are determinative in the shaping of housing policies and housing sector.

The studies on welfare regimes rarely refer to the issue of housing. In a parallel vein, there are few studies that examine the relationship between the housing area and welfare regimes as compared to the studies that examine other areas of welfare provision in relation to welfare regimes and their transformations. However, in parallel with the developments that take place in welfare regimes, the area of housing as another area of welfare provision is also

affected and shaped. A country's housing policies and housing sectors should therefore be considered together with their welfare regimes. Starting with this observation, this thesis examines the relationship between the area of housing and the welfare regime in the Turkish case in a historical institutional framework of analysis.

When compared to other areas of the welfare regime, the area of housing has a closer relationship with the market and this makes housing a more complicated area. For this reason, estimating the role of the state in housing becomes empirically challenging. Yet the articulation between the role played by the market, the state and family has an impact on housing policy and the housing sector as much as the other welfare provision areas. In terms of the relative roles played by the market, the state and family, Turkey's former welfare regime, before the transformation of the post-1980 period, had a certain number of similarities with the Southern European one. More specifically, in the literature on the welfare regime of Turkey, the corporatist and dual structure of the social security system, as well as the role of the family in welfare distribution, have been highlighted in a way to situate the case of Turkey in the cluster of Southern European welfare regimes. With the above-mentioned characteristics of Turkey's former welfare regime, the case of Turkey has often been discussed in relation to the Southern European model.

The main objective of this thesis is to analyze how the housing policy and the housing sector in Turkey have been shaped by the country's welfare regime through its transformation in the Republican period. This investigation is undertaken in a comparative historical perspective where Turkey's welfare regime is discussed in its similarities with the Southern European one. The historical changes in the housing policy and the housing sector in Turkey are thus analyzed by considering the common characteristics of the area of housing in Turkey and in four Southern European countries: Italy, Greece, Spain and Portugal. Taking into account the similarities of Turkey's former welfare regime to those of Southern European

regimes, and considering housing as an area of welfare provision which forms part of the country's welfare regime, the developments in housing policy and the housing sector are examined in their relationship to welfare regime transformations in Turkey and in the four Southern European countries.

The former welfare regime of Turkey was significantly characterized by the dual structure with a formal social security system of a corporatist character, which was accompanied by an informal system of welfare provision, where family support is particularly important. That is to say, duality, corporatism and familialism were the important features of the former welfare regime of Turkey and these features were reflected in the housing policy and housing sector as in the four Southern European countries to which the case of Turkey is compared in this thesis.

Corresponding to the characteristics of the Southern European welfare regime, three characteristics common to the four Southern European countries and Turkey can be depicted in the area of housing. The importance of home ownership is the first. As in Southern European countries, home ownership is also important in Turkey, in comparison to the rest of the Europe. Secondly, housing cooperatives had a significant role in housing policy and the housing sector and they have different characteristics compared to those in other European countries. The final common characteristic concerns the importance of irregular housing in big cities. These three characteristics have emerged over time, have been affected by a number of institutional regulations, social transformations and market demands, and have later undergone transformations both in Turkey and in the four Southern European countries. The characteristics of the area of housing are not fixed. They change along with the transformation of the welfare regime. This thesis argues that the direction of welfare regime change and its impact on housing policy in Turkey has emerged under the impact of a welfare

regime transformation whose character and outcomes are different from the transformations that have shaped the trajectory in Southern European EU member states.

In the particular case of Turkey, state supported market orientation with public-private partnerships has been an important feature of the new welfare regime, which has brought the market to the fore through the changing form of articulation between the roles played by the market, the state and the family. What was observed was not, however, the retreat of the state from the area of welfare provision. The emergence of TOKİ with its enormous prerogatives in the area of real estate development and housing has been a state-led one, and its role in supporting home ownership has become a significant component of the changing system of welfare provision in the country. The central significance of the society-specific role played by TOKİ in the Turkish context is highlighted in the comparative analysis of the changing trajectories of the housing policy and the housing sector in Turkey and in Southern European countries presented in this thesis.

## CHAPTER 1

### INTRODUCTION

This thesis is based on the assumption that the former welfare regime of Turkey reflects on the housing area as well, and argues that the transformation in social security institutions causes changes and shifts in the social housing policy. It also aims to analyse it by comparing it with the systems in Southern European countries that have similar dynamics. Most studies in the literature on welfare regimes already address Turkey under the Southern Europe welfare regime cluster. This dissertation will then examine the characteristics of the Southern European welfare regimes and discuss their implications for housing. Examining welfare regimes at this point means, in a sense, focusing on the interaction between the family, the market and the state and the consequences of this. The example of Turkey is handled in a historical perspective and explained through the interaction in the welfare triangle.

When I looked at the literature, I encountered studies that examine common outcomes in the area of housing in Southern European countries. Some of these studies try to relate housing outcomes to the characteristics of the welfare state. I think that similar housing outcomes can be seen in the history of Turkey, so it is possible to establish a relationship between the characteristics former welfare regime and the housing outcomes. However, such transformations directly or indirectly influence the characteristics of the welfare state as well as the area of housing. In this context, while the results in Southern European countries differentiated, this process evolved to a different direction in Turkey. But it is not enough to explain this process only through the retreat of the state. Because while the market effect in the housing area in Turkey has increased, the effect of the state is also increasing. This thesis actually tries to explain how this point is reached.



The introduction chapter of the thesis creates a general framework for housing. For this, this chapter tries to briefly explain the issues such as how the concept of housing can be defined and how social housing is understood in different countries. Following these, specific statistical information about the housing sector and social housing implementations in Southern European countries are provided at the further sections of this introduction chapter. The purpose of this chapter is to show that the Southern European countries also differ in the area of housing in terms of both the nature of housing and social housing implementations. At the end of this chapter is a brief overview of the further chapters of this thesis. At the end of this chapter, Section 1.5 gives a brief overview of the further chapters of this thesis.

It is possible to suggest that Europe, in general, does not have a common policy or a general strategy under the name of social housing. Nation states design the area of social housing through their own internal policies. Therefore, it can be argued that every country in Europe has its own social housing policies. Nevertheless, there are certain similarities between countries in terms of social housing practices. Because these policies are shaped by the institutional features that countries have, outcomes can differ, depending on the ‘range of providers’ and ‘allocation criteria’. In this context, this chapter first defines social housing.

### 1.1 Housing as the wobbly pillar of the welfare state

It is difficult to define the place of housing in social policy. While welfare regimes are examined in the social policy literature, the number of studies addressing the field of housing is very small. The ambiguity of housing makes it difficult to study the housing issue under the social policy literature. Therefore, it is first necessary to focus on the place of the housing in social policy and to define housing more specifically in terms of social policy context. Although each pillar of the welfare state differs from the others in terms of the way they are funded, organized and distributed, the characteristics of housing are much more distinctive.

This situation brings the housing question to another debate that describes housing as the ‘wobbly pillar of the welfare state’.

Based on the different characteristics, a definition was made on the place of the housing in the welfare regimes. For the first time, housing was characterized as ‘the wobbly pillar of the welfare state’ by Torgersen (1987) and endorsed by Harloe (1995). According to the argument, in comparison to other pillars of the welfare state, the only major capital-based service in welfare regimes which is brought directly or indirectly to households through welfare policies and where households can also purchase the capital themselves is housing. Housing has two meanings: it refers both to a service and to a capital asset. That is to say, while the concept of housing can be described with two different meanings, the first meaning of housing refers to a service in terms of the accommodation that housing provides, while the second one implies a capital asset, and this refers directly to the dwelling that produces this service (Fahey & Norris, 2009, 2010).

It is the wobbly pillar of the welfare state for the reason that it has different characteristics. For instance, for Harloe, housing is a tradable commodity and it occupies a central position in the capitalist economy since it involves private property ownership. Thus, housing is much closer to a market commodity than other pillars of the welfare state (Harloe, 1995). In other words, housing turns into a both welfare benefit and a market commodity, since the housing sector is operated through the market (Bengtsson, 1995; Stamsø, 2009). In recent years, the image of housing as the wobbly pillar of the welfare state has become popular, because it draws attention to the differences between housing and other public services. With housing as the wobbly pillar of the welfare state, the private sector has an important role in relation to the welfare state. For this reason, the dynamics, e.g., globalization, neoliberal process, that impact the private sector has changed Harloe’s approach to housing.

Due to these characteristics of housing, developments such as globalization and neoliberal market hegemony are more influential. These developments were dynamics that already affected the interaction with the welfare state — articulation between the relative roles played by the state, the family and the market — which in turn determine the welfare regime. The interaction in this triangle constituted welfare regime clusters, and through the changes in the relationship between them, the provision areas of the welfare state are also affected. In this context, this study first focuses on Southern European countries and emphasis that the characteristics of Southern European countries towards their welfare regime have a reflection on the area of housing, as well as the other provision areas of the welfare state. However, this process does not continue in this way and the transformation of the welfare state also changes the features of the housing area, especially in Southern European countries. More importantly, it is not right to interpret this transformation as a complete retreat of the state and the domination of the market.

Section 1.2 focuses primarily on the definition of social housing by taking housing as the wobbly pillar of the welfare state. The definition of social housing is not quite clear due to the characteristics of the housing area. Therefore, Section 1.2 gives a general introduction of the social housing issue in European countries through statistical information. Then, the statistical information that reflects the characteristics of the Southern European countries is provided for the comparative part of the thesis.

## 1.2 Definition of social housing

The biggest impact of the wobbly pillar feature is on the concept of social housing in the welfare state context. Having close links to the market also affects the definition of the concept of social housing. Therefore, two possible definitions are mentioned in the *Encyclopedia of Housing* (Carswell, 2012). The first definition of social housing is much

more comprehensive. That is to say, the definition addresses all types of houses that are provided directly or indirectly through any form of public subsidies or social assistance. For instance, these subsidies can include tax relief on mortgage interest, tax shelters for homeownership, subsidies to providers, depreciation allowances for investments in residential properties, or below-cost provision of collective public services for housing. This is a very inclusive definition, because whenever the private housing stock benefits or takes provision from any form of public subsidies, it should be considered in or involved in the area of social housing (Braga & Palvarini, 2013, p. 8).

The second definition of social housing is much more blurred because, compared to the first definition, this definition refers to not-for-profit basis actors and policies are included. That is to say, social housing providers are diversified in the second definition. Therefore, the second definition refers to implementations on housing that subsidized by the state and social rented housing, but more importantly it includes “new forms of publicly supported and non-market housing, such as cooperatives, rent-geared-to-income, limited-dividend and non-profit housing provided by social agencies, community groups, non-profit private firms and political organizations other than government” (Braga & Palvarini, 2013, p. 8). As can be seen, in both definitions there are actors outside the state, and in addition to providing housing directly, different methods or implementations are also mentioned. In this context, social housing is an area that is considerably intertwined with non-state actors and that has various practices.

Despite the attempts to clarify of the definition, there is no single definition of social housing across European countries. On the one hand, there are definitional issues in terms of the range of providers, particularly around the position of cooperatives, time limited subsidies, and the role of private suppliers/developers. On the other hand, in all European countries, the profile of the social housing stock is differentiated in terms of the age of the

building, the type of dwelling, and so on. In addition, social housing serves different groups in different countries in terms of each country's allocation criteria. For these reasons, social housing policies can also vary from one country to another. Moreover, social housing is a dynamic field. For instance, in some European countries, while social housing providers are increasingly separate from local authorities, but in most countries there has been a shift towards more local policies (Whitehead & Scanlon, 2007, pp. 8-9).

While the definition of social housing differs from country to country, the policies actually applied are also differentiated. However, if the most comprehensive definition of social housing concept is made, it is possible to make a comparison between the areas that the definition covers. In this sense, some features of the social housing area such as who provides social housing, how they provide it, what the provision criteria are and the purpose of social housing policies can be compared. In this context, how social housing is diversified in European countries can be seen. This reveals the distinctive features of the Southern European countries. Therefore, Section 1.3 highlights how social housing space in various countries is addressed, how it can be compared and classified.

### 1.3 Diverse forms of social housing

Basically, in the literature, the field of social housing is compared across countries by looking at the social rental stock. In other words, the relative size of the social housing sector is usually illustrated by data on social rental stock (Pittini & Laino, 2012). Table 1 provides data on social rental stock, both as a proportion of total housing stock and as a proportion of rental stock. According to the data, the Netherlands has the highest share of social housing in European countries, accounting for 32 percent of the total housing stock. It is followed by Austria with 23 percent and Denmark with 19 percent. The United Kingdom, Sweden France and Finland also have a relatively large social housing sector. As opposed to this, Greece represents a peculiar case in that social housing is only provided in the form of low cost

housing for sale. The rates of social rental stock in other Southern European countries, which are Italy, Spain and Portugal, are lower than in most European countries.

Table 1. Social housing stock in the European countries

Country	Social Rental Stock as % of Total Housing Stock	Social Rental Stock as % of Rental Stock	Number of Social Rental Dwellings per 1000 Inhabitants	Social Housing as % of New Completions
Austria	23	56	100	27.5
Belgium	7	24	32	6
Denmark	19	51	95	22
Finland	16	53	85	13
France	17	44	86.5	12
Germany	4.6	7.8	22.6	15
Greece	0	0	0	1
Ireland	8,7	41	NA	7
Italy	5,3	28	29	NA
Netherlands	32	75	138	19
Portugal	3,3	16	NA	NA
Spain	2	15	10,9	16
Sweden	18	48	84	13

Source: CECODHAS European Social Housing Observatory (2012)

Countries can be classified on the basis of two dimensions: (1) size of the social housing stock, (2) allocation criteria. This classification allows us to visualize commonalities and differences between the different policy approaches in each country (Czischke & Pittini, 2007). In addition to the size of the social housing sector, which is based on data available on the size of the social rental housing stock, the allocation criteria is also used to distinguish countries. At this juncture, Laurent Ghekiere identifies two allocation criteria models, i.e. the universalistic approach and the targeted approach (Braga & Palvarini, 2013). While in some countries where the universalistic approach is predominant, social housing aims to give

universal service, potentially directed to all citizens. For instance, dwellings can be delivered either through municipal housing companies, e.g. in Sweden, or through non-profit organizations e.g. in the Netherlands and Denmark. Rental housing and the social rental sector have a higher proportion in countries that have a universalistic approach (Braga & Palvarini, 2013; Pittini & Laino, 2012). However, social housing policies of the majority of European countries relies on targeted approach. Herein, two main sub-types — the generalist and the residual models — can be classified in the targeted approach. In the generalist sub-type, social housing is allocated by the provider on the basis of a specific set of rules and by following priority criteria based on income ceilings or employment status. However, in the residual sub-type, social housing is directed at the most vulnerable groups (Braga & Palvarini, 2013).

Table 2 is formed on the two axes mentioned above. European countries are ranked according to the size of the social rental housing sector and they are categorized according to allocation criteria. The size of the social housing sector is divided into four parts: large, medium, small, and very small scales. By crossing information about the allocation criteria and the size of the social rental sector, it is possible to categorize European countries.

Table 2. Approaches to social housing provision in European countries, 2012

Social Rental Housing Sector Size	Universalistic	Targeted	
		Generalistic	Residual
Large ( $\geq 20\%$ )	Netherlands, Denmark, Sweden	Austria	United Kingdom
Medium (11 % - 19 %)		France, Finland, Poland	France
Small (5% - 10 %)		Italy, Belgium, Germany	Germany, Ireland, Malta
Very Small (0 % - 4 %)		Greece	Spain, Portugal

Source: CECODHAS Social Housing Observatory

According to Table 2, the Netherlands, Denmark Sweden, Austria and the UK have large size social rental housing sectors with ratios of over 20 percent. Austria has a generalistic sub-type and the UK has a residual targeted sub-type. Table 2 clearly shows the position of the Southern European countries in the area of social housing. Greece has a generalistic understanding, Spain and Portugal have a residual targeted understanding, but more importantly in comparison to other European countries, most of the Southern European countries have a very small size social rental housing. The relative proportion of social rental housing in Italy is above these countries, although it still has a small size social rental sector. Italy has a generalistic sub-type like Greece. This picture clearly shows where the Southern European countries are gathered in terms of social housing provision. After this point, it will be helpful to briefly discuss the areas of social housing in Southern European countries and this helps to combine a social housing discussion with the characteristics of the Southern European welfare regimes.

#### 1.4 The social housing sector in Southern European countries

This section aims to focus on the conditions of social housing in Southern European countries. First, the specific missions and allocation criteria of social housing in Southern European countries are investigated. Both specific mission and allocation criteria of social housing policy are important determiners. Later, housing tenures of four Southern countries are examined. In addition to illustrating the size of the social housing using data on social rental stock as a proportion of total housing stock in a country. It also includes the provision of affordable dwellings<sup>1</sup> for sale to households, which makes them homeowners. Finally, types of social housing providers in Southern countries are listed and discussed, because the provision of social housing involves various stakeholders.

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<sup>1</sup> Affordable dwelling or affordable housing is generally defined as housing that is available for purchase or rent at a market value affordable for the majority of the population (Norris & Shields, 2004). In particular, the term is used to describe housing provided at sub-market prices to households on low-incomes (Oxley, 2004).



In the area of social housing, each country has its own policy mission which focuses on a specific targeted group, and there are also different eligibility conditions in each country. In EU member states, there are three common elements in a definition of social housing: (1) the mission represents a general interest, (2) the objective is set to increase the supply of affordable housing by construction, managing or purchasing social housing, (3) a specific target group is determined which is defined in terms of socio-economic status or the presence of vulnerabilities (Braga & Palvarini, 2013, p. 9). Related to this, Table 3 takes specific mission and policy objectives in social housing policies in Southern European countries.

Table 3 shows that social housing policies differ in terms of mission and distribution criteria in European countries. These differences also show how countries understand social housing policy. As the way in which social housing policies are handled differs, it becomes difficult to make a standard definition of social housing applicable to all countries.

Table 3. Specific missions of social housing providers and allocation criteria of social housing in Southern European countries, 2007

Country	Mission	Allocation Criteria
Greece	Housing vulnerable groups and employees who contribute financially	Direct allocation by provider
Italy	Providing housing to low-income groups through social rental housing and middle-income groups through home ownership	Waiting lists with priority criteria
Portugal	Housing and re-housing low-income people	Income ceilings
Spain	Housing low-income households and people with special needs	Waiting lists, income ceilings

Source: CECODHAS Social Housing Observatory (2007), CECODHAS Social Housing Observatory (2012)

Satisfying housing needs of different countries are broadly expressed through access and permanence in decent and affordable housing. Herein, the specific missions of social

housing providers and allocation criteria in social housing policies in some European countries can be seen in Table 3. While these missions and allocation criteria vary, the concept of social housing also changes from one country to another. Additionally, the social inclusion of households whose housing needs are not met by the open market is another important core mission of social housing. In brief, there is a relative convergence of defining elements of social housing across European countries in terms of the existence of specific missions of general interest, the objective of increasing the supply of affordable housing, and the definition of target groups. “However, the manner and content of these specific missions vary from one country to another in terms of the legal, financial and institutional mechanisms of the European countries” (Czischke & Pittini, 2007, p. 19). In addition to these specific missions and allocation criteria in social housing policy, countries are differentiated in terms of providers in the area of housing.

Table 4 shows the diversity of housing tenures in terms of rental, homeownership, cooperative and mixed sectors in selected European countries. It is difficult to statistically identify the stock of social home ownership. For this reason, the relative size of the sector in a given country is usually illustrated by data on social rental stock as a proportion of total housing stock (Czischke & Pittini, 2007). Even though social housing is considered over social rental sector, any policy that makes houses affordable at less than the market price, any kind of implementation that is beneficial to cooperatives and that makes it easier to access the housing or make homeowners by reducing market prices should be evaluated in the social housing. As shown in Table 4, there are various types of housing tenure and each of them can meet the need for housing, that is, it can provide shelter.

Despite large differences in tenure types, one general trend is an increase in home ownership rates in most European countries. The general increase in homeownership partly reflects demographic and socio-economic developments. This trend has also been greatly

encouraged with homeownership policies, especially through tax incentives for home buyers but also schemes encouraging the sales of social housing, as well as the effects of increasingly competitive mortgage market (Pittini & Laino, 2012).

Table 4. Diversity of housing tenures in Southern European countries, 2007

Country	Rental	Home Ownership	Cooperative	Mixed* (e.g. Shared Ownership)
Greece		X		
Italy	X	X	X	
Portugal	X	X	X	
Spain	X	X	X	X

\*According to the report, this category included a variety of tenures such as shared ownership and equity-sharing

Source: CECODHAS Social Housing Observatory (2007), CECODHAS Social Housing Observatory (2012)

In terms of the tenure, rented social housing is provided in most countries, but dwelling acquisition can also be preferred (Pittini & Laino, 2012). Some countries offer a provision for intermediate tenure, a shared ownership solution where tenants buy a share of the dwelling and pay a rent for the remainder (Braga & Palvarini, 2013). Shared ownership solutions have become increasingly important in the UK, whereas in some Southern European countries such as Greece and Spain, social housing is provided through acquisition of low-cost housing (Pittini & Laino, 2012). Social rental option is present in all Southern European countries as well as in all member states of the European Union (EU) except Greece. Supporting home ownership policies are not preferred in Northern Europe and in most Eastern countries (Braga & Palvarini, 2013).

Table 5 gives the official available numbers of different tenures in four Southern European countries (Pittini, Ghekière, Dijol, & Kiss, 2015). Home ownership levels are particularly high, but the overall rental sector varies significantly in size. It is also particularly small in Southern European countries such as Spain, Greece and Italy. In the rental sector, the

relative importance of private versus social rental also varies significantly. In addition to these, in some countries cooperatives have a prominent role in supplying affordable housing, but there is a wide variation across countries on how cooperatives are defined. That is to say, while in some countries, figures on cooperatives are included as part of the homeownership sector, in others they are regarded as part of the social housing sector, and in a third group of countries there is even a separate cooperative category, which is also illustrated in Table 5. For this reason, in some countries cooperative housing is not presented as a distinct tenure although housing cooperatives are active in the country, e.g. Italy, Spain, and Portugal (Pittini & Laino, 2012).

Table 5. Housing tenure in Southern European countries, 2015

Country	Owner-Occupied %	Private Rent %	Social Rent %	Cooperative Housing %	Other %
Greece	73	22	0	0	5
Italy	67	16	6	0	11
Portugal	73	18	2	0	7
Spain	79	14	2	0	5

Source: Housing Europe (2015)

Table 6 shows the variety in the types of active actors in the mission of providing social housing in Southern European countries (Pittini & Laino, 2012). During the past decade, private and not-for-profit organizations have become more involved in housing provision. In this recent trend, many stakeholders are involved, and the private and public sectors have well-defined roles: local authorities manage the existing social housing stock, while the private sector is responsible for developing new social housing. Cooperatives also play a crucial role in some countries, namely Austria, Belgium, Estonia, Germany, Hungary, Italy, Poland, Portugal, Spain and Sweden. In Denmark and the Netherlands, social housing provision is the prerogative of the private non-profit sector (Braga & Palvarini, 2013).

Table 6. Types of social housing providers in Southern European countries, 2007

Country	Under State Control / State owned	Public or Publicly Controlled Companies	Not-for-profit Social Housing Companies	Social Housing Companies
Greece	Yes	OEK	No	No
Italy	No	Local public housing companies	Cooperatives	Yes
Portugal	Yes	Public body	Cooperatives, Charities	Yes
Spain	Yes	Public companies	Cooperatives	Yes

Source: CECODHAS Social Housing Observatory (2007)

Social housing is financed through various funding arrangements. Financing models also vary significantly across countries (Pittini & Laino, 2012). In some countries, the sector is almost entirely financed by public funding, whereas in others, housing providers rely heavily on loans from the finance market. Other differences have emerged in other factors, including the level of maturity of social housing providers, the government commitment to support the sector, and conditions on the mortgage market. Housing projects are financed through different sources, including bank loans, mortgages, public grants, public loans, private funds of housing organizations and tenant's contributions. Furthermore, municipalities can contribute with funding or offering land for the construction of social housing at reduced prices or for free. In some countries, social housing is provided directly by local authorities, and the financial burden the national budget. Countries like Austria, Italy and Luxembourg other crucial factors can be seen in terms of public land offers at discounted prices, or tax deduction for social housing providers (Braga & Palvarini, 2013).

Today, there is a combination of actors involved, with public provision (usually by municipalities, either directly or through dedicated publicly owned companies) often coexisting with a growing private sector, mainly consisting of specialized non-profit or limited-profit bodies (Pastore, 2014). Recent years have seen the increasing involvement with social housing provision by non-specialized actors (commercial developers and private

landlords, as opposed to specialized ‘approved’ not for profit providers) who have been included as possible recipients of public subsidies in exchange for the use of dwellings for social purposes, usually for limited period of time (Pittini & Laino, 2012).

In the early twentieth century, there was massive industrialization and urbanization. As a result of this, housing needs emerged and increased. In that period, social housing was created through the initiative of the private sector, e.g., charitable institutions, private companies that build housing to accommodate their workers. Later on, many nation states across Europe took over those private initiatives. However, in countries like Denmark and the Netherlands, social housing provision has always remained a prerogative of the private non-profit sector. Then, in the 1990s, decentralization of responsibilities from central to regional and local level took place. In this period, public actors also retreated from housing provision. After 20 years, there has been a trend to come back to the involvement of private and not-for-profit initiatives through a wide range of social agencies, albeit with continuing large-scale government subsidies and financing housing programs and sectorial regulations (Czischke & Pittini, 2007; Pittini & Laino, 2012).

Nowadays, there is a trend to come back to the involvement of private and not-for-profit initiatives through a wide range of social agencies, albeit with continuing large-scale government subsidies and financing housing programing and sectoral regulation in most European countries. Therefore, social housing in Europe is a combination of public housing stock and a range of voluntary or not-for-profit associations, public or private no-for-profit companies, cooperative organizations and private investors. Table 6 shows this wide variety in the types of actors that provide social housing (Czischke & Pittini, 2007; Pittini & Laino, 2012).

## 1.5 General overview of the chapters

This thesis is composed of five chapters when introduction and conclusion chapters added. In the first chapter as an introduction of the thesis, general background for the thesis is explained. In this chapter, the basic motivation of the thesis, the characteristic and distinctive features of the housing area, the definition of the social housing and its diverse manifestations in different countries, and finally the characteristics of the social housing of the Southern European countries are mentioned.

The main purpose of the second chapter is to discuss the relationship between the characteristics of the Southern European welfare regime and the area of housing. At first, the characteristics observed in countries that have been characterized as part of Southern European welfare regime are explained. Later, related to this, similar characteristics that took place in housing policy and housing sector in these countries that have a Southern European welfare regime is discussed. When doing all this, Turkey's former welfare regime is also considered as part of the analysis and it is highlighted through similar outcomes in the area of housing as a result of the characteristics of the welfare regime. Related to this, the second chapter ends with a focus on recent developments that have taken place in Southern European countries.

In the third chapter, the case of Turkey is explored by focusing on housing policy and housing sector through the transformation of the former welfare regime. With the transformation of the welfare regime in Turkey, the area of housing takes a different direction. In this context, the third chapter focuses on the similar characteristics in the area of housing as a result of the former welfare regime in Turkey. This process is explained over four historical periods. With the 1980s, housing policy and housing sector started to be changed through the

welfare regime change in Turkey. In short, this chapter highlights the period before the mid-1980s.

The fourth chapter starts with the transformations that took place both in the area of housing and the welfare regime. It focuses on the nature of the welfare regime change and how it impacted the characteristics of the area of housing that had been shaped by the former welfare regime in Turkey. This transformation accelerated when the Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP) came to power. At this juncture three consequences that occurred due to the transformation of the welfare regime and policy shift of AKP government are mentioned. TOKİ, which has become a giant institution during the AKP period as a result of this transformation can be taken as the first consequence seen in the area of housing. In addition to this, the decline of the activities of the housing cooperatives, which can also be seen as a consequence of the changes roles of TOKİ, is another consequence. The third is the prevention of *gecekondu*<sup>2</sup> house construction and the demolition of these areas as a result of legal regulations that strengthen state institutions.

The fifth chapter is the conclusion of the thesis. The basic purpose of the fifth chapter is to reconcile the background. It draws on parts of the first chapter and the second chapter with the case of Turkey described in the third and fourth chapters. With the transformation of the welfare state, the similarities in the housing area are also beginning to change, as well as the interaction between the market, the state and the family triangle under the former welfare regime. This change gives different results in different countries in Southern European countries, which is shown in the case of Turkey.

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<sup>2</sup> Squatter or illegal housing in Turkey is called *gecekondu* which literally refers to houses built overnight (Erman, 1997; Karpat, 1976).



## CHAPTER 2

### THE SOUTHERN EUROPEAN WELFARE REGIME AND HOUSING

#### 2.1 Introduction

The main purpose of this chapter is to examine the relationship between the Southern European welfare regime and the area of housing by comparing it with the Turkish case. In this context, this chapter considers Turkey's former welfare regime as a Southern European welfare regime, claiming that similar institutional features attributed to the Southern European countries lead to similar results in the area of housing. However, through transformations in Southern European welfare regimes over time, the same features that were seen in the area of housing also changed. The similar outcomes in the housing area in Southern European countries and Turkey were differentiated due to the nature of the welfare regime change in Turkey, and the implementations of the AKP government accelerated this process. In addition, the impact of the 2001 economic crisis and the reflection of the EU programs on housing in Southern European EU member states had an influence on the changes in housing policy and the housing sector.

This chapter considers a simple answer for the questions of whether the characteristics of the Southern European welfare regime reflect the area of housing by discussing the Southern European welfare regimes. From this chapter's point of view and as it is seen in other areas of social policy, outcomes in housing are also shaped by conditions attributed to welfare regimes. In this context, this chapter investigates the relationship between the characteristics of the welfare regime and housing through four Southern European countries (Greece, Italy, Portugal, Spain). The analysis includes the Turkish case related to its former welfare regime and housing. While referring to the discussion of the former welfare regime and housing policy in Turkey and its similarities to those of Southern European countries, in

order to narrow the framework further, some characteristics that are specific to Southern European countries are addressed in more detail.

This chapter consists of four sections. In Section 2.2, the characteristics of the Southern European welfare regime are briefly explained, specifically referencing the discussion of welfare regime clusters. In short, this section touches on the distinctive characteristics of Southern European welfare regimes. The main objective of Section 2.2 is to establish a connection between Southern European welfare regimes and housing policy. To do this, Section 2.2 deals with two characteristics of Southern European welfare regimes more deeply. The first is the dualistic labour market and the second is weak state institutions. The first feature causes the exclusion of the majority of the population from formal social security system, while the second causes the emergence of public-private partnerships. In Section 2.3, reflections of these two features on the housing area are discussed. As a result of reflection, three common characteristics emerge. In Section 2.4 three characteristics of the area of housing are mentioned as a reflection of the former welfare regime: home ownership, illegal housing, and the role of housing cooperatives. Section 2.5 focuses on the latest developments in four Southern European countries in the context of transformations in the welfare regime and the influence of EU programs.

## 2.2 The Southern European welfare regime in welfare regime typologies

The ability of individuals to participate in the communities where they live is related to the activities of the welfare regime. The concept of welfare regime was introduced by Esping-Andersen (Esping-Andersen, 1990, 1999). He defines welfare regime as:

“Contemporary advanced nations cluster not only in terms of how their traditional social-welfare policies are constructed, but also in terms of how these influence employment and social structure. To talk of a regime is to denote the fact that in the relationships between state and economy a complex of legal and organizational features are systematically interwoven” (Esping-Andersen, 1990, p. 2)

In this context, based on indicators for welfare expenditure, taxes, employment, Esping-Andersen examines the developed Western countries and defined three types of welfare regime: (1) the market-centered liberal model, (2) the conservative corporatist model based on the institutionalization of the basis of employment status and supporting the role of family and (3) the social democratic model based on equal citizenship rights.

The state, the market and the family play relative roles in welfare regimes. Deciding on the division of responsibilities between them shapes each country's welfare regime. In other words, welfare regimes are the product of the articulation of the roles played by the state, the market and the family. Markets are one of the main sources of welfare for most citizens because of their income comes mostly from employment, and welfare, in most cases, is also purchased in the market. The family is the other traditional important source of welfare and it continues to be quite prominent, especially in Southern Europe (Esping-Andersen, 2002). In addition to different market dependence relationships in three welfare regimes, the outcomes are differentiated in terms of social stratification and inequality (Kazepov, 2005).

Esping-Andersen's arguments have received considerable criticism, especially on the limits of the three-fold welfare regime typology. Much of these criticisms were about Southern Europe countries, which constitutes a fourth type of welfare regime (Buğra & Keyder, 2003). According to this literature, Southern European countries have significant differences in terms of their welfare model vis-à-vis other European countries, and therefore there are many studies suggesting that these countries can be regarded as a different welfare model. In this sense, the most effective argument about Southern European welfare states was introduced by Ferrara's works (Castles & Ferrera, 1996; Ferrera, 1996, 1997). Both in this study and in other studies following these arguments, the basic characteristics of the Southern Europe welfare model have been defined (Guillén & Matsaganis, 2000; Rhodes, 1997).

Some points about the characteristics of the Southern European welfare states are as follows: first, they have a highly fragmented and corporatist income maintenance system, displaying a marked internal polarization. A considerable portion of the population remains without effective social coverage, especially because of the unemployed and those working in the informal sector, and this creates a protection gap (Castles & Ferrera, 1996). Secondly, in the welfare sphere, there is a low degree of state penetration, as well as highly visible partnerships or a collusive mix of public and non-public actors or institutions. Solutions through non-state actors such as church, family and private charity are prominent (Rhodes, 1997). Third, clientelism and patronage are permanent features that are embedded in a political system (Ferrera, 1996). Lastly, there is a lack of a Weberian-type administration based on rationality and efficiency, and the weakness of civil society results in the bureaucratization and legislative over-regulation of the system (Ferrera, 1997, p. 235).

In addition to these characteristics, the provision of welfare service in the Southern European welfare regime is dominated mostly by the family. There is a strong degree of familialism without much interference of the market or the state. A large part of the welfare responsibilities is carried out within the family (Barlow & Duncan, 1994). Strong familialism and an extended irregular and informal economy have functioned on the demand side of the social security. On the other side, a weak state capacity has limited changes in Southern European countries (Arriba & Moreno, 2005). In Esping-Andersen's (Esping-Andersen, 1999) later work, the importance of familialism in Southern European countries is recognized. That is to say, family also has a central role in the provision of welfare in Southern European countries. Familialism is based on labor market segmentation and a polarized welfare regime.

Some studies (Katrungalos, 1994, 1996) argue that the Southern European welfare regimes share the basic institutional characteristics of a conservative welfare model. According to these studies, Southern European countries exhibit an undeveloped conservative

model drawn by Esping-Andersen. Their common characteristics are immaturity and relative inefficiency in social protection systems and social and family structures. Their social protection system is Bismarckian and their institutional, organizational and economic features reflect the characteristics of the conservative model (Katrougalos & Lazaridis, 2003).

To summarize, Ferrera (1996) examines four Southern European countries (Italy, Spain, Portugal and Greece) from a historical institutionalist perspective and suggests common features specific to these countries: a highly fragmented and corporatist structure. These countries also have a dualistic feature in terms of their social security system. On the one hand, there are insiders who are formally protected, and on the other hand, there are outsiders who are unregistered or irregular workers or who work in traditional services or in agriculture. This situation is described as the ‘peak of generosity’ and ‘gaps of protection’ by both Ferrera (1996) and Gough (1996). Furthermore, these countries have Bismarckian orientation (Ferrera, 2005; Rhodes, 1997).

The characteristics attributed to the Southern Europe welfare regime are quite consistent with the situation in Turkey. Gough includes Turkey in this category as a rudimentary assistance regime (Gough, 1996). Turkey’s former welfare regime was also considered in the Southern European welfare regime in Saraceno’s work (2002). The structure of employment in Turkey resembled the Southern European welfare regime in terms of formal social policy institutions and informal social integration mechanisms. Turkey’s former welfare regime was similar to the Southern European welfare regime in terms of the structure of employment, the qualification of formal social policy institutions and the informal social integration mechanisms (Buğra & Keyder, 2003).

### 2.3 Distinctive characteristics of the Southern European welfare regime

The main purpose of this section is to set the context for focusing on the relationship between the Southern European welfare regime and the housing policy and the housing sector in these countries. For this purpose, two general features that shape the articulation between the role played by the state, the market and the family in their welfare regime will be identified: (1) the dualist labour market and the Bismarckian welfare model, (2) weak state institutions. These are determining features of the Southern European welfare regime in relation to the area of housing. In short, this section examines these two features of Southern European countries in more depth.

At first, the dualistic labor market of Southern European countries is highlighted. There is a strong connection between the Bismarckian corporatist welfare model and a dualistic labour market. It is important because it creates insiders and outsiders of the welfare regime. As Ferrera (1996) mentions, while workers in the core formal sector are ‘hyper-protected’, workers in the informal and irregular sectors are under-protected. “The labour market combines with the welfare system to place some workers in a highly privileged position, while others, including new entrants into the labour force, are in a very weak position” (Allen, Barlow, Leal, Maloutas, & Padovani, 2004, p. 96). In other words, there is a sharp line between insiders and outsiders. Some studies also highlighted that this pattern of corporatism and strongly divided labour markets is the case in all four Southern European countries (Castles & Ferrera, 1996; Katrougalos, 1996; Petmesidou, 1991).

In Greece, Italy, Portugal and Spain, there is an important distinction between the protected side of the labour market and the other side. On the unprotected side of the labour market, there are temporary workers and workers in irregular employment or in the informal sector. Although these countries have a weak welfare state, in the recent period, various

legislations have been introduced that affect the labour market. However, the informal sector and clientelistic relationships have an important role in terms of decreasing unemployment risks through atypical forms of support (Katrougalos & Lazaridis, 2003).

The former welfare regime in the Turkish case had dualist attributions. Up until the AKP's reform, a well-developed corporatist social protection system excluded large segments of the population. This system occurred after the Second World War. Two separate social security organizations, the Social Insurance Institution (*Sosyal Sigortalar Kurumu*, SSK) and the Retirement Chest (*Emekli Sandığı*), provided old-age pensions and health benefits to civil servants and registered workers until the 1970s. Bağ-Kur, a pension fund for the self-employed, was introduced in 1971, covering the self-employed who registered for it on a voluntary basis. However, employment in the agricultural sector and in the informal sector were excluded from the formal social security system. Thus, Turkey's social protection system excluded a large portion of the population (Buğra & Adar, 2008).

Secondly, immaturity and the weakness of state institutions and their lack of influence in Southern European countries are discussed. Some researchers who focus on Southern European welfare suggest that the Southern European countries are examples of an immature conservative model (Katrougalos, 1994, 1996). For Katrougalos:

“...Spain, Portugal and Greece lack the specific institutional and organizational features that could constitute distinct fourth ideal-typical regime. They form rather a subgroup, a variation of the continental model, with immaturity and weakness being the main characteristics.” (Katrougalos, 1994, pp. 6-7)

In line with Katrougalos's suggestion, Abrahamson also characterizes the Southern European countries as a 'discount edition of the Continental model' rather than a regime in its own right (Abrahamson, 1992, p. 10).

In contrast to this view, Ferrera has a different point of view and forms a cluster of Southern European countries as a particular welfare state model. However, our purpose here

is not to discuss whether the Southern European countries are a cluster or not, but to address the weakness and immaturity of the state institutions that is a common feature in both views. Ferrera's two characteristics can be linked to the institutional conditions of Southern European countries that is drawn by Katrougalos and Abrahamson: (1) a low degree of state penetration to the welfare area and a preference for a collusive mix between public and non-public actors, (2) the persistence of clientelism and the formation of patronage machines (Ferrera, 1996).

The lack of a Weberian type administration and the weakness of civil society indicates a state capacity issue. Therefore, clientelism has been suggested as a permanent feature of the political system and the system of protection (Katrougalos & Lazaridis, 2003). In contrast to the other states in Europe, Southern European welfare states have weak institutions in terms of bureaucratic professionalism and autonomy, and this causes the institutionalization of clientelism. For this reason, some studies prefer to discuss this weakness by discussing clientelism in Southern European welfare states (Allen et al., 2004).

The definition of clientelism can be taken as an exchange of services provided by the state in return for support for political parties. In clientelistic relationships, services are distributed in terms of a particularistic or personalized logic, rather than the depersonalized and universalistic logic associated with professionalized Weberian bureaucracies such as those in other European states. The roots of clientelism lie in the traditions of civil administration which predate the transition to democracy in Southern European states (Allen et al., 2004).

In Turkey, there is a series of informal mechanisms of social protection because the welfare state institution is immature. The role of family is central in welfare provision and various types clientelistic relationships take place in welfare provision. For instance, the



possibility of informal access to urban public land or land without proper building permits were the part of the electoral competition of Turkish politics (Buğra & Adar, 2008). By looking at the properties of formal social policy institutions and informal mechanisms of social protection as well as the structure of employment, it is possible to say that the characteristics of the previous Turkish welfare regime resembled the Southern European welfare regime. The former formal social security system of Turkey was comprised of the Retirement Chest, the Social Insurance Institution, Bağ-Kur and various other insurance funds that depended on job status. This system caused extreme inequalities, due to the fact that access to health care and pensions were differentiated in terms of job status. In these systems, there was a lack of universal health care that covers all citizens, only the population that works as registered in one of the formal social security systems can benefit (Buğra & Keyder, 2003, p. 17).

Two features of the Southern European countries addressed in this section are reflected in the area of housing policies. Both policy preferences and conditions in the area of housing are influenced from particular institutional features of Southern European countries. Housing policy is limited through conditions that emerge as a result of the characteristics of the Southern European welfare regime. Therefore, this paper maintains that the features common to the Southern European countries have produced a common set of results in the housing area. Section 2.4 will address the common results that were created as a result of these two features.

## 2.4 Characteristics of housing in Southern European countries

Two features were examined in Section 2.3 and these features of Southern European countries have been influential in shaping the housing area. In this section, we discuss the similarities that arise in the area of housing in Southern European countries through three characteristics:

(1) the most prominent characteristics of housing area in Southern Europe, the high-level of homeownership, (2) irregular and illegal settlements, which affect rapid urbanization, and (3) the intermediate role of housing cooperatives. This section examines these three characteristics in relation to the welfare regime.

At first, the relationship between homeownership and the labour market will be highlighted. Southern European countries have a dualistic labour market. Especially in terms of accessing welfare, this kind of dualistic labour market creates a huge gap between insiders and outsiders. Homeownership is seen as a welfare shield by outsiders who have no social security and are at a higher risk of social exclusion than insiders. Castles & Ferrera (1996) also refer to this situation in Southern European countries. For them, biases in homeownership in housing policy emerge through the highly dualistic labour market. Homeownership is seen both as an anchor for those outside the formal labour market and as a significant form of investment in the black economy.

In addition to homeownership, the dualist structure of the labour market also influences the housing area. One side is related to the outsiders in the dualistic labour market. For instance, income payments to informal workers, who are a group of outsiders, are uneven and not secure. This also reduces their availability for securing a housing loan. For this reason, self-provision and the illegal provision of housing are preferred by informal workers. On the other side, social rented housing is another policy choice, and it is an alternative to owning a house, but the financing of social rented housing requires either that the majority of tenants work in the formal sector or that the state shows a high level of willingness to subsidize such housing (Allen et al., 2004). For various reasons, policy preference for social rented housing does not take place in Southern European countries. Today, the portion of social rented housing in the social housing sector is low compared to that in other European countries.

The importance of family in welfare provision should not be forgotten. The role of the family reflects a self-promoted housing. The role of the family in the distribution of welfare is very important in Southern European countries, and this can also be seen in the housing area. Self-promotion of housing was a significant contribution in all Southern European countries and some studies suggested that the motivation of self-promotion arises from the family's responsibility (Tosi, 1995). The notion of family in Southern European countries has a distinctive meaning and it is fundamentally important in the consideration of housing in Southern Europe (Allen et al., 2004).

Although self-promotion arises mostly in an urban situation, it has been taken into and adapted to urban situations because of the weakness of market mechanisms, the formal housing loan system and social housing policy. Self-promotion of housing is supported by weak systems of public control mechanisms over land development. The weakness of formal state mechanisms is another factor. It allows continuity of the rural tradition in an urban situation. This kind of weakness leads to illegal housing developments without any permission and, along with rapid urbanization, it creates irregular settlements. Of course, self-promoted housing is not related just to illegal housing. However, in the urban condition, if land parcels are relatively small and legal self-promoted housing becomes more extensive, in most cases, private land without any kind of urban plan or the infrastructure can be used for illegal housing through self-promotion. Usually, this type of building does not have the relevant building permits or planning permission (Allen et al., 2004).

#### 2.4.1 Emergence of irregular settlements

Informal housing and irregular settlements occur not only in Southern European countries; they are not specific because of the dualist labor market. However, the relationship between irregular settlements and the informal economy that emerge in a dualist labour market can be

established. That kind of a relationship can push informal workers into the sphere of informal housing. As is the case of Turkey, irregular settlements have also played an important role in meeting the housing needs of immigrants (Edgar, Doherty, & Meert, 2004, pp. 76-78).

The most typical development of illegal self-promotion on the urban peripheries was ‘houses built overnight’. In all four Southern European countries, there were similar laws that prevented the demolition of illegal houses if they already had a roof and people were living in them. These illegal houses were subsequently improved, but some parts of the buildings remained in poor condition. In Spain, most of these areas were demolished and their residents were relocated in public housing. Around Athens, most of these illegal settlements were rebuilt by their owners, but the lack of public space and insufficient infrastructure remained chronic problems in these areas. In Italy and Portugal, innovative programs have been developed to improve the quality of these areas (Allen et al., 2004).

Until the mid 1970s, a substantial part of self-promoted housing was illegal in Southern European countries (*abusive* in Italian; *afthereta* in Greek; *clandestinos* in Portuguese). In time, conditions in these areas have been progressively upgraded. Poor-quality illegal self-promotion areas in Athens have been upgraded through urban transformation. During the 1950s, illegal self-promotion was highly developed in Spanish cities. After that time, regulations on housing construction were strengthened and illegal self-promotion became marginal. In the early phases of rural to urban migration, illegal self-promotion was important. Later, there was a large program located in Lisbon and Porto to relocate people living in *barracas* to newly built social rented and subsidized owner-occupied dwellings (Allen et al., 2004).

In the Turkish case, only a small segment of society was covered by welfare state institutions and integrated into the formal social security system. As is also seen in the

Bismarckian model, the system was certainly not responsible to all citizens, but only to those who could work. Social benefits for those who could work were differentiated in terms of job status. There was a population that had no coverage. This situation revealed the fragmented citizenship regime. That is to say there were two types of relationship between citizens and the state. The first type of relationship occurred when there was coverage that were provided by three social security institutions, the formally covered citizen's relationship to the state is defined by the social benefits they receive. The second type of relationship with the state emerged with those who are expected to rely solely on family ties and informal networks of social solidarity. However, the state contributed to individuals mainly through providing informal access to urban public land or land without proper building permits. The *gecekondu* issue can be given as an example for the Turkish case. These irregular settlements were expanded through informal solidarity mechanisms and were periodically helped by municipal services. Thus, the *gecekondu* issue appeared as an important informal component of the Turkish social security regime (Buğra & Candaş, 2011).

According to Eder, *gecekondu* settlements were an outcome of the failure of the government in terms of providing low-income housing for the problem of rapid urban migration, especially after the 1960s. The land, mostly public land in the cities, was invaded by the new migrants. In these settlements, political patronage mechanisms and clientelism were created (Eder, 2013). In addition, through a total of seven amnesty laws passed since 1950, *gecekondu* settlements were legitimized and regularized. Equal municipal services were recognized for these settlements (Tekeli, 1993). This was a political strategy for receiving votes. Later, *gecekondu* settlements became commercialized through improving the physical conditions of the building (Buğra, 1998; Öncü, 1988). Some studies mention that these buildings created additional income from rent opportunities through new migrants, mostly through a traditional network, *hemşerilik* (Erder, 1996).

The development of the *gecekondu* settlements was shaped in ways that limit the channels of formal policy mechanisms. Although the role of the state has not been very effective in providing low-income housing to the urban poor in the formal sector, it has been so in shaping the development of the *gecekondu* settlements. In other words, *gecekondu* settlements have emerged through the mobilization of reciprocity relationships, and in these relationships, the state has been an important actor in terms of both the nature of urban land and the characteristics of politics. Government has tried to reconstruct through TOKİ after legal changes in 1989 (Buğra, 1998).

Above all, another feature of the Southern European countries that we have highlighted in Section 2.3 is the immature and weak state institutions. Related to this, the Southern European countries have a low degree of state penetration in the welfare area and they prefer a collusive mix between public and non-public actors. An example of this situation in the housing area can be observed over the activities of housing cooperatives. In fact, housing cooperatives cover a gap that arises from institutional features of Southern European countries. However, cooperatives in Southern European countries have wider activity areas and diversified structural characteristics compared to other European countries.

Cooperatives play an important intermediate role between public and private institutions in Southern European countries, due to the fact that they have weak public institutions and lack mature welfare state institutions. But from one country to another, cooperatives can vary in term of their size or from locally organized endeavors to those organized by major trade unions or larger umbrella cooperative associations. In comparison with other European countries, they have some advantages related to public housing. Furthermore, cooperatives in Southern European countries can benefit from subsidies allocated by the central government under the condition of providing housing for low-income households (Allen et al., 2004).

#### 2.4.2 The role of housing cooperatives

Cooperative promotion of housing can also be considered as a collective form of self-promotion. In general, this kind of promotion should aim to promote housing for low- and lower-middle-income households (Allen et al., 2004). However, in Greece for instance, cooperatives concentrated primarily on acquiring land on which to build and provided the urban infrastructure if it was necessary. Houses were built through self-promotion or a mixed system of promotion. Today, housing cooperatives are no longer active in Greece. In Spain, Portugal and Italy, cooperatives take part in all parts of construction process. In other words, from acquiring land to building the houses, cooperatives are active. The houses are then sold to the individual members of the cooperatives. Trade union cooperatives have grown rapidly in recent years. They have promoted a significant amount of housing in the big cities (Allen et al., 2004).

In Spain, the housing cooperative sector consists of two forms: subsidized housing (*Viviendas de Proteccion Oficial*, VPO) and price-controlled housing (*Vivienda a Precio Tasado*, VPT). Affordable housing for sale at cost price and rental housing is also found in the Spanish housing cooperative sector. Two features stand out in the field of housing cooperatives: (1) except in rental housing, homes are occupied by cooperative members who become owners, and (2) cooperatives are regulated by a board structure, but decisions are always taken by the members' general assembly (Moreau, Pittini, Cameron, Thorogood, & Wood, 2012).

In addition to the Spanish case, there are also characteristics that are specific to VPO housing cooperatives and VPT housing cooperatives. VPO housing cooperatives are subject to strict controls and price limitations, whereas VPT housing cooperatives are defined as medium-cost housing — lower than market but higher than VPO. They are defined as an

intermediary option (Moreau et al., 2012). VPO housing cooperatives had to retreat from the construction of protected housing due to the high construction costs and the price policy which established low price ceilings for VPO (Czischke & Pittini, 2007).

In Portugal, the cooperative housing sector is the second largest co-op sector after agriculture. A speculative housing market and high prices both for tenants and owners have contributed to the expansion of the cooperative housing sector. However, because of limited state financial support and higher land prices, members of housing cooperatives have changed from accommodating low-income people to more middle and upper middle-incomes. The Portuguese housing cooperatives can build dwellings both for selling and renting, but in recent years, housing cooperatives have redefined their main goal and have now started to build housing for rent. The cooperative housing sector has a financial advantage in terms of tax exemption on land acquisition, subsidized interest rates on loans to build social housing, and access to the Special Re-Housing Program (*Programa Especial de Realojamento*, PER). Today, in PER program, cooperatives help municipalities to eliminate the irregular settlements issue (Moreau et al., 2012).

In Italy, there are two types of housing cooperatives: conventional housing cooperatives and social housing cooperatives. Each type has its own particular characteristics. For instance, membership is open to everyone wishing to live in a cooperative dwelling and is not restricted to those who live in another cooperative dwelling. There are also differentiations between conventional housing cooperatives and social housing cooperatives. In the social housing cooperative activities, projects are targeted at elderly, disabled, and low-income individuals. Ownership remains in the hands of the social housing cooperatives. Buildings are designed with the needs of the targeted group taken into account. Conventional housing cooperatives, however, sell dwellings to individual members at slightly below-market prices and the dwellings belong to the individual members (Moreau et al., 2012).



The production of social housing through housing cooperatives with the loans provided by social security institutions and the Ministry of Labor creates a specific characteristic for Turkey's social policy field. The population covered by welfare state institutions in Turkey represents a small portion of the population, and social housing that is provided by these welfare state institutions is only for this small group. This is one side of the problem; the other side of the problem is about the cost of the dwellings. As the cost of dwellings increases, target groups for mass housing projects shift from low-income groups to middle- and high-income groups. In order to reduce the cost of dwellings, legislative changes that affect housing cooperatives have been implemented. To reduce the cost, the concept of social housing standards emerged at the beginning of the planned period. At this point, besides those without any social security, houses made by the cooperatives for the low-income group with social security are also becoming not accessible. The market is an important determining factor. There is a group of newly displaced persons in large cities, who work informally and make their own residence illegal. This situation has also led to social housing in the social security system itself.

Credit opportunities from both the Real Estate Credit Bank (*Emlak Kredi Bankası*) and the Social Insurance Institution have enabled the development of housing cooperatives. For most Turkish families of limited income, since the AKP came to power in 2002, housing cooperatives were the main channel of access to home ownership. Especially after the 1960s, the role of cooperatives became important. Strict measures were taken to prevent the subsidization of housing needs of high-income groups. The growth of housing cooperatives' activities accelerated through the increasing activities of TOKİ as credit provider after 1984. After TOKİ became the largest housing finance agency, the total number of housing cooperatives and the share of dwelling units in cooperative housing in terms of total number

of dwelling units had increased. Thus, housing cooperatives became the most effective instrument of formal housing policy through state subsidies. However, according to Buğra (1998), three factors related to housing cooperatives should be taken into account: (1) subsidized credits cannot be reached by all housing cooperatives, (2) membership of housing cooperatives is only possible for individuals who work in the formal sector, for which reason, a significant number of informal workers who live in *gecekondu* settlements are excluded (3) through the new Mass Housing Law which was enacted in 1984, big construction firms and private investors benefited from subsidized credit, so housing construction was able to meet the demand of middle-income groups rather than urban poor.

#### 2.4.3 Direct public promotion of housing

Like the impact on the role of cooperatives, in parallel, the weak institutional structure of Southern European countries reflects direct state intervention in promoting new houses. The low degree of state penetration to the welfare area also emerged here. For Southern European countries, direct state intervention in promoting new houses is weaker than in the rest of European countries in general. There is a weak role of direct state promotion of housing even though there are important institutional differences in Southern European countries. Few public housing units are built in Italy, Spain and Portugal. Public housing is provided less frequently in Greece, but there are some localized programs of direct public provision for renting (Allen et al., 2004).

Directly promoted public housing has been sold to its occupiers. The dynamics of direct public promotion have tended to be more closely associated with macro-economic policy than with housing policy. The fiscal austerity of the 1990s inhibited direct public building (Allen et al., 2004).

## 2.5 Latest developments among the Southern European countries

This section focuses on the latest developments in four Southern European countries. By looking at recent developments in Southern European countries, two key policy issues which are common in some Southern European countries can be identified: (1) fostering the rental market and (2) reforming social housing. Therefore, related to the welfare state transformations in Southern countries through the EU integration, two key policy issues that emerged in the housing area are discussed in this section.

Whether the Southern European countries are a sub-category of corporatist welfare mode or a separate model, four Southern European countries (Italy, Greece, Portugal and Spain) share all the basic institutional characteristics of the conservative corporatist model and according to this model, entitlements to social rights are based on someone's social status and work performance. However, the Southern European countries have a number of similarities in terms of social structures and economic trajectories due to the underdevelopment of the welfare state. Therefore, similar structures of social and economic development, the relative inefficiency of the social security system and family structures are some shared characteristics in the four countries (Katrougalos & Lazaridis, 2003, p. 191).

During the 1980s, governments in four Southern European countries implemented economic stabilization policies to address economic problems and meet the demand for social rights and redistributive policies through membership of the European Economic Community. In 1986, the Single European Act had an impact on the employment and welfare state regimes of all four countries (Karamessini, 2008, pp. 47-48).

The influence of the EU on social security systems has played a limited role on the development of social security institutions for Southern European countries. States are still responsible for the structure and organization of social security. The European social policy

focuses the coordination of social security on migrant workers and the setting of minimum standards (Sissouras & Amitsis, 1994).

There is a convergence in Southern European countries in terms of the adaptation of the minimum standards. The convergence tendency can be seen in universal non-contributory public assistance schemes, the semi-universalistic national health systems, and coverage of social insurance. In all four countries, bureaucratic reforms took place for rationalization and reorganization of the administrative structures with the reforms of the social protection system. However, an important gap in the social security system still exists in Southern European countries (Katrungalos & Lazaridis, 2003). Informal work expanded over the years through large waves of immigration. A highly stratified labour market exists, but the segmentation has been redefined along new divisions based more on age, ethnic origin and so on (Karamessini, 2008).

It is also important to look at how the EU programs have an impact on the housing area in Southern European countries. The effects through recent changes in the housing area of the four Southern European countries and the housing programs of the EU will be briefly examined one by one. There is no clear strategy of the EU Commission on the housing issue. Today, the main policy tool of the EU consist of are consisted funding programs (Caruso, 2017, p. 19; Pittini et al., 2015, p. 100).

Low shares of rental and social housing and a high degree of instability and housing describe the situation of Southern Europe (Caruso, 2017, p. 18). The role of family is also mentioned and represented through numbers in the Housing Europe data (Pittini et al., 2015). According to the data, 55 percent of young people in Spain, 58 percent in Portugal and 66 percent in Italy live with their parents. This shows the importance of family in terms of interaction between the pillars of the Southern European welfare regimes. As a result of the

2001 financial crisis and labour market conditions, Southern European countries have the highest percentage of young people living with their parents. The financial crisis had a deep impact on Southern European countries, and the crisis stopped young people from becoming homeowners and forced families to act as a replacement for the welfare state (Caruso, 2017, p. 19). Therefore, young people's housing independence became difficult as a result of the 2001 crisis.

I shall first mention changes in homeownership. Although Spain and Portugal are characterized by a high rate of homeownership and a small rental sector, policies have been recently implemented and reformed by a tenancy law. In both countries, the reform followed recommendations of the European Commission, through the 2011 CSRs in the case of Spain and through the Economic Adjustment Program in the case of Portugal (Pittini et al., 2015, p. 84).

Today, housing promotion is mainly focused on homeownership for the low- and medium-income groups and is mostly provided through private promotion and entrepreneurs. Various subsidies for both producers and buyers are implemented through a complex system in housing development. But more importantly, rental houses are needed more for low-income groups. An aging population and young people entering the workforce are important dynamics (Moreau et al., 2012, pp. 66-67). The increase in the demand for rental houses causes high rents. Parallel to high unemployment rates, the young population in particular cannot afford to pay high rent, so they live with their parents. The Spanish Government has concentrated mainly on rental houses in the field of housing. In 2012, the Spanish authorities introduced a policy of supporting highly indebted households and vulnerable groups in the rental sector (Pittini et al., 2015, p. 84).

The same situation can also be seen in the case of Portugal. Young people live with their parents due to their employment situation. The situation is also difficult for people whose income does not allow homeownership but whose income is too high to qualify for social housing. Since the early 2000s, there has been increasing attention paid to rental tenures in Portugal. The latest reform to the tenancy law occurred in 2012 as a response to the obligation that Portugal assumed to support the rental markets as part of the Economic Adjustment Program agreed with the European Commission, the European Central Bank and the IMF. Through the reform, landlords become more flexible because the law provides easier conditions to renegotiate open-ended residential leases and a framework to improve access to housing by phasing out rent control mechanisms, prioritizing the socially vulnerable. There are also several state programs that provide financing for the construction of social rental dwellings but social housing policies have always been restricted to households with severe needs and the sector is small (Pittini et al., 2015, p. 76).

For Italy, there is an increase in housing demand from low- and medium-income groups, but they are unable to find affordable houses. There is not enough public housing, because since 2000 the number of new social housing in production is not enough. Italy is also one of the countries in the EU with a high share of the population living at home with their parents. There are huge differences in regional and local levels due to the fact that social housing is mostly regulated by the local authorities in the regions (Pittini et al., 2015, p. 62).

In Italy, financing for social housing is provided mostly by regional municipalities. They co-finance personal loans for the rental sector and allocate land to providers. However, the central government is responsible for macro programs. The central government co-finances projects through housing allowances, the co-funding of urban renewal programs and programs to support social the rental sector (Pittini & Laino, 2012). Since the beginning of the 2001 crisis, the state has focused on helping households having difficulties paying their

mortgage and those with rent arrears. This was financed through the creation of specific solidarity funds and a guarantee fund for first-time buyers, including a specific focus on young couples. A New Housing Plan was put into force in 2014. The plan includes measures to support social and public housing. It also includes funding to rehabilitate publicly owned dwellings (Pittini et al., 2015, p. 62).

In order to support a new social provision the ‘Social Rental Market’ program was introduced by the Portuguese government. A new housing plan was also introduced in Italy. The new housing plan in Italy includes funding for the renovation of the public social housing supply. In the new Spanish State Housing Plan, creation of public social rental housing and support for tenants were mentioned (Pittini et al., 2015, p. 23). That is to say, except for Greece, there is an on-going process in the social housing sector. For Greece, the only body providing housing support was abolished.

The Workers’ Housing Organizations (*Organismos Ergatikis Katoikias*, OEK) was the only competent body in housing subsidization policies all over Greece. Its activities were regulated by the law. However, as part of the austerity measures imposed on Greece, OEK activity was terminated in 2012 (Busch-Geertsema, Benjaminsen, Hrast, & Pleace, 2014). At present, public or social housing schemes are completely absent from the Greek legal framework. There are no subsidization measures available in the rental sector (Pittini et al., 2015, p. 54). It was a tri-party organization and operated under the auspices of the Ministry of Employment and Social Protection. The OEK was financed through contributions by workers and employees of the private sector and by their employers (Czischke & Pittini, 2007, p. 55). The OEK supplied dwellings at low cost to public employees and registered workers. The OEK also provided various forms of housing assistance such as grants in settlements, loans for purchase, construction, repair, enlargement and completion, rent subsidies, and special programs for housing for vulnerable social groups (Pittini et al., 2015, p. 54).

To sum up, main housing policies promoted by the EU to Southern European countries have had an impact on the housing sector in those countries. First, in both Spain and Portugal, rental markets are fostered through a tenancy law and new social housing programs are supported through a newly adopted plan. Italy has implemented an on-going process of restructuring the area of housing and social housing providers. However, due to the crisis, many newly built houses remain empty. These empty houses are used as social housing for low-income groups in Spain, Portugal and Italy. Greece, on the other hand, canceled its social housing support programs due to austerity measures, but it attempted to increase housing allowances (Caruso, 2017, p. 19).

## 2.6 Conclusion

At the beginning of this chapter it was mentioned that welfare regimes are shaped by interaction between three pillars, i.e., family, market, and the state. A conservative model emerges as central European-based welfare regime in which family and market are at the forefront. According to some studies in the literature, countries which have weak and immature institutions are distinguished as Southern European welfare states.

In this chapter, the highly fragmented corporatist structure and the weak, immature state institutions seen in Southern European countries were evaluated. Later, this chapter argues that these two features reflect housing area and these reflections have common consequences in Southern European countries. Therefore, as a common consequence, this chapter examine three common characteristics that emerged in housing area in Southern European countries: high level of homeownership, illegal settlements and role of cooperatives.

This chapter prefers to draw interacted relationship rather than direct relationship between dualist labor market and weak state institutions and three characteristics we have



pointed out about housing area. Therefore, in this framework, the characteristics that we talked about of the welfare regime branch out and cause to other conditions. Later, these conditions and characteristics of welfare regime were gathered. Thus, new conditions occurred through social, economic and institutional conditions.

In this context, three distinctive forms of housing production are also discussed. This chapter indicates that self-promoted housing is the dominant mode of housing production for Southern European countries. A cooperative promotion model which can also be seen as a collective form of self-promotion is addressed. I also mentioned the direct state intervention model which are rarely seen in Southern European countries. In these three models, direct state promotion is low, because of the low degree of state penetration in Southern European countries.

In addition to all these, a high level of self-promoted housing production can be described through three conditions. One of these conditions is about the origins of self-promotion. According to some arguments, self-promotion emerged as a rural tradition. It is a rural tradition that expanded to big cities, along with immigration and rapid urbanization. The other conditions are related to the characteristics of Southern European welfare regimes. The dualist labor market creates insiders and outsiders in welfare regimes. Outsiders prefer self-promoted housing because they have no choice. In other words, in a sense, formal homeownership channels are closed to outsiders, but they believe that being a homeowner will provide them a lifetime of social security. The third condition is related to the position of the family in the Southern European welfare regime. The family is an important welfare provider in these countries. Related to this, various arguments also claim that being homeowner through self-promotion is a family responsibility.

Through these conditions, self-promoted housing became more visible in big cities. However, because of the other factors, self-promoted housing turns into illegal and irregular housing. Weak and immature state institutions are influential in shaping these conditions. First, the weakness and immaturity of state institutions reveal an area that is maintained mostly through public and non-public partnerships where the state shares a low level of welfare responsibility. The state remains in the background because it is inadequate in housing provision, but at the same time, it does not prevent the emergence of illegal and irregular settlements because of political patronage and clientelism, which also characterize Southern European welfare regimes. In addition, sanctions of the state are not effective, because the state is sometimes unable to prevent public land from being used. Thus, illegal and irregular areas also appear to be common problems in the big cities of Southern European countries.

The formal housing provision is also affected by weak state institutions, and since the state is not directly involved, the cooperatives become more active in all process of housing provision. This changes the characteristics of the cooperatives themselves. Compared to those in Europe today, cooperatives in Southern European countries have different characteristics. Two key features of these are: (1) the cooperatives participate in all process of housing production and (2) the cooperatives transfer housing ownership rights to their members, because homeownership creates a guarantee and is socially preferred.

In addition to all these transformations the notion of family is still important in Southern European countries. As a welfare provider, the family is also active in the area of housing. The proportion of young people who lives with their families in Southern European countries is higher than in other European countries. But in the case of homeownership issue, the tendency is changing. In other words, with the support of the EU programs, the importance of the rental housing sector is increasing, especially in Spain and Portugal. Along

with this, new social housing programs are being announced in Spain, Portugal and Italy.

However, In Greece there was only one institution in the area of housing and after the crisis, it was removed. So, no activity in the housing sector is seen in recent years.

While the housing area in Southern European countries are reshaped, cooperatives still remain important in Italy. The rental housing sector is gaining importance in Portugal and Spain, whereas in Turkey, the process of welfare regime transformation has resulted in the establishment of a single institution in the housing sector. Various new forms took place through these changes, but because of the institutional differences in countries, these changes did not give the same results (Buğra & Candaş, 2011). Turkey does not have mature welfare state institutions. The effect of globalization does not give uniform outcomes. In addition to this, there was also a significant turning point in the post-2002 Turkey with the AKP government. Through the Country's Welfare Regime transformation, Turkey had unique outcomes in the area of housing. In this sense, Turkey went in a different direction from that taken in the Southern European countries.

Chapter 3 focuses on Turkey and describes the period until mid-1980s, when features were observed in the housing area that were similar to those in Southern European countries. This period is discussed on the one side, via emergence and practices of institutions that support housing policies and housing cooperatives, and on the other side, via development of *gecekondu* houses and illegal settlements. Chapter 3 considers how transformations in the former welfare regime led to different outcomes in the case of Turkey.

# CHAPTER 3

## HOUSING POLICY AND THE HOUSING SECTOR IN TURKEY

### UNTIL THE 1980s

#### 3.1 Introduction

This chapter examines the changes in the housing area of Turkey with respect to the changes in the former welfare regime from the foundation of the Republic in 1923 until the mid-1980s. In this introduction section, the area of housing during the first years of the Republic is emphasized. Section 3.1 starts with the late 1940s, when the first *gecekondu* houses were observed, and continues until the Gecekondu Law of 1966. Section 3.2 continues until the second Mass Housing Law was enacted in 1983. At the end of section 3.2, the first Mass Housing Law issued in 1981 is highlighted. This chapter focuses on housing policy and housing sector that were shaped by the former welfare regime in Turkey and ends in the middle of the 1980s, when it began to change.

The first examples of the social housing policy were seen through the examples of direct state interventions with the regulations that made it easier for the civil servants to own dwellings. In the first years of the Republic, the government was closely involved with the housing needs of the civil servants, because in Ankara there was a housing shortage and it also had to be able to send its officers to various regions. At this juncture, *lojmans*, residences for public employees, and housing cooperatives were considered as a solution to the housing issue for civil servants. The term *lojman* in Turkish specifically refers to the provision of housing by the state to civil servants for a symbolic fee. In short, at the beginning of the Republican era, on the supply side of the housing, the construction of residences for public employees gained importance. Thus, residences for public employees were provided directly through the state intervention.

After Ankara became the capital, the number of civil servants in Ankara rapidly increased. In this period, residences for public employees were also considered as a method of hosting their families. In 1928 and 1937, laws were enacted to allocate funds for the construction of residences for public employees (Keleş, 2012). The Saraçoğlu neighborhood<sup>3</sup> was established for civil servants in Ankara, for instance. Several other residences for civil servants in the eastern parts of the country were built. In the Bitlis, Diyarbakır, Hakkari, Mardin, Muş, Siirt, Urfa and Van provinces, 286 residences were built. After then, 161 more residences in Erzurum, Bingöl, Elazığ and Tunceli were built by provincial special administrations. Apart from these, 264 *lojmans* were constructed by the state until 1947. According to Tekeli (2012), through the construction of *lojmans* in the various parts of the country, the state aimed to create an incentive for qualified civil servants by convincing them to work in these provinces. Generally, these dwellings were much more comfortable than the existing dwellings conditions of these provinces. These areas were mostly closed to the rest of the population.

After Ankara became the capital of the newly established Turkish Republic, the city started to face a housing shortage and the government was obliged to meet the housing needs of civil servants and were therefore forced to try the cooperative method (Keleş, 2014). The cooperative promotion system was also encouraged as an ideology of the government at the times. Thus, cooperatives became one of the most suitable opportunity for civil servants (Tekeli, 2012) and took an important place in the field of housing until the 2000s. The Bahçelievler Construction Cooperative (*Bahçelievler Yapı Kooperatifi*) was the first example, founded in 1935 by senior bureaucrats in Ankara. The 169 dwellings were built directly by

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<sup>3</sup> The Ministry of Public Works and Settlement was authorized to make civil servant dwellings where deemed necessary. Saraçoğlu (Namık Kemal) neighborhood in Ankara was built through the authority given by this law. The neighborhood was built during Saraçoğlu Government period. High-ranking officials working in the ministries of National Defense (*Milli Savunma*), Interior (*İçişleri*), Finance (*Maliye*) and Justice (*Adalet*) in this neighborhood lived with low rental fees (Keleş, 2012). Shortly, The neighborhood was built for usage of high ranking bureaucrats by the Real Estate and Construction Corporation (Tekeli, 2012).

cooperatives in a short period of time, but the project was financed by the Real Estate Credit Bank. The first wave of housing cooperatives acted as construction cooperatives, as in other Southern European countries. These cooperatives were established to build the dwellings of the cooperative and when the construction was completed, the construction cooperative was dissolved (Moreau et al., 2012).

The success of the Bahçelievler Construction Cooperative in a short time created a positive effect in the cooperative sector. However, developments were far from the definition and purpose of the cooperatives. Different characteristics were shaped through the first successful examples of cooperative projects. These were some unfavorable habits that emerged together with the case of Bahçelievler Construction Cooperative and continued with other established cooperatives (Keleş, 2012). At first, ownerships of cooperative dwellings were given to cooperative members and the cooperative itself was dissolved. Thus, ownership of dwellings passed to cooperative members. Secondly, cooperative members consist of middle- and high-income groups, but cooperative dwellings were not suitable for low-income groups. In addition to these, cooperatives were established under the Turkish Commercial Code (*Türk Ticaret Kanunu*).<sup>4</sup> According to the code, cooperatives could act like the profit motivated corporations. All these habits shaped the cooperatives in Turkey.

There were various institutions that had an impact on the construction of both *lojman*s and housing cooperatives. One of most important developments in the first years of the Republic was the Real Estate Credit Bank<sup>5</sup> which was established in 1946, but the roots of this bank stretched from the end of the Ottoman Empire to the early years of the Republic.

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<sup>4</sup> After the declaration of the Republic, the Turkish Commercial Code came into force in 1926. There were provisions in the Turkish Commercial Code that encourage cooperatives. Housing cooperatives could also be established according to this code (Keleş, 2012).

<sup>5</sup> It was established as the result of the Real Estate and Orphan's Bank's ineffectiveness in the first years of the Republic, Real Estate Credit Bank was insufficient to provide low-income housing. Until the emergence of social security institutions, Real Estate Bank until the emergence of social security institutions was the only institution that provides loans in the field of housing.

The bank was the first to come to mind when it was called housing loans in Turkey until the 1980s (Keleş, 2012). In addition to the Real Estate Credit Bank, the establishment of the Social Insurance Institution<sup>6</sup> in 1946 was the first example of a formal social security institution that provided security for registered employees. the enforcement of the Municipalities Law (*Belediyeler Kanunu*) in 1930<sup>7</sup>, which set forth the first responsibilities of the municipalities in the area of housing; the establishment of the Ministry of Labor (*Çalışma Bakanlığı*) in 1945, which deals with the problems of registered employees; and enacting of the Retirement Chest in 1949 were the other developments that had also an impact on the area of housing.

After the Second World War, Turkey experienced a severe housing shortage due to rapid urbanization. Financial resources were limited and land was very expensive. In fact, until the 1950s only high ranked state employees established housing cooperatives and few housing cooperatives were developed. The number of housing cooperatives in 1939 was only 4, but this increased to 26 in 1942, and 50 in 1946 (Moreau et al., 2012). The number of housing cooperatives came up to 50 from 1939 to 1946, but conditions of the Second World War made things hard for these cooperatives. Only very few of them could complete the building of dwellings and deliver them to their members (Tekeli, 2012). On the other hand, activities of social security institutions and Real Estate Credit Bank in the housing sector had started to increase. In these circumstances, support of the social security institutions was to limited housing policies that also brought a feature of Turkey's social security system to the area of housing. In the first years of the Republic, only *lojmans* were built for civil servants, after then, these civil servants who established cooperatives were able to get housing loans with the support of the state. Afterwards, the social security institutions started to provide

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<sup>6</sup> The Social Insurance Institution was an important alternative source for housing finance but the institution did not directly consider worker houses at the beginning of its establishment, but through enacted laws over time, the institution became credit provider (Tekeli, 2012).

<sup>7</sup> The Law no. 1580 was enacted in 1930 and was published in Official Gazette no: 1471 on 4 April 1930,

these credits to their own members through cooperatives in the same way. However, groups that did not consist of civil servants or that were not covered by any social security institution could not benefit from these policies. The groups that were excluded from the formal social security system and needed housing started to produce individual solutions. With the migration from the rural to the urban, the first examples of illegal and irregular housing began to appear in the big cities in the late 1940s.

The first part starts at the end of the 1940s when the first examples of illegal houses start to appear and continues until the Gecekondu Law issued in 1966. In this period, three developments can be mentioned. The first development was the increasing influence of the social security institutions in the area of housing. But this effect also excluded a significant portion of the population. When this exclusion combined with the socio-economic transformation, the excluded population started to prefer individual and non-formal ways for a solution. Therefore, the number of illegal houses increased with rapid urbanization. As second development, the Gecekondu Law was enacted. A third development is about the emergence of the official approach on the area of housing. Starting from the first five-year development plan in 1963, comparing how the point of view on housing issues changed became possible.

### 3.2 The period before the Gecekondu Law

This section begins with the emergence of the first *gecekondu* examples and ends with the Gecekondu Law, which was enacted in 1966. In this period, social security organizations, i.e. the Social Insurance Institution and the Retirement Chest had an increasing influence on housing promotion by providing housing finance. However, this effect was felt only by registered employees. The social security umbrella had left most of the population unprotected, thus laying the groundwork for individual and non-formal solutions. The most important feature of this period is the emergence of individual and non-formal solutions, i.e.,



*gecekondu* houses, in the field of housing. A registered workers and public employees benefited from the finance of the Real Estate Credit Bank and social security organizations, and houses were built by the cooperatives. In addition to these, various institutions were established in this period: the Ministry of Development and Housing (*İmar ve İskan Bakanlığı*) in 1958, the State Planning Organization (*Devlet Planlama Teşkilatı*) in 1960 and the Armed Forces Assistance and Pensions Fund (*Ordu Yardımlaşma Kurumu*, OYAK) in 1961.

In addition to the Social Insurance Institution and the Retirement Chest, another institution that provided social security emerged. OYAK, which covers members of the Turkish Armed Forces, was established in 1961. OYAK aims to provide additional social security against social and economic risks to its members (Özbek, 2006). OYAK was added to these welfare institutions through the Armed Forces Assistance Association Law no: 205, which was issued in 1961. This law allowed OYAK to provide housing assistance for its members. OYAK was able to use the funds it had allocated for housing in three different ways. The institution itself could (1) buy land, build a house on it, and then sell it to its members, (2) give loans to housing co-operatives formed by their members, and (3) give individual housing loans or additional loans to their members (Yavuz, Keleş, & Geray, 1973).

While these developments were taking place in the formal area, in the informal area, *gecekondu* houses began to appear in the cities. Three underlying reasons could be assumed for the emergence of *gecekondu* housing: (1) changes in the proportion of urban and rural population through rapid urbanization, (2) inadequacy of urban dwellings due to the increase in the proportion of urban population and (3) a high portion of the population that was not covered by any formal social security organization. The relationship between the former welfare regime in Turkey and housing policy is often mentioned in throughout this chapter.

Turkey experienced rapid urbanization after the Second World War. From 1945 onwards, significant changes took place in the rural and urban population. Table 7 shows the changes in the total number of, urban and rural population from 1945 to 1970. By looking at Table 7, it is possible to say that there was a rapidly increasing urban population. In 1945, while the urban population constituted 18.3 percent of the total population, 81.7 percent of the population lived in rural areas. 1950, the urban population still constituted 18.5 percent of the total population, but at the end of this period, the portion of the urban population reached 29.9 percent in 1965. Furthermore, rapid urbanization continued during 1960s. By 1970, urban population constituted 35.7 percent of the total population and the rest of the population lived in rural areas.

Table 7. Total, urban and rural population in Turkey, 1945-1970 (in thousands)

Years	Total Population	Urban Population	%	Rural Population	&
1945	18,790	3,441	18.3	15,348	81.7
1950	20,947	3,883	18.5	17,063	81.5
1955	24,064	5,328	22.1	18,735	77.9
1960	27,754	6,967	25.1	20,787	74.8
1965	31,391	9,382	29.9	22,008	70.1
1970	35,605	12,734	35.7	22,931	64.3

Source: Turkstat. (1975), Heper (1978)

From 1950 to 1960, the urban population rose from 3,883,000 to 6,967,000. According to Geray, if it is assumed that one unit of shelter is necessary for every four persons, 90,000 new houses should have been built each year during that period. However, on the average, only 52,000 houses with proper legal permits were built per year (Geray, 1968, p. 18). Large scale rapid urbanization created a housing problem in the cities. Migrants who came from rural to urban areas faced an acute shortage of suitable low cost housing. During the 1950s a boom in the construction sector caused land speculation. The sector at that time was entirely

in the hands of private entrepreneurs. Thus, these private entrepreneurs preferred to build luxurious dwellings for a steady profit (Karpas, 1976, p. 57), so there were no houses in cities that could meet the needs of the newcomers. This led newcomers to seek individual and informal solutions.

On the formal side of housing, through newly established welfare institutions, social security organizations were introduced as a new source in housing finance. The Social Insurance Institution was directly concerned with the registered workers' housing issue. Together with the Old Age Insurance Act, the provision of housing loans was decided. Later, through the Law no. 344 issued in 1961, the Social Insurance Institution took an opportunity to allocate funds from all social security organizations for workers' housing issue. In this way, the amount of loans given to build houses increased radically. The Social Insurance Institution provided housing loans to registered workers over a twenty-year term, at four percent interest. However, these loans were not given to individuals and, in order to benefit, individuals had to build a housing cooperative. At this point, there were various requirements for becoming a member of a cooperative. For instance, in order to be a member of a housing cooperative, workers or their family members should not have any houses. Furthermore, they could not be a member of another housing cooperative and must never have benefited from any housing loan. Lastly, workers had to live at least two years where cooperative was located (Tekeli, 2012). That is, the growing authority of the social security organizations in the area of housing has indirectly affected the increasing activities of housing cooperatives.

After 1952, when the Social Insurance Institution began to finance projects directed at low- and middle-income groups, there was a positive effect on housing cooperatives. This can be considered a turning point for housing cooperatives and there was a significant impact on the development of cooperatives. Between 1950 and 1965, 374 housing cooperatives

constructed 32,862 dwellings and more than 25,000 of them were financed through the Social Insurance Institution (Moreau et al., 2012).

However, housing was often seen as a means of income, not as service for shelter. Between 1945 and 1961, establishing housing cooperative among was common among public employees and registered workers, but there was lack of support from the state. Starting from the 1950s, the Social Insurance Institution gave loans to workers' cooperatives, and the Ministry of Labor focused on workers' houses and encouraged housing cooperatives. Additionally, the restructuring of the Real Estate Credit Bank in this period affected housing cooperatives positively (Keleş, 2012).

This process was implemented with three separate actors: the Social Insurance Institution gave its funds to the Real Estate Credit Bank for three percent interest rate and the bank directed them to the cooperatives for four percent interest rate. Cooperatives were also involved in all stages of the construction. Sometimes, these housing loans were not enough to cover the cost of construction. In such cases, they were supported through extra loans from the Real Estate Credit Bank. In addition to these, the bank mostly functioned as a credit provider for housing finance in the 1950s. In 1953, capital of the bank increased to 300,000,000 TL through a new law. The bank also extended its organization to whole country. While the bank had only 14 branches in 1951, the number of branches increased to 69 branches by 1963 (Tekeli, 2012).

As another important step in housing finance, the Real Estate Credit Bank started to implement a construction savings system after 1951. In this way, resources of the bank were also increased. In 1951, the bank gave 20,000 TL as a housing loan to the members of the construction savings system. From 1951 to 1963, housing loans that were given by the bank to the members of the construction savings system increased to 50,000 TL. Members of this

system could use these credits for the purpose of constructing new building, or buying a dwelling that had already been built, or dwellings that would be built by the bank (Tekeli, 2012).

By 1961, the state had not developed specific policies for housing cooperatives. The housing provision expected from the cooperatives could not be obtained (Keleş, 2012). Nevertheless, the housing supply through cooperatives was developed in bigger cities. According to the records of the Ministry of Commerce, there were 2,214 cooperatives in 1964 and while 30.0 percent of these cooperatives were in Ankara and 20.0 percent were in Istanbul. When Izmir, Adana, Bursa and Eskişehir were added, the total rate of cooperatives in the six cities reached 67.0 percent. The rate of cooperatives in the remaining 61 cities was 33.0 percent (Tekeli, 2012). At this time, 33.0 percent of the cooperatives were workers' cooperatives and 66.0 percent were other cooperatives. Workers' cooperatives were more successful than other cooperatives in terms of completing housing construction. In cities with a population over 150 thousand, 22.0 percent of the cooperatives were established by the workers, 14.0 percent were established by the middle and high-ranking officials, and 10.0 percent of them were established by members of the army (Keleş, 1967).

Despite these developments in the formal area, it was very difficult for the people living in the cities to secure adequate housing. The government explicitly recognized the housing shortage, but attempts to provide houses were designated only for state employees or registered workers who were covered by one of the social security organizations. For this reason, the role of the state in housing provision remained limited to the construction of houses for its employees. Table 8 shows mass housing projects which were financed through the Real Estate Credit Bank and social security organizations.

Table 8. Housing projects provided by the Real Estate Credit Bank, 1951-1965

Years	The Real Estate and Credit Bank		
	City	Name of the Project	Number of Dwellings
1951	Istanbul	Levent I	411
1952	Istanbul	Koşuyolu I	105
1953	Istanbul	Koşuyolu II	159
	Ankara	Ozveren	8
1954	Istanbul	Levent II	319
		Koşuyolu III	155
		Atatürk Bulvarı	94
	Ankara	Gülveren I	96
1955	Diyarbakır	1855	98
	Ankara	Deliller Tep. I, II	51
1956	Istanbul	Levent III	277
	Izmir	Alsancak Apt.	
1957	Ankara	Gülveren I	60
1958	Istanbul	Levent IV	367
1960	Uşak		105
1961	Ankara	Yenimahalle	1,263
	Ankara	Emekli Sandığı	552
	Manisa		40
	Ankara	Şenesenler	48
1962	Istanbul	Ataköy I	662
		Emekli Subay Evleri	
1963	Ankara	Telsizler I	304
	Ankara	Bahçelievler Apartmanı	75
1964	Istanbul	Ataköy II	852
1965	Istanbul	Ataköy III	738

Source: Tekeli, İlhan (2012)

Low-income housing has relied on the provision of subsidized credits by the Real Estate Credit Bank and the Social Insurance Institution. Although these organizations both

provided credit for the construction of housing or were directly involved in mass housing projects, their attempts were criticized because they seemed to be contributing more to middle- and high-income groups. Most of their activities produced luxurious residential complexes instead of low-income housing (Buğra, 1998). For instance, the Ataköy and Levent projects were decided as low-income housing projects and many of the dwellings built for workers covered by the Social Insurance Institution, but projects were transformed into luxurious residential complexes and were acquired by higher-income groups (Keleş, 1990; Tekeli, 2012).

At the beginning of the 1950s, *gecekondu* houses made their first striking appearance on the urban scene. Both rapid urbanization and structural interventions in agriculture to integrate it into the market caused significant migration from rural to urban areas. However, the housing stock of the big cities remained insufficient. Thus, the newcomers first built *gecekondus* in and around the city that were close to their jobs. The meaning of *gecekondu* translates literally as ‘built in one night’. In time, their families and their villagers joined them. In this process, *gecekondu* houses turned into *gecekondu* settlements (Erman, 2001).

There were 25,000-30,000 squatter houses in big cities in early 1948. The number of squatter houses was 80,000 in 1953. This number rose to 240,000 in 1960. Despite the legislation against *gecekondu* houses in this period, there was a constant increase in the number of *gecekondu* houses. Between 1960 and 1965, the number of squatter houses was 430 thousand. The numbers went up to 450,000 in 1967 (State Planning Organization, 1976, p. 26). Table 9 shows the number of *gecekondu* houses, the total number of houses and proportion of *gecekondu* houses in the total number of houses from 1955 to 1967. In 1955, the proportion of *gecekondu* houses was 3.5 percent of the total number of houses. This proportion reached 13.7 percent in 1960 and 18.7 percent in 1966. At the end of the second period, in 1967, the proportion of *gecekondu* houses constituted 20.0 percent of the total

number of houses. In this process, the portion of *gecekondu* houses with the total number of houses in Turkey gradually increased.

Table 9. Number of *gecekondu* houses in Turkey and their proportion in the total number of houses, 1955-1967

Years	Number of <i>Gecekondu</i> Houses	Total Number of Houses	Proportion of <i>Gecekondu</i> Houses
1955	50,000	1,436,000	3.5
1960	240,000	1,751,000	13.7
1965	430,000	2,138,000	18.7
1967	450,000	2,245,000	20.0

Source: İnşaat Mühendisleri Odası (Chamber of Civil Engineers), 1976:12; Keleş, 2012, p.510

As Buğra pointed out, the ongoing debates about changes in the articles of the Law no. 5218 and the Law no. 2290 in the parliament in 1949<sup>8</sup> gave clues about how the state dealt with *gecekondu* issue in the next period. *Gecekondu* construction was seen as a threat and it was said that urgent measures need to be taken or *gecekondu* settlements would continue to increase rapidly (Buğra, 2008). Illegal housing was an important issue for the government, due to the increase in the number of *gecekondu* settlements with the acceleration of urbanization. Therefore, the housing policy of this period was designed to prevent *gecekondu* settlements. Ways to increase legal housing production have been sought to prevent the construction of *gecekondu* houses (Keleş, 2012). When the system first met the *gecekondu* issue, the government believed that it was possible to prevent the development of *gecekondu* houses by allowing the land provision and formal housing projects (Aslan, 2007, p. 124). But this was not the case because the already built houses were inadequate and only registered employees could reach them. Moreover, low-income registered working groups often did not

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<sup>8</sup> For further information, Turkish National Assembly Laws Journal no.30, 1948, p.624-625.



have access to these projects because most projects addressed medium and high-income groups.

In 1953, law no. 6188 was passed to stem the increasing number of *gecekondu* houses. This law aimed to legalize *gecekondu* houses that were built until that time, and to provide land for housing construction. In addition to this, the Zoning Law (*İmar Kanunu*) no. 6785 was issued in 1956. Through the Zoning Law, the zoning of cities and villages became compulsory, and in order to organize this field, the Ministry of Development and Settlement was established (Aslan, 2007, p. 124). At this juncture, this law showed that the problem of *gecekondu* houses would be addressed at a high level.

In the previous period, a Gecekondu Law was enacted which increased the authority of municipalities for struggling against *gecekondu* houses. In this period, the laws giving the authority to produce formal housing in the scope of struggle against *gecekondu* houses were issued. Through these minor laws, the role of municipalities in providing housing against the rising numbers of *gecekondu* houses continued in the 1950s. In this understanding, municipalities were made responsible for the housing issue. For instance, with the amendments made in the Municipal Law no. 5656, housing provision became mandatory for local governments in 1951. Therefore, housing provision was a mandatory task of the municipalities. In addition, the government desired to increase the authority and responsibilities of the municipalities in the area of housing provision. For this reason, these amendments also encouraged municipalities to play a more active role in housing provision (Keleş, 2012).

In this period another important state institution, the State Planning Organization, was established under the Prime Ministry in 1960. Its main purpose was to provide official advice to the government about various topics. These official advices took form in Five-Years Plans

according to the goals set by the government. In these five-years plans, policy choices and goals regarding the housing area and how they differentiated can be clearly seen. The first five-year development plan was started in 1963. Thus, this period also comprises the first three years of the first five-year plan.

The issue of housing took place in all five-year development plans. However, they do not fully specify who will benefit or who will undertake it. All five-year development plans of the State Planning Organization and the 1961 Constitution gave priority to ‘poor and low-income families’. However, all plans were unclear, because in each five-year development plans, providers were not specified (Keleş, 2012). The First Five-Year Development Plan covered both the end of Section 3.2 and the beginning of Section 3.3. The first development plan had well analyzed the housing problems in the period up to the date of its emergence and was prepared by considering the problems that had arisen to that point in the field of housing.

The first five-year plan covered the years from 1963 to 1967. The main strategy of the first development plan was to solve the problems of *gecekondu* settlements, to improve the public services in these areas and to demolish *gecekondu* houses which were in very poor condition. For the improvement of the existing *gecekondu* houses and preventing new *gecekondu* houses from being built, various policy implementations were started (Heper, 1978). Additionally, to eliminate *gecekondu* settlements, investment plans were taken into account (State Planning Organization, 1963, pp. 429, 431, 434-435).

In this period, for the first time, housing policy was considered as a whole. *Gecekondu* settlements in particular and housing in general were approached from a macro perspective. The goal was to balance urbanization and interregional equilibrium. Therefore, the link between urbanization and socio-economic development was considered. Related to this, ‘regional planning projects’ and ‘growth poles policy’ were introduced in the first five-year

plan (Heper, 1978). However, these projects were abandoned in the second five-year plan (State Planning Organization, 1976).

An important feature of the first five-year development plan was that it produced policy by evaluating policies implemented in the housing area until that time. The first five-year development plan gave priority to social housing (State Planning Organization, 1963). The social housing standards were later determined by the Ministry of Public Works and Housing<sup>9</sup>. At this point, two reasons are important for the emergence of social housing standards. The first was Article 49 of the 1961 Constitution and the second was the direction of the investments. In the previous periods, it was seen that investments were directed towards luxury housing for high-income groups.

According to the housing part of the first five-year development plan, two main principles were indicated: (1) providing more housing through reducing the cost of housing and (2) reducing the construction of luxury dwellings and providing the cheapest healthy dwellings to a wider population (Ministry of Development and Housing, 1964). Thus, the types of dwellings that could fulfill these principles were determined through social housing standards. If dwellings were built in accordance with these standards, they would be called 'public housing' and had various advantages. Ways to build small, cheap housing called public housing were sought. To realize the goals in the first five-year development, social housing standards were prepared and declared by the government and were made compulsory if state support was sought (Keleş, 2012).

### 3.3 The period after the Gecekondü Law

This section covers the years between 1967 and 1983. It begins with the Gecekondü Law, which was enacted in 1966 and continued until the second Mass Housing Law, which was

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<sup>9</sup> It was enacted with the decision of the cabinet numbered 6/3827 and was published in the Official Gazette no. 11855 on 1964.

enacted in 1984. The period between 1966 and 1983 is discussed by focusing on the five-year development plans prepared by the State Planning Organization. The first five-year development plan was prepared in the previous period, but continued to the first years of this period. Thus, four development plans, including the first one, are mentioned in the third period. In addition to the Gecekondu Law, there are two more important laws to be addressed in this period. One of them is the Cooperative Law, issued in 1969, which contributed to the activity field of cooperatives. The second one, issued in 1981, was the first Mass Housing Law.

At the end of the first five-year plan period, the 1966 Gecekondu Law was enacted <sup>10</sup>. Three targets were set in the Gecekondu Law: improvement, elimination, and prevention of *gecekondu* areas (Yavuz et al., 1973, p. 657). While the enactment of the Gecekondu Law did not solve the *gecekondu* housing problem, and measures remained inadequate at the end of the first five-year planned period. Improvement means raising the standards of *gecekondu* houses so that they become habitable, and elimination means demolition where there is no chance for improvement or where *gecekondu* houses are placed around historical buildings or monuments (Heper, 1978, p. 23). Even if the target had been realized, it could still not end the *gecekondu* issue (Geray, 1968). This law could not be fully implemented in this period, but a different target that was set in the law was brought to the forefront in each different development plan. This can be interpreted as a lack of continuity between the five-year development plans in terms of *gecekondu* policies.

Policies on *gecekondu* houses were both insufficient and ineffective. For this reason, the number of *gecekondu* houses continued to increase and the growing *gecekondu* neighborhoods in certain regions of cities have become more visible. Table 10 shows the

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<sup>10</sup> Gecekondu Kanunu, the Law no. 775 was enacted in 1966 and was published in Official Gazette no. 12362 on 30 July 1966.

number of *gecekondu* houses, the total number of houses and the proportion of *gecekondu* houses in the total number of houses from 1967 to 1980. The number of *gecekondu* houses, which was 450,000 in 1967, reached 600,000 in 1970. Parallel to this, the *gecekondu* settlement population reached 3,000,000 in 1970. These figures rose further in 1980. The number of *gecekondu* houses was 1,150,000 thousand and the population living in the *gecekondu* settlements reached 5,750,000 thousand in 1980 (Keleş, 2012, p. 510).

Table 10. Number of *gecekondu* houses in Turkey and their proportion in the total number of houses, 1967-1980

Years	Number of <i>Gecekondu</i> Houses	Total Number of Houses	Proportion of <i>Gecekondu</i> Houses
1967	450,000	2,245,000	20.0
1970	600,000	3,000,000	23.6
1980	1,150,000	5,750,000	26.1

Source: İnşaat Mühendisleri Odası (Chamber of Civil Engineers), 1976:12; Keleş, 2012, p.510

The *Gecekondu* Law was one of the most important symbols that shows the official perspective of 1960s. With this law, the authority of the municipalities was being increased. Reclamation of *gecekondu* areas and taking measures to prevent the construction of illegal and irregular houses became the task of the municipalities. However, the municipalities were to be attached to the central government, namely the Ministry of Development and Housing, in their implementations. However, municipalities had failed to provide land. As a result, *gecekondu* construction continued to spread and irregular settlements expanded (Aslan, 2007, pp. 125-126).

Funds were established to finance the goals on the housing issue in the first five-year development plan. These funds were deposited in the Real Estate Credit Bank, which was affiliated to the Ministry of Development and Housing. These funds consisted of certain percentages of the budget of the Real Estate Credit Bank, the Social Insurance Institution and municipalities (Heper, 1978). However, the Real Estate Credit Bank and the Social Insurance

Institution announced that it was imperative to meet social housing standards in housing loans they gave (Keleş, 2012). However, the implementation of social housing standards in the construction of new houses was an important issue in itself.

As for the self-employed, the Social Security Organization for Artisans and the Self-Employed (Bağ-Kur) was established in 1971<sup>11</sup>. The inclusion of self-employed, artisans and craftsmen in a general social security system was addressed in the objectives of the first five-year development plan (State Planning Organization, 1963). The institution could be established during the second five-year period. Thus, another institution joined the social security organizations. However, artisans, craftsmen and self-employees were not included in the scope of the Social Insurance Institution and were taken under the scope of a newly established organization, which was incompatible with the approach adopted in five-year development plans (Özbek, 2006).

The approach to the *gecekondu* issue (prevention, improvement, and elimination) that was seen at the end of the first five-year development plan could not be implemented, for which reason it was not successful. The goals set in the second five-year development plan were different from those in the first plan. The emphasis of the second plan was placed on prevention and on aid to those would built their own houses. However, the means to carry out these goals were not indicated (Keleş, 2014). Furthermore, the policy of giving aid to self-help projects had not been a success. While it could not be tried in *gecekondu* areas, profiteering also became widespread in these area (Heper, 1978).

The second five-year planned period covered the years from 1968 to 1972. The prohibitive attitude of the past period towards *gecekondus* was softened because the legalization of completed *gecekondus* became possible with the Gecekondu Law (Keleş, 2012). However, still there was an emphasis that was placed upon prevention and the struggle

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<sup>11</sup> The Law no. 1479 was enacted on 2 September 1971.

against *gecekondu* settlements continued through the policies on the housing sector, and the plan recognized that urbanization was inevitable and there was a positive attitude towards urbanization (Heper, 1978). Technical and financial aid was to be provided to those who would build their own houses in areas that were determined. Public services were to be taken to those areas. The second plan also encouraged the public sector to be engaged in providing social housing (State Planning Organization, 1968, pp. 273-274, 281-282, 285-286). However, investments by the public sector remained at 8 percent of all investments in housing, and housing loans given by the Real Estate Credit Bank and social security organizations accounted for only 10 percent of all investments (Börtücene, 1974, p. 38).

During the second five-year development plan period, two major events brought about the expansion of housing cooperative development in Turkey: (1) the adoption of the Cooperative Law in 1969 and (2) the encouragement of mass housing projects under the second five-year development plan (Moreau et al., 2012). When the Cooperatives Law was enacted, the scope of cooperatives started to expand. Through the law, housing cooperatives could establish umbrella organizations. KENT-KOOP, Union of Marmara Region Building Cooperatives (KONUT-BİRLİK), Turkish National Cooperatives Union exemplify these umbrella organizations (Keleş, 2012).

The increase in the number of cooperatives and their members was related to the establishment and development of these umbrella organizations. This was made possible by Article 70 of the Cooperatives Law. The cooperatives under this umbrella would be exempted from various taxes (Tekeli, 2012). The projects of cooperatives were implemented in collaborating with municipalities. The first, and still the largest, project was the Batıkent Project, undertaken by KENT-KOOP. Around 70000 dwellings were built, organized under 275 housing cooperatives for 250000 individual members. Such large scale projects were replicated in other parts of the country (Moreau et al., 2012).

Above all, the benefits provided by the Cooperatives Law were seen on the number of housing cooperatives, cooperative unions and their activities. The second union in the field of housing cooperatives was established in 1977 under the name of the Izmit New Settlements Building Cooperatives Union (*İzmit Yeni Yerleşmeler Yapı Kooperatifler Birliği*). However, this union did not continue because of the failure of the Izmit New Settlement Project (*İzmit Yeni Yerleşmeler Projesi*). On the other side, KENT-KOOP, the union that was established to implement the Batıkent Project with the Ankara Municipality, pioneered the spread of the cooperatives union movement and the professionalization of cooperatives to some extent. The search for umbrella organizations in the cooperative system has emerged parallel to Turkey's efforts to move into mass housing (Tekeli, 2012).

The third five-year development plan indicated an emphasis on housing that would be rented to low-income groups. According to the third plan, public agencies would take responsibility to provide shelter for those who were in need and unable to provide for themselves. For this purpose, public agencies allocated land and provided infrastructure to the areas that were determined. According to the plan, outside of these areas, the construction of new *gecekondu* houses would not be allowed (State Planning Organization, 1973, pp. 828-831, 833-841).

The fourth five-year plan was implemented between 1978 and 1983. According to the fourth plan, housing was not a problem of providing shelter only, it should be considered together with social and economic problems (Heper, 1978). In this respect, it is possible to say there was a similarity with the first development plan. However, it was different from the previous plan that was prepared under the influence of Justice Party. The fourth plan preferred that economic goals should no longer take priority over social goals. Therefore, priority was given to allocation, but two sets of goals aimed to be synchronized and coordinated. Like in the second five-year plan, there was again an emphasis that *gecekondu* houses should be built



on public land which had already been supplied with public services (State Planning Organization, 1977).

As seen in Table 11, in addition to the Real Estate Credit Bank, the Social Insurance Institution, Bağ-Kur and OYAK functioned as housing finance agencies and through their loans, housing cooperatives built dwellings for the members of these institutions. Table 11 also illustrates how housing finance was fragmented in the case of Turkey. That fragmented situation was the reflection of a multi-structured situation in the social protection system. The same purpose and practices were also observable in the case of the Ministry of Labor.

Table 11. Housing provision of cooperatives according to credit providers, 1964-1980

Years	Real Estate Credit Bank		Social Insurance Institution		Bağ-Kur		OYAK
	Number of Cooperatives	Number of Members	Number of Cooperatives	Number of Dwellings	Number of Cooperatives	Number of Dwellings	Number of Members
1964	13	663	65	2,293			152
1965	8	822	55	1,826			103
1966	4	67	79	2,578			30
1967	3	63	122	3,546			37
1968	14	555	164	3,836			13
1969	13	605	215	5,633			23
1970	21	1,220	313	8,262			17
1971	37	1,884	244	7,960			
1972	67	8,556	319	11,807			
1973	44	3,012	301	21,128			
1974	67	5,803	208	8430			
1975	64	2,890	288	16,325	13	833	19
1976	100	5,697	211	11,757	67	2,315	120
1977	114	5,401	222	11,691	63	2,234	241
1978	103	4,267	294	15,978	58	1,882	422
1979	182	5,464	299	19,635	15	413	673
1980	213	5,489	201	12,447	28	1,212	1,213

Source: Tekeli, İlhan (2016), p.322

Looking at history of social policy in Turkey, the establishment and implementations of the welfare institution of Turkey were significant actors in social housing policy. In other words, the formal and adequate housing issue and its existing legacy can be examined in the framework of the Turkish social protection system. Only a small portion of the population was covered by social security institutions and in housing policy these institutions were also major providers. From 1960 to 1980, the total share of the Social Insurance Institution in both provision areas was between 14.0 and 18.0 percent. However, since 1987 the total share has decreased continuously. From 1986 to 2006, the provision of housing loans through TOKİ has reduced the total share of the Social Insurance Institution to less than 1 percent (Özbek, 2006).

### 3.3.1 The First Mass Housing Law of 1981

The Mass Housing Law no. 2487 was enacted in 1981. The law was called the first mass housing law and remained in force for only two and a half years. Clearly, the first law could never be implemented. In this period, the urban housing deficit reached its highest level. However, due to the economic situation, investments shifted to more productive areas, not to housing. In an economic environment such as when the first mass housing law was enacted, principles of the law could not be considered without the problems that were experienced in past years. The law was also inspired extensively by the accumulation of the planned periods.

In addition to these, there were institutions that were formed through the first Mass Housing Law. The most important institution that was formed with this law was the Public Housing Fund (*Kamu Konut Fonu*). It was established to fulfill the public services envisaged in the law. For this reason, the fund was the one of most prominent institutions brought by the first Mass Housing Act. This fund was operated by the Real Estate Credit Bank and the most

important source of the fund was the state budget that was transferred every year (Keleş, 2012).

The first Mass Housing Law was based on various principles. At first, the law was intended to encourage widespread production, that is, the production of mass housing, not individual, self-promotion housing. Large entrepreneurship was preferred instead of small entrepreneurship in housing production. As a matter of fact, the law defined the concept of mass housing in terms of the number of dwellings produced per year. According to the law, 750-1000 dwellings should be produced annually (Keleş, 2012).

Secondly, the law aimed to solve the housing need for low and middle-income groups. Those in the upper income group were already excluded from the scope of this law. From the content of the law, it was understood that the main target was low and middle-income. However, due to certain conditions in the legislation, groups in the middle and upper income brackets were more likely to benefit than those with low-income. Due to the fact that low-income groups could not be included, It should be noted, however, that the intent was not to prevent the expansion of *gecekondu* settlements.

Thirdly, mass housing was defined in terms of the social housing standards. Social housing standards had already been set by the state through five-year development plans. For example, the size of dwellings was an important issue. If housing got smaller, the cost would also decrease. Housing constructions that would benefit from public resources should be in line with the social housing standards. According to the law: "Social housing is a low-cost, gross construction area not exceeding 100 square meters in size, appropriate to the social conditions, social structure, customs and traditions of the society".

Fourthly, according to the law, the ownership of dwellings should belong to individuals. Individual ownership of the dwellings means that the dwelling, together with the

land, is passed to the individual ownership in a way that it will not come back to housing cooperative or any other mass housing institution. This principle has discouraged rental housing. Renting was also not preferred, because the law aimed to encourage housing ownership of individuals. The Mass Housing Act had not made any provision for families to benefit from rented housing. According to Ruşen Keleş (2012), encouraging both renting and ownership at the same time or regulating both at the same time, was not a contradiction.

Fifth, for the law, housing cooperatives, cooperative unions and social security organizations were taken as mass housing institutions, so private companies were excluded from the field of interest of the law. Thus, for the first time, housing cooperatives were able to benefit from the state support. On the other hand, for instance, a private housing company in the private sector was not taken as mass housing institutions (Keleş, 2012).

To sum up, there were three similar emphases in the five-year development plans from 1963 to 1984. The first is about strengthening the place of social security organizations in housing finance over social housing standards. The second emphasis is on the concept of social housing standards that emerged at the beginning of the planned period. The concept of social housing standards aimed to decrease the cost of dwellings and to encourage the provision of housing for low-income groups. The third common point of the five-year development plans was about the *gecekondu* issue. However, in each plan, the *gecekondu* issue was different. There is no continuity when we look at the planned period in general. That is to say, while in some plans strict measures were taken against *gecekondus*, but in some plans, it was not.

### 3.4 Conclusion

The area of housing in Turkey had a dual structure. The reason behind this dual structure is related to the formal social security institutions created after 1945. These institutions put some

of the population under the umbrella of social security, while leaving some of them out of the umbrella. On the one hand, there were formal social security mechanisms of the state, and on the other, there were informal measures taken by the population outside the formal social security umbrella. In this context, it is necessary to look at this duality in the housing area from the establishment of the Republic until 2002.

In the first years of the Republic, the state was directly involved in the housing area through construction of *lojmans*. One reason for this can be explained as the state making process in a newly-established state. That is to say, the state was trying to establish its institutions and bureaucracy throughout the country and needed well-educated, qualified officers. Establishing these institutions was all; bureaucrats and officials were also needed. However, there was a housing shortage in other parts of the country (not just in Ankara) and it was necessary to meet the housing need of officials before appointing them to these areas. The government was trying to cover this through *lojmans*. Bureaucrats took on another important tradition in the field of housing, the first examples of cooperatives.

The activities of the cooperatives were inherited from the first period. The first examples of the cooperatives' activities shaped characteristics of the later housing cooperatives. Although the emergence of cooperatives did not appear clearly in official government policies, they have many other characteristics in all aspects of housing production than merely housing cooperatives. Housing cooperatives were involved in all aspects of housing construction from construction to delivery of the dwellings' ownership rights to their members. Through the loans that were taken from the Real Estate Credit Bank and social security institutions, housing cooperatives became more and more active.

The Turkish Commercial Code which was enacted in 1926 and the Cooperative Law adopted in 1969 are important legal instruments that shaped the cooperative housing sector in

Turkey. The Turkish Condominium Law, sometimes called the Flat Ownership Law, which was enacted in 1983, regulates housing estates, including housing cooperatives. Through this law, property titles are transferred to the individual members. Finally, the Mass Housing Law which was adopted in 1981 and renewed in 1984, had a significant effect on the expansion of the housing cooperatives sector (Moreau et al., 2012).

Housing cooperatives in Turkey have their own characteristics. Activities of housing cooperatives in Turkey emerged through senior bureaucrats. Besides, civil servants and registered workers mostly benefited from activities of housing cooperatives. While housing cooperatives in Europe were established to provide dwellings for low-income groups, Turkish housing cooperatives provided dwellings for different societal groups. In this context, housing cooperatives emerged as one type of housing supply and even though the number of dwellings built by the housing cooperatives was low in the beginning, their importance in terms of housing construction would be increased in further periods (Tekeli, 2012).

Housing cooperatives in Turkey have key characteristics. First, housing cooperatives act like construction cooperatives which were established to build dwellings or properties. When their construction is completed, the construction cooperatives are dissolved and the property titles are transferred to the individual members. Later, the property must be administered in accordance with the Flat Ownership Law. Cooperatives by themselves, or through unions, can develop large urban areas with social facilities and associated infrastructure. This is one characteristic of the Turkish housing cooperative sector. That is to say, housing cooperatives in Turkey get involved in the mass production process. The state and the municipalities are also partners in that they provide land and financing credits. For instance, the unions sign a protocol with the municipalities agreeing to build housing cooperative dwellings and the infrastructure according to set guidelines and timeline. This includes social and community facilities such as schools, kindergartens, health centers,

commercial and administrative centers and the infrastructure including electricity, water, and roads (Moreau et al., 2012).

The First Mass Housing Law was designed to address the common problems that were seen in the housing area until the 1980s. In short, the law aimed to build mass housing to alleviate the housing shortage. In order to provide affordable housing for low-income groups, the social housing standards were established. The purpose of this emphasis was to provide housing for low-income groups by lowering costs. Within this scope, institutions that could produce mass housing were also identified. According to the first law, cooperatives, cooperative unions and social security institutions were mentioned as mass housing producers. That is to say, the law stated that identified mass housing producers could be supported or financed only if their project was in line with social housing standards.

One of the turning points in the housing area in Turkey is the second Mass Housing Law. Compared to the first, there were two issues that changed and came to the forefront in the second law. The first one was about the definition of social housing standards, which was defined in the planned period and taken in the same way in the first law, but it was changed in the second law. Some restrictions and limitations to reduce costs had been changed or removed. Secondly, private companies were included as mass housing producers. Besides the housing finance functions of the Real Estate Credit Bank and social security institutions have been removed. Instead of this, housing financing was provided by the institutions brought by the second Mass Housing Law.

So far, one side of the dual-structured situation in the housing area of Turkey has been touched. On the other side, there were individual solutions developed for the housing question in the cities. The most important and well-known examples of these were *gecekondu*s. The first examples of *gecekondu*s were beginning to be seen in cities in the second half of the

1940s. The main reason for this is related to the dualist structure of the social security system of Turkey. An important portion of the population could not reach formal housing channels and could not benefit from the formal housing policies due to the fact that they were not covered by one of the social security institutions.

Despite all, the state did not find a solution to the housing problem. The social policy gap in this area was filled with *gecekondu* houses based on a dubious agreement between the state and the electorate. Therefore, *gecekondus* took the place of formal social policy measures in terms of the moral economic framework in Turkey. That is to say, *gecekondus* became a non-formal feature in the field of social policy. The most important law that took the *gecekondu* issue into the urban system was the Gecekondu Law of 1966. According to this law, it was possible to solve *gecekondu* issue through urban dynamics. Many studies analyzing this period have suggested that the perspective on *gecekondu* issue was not exclusive and there were attempts for seeking to increase qualities of *gecekondu* settlements.

To summarize, this chapter discussed the emergence of social security organizations, the Real Estate Credit Bank, and the laws and regulations that established TOKİ. The increase and decrease in the number of the housing cooperatives activities were seen. In addition to these developments in the formal housing provision area, the informal area was also explained through looking at the history of *gecekondus* and at how the approach to *gecekondu* settlements changed periodically. However, after the mid-1980s, changes in the area of housing took place. The purpose of the next chapter is to discuss these changes from the mid-1980s to the present.



## CHAPTER 4

### THE TURKISH WELFARE REGIME AND THE AREA OF HOUSING IN TRANSFORMATION

#### 4.1 Introduction

With the general elections in 2002, AKP came to power. Shortly after the elections, AKP leader Recep Tayyip Erdoğan announced the One-Year Emergency Action Plan.<sup>12</sup> Erdoğan has also mentioned that “Planned Urbanization and Housing Mobilization” was initiated in the framework of the Emergency Action Plan. Moreover, the conditions created by the 2001 crisis and poverty presented serious challenges for the government and could not be solved with traditional methods or patronage-clientelistic relationships (Buğra, 2008, pp. 233-234). Besides social assistance measures, significant developments in the welfare regime in Turkey occurred. Real estate investments were seen as one of the exit strategies from the depression and stagnation created by the 2001 crisis. Since 2002, AKP’s housing policies have shaped around this understanding. In order to realize the One-Year Emergency Action Plan, various laws have been issued by the AKP government. However, it should be kept in mind that this transformation had already begun before the AKP period. The characteristics of the area of housing that were shaped by the former welfare regime gradually began to change after the mid-1980s. For this reason, this chapter begins with the second Mass Housing Law enacted in 1984. The main purpose of this chapter is to examine the institutional transformation and reflection of the welfare regime on the area of housing and its practices that changed after the mid-1980s.

This chapter consists of two sections. The first section of investigates the second Mass Housing Law and the period before AKP government. In this section, the period from the

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<sup>12</sup> ‘Full Text of AKP’s Emergency Plan’ on 16 November 2002, NTV Archive

mid-1980s to the early 2000s, through the Mass Housing Law, new institutions occurred in housing policy and the housing sector. Parallel to these developments, the efficiency of the old institutions in the housing area, especially the ones in housing finance, gradually diminished. Housing cooperatives had an increased share in housing promotion, especially with the support of TOKİ. In connection with these, Section 4.3 discusses the impact of TOKİ on the housing cooperatives after the second Mass Housing Law and as well as the construction of *gecekondu* houses as a non-formal dimension of the former welfare regime.

In this framework, Section 4.3 investigates the laws that shaped the structure of TOKİ. At first, TOKİ's changing legal status and authority, policies and their objective as well as policy outcomes are discussed. In other words, how TOKİ was restructured during the AKP period is explained. In this framework, the laws that made TOKİ the sole institution in the field of housing are considered in the historical process. Related to this, TOKİ's changing function from housing finance to direct housing promotion had an impact on cooperatives. The share of cooperatives in housing promotion started to decline in this period. For a better understanding of this transformation, Section 4.3.1 emphasizes changes in the activities of housing cooperatives. In order to examine whether there is a change or continuity, the figures in the housing sector are discussed. Thus, after investigating changes in the legal framework of TOKİ, housing figures through public, private and cooperative promotion are examined. There were also changes in the non-formal characteristics of the area of housing. The development of *gecekondu* houses came to an end through enacted laws and regulations in the AKP period. For this reason, Section 4.3.2 considers how attitudes towards the construction of *gecekondu* houses changed and how the new status of TOKİ shaped the non-formal side of housing in the 2000s.

The laws issued in Section 4.2 changed the powers and structure of TOKİ, for this reason in these laws, those related to TOKİ are first examined. This transformation in TOKİ

brought about the end of housing cooperatives. Apart from this, one of the radical changes of this period was about the *gecekondu* issue and the AKP has begun to apply very strict policies against the construction of *gecekondu* housing. In order to prevent this issue, the Criminal Code was reformed. Later on, related to the *gecekondu* issue, municipalities in the area of urban transformation gained authority through the Municipality Law.

There was a corporatist system in Turkey that laid its foundations in the 1940s, leaving a large part of the population out of the social security system. In this context, the draft law of reforming Social Security and General Health Insurance (*Sosyal Sigortalar ve Genel Sağlık Sigortası*, SSGSS) was under discussion in order to remove the inequalities in citizens created by the corporatist system. The purpose of the law was to bring all the social security institutions under one roof. That is to say, Social Security Institution, which was established in the Ministry of Labor and Social Security (*Çalışma ve Sosyal Güvenlik Bakanlığı*), was to include all the social security organizations (Buğra, 2008, p. 235). Thus, the Social Security Institution was established with the transfer of Social Insurance Institution, the Retirement Chest and Bağ-Kur institutions through a law enacted in 2006.<sup>13</sup> Through the law, the Social Security Institution (*Sosyal Güvenlik Kurumu*, SGK) became the governing authority of the Turkish social security system.

During the 1990s, the former social security system was suffered because of the imbalance between contributions collected and pension benefits paid. One reason was the existence of the informal sector which was continued as a non-formal dimension of the former welfare regime (Özdemir, Yücesan-Özdemir, & Erel, 2004). That is to say, informal sector had negative impacts especially on wages, because neoliberal process has also resulted in a decline in the portion of real wages (Boratav, 2016). Thus, informal sector expanded with the conditions of the former social security system. Under these circumstances, changes in the

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<sup>13</sup> The Law no. 5502 was enacted in 16 May, 2006 and was published in Official Gazette on 20 June 2006.

social security system was shaped with the recommendations of the EU and with the neoliberal recipes of International Monetary Fund (IMF). Through the establishment of Social Security Institution, former social security organizations dealing with social protection of Turkey's welfare regime were banded together under one single roof. According to the Law no. 5502, Social Security Institution is an autonomous institution in terms of its financial and administrative status and operates under the Ministry of Labour and Social Security. However, these changes were established on a neoliberal thought, because there is an ongoing shift from publicly-financed social security system to a market based system (Yücesan-Özdemir & Cosar, 2012).

In fact, the same process was experienced in the area of housing. After 2002, the institutions that had an active role in the housing sector were pushed out of the housing area one by one and TOKİ became the sole authority on this field. Moreover, a separate ministry was established for the housing area. During this period, the institution became more and more powerful and removed both formal and informal structures in the housing area. In this context, unlike in the previous periods, the housing cooperatives lost their function and the institution was able to go harder on the development of *gecekondu* issue. However, such a large institution and its activities attracted criticisms. Therefore, at the end of this chapter, the measures taken against the construction of *gecekondu* houses as well as the implementations carried out in the name of urban transformation projects will be discussed.

#### 4.2 The Second Mass Housing Law of 1984

There was lots of criticism of the first Mass Housing Law. In 1984, the law was abolished and replaced by a new Mass Housing Law. In the previous law period, the state faced difficulties in terms of allocating resources to the fund, and construction companies wanted to take resources from the fund and at that time there was a stagnation in the construction market.

Unlike in the past, the first Mass Housing Law introduced an alternative and different approach to the housing question in Turkey, but the first law was able to stay in effect for two and a half years. Criticism began the date that the law was enacted. The new Mass Housing Law was like a ten-item framework law. In the new law, the Public Housing Fund was transformed to the Mass Housing Fund (*Toplu Konut Fonu*). Only the establishment, resources and supervision of the Mass Housing Fund were mentioned. The new law, however, found an approach that would put an end to the system of allocating a share of the general budget to the housing fund. This arrangement was more suitable for the philosophy of the Motherland Party (*Anavatan Partisi*, ANAP) that came to power in 1983. After that, the budget for housing was not allocated in the budget and the Mass Housing Fund was maintained with extra budgetary resources. The purpose of the new legislation was to meet the housing needs, determine housing construction criteria, develop industrial construction techniques and tools appropriate to the conditions of the country, and transfer government provisions to the Mass Housing Fund (Keleş, 2012).

The ruling party had the opportunity to implement these policies, because the ruling party held the majority in the parliament. During ANAP was in power, the point of view of the housing sector was belief in the resurgence and employment-creating effect of the housing markets over the economy. However, mass housing, housing cooperative practices, the *gecekondu* issue, land speculations, and public housing did not give the expected result in housing policy outcomes (Keleş, 2012).

Providing loan opportunities to individuals was the main difference between the old and new law. The new law introduced a way to give individual loans in certain places. Individual loan opportunities were a conflicted concept. At first, individual loans would be provided to house buyers and house builders. Secondly, the new law included private housing companies in the previous definition of mass housing institutions. Therefore, large companies

could benefit from public resources which were allocated for mass housing institutions. In addition, there was a limit on the size of the dwellings in terms of the social housing concept but, through the new law, this limit was changed (Keleş, 2012).

After the end of 1983, some initiatives were begun to revive the housing market. In this period, the Directorate of Mass Housing and Public Partnership Administration (*Toplu Konut ve Kamu Ortaklığı İdaresi Başkanlığı*) was established. After a few years, this administration was split into two. The Mass Housing Administration (TOKİ) took the management of the Mass Housing Fund. The purposes of this fund were specified in Article 3 of the Mass Housing Fund: providing mass housing credit, individual credit, investment and business credits and subsidies for decreasing interest rates; developing housing related projects and technologies; establishing infrastructure for tourism; financing housing in disaster areas; supporting the construction of artisan cooperatives; financing village housing; and establishing the infrastructure and community facilities for public housing (Keleş, 2012). In addition to all these, through loan provisions, the Mass Housing Fund increased the production capacity of housing cooperatives in 1987. In this period, the number of housing cooperatives reached its maximum level (Dülgeroğlu Yüksel & Pulat Gökmen, 2009).

Between 1984 and late 2002, TOKİ just concentrated on financing housing through the intermediary of housing cooperatives. Mostly, housing cooperatives benefited from TOKİ, which acted as a social economic entity with central and sometimes local public funding. When TOKİ had a close relationship with housing cooperatives from 1984 to late 2002, TOKİ financed 940,000 dwellings, 549,000 of which were constructed between 1984 and the end of 1989. From 1992 to 1997, TOKİ was headed by Yiğit Gülöksüz. Before that he worked for the State Planning Organization and then the Ministry for Rural Affairs and Cooperatives from 1978 to 1980. During his period, TOKİ had close relationship with the social democratic municipal cooperative movement. By the liberal conservative government of the time,

Gülöksüz was seen as too much of a social democrat and he was removed in 1997 (Pérouse, 2015). The Real Estate Credit Bank was an institution that provided credit support in Turkey since the 1940s. However, in the late 1980s, the bank had the function of being an institution that gave housing credits. Like the bank, the Social Insurance Institution and BAĞ-KUR also could not provide housing cooperatives, labour and crafts through credits for housing. On the other hand, TOKİ, which started to be heard at the beginning of the 1980s, has become both a determinant and a practitioner of housing policy in recent years (Keleş, 2014).

Between 1984 and 2003, TOKİ supported housing production by providing housing credits, rather than producing housing. During this period, 940,000 dwellings were supported through housing credits (Keleş, 2012). Between 1984 and 2004, TOKİ's share in housing construction jumped from 0.6 percent to 24.7 percent (TOKİ).

The loans granted by the Social Insurance Institution to the cooperatives were stopped in 1984. Through the Mass Housing Act numbered 2985, the Mass Housing Fund was established. It was desirable that the Mass Housing Fund be the sole institution for housing credits. With this law, the Mass Housing Fund was authorized as the sole credit institution for housing credits. Thus, the housing credit function of the Social Security Institution was abolished (Keleş, 2012).

The new Mass Housing Law was a significant cornerstone for housing cooperatives. State owned land was allocated for housing cooperative development. The Housing Development Fund was established and the fund took 5 percent of the state budget for housing development. TOKİ used this fund to provide housing loans (CHI, 2017). Therefore, the new Mass Housing Law contributed to a significant increase in cooperative housing development. For instance, while the annual number of housing cooperatives founded in 1980 was 131 and 91 in 1983, it increased to 411 in 1984, 920 in 1985, 1,705 in 1986, and 2,613 in

1987. 1988 was the peak production year with 161,514 cooperative dwellings, representing 35.0 percent of the total building permits issued that year. From 1935 to 2002, 69,900 housing cooperatives were created (Moreau et al., 2012).

From 1993 to 2002, however, there was a constant decrease in housing cooperative development due to major economic challenges in Turkey. The state reduced its financial support for the activities of housing cooperatives (CHI, 2017). The Housing Development Fund was terminated in 2001. Housing cooperatives were also excluded from the mass production process after the legislative changes in 2002. Today, existing housing cooperatives also suffer from the lack of support mechanism of the government. Since 2002, several existing cooperative legal advantages, like tax benefits, have been removed. In these circumstances, it is difficult for housing cooperatives to be effective without state support (Moreau et al., 2012).

In 2001, the Housing Development Fund was terminated and the articles regarding the incomes, expenditure, duties authority and responsibilities of TOKİ included in the Housing Development Law were deregulated. In time, TOKİ has been affected by various legal arrangements. Assets of the Real Estate Bank were transferred to TOKİ. In the framework of housing production and planned urbanization, the objective included in the Emergency Action Plan of the Government and the tasks of Urban Land Office were also transferred to TOKİ and upon this transfer, 64,500,000 square meter land was passed into the ownership of TOKİ in 2004 (TOKİ).

After 1987, the Mass Housing Administration started to produce housing directly. Thus, an important segment of funding resources was devoted to this practice. In 1994, 43.0 percent of the expenditures made from the fund were made for loans, 16.0 percent for land and housing investments, and 41.0 for other expenditures (Keleş, 2012). At the end of 2001,



the Mass Housing Fund was deactivated due to its ineffectiveness in providing credits to mass housing projects. By 2002, the real estate and monetary funds of the Real Estate Bank had been transferred to TOKİ. The developments have further increased the financial capacity of TOKİ (Dülgeroğlu Yüksel & Pulat Gökmen, 2009). The same year, TOKİ was attached to the Housing Undersecretary, but in 2003 the Housing Undersecretary was abolished. TOKİ became an institution affiliated with the Ministry of Public Works. A year later, it became an institution affiliated to the Prime Ministry (Keleş, 2012)

At the beginning of the 1990s, 1,800,000 dwellings were needed and they had to be built. Therefore, for providing adequate housing, it was desirable to increase the subsidies, to give priority to low-income families, and to reduce housing standards. In addition, municipalities were expected to provide housing support for low-income families, support infrastructure of newly established dwellings, and take some measures against *gecekondu* settlements. However, rapid urbanization and population growth prevented the housing need from being met. In the mid-1990s, homeownership was supposed to be encouraged. Because of this, the need for new institutional arrangements was felt. Mostly, the new housing finance model and the improvement of the housing markets were discussed.

#### 4.3 Mass Housing Administration (TOKİ)

As of 2003, TOKİ's restructuring process started. TOKİ became the most powerful real estate developer and the most influential actor through the laws and regulations that radically restructured it. With the new orientation of planned urbanization and large-scale housing projects, the legal regulations have been realized one by one and the institution has been strengthened. Through changes in its legislative framework, a clear legal form was given to this new orientation. That is to say, after the AKP came to power, TOKİ started to expand its property portfolio through legislative changes in late 2003. These changes were done over the

Law no. 2985, which was enacted in 1984 and known as the second Mass Housing Law. In this sense, Section 4.3 examines in detail the laws and regulations that make TOKİ the sole agency in a historical process. In addition to the restructuring of TOKİ, these laws also had an impact on the role of cooperatives and *gecekondu* housing.

Erdoğan Bayraktar was the President of TOKİ and chairman of the Executive Board of Emlak Konut REIC<sup>14</sup> (*Emlak Konut GYO*) from December 2002 until March 2011. Later, he became deputy in June 2011 and also the Minister of Environment and Urbanization (*Çevre ve Şehircilik Bakanlığı*), established in 2011. According to Bayraktar, the policies that TOKİ carries out can be examined as follows: (1) to construct housing on TOKİ's land for the civil servants who need housing or for low- and middle-income families, widows, old people, orphans, and disabled people; (2) to produce *gecekondu* transformation projects in partnership with municipalities; (3) to produce housing in order to solve the housing issue in places that are damaged by natural disasters; (4) to create resources for TOKİ through producing rent and prestige projects on TOKİ's land; (5) to provide housing for immigrants; (6) to produce land with ready-made infrastructure; and (7) to provide housing credits (Bayraktar, 2006). The process through which TOKİ has these authorities will be explained in this section.

This process started with the removal of the Under-secretariat of Housing (*Konut Müsteşarlığı*). Through the Law no. 4966, enacted in 2003, some tasks of the under-secretariat were transferred to TOKİ. In addition, new tasks were given to TOKİ through the law. Therefore, TOKİ has the authority to: (1) establish companies related to the housing sector and to participate in established companies; (2) design plans for the renovation of the *gecekondu* areas; (3) take over of public land with the approval of the Ministry of Finance and the Ministry of Public Works and Settlement and the Prime Ministry. In addition, Emlak Konut REIC was restructured as a principal partner of TOKİ. According to Prouse (2015),

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<sup>14</sup> Real Estate Investment Company

this law radically revised the law that set up TOKİ, with the opening up to and encouragement even of partnerships with the private sector.

Emlak Konut REIC has a primary and directive position in the domestic real estate sector with developing corporate identity. Among the activities of the Real Estate Housing GYO are the sale of land in Turkey, the development of real estate for the middle- and upper middle-income group and the marketing and sales of the developed real estate (GYO, 2017). Apart from TOKİ's social housing projects, there are also profitable resource development projects, and the majority of these are carried out by Emlak Konut REIC. According to the official numbers of TOKİ, 11,58 percent of the total housing implementations is carried out by Emlak Konut REIC (TOKİ, 2017). Through partnerships with private sector actors, e.g., large developers, real-estate investment trusts, Emlak Konut REIC is able to easily build luxury projects that generate profits.

At the beginning of 2004, TOKİ was attached to the Prime Minister and thus became more central and visible. Then, the draft law of the North Ankara Urban Transformation Project (*Kuzey Ankara Kent Girişi Kentsel Dönüşüm Projesi*), which was prepared in the scope of the *gecekondu* project, was approved by the parliament in March 2004. In line with the law, TOKİ and the Ankara Metropolitan Municipality realized the *gecekondu* transformation project.<sup>15</sup> Then, law no. 5162 was enacted in May 2004. Through this law, articles that would facilitate the *gecekondu* transformation were added to the Mass Housing Law, and TOKİ has been assigned to carry out the urban transformation projects. The Law no. 5162 also highlighted “the prevention of shanty settlements in our cities in cooperation with local authorities and the transformation of the existing shanty settlements” as it was written in the Emergency Action Plan of the program of the 58<sup>th</sup> Turkish Government.

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<sup>15</sup> *Hürriyet*, 7 October 2007, <http://www.hurriyet.com.tr/toki-den-kuzey-ankara-atagi-7435644>

In the late 2004, the Land Office, which was established in 1969 for acquiring, managing, and supplying land, was absorbed by TOKİ through law no. 5273. With this law, the land and housing production process was to be gathered under one roof (Bayraktar, 2007). In other words, all duties and authority of the Urban Land Office were transferred to TOKİ. Based on this legal arrangement, 64,500,000 square meters of land were passed on to TOKİ (Pulat Gökmen & Özsoy, 2008). Thus, TOKİ could take responsibility of Development Plans and construction permits of local authorities in cities. This made TOKİ a privileged government institution. Through using this kind of privilege, TOKİ could shape the housing market by itself. However, TOKİ did not prefer to support housing cooperatives by providing loans and excluded them from social housing policy (Geray, 2009).

In 2007, Law No. 5609 was enacted. This law made changes in the Law no. 775, which was also known as the Gecekondu Law. In the scope of this law, the powers and duties of the Ministry of Public Works and Affairs was transferred to TOKİ. In the same law, the Department of Housing Affairs, under the Ministry of Public Works, was also transferred to TOKİ. TOKİ became sole authority in terms of determining zones of construction and selling public lands. During the ten-year period between 2003 and 2013, TOKİ cooperated with major construction companies to build mass housing. The number of houses built during this period exceeded 600 thousand (Keleş, 2014).

At the final stage, in July 2011 a special ministry was created for TOKİ. The Ministry of the Environment and Urbanization was established and Erdoğan Bayraktar, the previous president of TOKİ, became the first minister of this newly established ministry (Pérouse, 2015). This special ministry, the Ministry of Environment and Urbanization, was established through the renaming of the Ministry of Public Works and Housing (*Bayındırlık ve İskan Bakanlığı*), which had been formed in 1983 via the unification of the Ministry of Public

Works (*Bayındırlık Bakanlığı*) formed in 1928 and the Ministry of Development and Housing formed in 1958.

With these legal regulations and arrangements, some institutions either were eliminated completely or some tasks and responsibilities were just transferred to TOKİ. Thus, TOKİ has experienced a great expansion in terms of legal regulations and arrangements. In this context, (1) all activities of the Real Estate Bank were closed down, (2) all duties of Housing Under-secretariat were closed down, (3) all duties and responsibilities of National Land Office were closed down, (4) the duties of the Ministry of Public Works and Settlements were changed and the Department of Dwelling Affairs was closed down. All these duties and responsibilities have been assigned to TOKİ. Through these regulations, the authority of TOKİ has been increased with regard to housing production and decision-making mechanism (TOKİ).

Today, social housing programs are implemented only by TOKİ. These programs target individuals in low- and middle-income groups who cannot afford a house and become a homeowner under the existing market conditions. An official mentions that while 85 percent of the housing projects that were done by TOKİ consist of social housing projects and the rest of them are done under the name of ‘Fund Raising by Revenue Sharing’ (TOKİ, 2015). When the distribution of the total social housing implementations is investigated, 44.0 percent of these projects are those for low- and middle-income groups and 19.6 percent of these projects consist of those in the low-income group. On the other side, the urban transformation projects have share of 16.4 percent (TOKİ, 2017).

There are also projects for another group that TOKİ defines as a poor group. However, these projects are carried out under the coordination of the Ministry of Family and Social Policy (*Aile ve Sosyal Politikalar Bakanlığı*). TOKİ only undertakes construction of the

houses in these projects. Applications and all other procedures of the implementation of the poor group houses are carried out by the concerned solidarity foundations (TOKİ, 2015). In order to benefit from the poor group houses, it is necessary that the applicants not be subject to the Social Security Institution or to have a Green Card or receive a salary under the Law no. 2022 or benefited from the Social Assistance and Solidarity Fund (*Sosyal Yardımlaşma ve Dayanışmayı Teşvik Fonu*, SYDF) under the Law no. 3294 (TOKİ, 2010, p. 18).

There are also several application requirements for the low-income group. In addition to the conditions such as not having registered real estate, not using the housing loan that were provided by TOKİ before, the total income of the household should not exceed 3,200 TL (note that income limit for Istanbul is different). The fundamental condition of the sale of social housing projects for the low-income groups is that installments start from the delivery of the house with a down payment of 12.0 percent and a maturity of 15 years. Among the houses produced by TOKİ for low-income groups, the approximate square-meter cost and sale price of houses is 1,180 TL per square meter. Until the debt is over, the property is owned by TOKİ (TOKİ, 2015). On the other hand, conditions such as not having a registered real estate and not using a housing loan that were provided by TOKİ before are also applied for the projects for low- and middle-income groups, but there is no limit on the household income for applicants (TOKİ, 2010, p. 32). The approximate square meter cost and sale price of lower middle-income group houses is 1,200 TL per square meter. These are houses with an area of 87-146 square meter and 10.0 percent to 25.0 percent of the house price in advance is offered to groups who are in need with a maturity of 8-10 years (TOKİ, 2015).

In short, TOKİ is both involved in projects in the area of social housing and in luxury projects that generate income for the institution. The vast majority of these projects involve practices under the name of social housing. According to TOKİ, social housing practices can be grouped in five categories: (1) the poor to low-income group, (2) the lower middle-income

group, (3) *gecekondu* transformation, (4) disaster home implementation, (5) agricultural village practices. In this study, neither disaster home implementation nor village practices are discussed. When the conditions of the application and the process are considered, the projects for poor- to low-income groups are also divided into two, i.e., the poor group and the low-income group. The highest proportion of social housing implementations is for narrow and medium income groups. The projects made for the poor group, the low-income group and the narrow and medium income group were elaborated in the previous paragraphs. The implementations on *gecekondu* transformation is mentioned in the following sections of this chapter.

The percentages of social housing programs during AKP period is mentioned as the distribution of total social housing implementations at the above paragraphs. Looking at the changes in the rates of social housing practices may show a tendency towards AKP policies in the social housing area. Herein, Table 12 looks at the changes in these rates by years. The percentages of both social housing programs and fund raising programs from 2011 to 2016 are shown in Table 12. This table shows the percentages of TOKİ' housing implementations per year. First of all, none of the social housing program has linear increasing or linear decreasing. However, when we look at the rates for 2011 and 2016, it shows in a concrete way where the rates come from within 5 years. TOKİ's housing implementations for the poor- to low-income groups was 21 percent in 2011, but this rate dropped significantly after 2012. In 2016, the proportion of poor- to low-income group projects was only 2.8 percent. On the other hand, the gap between the proportion of projects produced for the lower middle-income group and the proportion of projects produced for the poor- to low-income groups was further increased in 2016. The projects produced for the lower middle-income group were 33 percent in 2011, up to 68 percent by the year 2016. Although not as much as the increase in the lower middle-income group projects, the number of the *gecekondu* transformation projects also rose

from 18.9 percent in 2011 to 24 percent in 2016. In short, the implementations of TOKİ have focused on the lower middle-income group and then the *gecekondu* transformations in recent years, while the proportion of the projects made for the poor- to low-income group has decreased.

Table 12. Total housing implementation of TOKİ, 2011-2016

Years	Social Housing Programs						Fund Raising by Method of Revenue Sharing %	Total %
	Poor and Low-income Groups %	Lower Middle-income Groups %	<i>Gecekondu</i> Transformation %	Disaster Houses %	Agricultural Village %	Total %		
2011	20.5	33.0	18.9	17.4	0.6	90.4	9.6	100.0
2012	23.6	26.4	14.9	25.5	2.1	92.5	7.5	100.0
2013	4.3	51.2	27.2	0.5	0	83.2	16.8	100.0
2014	7.65	46.5	32.8	0	0.5	87.45	12.55	100.0
2015	4.95	49.0	19.8	0.26	0	74.0	26.0	100.0
2016	2.8	68.15	24.2	0	0.12	95.27	4.73	100.0

Source: TOKİ (2017)

These changes in TOKİ had two major impacts on housing area. At first, housing cooperatives were affected. In the housing area of Turkey, cooperatives have been supported by social security institutions and the Real Estate Credit Bank for a long time. Then support began to come from TOKİ, starting from its establishment in the mid-1980s. However, for the AKP, TOKİ was seen only as a tool to intervene in the housing sector and all these legal arrangements were made in accordance with this understanding. Thus, TOKİ provided only housing financing, but all these regulations changed this and TOKİ began to fulfill the function of the housing cooperatives. On the other hand, housing cooperatives lost their support from TOKİ. Therefore, Section 4.3.1 looks at this transformation of cooperatives over a longer period of time. The second impact is about the approach to *gecekondu* settlements. In addition to the increasing influence of TOKİ, the new Criminal Code issued in 2004 and the Municipality Law issued in 2005 were influential in terms of preventing *gecekondu* housing.



After focusing on changes in the role of housing cooperatives, Section 4.3.2 examines the *gecekondu* issue over urban these laws, as well as urban transformation policies.

#### 4.3.1 Changes in the role of housing cooperatives

In order to understand the transformation that has taken place in the field of housing, it is necessary to look at the changes in the role of housing providers. Direct public promotion of housing and private promotion of housing over construction companies and cooperative promotion of housing are formal types of housing promotion in Turkey. This section focuses on formal housing providers rather than illegal self-promoted housing. Through the financial support of the Real Estate Credit Bank, social security organizations from the 1940s and the Mass Housing Administration from the 1980s, these housing providers were supported, but which one of these housing providers would be supported in the transition from one period to another. In this context, this section first examines the activities of the housing producers through changes in the numbers of building permits. Therefore, at first, figures from type of investor from the 1980s to the 2000s over public, private and cooperative sector segregation. Secondly, figures from housing investment over the public, private and cooperative sector segregation from the 1990s to the 2000s are examined. Later, changes in the number of housing cooperatives and the number of their members from the beginning of the 1940s to the 2000s are also investigated.

Among the issues affecting housing investments are the incentives and tax deductions given by the state and credit provisions. These are all related to policy preferences. Such policy preferences have an impact on housing investments that are made by different sectors. Therefore, looking at the numbers of these investments will help to understand the policies applied. The effect of the implemented policies can be better understood by looking at the changes in the investment numbers. Table 13 shows the amount of housing investment in the

public and private sectors and the housing cooperatives in terms of the number of building permits taken from municipalities. According to Table 13, when the share of housing cooperatives was 26.3 percent in 1995, after AKP came to power in 2003, it decreased to 11.4 percent. Later, it is seen that the share of housing cooperatives again dropped by 8.8 percent and finally by 6.8 percent. On the other side, while the share of the private sector in housing investments was 64.8 percent in the 2000s, it has increased to 86.7 percent in 2007. In this sense, one of the causes of this decline in the activities of housing cooperatives is that no credit or no land in a suitable price were given to housing cooperatives (Geray, 2009, p. 745).

Table 13. Housing investments according to building permits, 1995-2007

Years	Public Sector		Private Sector		Housing Cooperative Sector		Total
	billion TL	%	billion TL	%	billion TL	%	billion TL
1995	255,289	7.7	168,605	66.0	67,042	26.3	255,289
2000	3,662,767	2.8	2,373,401	64.8	1,186,066	23.4	3,662,767
2002	5,989,933	3.5	4,840,841	80.8	941,645	15.7	5,989,933
2003	9,666,083	1.9	8,186,770	84.7	1,100,872	11.4	9,666,032
2004	17,586,265	1.4	15,060,297	85.6	1,546,054	8.8	17,586,265
2005	31,366,774	8.8	26,458,936	86.6	2,131,951	6.8	31,366,774
2006	42,522,196	4.5	36,788,591	87.1	3,798,210	8.9	42,522,196
2007	44,630,704	6.1	38,663,655	86.7	3,234,134	7.2	44,630,704

This table is organized according to the data from the Turkish Statistical Institute.

Source: Geray, C. (2009)

Successful results were obtained in housing production, which is based on a partnership between housing cooperatives, municipalities and TOKİ provisions. Between 1984 and 2003, TOKİ supported housing cooperatives by providing loans for construction of nearly one million houses. In this period, because housing cooperatives were supported by TOKİ, they played an important role in the construction of housing, the development of infrastructure and the creation of livable urban environments. Since they came to power, the attitude of the AKP government to the housing cooperatives has been different (Geray, 2009).

As is also seen in Table 14, decline of the support of housing cooperatives had a great negative effect on the activities of housing cooperatives. With the support of housing cooperatives, the number of housing cooperatives increased in 1991. This support was not cut off until the AKP came to power, and in 1990s there were significant increases in the number of cooperatives and as well as increases in their membership thanks to the support given to housing cooperatives.

Table 14. Changes in the numbers of housing cooperatives, 1941-2008

Years	Number of Housing Cooperatives	Index 1991 =100*	Number of Housing Cooperative Members	Index 1991 =100*
1941	10,309	50	*	*
1968	10,533	51	*	*
1979	14,872	72	*	*
1991	20,727	100	1,270,119	100
1998	38,450	185	1,756,283	138
2000	39,013	188	1,737,311	137
2001	39,079	189	1,723,275	136
2003	31,464	152	1,398,177	111
2004	32,338	156	1,418,980	112
2005	33,460	161	1,435,277	113
2006	34,584	167	1,446,772	114
2007	32,721	157	1,361,393	107
2008	30,498	147	1,250,377	98

\*Index starts from 1991 due to the fact that data on previous years are not available.

It is organized according to the data from Ministry of Customs and Trade.

Source: Geray, C. (2009)

Through the activities of housing cooperatives, the housing demands of the households in the lower middle and middle-income groups in the formal area in Turkey were organized and met. Housing cooperatives have been a major actor in the formal construction of housing and the use of publicly funded loans appropriately until this period. However, housing cooperatives were increasingly excluded from formal housing production (Geray, 2009, p. 750). Housing cooperatives initially provided housing for those in the middle-income group

through financial support from social security institutions and the Real Estate Credit Bank, and then credits from the Mass Housing Fund of TOKİ. In this system, the social security organizations and the Real Estate Credit Bank lost their credit provider function, and then TOKİ preferred not to support the housing cooperatives, so housing cooperatives lost their efficiency in the area of housing. The Bank merged in 1988 with Anatolia Bank (*Anadolu Bankası*) under the name of the Real Estate Bank (*Emlak Bankası*) until it was liquidated through law no. 4684 published in the official gazette on 3<sup>rd</sup> July 2001,<sup>16</sup> It had an important place in the Turkish housing finance system.<sup>17</sup>

In another framework, loss of efficiency of housing cooperatives can be interpreted as a shift in political attitude toward acceptance of the market as an arbiter in housing provision. One characteristic of housing cooperatives in Turkey is their involvement in all processes of construction. Housing cooperatives are also involved in building construction. Table 14 actually shows the decline of housing cooperatives that were gradually excluded from this process. In other words, housing cooperatives stopped engaging in construction activities. On the other side, private construction companies have taken on the function of the cooperatives. With the decline in housing cooperatives in the construction field, the private sector and the public sector remain as the two main providers in most cases. Various studies highlight the increased demand from the market (Eder, 2013; Keyder, 2005). On the other hand, cooperatives are being pushed out of housing production, which can be seen in Table 14. Related to this transformation, the number of housing cooperatives and the housing cooperative membership decreased.

For many years, housing cooperatives requested several financial measures, including the improvement of legislation to deal with mortgages, the setting up of a housing finance

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<sup>16</sup> The Law was published in Official Gazette no. 24451 on 3 July 2001

<sup>17</sup> *Hürriyet*, 7 July 2001, <http://www.hurriyet.com.tr/sonunda-emlakbank-tarihe-karisti-38335449>

system in the financial market, and assistance for low- and middle-income families. During the AKP period, the law on Housing Finance System, which is also known as the mortgage law, was approved in February 2007. However, the law covers only individual housing mortgages and benefits only high-income groups. In this law, the interest rates are too high for low- and middle-income groups and there is no state subsidy for low-income groups. Cooperatives need financial credit during the construction, but they also cannot benefit from the law (Moreau et al., 2012).

#### 4.3.2 The place of *gecekondu* in the AKP period

*Gecekondu* houses were developed through individual self-promotion against the lack of formal policies in housing area. Most of them were constructed illegally on public plots. Nonetheless, the development of *gecekondu* areas continued for a long time, even with populist policies and clientelistic relationships. The lack of a housing policy was spontaneously compensated, and the *gecekondu* houses became an important non-formal pillar of the former welfare regime in Turkey. However, this regime came to an end during the AKP government period. In addition to the increasing strength of TOKİ through legal arrangements, there are two additional laws that were put in place to prevent the construction of *gecekondu* houses: (1) the new Criminal Code enacted in 2004 and (2) the Municipality Law passed in 2005.

Table 15. Number of *gecekondu* houses and *gecekondu* population, 1990-2002

Years	Number of <i>Gecekondu</i> Houses	<i>Gecekondu</i> Population	Proportion of <i>Gecekondu</i> Population in Urban Population
1990	1,750,000	8,750,000	33.9
1995	2,000,000	10,000,000	35.0
2002	2,200,000	11,000,000	27.0

Source: Keleş (2012), p.510

In the 2000s, *gecekondu* settlements became a familiar part of big cities in particular. From the 1940s until 2002, there was a widespread increase in the number of *gecekondu* houses in the big cities. Parallel to this, commercialization of these areas had also become widespread. The term commercialization basically refers to the construction of *gecekondu* houses by individuals who did not have a need for housing, but who built a *gecekondu* house to make money. There have been many studies that address commercialization in these areas (Buğra, 1998; Işık & Pınarcıoğlu, 2002). The *gecekondu* settlements that formed by such a process were still valid at the beginning of the 2000s. As Table 15 shows, the number of *gecekondu* houses and the population in *gecekondu* settlements increased after 1990, despite prohibitions brought by legislation. According to Keles (2012), at the beginning of the 2000s, the number of *gecekondu* houses in Turkey was around 2 million 2 hundred thousand. These increases were accompanied by changes in attitude of the government and in legal arrangements towards the *gecekondu* houses during the AKP period and the resulting laws.

One of the laws affecting the construction of *gecekondu* houses is the new Criminal Code that was set in 2004. The law focuses on the existing existing of *gecekondu* houses. Through the new law, construction of *gecekondus* became a criminal activity and punishable by prison.<sup>18</sup> With the help of the law, the demolition of *gecekondu* settlements increased. The number of units that were demolished between 2004 and 2008 was the highest recorded number for any period. Inhabitants were forcibly moved to designated places (Candan & Kolluoğlu, 2008; Kuyucu & Ünsal, 2010, pp. 55-56). Between these years, 11543 units were demolished in Istanbul. The government showed a zero-tolerance approach on *gecekondu* settlements (Kuyucu & Ünsal, 2009, p. 1484). For the plans, while *gecekondu* houses were being demolished, their inhabitants were moved to low-income group-style social housing projects at the periphery of the city (Keyder, 2010, p. 30).

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<sup>18</sup> The Law no. 5237, for further details see: <http://www.tbmm.gov.tr/kanunlar/k5237.html>

According to TOKİ, its implementation on urban transformation constitutes a new form of model for local governments and other actors in the area of housing. TOKİ indicated that their projects transformed *gecekondu* settlements or extremely intensive shanty settlements or areas that completed their mission and also prevented the construction of new *gecekondu* settlements by providing houses for poor- to low-income groups (TOKİ, 2015). However, unlike housing policies in most of Europe, the government has preferred ownership rather than tenancy in social housing policy targeted at low-income groups (Keyder, 2010, p. 30). In an interview given by an official in 2005, it was stated that 85 thousand *gecekondu* houses in Istanbul would be demolished as part of the urban transformation project. The ones who lost their houses were not seen as victims because they were being placed in social houses in the scope of the project<sup>19</sup>.

The Municipality Law was enacted in 2005. This law gives authorities to district municipalities to implement urban renewal projects. Because of the legal and physical conditions of *gecekondu* settlements, they became the usual targets for demolition (Kuyucu & Ünsal, 2010, p. 55). In the new municipal law, “there is no concrete definition or objective criteria of obsolescence, decay or dilapidation that should serve as the basis for designating areas as transformation zones”. A transformation decision can be taken through a majority of votes in the local assembly. Because of the uncertainty in criteria definitions, standardization in decision disappears or is abused by municipal authority. As a result of this, municipalities can implement urban transformation projects in any district without taking any status or quality into account (Kuyucu, 2014, p. 615).

In addition to the Municipality Law that authorized urban transformation implementations, transformation projects also accelerated through the Urban Transformation Law. The Ministry of Environment and Urbanism were held responsible for necessary

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<sup>19</sup> *Hürriyet*, 18 July 2005, <http://www.hurriyet.com.tr/istanbul-da-85-bin-gecekondu-yikilacak-335661>

regulations. Therefore, the organization and regulation of urban transformation projects became the duty of the Ministry. However, projects were done mostly by TOKİ, the municipalities or landlords (Ministry of Environment and Urbanization, 2014, pp. 40-41).

The AKP's new low-income housing policy aims to prevent the expansion of *gecekondu* settlements. In addition to this, it aims to relocate people who live in those areas to subsidized mass housing constructed by TOKİ on the peripheries of the city (Keyder, 2010, p. 33). Later, these areas are regenerated and redeveloped through TOKİ or via public-private partnership projects<sup>20</sup>. Thus, urban transformation projects as a radical intervention of the government become known in Turkey. In cooperation with municipalities, TOKİ has invited 94,563 tenders for 128 project areas as urban transformation projects until 2014 (Ministry of Environment and Urbanization, 2014, p. 40).

The rate of *gecekondu* construction in Turkey has dropped from 2.39 percent in 2006 to 0.94 percent in 2013 as a result of the application of policies and housing developments. This shows that *gecekondu* development lost its significance. Instead, urban transformation and mass housing projects for low-income groups are implemented by the AKP government (Ministry of Environment and Urbanization, 2014, p. 40). Particularly urban transformation implementations of the AKP government are being discussed. From 2006 to 2013, the owners of the *gecekondu* houses were also seeking rent from urban transformation projects. The state and municipalities were trying to lead the share of rents between the private sector and the owners of *gecekondu* houses under the name of urban transformation projects (Keleş, 2012, p. 519). In short, on the one hand, there has been a change, with the construction of *gecekondu* houses falling and the *gecekondu* settlements being demolished. However, the

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<sup>20</sup> "Double displacement: planning out the poor" written by Tuna Kuyucu in 2011 was published in openDemocracy, for further detail <https://www.opendemocracy.net/5050/tuna-kuyucu/double-displacement-planning-out-poor>



commercialization of *gecekondu* settlements continues through the urban transformation projects.

In the end, through these implemented laws, urban transformation projects occur in *gecekondu* settlements. These projects turn profitable spaces into investment areas. However, the process causes unequal consequences for different groups. On the one hand, investors and local governments gain, disadvantaged groups face displacement and dispossession (Kuyucu & Ünsal, 2010, pp. 53-54). Kuyucu argues that these projects intensify the existing socioeconomic inequalities (Kuyucu, 2014, p. 618). As a result of urban transformation projects, 46 different areas in 29 provinces with 97300 buildings where 610000 people live were declared transformation zones (Ministry of Environment and Urbanization, 2014, p. 41).

As an informal housing policy understanding, the development of the *gecekondu* settlements in the cities was tolerated and even supported from time to time through clientelistic relationships until 2002. Many studies have examined that kind of informal housing provision (Buğra, 1998; Keyder, 2000, 2010; Öncü, 1988; Şenyapılı, 2000; Tekeli, 1992). However, the growing demand of new ‘actors in the form of large developers, real-estate investment trusts and various state agencies, whose interests lie in a fully commodified market’ (Kuyucu & Ünsal, 2010, p. 54) has led to the disappearance of populist politics and clientelistic relationships in particular (Keyder, 1999). These were features that protected *gecekondu* settlements and assured their sustainability. One of the reasons behind this transformation was related to the discovery of the commercialization of these areas from the housing market. This situation also led to the policies of the AKP government in the field of housing. Thus, *gecekondu* houses, as successful non-formal characteristics of the former welfare regime, came to an end.

#### 4.4 Conclusion

Until the second Mass Housing Law of 1984, the Real Estate Bank and social security institutions had housing finance functions. Housing cooperatives were supported in housing production through the finances of the bank and the social security institutions. In 1984, the housing finance function of the social security institutions and the Real Estate Bank were replaced by housing finance from TOKİ. Until 2002, TOKİ was the only institution that provided finance for the area of housing. Even so, housing cooperatives continued as important actors in the housing policy and in the housing sector through finances from TOKİ until 2002. Their share in housing production increased even more with TOKİ's finance.

In the 1980s, developments in economy and politics were discussed together. *Gecekondu* settlements became a source of political rent through patronage and clientelistic relationships. In this context, urban rent was also shared. This framework reflects the understanding of this period in the 1980s. Zoning amnesty laws issued in the 1980s reflected the official approach of the 1980s. Until 2002, there was a continuity relationship in *gecekondu* policies. However, in 2002 there was a turning point in these policies. Poverty discourse over *gecekondu* settlements has now lost its validity in official language.<sup>21</sup>

TOKİ was established in 1984 to make homeownership possible for low-income groups and to prevent *gecekondu* settlements. Until the AKP came to power, TOKİ only provided cheap housing credits to cooperatives. However, TOKİ's benefits were available only to the middle class population (Buğra, 1998; Şenyapılı, 1996). Through the laws and regulations enacted by the AKP government, TOKİ became a powerful institution in terms of (1) having the authority to sell state land to private developers, (2) using this land for profit housing through private partnership, (3) constructing subsidized mass housing for low-income

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<sup>21</sup> Speech of Recep Tayyip Erdoğan in TOKİ's First Housing Conference on 9 April 2006.

groups, (4) changing the planning status of state-owned plots, (5) reshaping the real estate sector, and (6) implementing urban transformation projects (Kuyucu, 2014, p. 616). Thus, the transformation in housing policy and the housing sector, along with laws and their implementation, has removed two characteristics: the role of housing cooperatives and *gecekondu* settlements.

However, the increased authority of TOKİ has brought rising criticism on its activities i.e., the lack of transparency, especially in its partnership projects and the transformation of public land for private purposes. The latter accelerated the process of commodification of urban land (Eder, 2013). Although TOKİ's activities were intended to provide cheap, affordable houses for low-income groups, some resources show that TOKİ's projects have turned into new zones of exclusion (Candan & Kolluoğlu, 2008). Moreover, the housing gap is being met only by TOKİ, and, according to some critics, this is also one of the drawbacks of the current situation. Another criticism of TOKİ is about its financial power. Recently, it has extended powers over city planning and tax exemption (Dülgeroğlu Yüksel & Pulat Gökmen, 2009).

In this chapter, it was highlighted that TOKİ divided its projects in the area of housing into two. According to TOKİ figures, social housing projects were produced at a much higher rate than the profitable luxury projects. Today, examples of these profitable luxury projects can also be seen in the projects made in urban transformation areas. Of course, profitable luxury projects cannot be considered as social housing projects. However, TOKİ considers urban transformation projects as social housing implementation in the same way that it considers social housing projects for poor- to low-income groups and social housing projects for the middle-income group. Among TOKİ's social housing projects, for instance, not everyone can benefit from the projects they have done for poor and low-income group. While

there are certain conditions for poor- to low-income groups, these conditions are not seen in the projects for lower and middle-income group.

In the area of social housing, TOKİ's projects are increasingly being directed towards the middle-income group. Although one fourth of TOKİ's total projects are made for the poor- to low-income group, projects for these groups have gradually diminished in recent years. However, the proportion of projects for middle-income group is increasing. The purpose and target of these projects can be discussed in terms of social housing. Because the number of projects for the poor- to low-income groups is gradually decreasing, the number of disadvantaged groups who can benefit from TOKİ's projects is gradually decreasing. Parallel to this, TOKİ is increasingly focusing on *gecekondu* transformation projects. While the implementations on lower middle-income group and *gecekondu* transformation projects are at the forefront, the projects for poor- to low-income groups are gradually diminishing. Affordability and accessibility of poor- to low-income groups projects are another issue for disadvantaged groups.

In this context, Perouse points out that the poor- to low-income group, which benefits from social housing projects, cannot make their payments. This is exactly what happened to the social housing projects in Taşoluk and Bezirganbahçe. Groups that displaced through urban transformation projects are unable to pay the requisite monthly payments. It was therefore written that many social houses began to be sold by their owners on the market. (Pérouse, 2015, p. 177). So indirectly, TOKİ's projects under the name of social housing are starting to be sold in the market. TOKİ becomes such an institution that has a two-sided function, on the one hand, it has to decommodify the area of housing for disadvantaged groups under the name of social housing and on the other hand it commodifies and regulates the housing market.

According to above paragraph, for Geray (1968), TOKİ does not produce dwellings in terms of social standards. For him, it can be said that instead of low-income groups that cannot meet the need for shelter, TOKİ is encouraging the construction of dwellings or housing projects for higher-income groups for investment. With implementations of TOKİ, resources are allocated under the name of "prestige projects", "revenue sharing" or "income sharing" especially in high rent areas for high-income groups. Along the same line, TOKİ's urban transformation projects are not for those who are living there, but for higher-income groups. TOKİ prefers to build housing in higher rent areas for higher-income groups under the name of urban transformation. These choices cannot be explained through TOKİ's social purposes.

There are several reasons for the exclusion and constant decrease of housing cooperatives. First, housing cooperatives requires large size land, but it is difficult to find in and around cities. Although, small privately owned urban land is available, their costs are high and because of the land size they are not suitable for mass construction. More importantly, since 2002, available and suitable public land for mass construction is used directly by TOKİ for housing construction through private sector or for selling to capital owners in the market. TOKİ is the sole authorized administrative institution that never support housing cooperatives. Lastly, there are urban transformation projects which have been undertaken through partnerships between TOKİ, municipalities and private contractors which excluded housing cooperatives (Moreau et al., 2012).

Even during the AKP period, housing policies are still exempted from the middle-income group habits of housing cooperatives. In other words, housing cooperatives were the model of housing production, from the early years of the Republic to the beginning of the 2000s, where available mostly for middle-income groups. In the AKP period, while the efficiency of the housing cooperatives was diminishing, TOKİ applied not only the middle

classes but also the policies that low-income groups could use. However, in recent years TOKİ has gradually started to produce for middle-income groups in social housing projects. This can be seen as the continuation of the habit of housing cooperatives. On the other hand, projects that never addressed low-income groups started to include low-income groups with AKP government, while low-income groups would have been able to remove the preference for formal policies from the middle, but non-formal ones. The AKP did exactly that and took strict measures against *gecekondu* construction and abolished other alternatives for the poorer groups apart from formal housing policies.

## CHAPTER 5

### CONCLUSION

This thesis examined the housing policy and the housing sector in Turkey in relation to the characteristics of the country's welfare regime in a comparative historical perspective. In this investigation, the Southern European welfare regime, with its distinctive characteristics reflected in the area of housing, was taken as a distinct model. Before the transformation it underwent before the 1980s, Turkey's welfare regime exhibited the characteristics of this model and the area of housing shared certain common features with Southern European countries. However, housing policy and the housing sector have changed as a result of the transformation of the welfare regime, both in Turkey and in Southern Europe in general. The thesis examined the changes in the area of housing in Turkey by drawing attention to the difference between the trajectory these changes followed in Turkey and in the four South European members of the EU. Starting with the assertion that the outcomes in the area of housing reflect the characteristics of welfare regime, the thesis investigated the case of Turkey along with the cases of the four Southern European countries (Greece, Italy, Portugal, Spain). In order to substantiate the assertion, the first chapter examined the housing facts and figures, i.e., social housing stock, missions of social housing provider, allocation criteria of social housing, housing tenures and types of social housing providers, of the four Southern European countries. These facts and figures present a picture of the housing area in the four Southern European countries in its distinct characteristics that are different from the ones observed in other European countries.

The second chapter of this thesis discussed the characteristics of the Southern European welfare regime and its impact on housing policy and the housing sector. Esping-Andersen, in his seminal contribution to the literature on welfare regimes, focused on the de-

commodification of labor and examined the role played by the family and the market beside the state in the process of de-commodification. The point emphasized by Esping-Andersen was not the roles played separately by these three institutions, but the articulation of these roles which shape welfare regimes in their distinct characteristics. In Esping-Andersen's approach, four Southern European countries were presented as examples of underdeveloped corporatist welfare regimes. However, Ferrera claimed that these countries had a distinct regime of their own and thus introduced the concept of Southern European welfare regimes. Ferrera also noted that the Southern European welfare regime had formal corporatist social security systems. However, he also highlighted the prevalence of informal employment and informal relationship between state and society in Southern European welfare regimes. He addressed the patronage relationships originating from the informal nature of the relationship between the state and society and drew attention to the important place of the family as a welfare provider in Southern European welfare regimes. These characteristics of Southern European welfare regimes were discussed in some detail because they were important in shaping housing policy and housing sector in Southern European countries as well as in Turkey, as discussed in the second chapter. In the four Southern European countries, the importance of homeownership, irregular housing and the role of cooperatives were common characteristics that were shaped by the Southern European welfare regime. Turkey's former welfare regime also exhibited Southern European welfare regime characteristics; it also relied upon a dual labour market with a formal social security system of a corporatist character and an informal system of welfare provision. These two features of the previous Turkish welfare regime came to the forefront in the area of housing, which shared the above-mentioned characteristics observed in Southern European countries. However, at the end of the second chapter it was mentioned that welfare regimes do not remain unchanged over time. Through social and economic transformations and new institutional arrangements, welfare regimes are



also transformed. These transformations produce different outcomes in the housing policy and housing sector. This thesis argued that the nature of the welfare regime change in Turkey had a different direction from the one in four South European countries and thus the transformation of the housing policy and the housing sector in Turkey followed a different trajectory.

Until the 1980s in Turkey, along with the Real Estate Credit Bank, social security institutions had an important place in the implementation of housing policies and important role in housing sector. In the first years of the Republic, only civil servants were able to benefit from social housing policies, which included the provision of residences for public employees. This situation changed with the establishment of social security institutions for workers in the private sector. Both the Social Insurance Institution and Real Estate Credit Bank were established in the same year. These two institutions had important functions in the implementation of housing policies. With these institutions, in addition to the civil servants, the registered employees who could also benefit from social housing policies. Therefore, a large portion of the population –unregistered employees- could not benefit these policies. Besides, those who could access these policies could get the housing loans provided by the institutions only through housing cooperatives. In other words, housing loans were not given to registered employees individually, and establishing a housing cooperative was determined as a condition. Later, the importance of the role of housing cooperatives increased even more. Thus, the corporatist structure in the former welfare regime was reflected in the housing policy and housing sector. Additionally, the informal system of welfare provision as another character of the former welfare regime was influential on the groups that were excluded from the formal social security system, and those who could not benefit from the formal housing policies had turned to informal channels.

The third chapter discussed the developments that took place in the formal and non-formal parts of housing sector from the foundation of the Republic to the 1980s. The reason behind analyzing both formal and non-formal parts of housing had to do with the dual structure of housing as a reflection of the former welfare regime in Turkey. In Turkey's former welfare regime, a large portion of the population had been excluded from the social security system for a long time. Due to the fact that the previous social security system did not cover the whole population and housing policies were implemented through the housing cooperatives that were financed by Real Estate Credit Bank and social security institutions, a limited number of groups could benefit from housing policies. While in the formal part of the housing area, the population under the social security umbrella could benefit from the formal social housing provisions through social security institutions and the Real Estate Credit Bank, this came to an end in the middle of the 1980s. For this reason, the story that was discussed in the third chapter ended in the middle of 1980s.

In addition to all these developments, the third chapter examined the non-formal part of housing by looking at the emergence of irregular housing. In addition to formal housing policies, developments in the non-formal side of the former welfare regime began in the late 1940s, when the first examples of *gecekondu* houses began to be observed in the cities. The political authorities met with the irregular settlements after these dates but could not follow a consistent policy towards these *gecekondu* settlements. At that point, the emergence of *gecekondu* settlements was taken as a reflection of the welfare regime. Some minor laws were enacted before the Gecekondu Law of 1966, but none of these were consistent, nor were they properly implemented. This situation continued after the Gecekondu Law. Especially since the 1980s, *gecekondu* settlements in the cities have fed on clientelistic relationships, a characteristic of welfare regimes, and have survived through this. At the same time, the 1980s was the period when irregular settlements lost their legitimacy, because *gecekondu* owners

started making money out of their houses which were first built to provide them a shelter. In short, the image of *gecekondu* settlements changed in the 1980s, but these settlements survived until the early 2000s through clientelistic policies.

The third chapter started with the emergence of the first irregular housing examples in big cities. The number of *gecekondus* has increased since the 1940s. After a while, *gecekondu* settlements grew gradually in the center or around the cities. The disintegration of agricultural production brought the unemployed from the agriculture sector to the big cities first, which led to the formation of slum areas. Until the 1960s, politicians had a protective and even encouraging attitude towards the construction of *gecekondu* houses. This kind of irregular self-promotion of housing as emerged as non-formal characteristics of the welfare regime created the possibility of home ownership for disadvantageous, low-income, poor groups who did not have the means to become home owners in the big cities. As a matter of fact, when it came to the 1980s, the clientelistic policies as a characteristic of the welfare regime were very visible in these settlements. Irregular settlements in the inner city became increasingly commercialized, and this caused the loss of legitimate *gecekondu* construction. At the end of the third chapter, when it came to the 1980s, the attitude towards *gecekondu* settlements also changed, the functions of the *gecekondus* in the welfare regime began to change and these irregular settlements started to lose their legitimacy.

The fourth chapter of this thesis began with transformations that occurred both in formal housing policies and non-formal areas of welfare provision and discussed the period from the mid-1980s to the present day. In this period, formal housing policies started to be implemented through TOKİ. After the second Mass Housing Law, which was enacted in 1984, while TOKİ began to give loans to the housing cooperatives, social security institutions and the Real Estate Credit Bank, which have previously financed housing cooperatives, thus lost their credit function. The changes in housing policy and the housing sector began in this

period. From the mid-1980s to the early 2000s, TOKİ was acting only as an institution that gave loans to mass housing projects. This function of TOKİ was useful for housing cooperatives, as it shown by the numbers presented in the fourth chapter. The efficiency and the number of projects of housing cooperatives have increased even more during these periods. In other words, the housing cooperatives acted as mass housing institutions from the first years of the Republic, especially through the financial provisions of the social security institutions until the mid-1980s and from that date to the beginning of 2000s through the financial provision of TOKİ. At this juncture, housing cooperatives actually symbolized the inegalitarian corporatist character of the Turkish welfare regime.

According to the literature, the situation in Southern Europe is described with low shares of rental and social housing and a high degree of instability and housing. Addition to these, the financial crisis had a deep impact on Southern European countries. The crisis stopped young people from becoming homeowners and forced families to act as a replacement for the welfare state and familialism in welfare provision were observed. Besides, the EU programs have also an impact on the housing area in Southern European countries. First, in both Spain and Portugal, rental markets are fostered through a tenancy law and new social housing programs are supported through a newly adopted plan. Although Spain and Portugal are characterized by a high rate of homeownership and a small rental sector, policies have been recently implemented and reformed by a tenancy law. On the other hand, Italy has implemented an on-going process of restructuring the area of housing and social housing providers, because low- and medium-income groups are unable to find affordable houses. But, In Italy, financing for social housing is provided mostly by regional municipalities. While municipalities co-finance personal loans for the rental sector, central government is responsible for macro programs and co-finances projects through housing allowances, urban transformation programs and programs to support social the rental sector.

Greece, on the other hand, canceled its social housing support programs due to austerity measures. Today, the only government institution that supplied dwellings at low cost to public employees and registered workers is removed and for this reason, public or social housing schemes are absent, but there is an attempt to increase housing allowances.

From the first years of the Republic until the beginning of the 2000s, the importance of the role of housing cooperatives could be clearly seen in housing policy and the housing sector. However, only certain groups could benefit from the housing provision through housing cooperatives. As mentioned in the second chapter, the first examples of housing cooperatives were established by high-ranking state officials. These early examples were also determinative in the features of the housing cooperatives. Social housing policy based on housing cooperatives became available only to middle and high income groups. Starting from the 1950s, the Social Insurance Institution, which started to give credits to the cooperatives established by the formal workers and in those days the Ministry of Labor carried out studies on the workers' housing, and the new organization of the Real Estate Credit bank were seen as positive developments in the area of housing, but those reflected the unequal corporatist characteristic of the former welfare regime of Turkey. In other words, the housing provided by the housing cooperatives could not reach the low-income groups or those not registered with any social security institution, so the housing cooperatives remained providers that served the middle classes. In short, the middle classes were able to benefit from housing policies that were proceed through the activities of housing cooperatives, which was linked to the characteristics of the former welfare regime.

There was an increase in the activities of housing cooperatives until the early 2000s due to the loans received from TOKİ. The groups that were able to benefit from the housing cooperatives in this period were mostly middle and upper income groups. The housing cooperatives represented the corporatist character of the former welfare regime in Turkey.

The role welfare institutions of the former welfare regime were determiners in that these were the institutions that caused corporatism, and the impact continued after the mid-1980s. On the other hand, formal housing policies were not suitable for low-income groups. In urban areas, those who needed housing tended to individual solutions, because it was not possible for them to have housing through housing cooperatives. This was in fact a reflection of the dualist structure of the former welfare regime in housing policy and the housing sector in Turkey. Until the 2000s, a housing policy serving low-income groups was never fully implemented, so the fact that we call irregular houses appeared in the 1940s and was seen as a solution and an alternative for social housing for low-income groups until the 2000s. However, with the transformation of the welfare regime in Turkey, housing policies and the housing sector have also changed.

The transformation in the welfare regime meant that the articulation between the roles played by the state, the market and family was no longer the same. The impact of the newly emerged state-supported market orientation with public-private partnerships and residual support to disadvantaged groups can be clearly seen in housing policy and the housing sector since the beginning of the 2000s.

The roles played by housing cooperatives and irregular housing in housing policy and housing sector have become increasingly less important. Previously, housing cooperatives met the housing need of middle-income groups as part of a formal housing policy approach, and irregular housing met the housing need of disadvantaged, low-income groups. The transformation in the welfare regime brought an end to these different ways of satisfying the need for housing, and TOKİ emerged as a state institution with the authority to play both roles. This transformation had already begun in the 1980s, but it was the nature of the welfare regime change that shaped the current character of housing policy and housing sector in Turkey.

Of course, the impact of the change was path-dependent and was related to the institutional and legal context. However, it was shaped by the state-supported market orientation with public-private partnerships as a distinct characteristic of Turkey's new welfare regime. The requirements of the market became dominant in defining the relative roles played by the market, the state and family in welfare provision. However, this kind of change did not lead to the retreat of the state. The state now appears as the key actor in housing policy and the housing sector. The disappearance of housing cooperatives can be explained by the increasing influence of the market. The state preferred to exclude housing cooperatives and to organize the housing sector through TOKİ's partnership with the market. This policy preference was easily realized because TOKİ was empowered by the introduction of institutional changes. In short, as a policy preference and market demand, housing cooperatives were excluded from construction of mass housing projects. At the same time, under the AKP rule, *gecekondu* settlements, as an important non-formal characteristic of the former welfare regime, lost the ability to provide housing for low-income groups because of the rigidly implemented legal regulations that prevented the construction of *gecekondu* houses and eliminated the existing settlements. TOKİ's activities have replaced the previous housing policy, which had started with the construction of residences for public employees and continued with housing cooperatives, which also benefited other segments of the middle class. On the other hand, the *gecekondus*, as a form of popular housing for disadvantaged or low-income groups, were also replaced by TOKİ's projects for low-income groups. Thus, for the first time, a formal housing policy was implemented that addressed the needs of disadvantaged and low-income groups. In this process, the cooperatives were replaced by private companies as market actors, and the housing production provided to the middle classes by the housing cooperatives was continued with TOKİ's projects. But this did not continue for an extended period of time. In time, as mentioned in the fourth chapter, the share

of TOKI housing projects for low-income groups declined while alternative non-formal solutions were not allowed at all. In other words, projects for middle-income groups have come to dominate the housing policy and the housing sector.

It was argued that, as in the past, disadvantaged groups are now unable to meet their housing needs in formal ways because (1) the conditions of access to the projects for the poor are not in conformity with the means of the poor and (2) the share of the housing projects for the poor is decreasing while the proportion of those for the middle class is increasing. We see, in fact, that currently, TOKI projects for the poor- to low-income group constitute only one fourth of its total projects. Until the 2000s, disadvantaged groups were able to benefit from informal politics, but they could not benefit from formal housing policies. This changed mainly because of TOKI practices. Yet it seems possible to say that disadvantaged groups are still unable to meet their housing needs through formal channels. It could be argued, therefore, that there is a return to previous social housing policies addressing the housing needs of the middle class, albeit in the new environment of the country's transformed welfare regime.



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