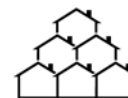


# Affordable Housing Institute

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## Housing in Turkey Country Assessment and Recommendations

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### 1. Summary

For Turkey to be competitive with developed nations in Europe and the Americas, Turkey needs to improve its housing - total supply, housing quality, and housing affordability - which lag behind other sectors of the Turkish economy relative to these countries to which Turkey aspires.

Improving Turkish housing across the board will not only improve the Turkish economy broadly but also lead to an increase in overall Turkish household income and better quality of life, as people have more flexibility to buy or rent housing they need.

Turkey should emphasize urban development, because that is where the growth will be, and that is where demand is rising faster than supply.

Our principal action recommendations are:

1. **Shift government from housing production into housing finance.** TOKI should not be a builder or developer, but a lender, financier, and bank, as are its counterparts in Mexico and Thailand.
2. **Diversify TOKI from just the supply side (more houses) to include also the demand side (helping customers buy homes),** as in Mexico's SHF, and the US GSEs (Fannie Mae and Freddie Mac). Use the proceeds from securitizing TOKI's loan portfolio as the equity base for reorienting TOKI into a housing bank.
3. **Catalyze private mortgage banks** by creating new financial products that complement the market.
4. **Allow municipal government to obtain nationally owned land** for urban development and regeneration.
5. **Create a national gecekondü transformation pilot program** built around (a) demolition-and-rebuilding with formal housing, (b) favorable loans to transform and earthquake-reinforce housing.
6. **Develop consumer earthquake-reinforcement loans** for sale through mortgage banks. Use them as part of broad-based new policies to improve existing informal neighborhoods.
7. **Create a rental housing association model** for long-term affordable apartments.