

## FINANCING THE PRESERVATION OF HISTORICAL BUILDINGS IN TURKEY (1)

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### INTRODUCTION

In the Ottoman Empire, efforts for preservation of historical artifacts began during the second half of the 19<sup>th</sup> century; partly in response to development of museology in Europe and Western archeologists' increasing requests to conduct excavations within Ottoman territory.

The first law regarding historic preservation is the 1869 Historical Artifacts Regulation (*Asar-ı Atika Nizamnamesi*). The regulation made foundations responsible for protection and maintenance of the antiquities they held, and private owners of historic buildings were prohibited from demolishing them. No funds were allocated to assist the foundations or private property owners; the central government was responsible only for the funding of excavations.

The institutional and legal foundations of the Republic were laid within the period from the end of the War of Independence in 1923 to 1950. During this era all matters regarding historical artifacts were placed within the purview of the Ministry of Education and its administrative units. Within this framework the Foundations Law was enacted in 1936 and the General Directorate of Historical Artifacts and Museums (*Eski Eserler ve Müzeler Genel Müdürlüğü*) was created in 1944.

The funds appropriated for preservation within the budgets of the Ministry of Education and the General Directorate of Foundations were quite limited and accounted for only 0.5% of the overall budget. Before 1950, four institutions (the Grand National Assembly, the Ministry of Education, the Ministry of Public Works, and the General Directorate of Foundations) received funding for preservation each amounting to 0.1-0.2% of the budget. While the government obligated private owners of historical buildings to maintain them, it did not offer any financial assistance.

In terms of historic preservation, the period between 1950 and 1980 constitutes the second era in the history of the Republic. Several

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2. See the following studies for an overview.

AKOZAN, F. (1977) *Türkiye'de Tarihi Anıt Koruma Teşkilatı ve Kanunlar*, DGSA, İstanbul.

BAYINDIRLIK VE İSKAN BAKANLIĞI (2009) *Kentsel Miras, Mekan Kalitesi ve Kentsel Tasarım*, Kentleşme Şurası Komisyon Raporları, Cilt 2, Bayındırlık ve İskan Bakanlığı, Ankara; 5-197.

DİNÇER, İ., AKIN, O. (1994) *KTVK Kanunu Kapsamında Koruma Planı ve İdari Yapısı*, 2. Kentsel Koruma Yenileme ve Uygulamalar Kolokiyumu (15 April 1995), MSÜ, İstanbul; 117-37.

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DİNÇER, İ. (2009b) *Kentsel Koruma ve Yenileme Sorunlarını Örnekler Üzerinden Tartışmak: Süleymaniye ve Tarlabası*. [http://www.planlama.org/index.php/component/content/article/66-planlamaorg-yazlar/doc-dr-clal-dincer/325-kentsel-koruma-ve-yenileme-sorunlari-ornekler-uezerinden-tartismak-sueylemaniye-ve-tarlaba-4] Access Date (18.01.2018).

KEJANLI, T., AKIN, C.T., YILMAZ, A. *Türkiye'de Koruma Yasalarının Tarihsel Gelişimi Üzerine Bir İnceleme*. [http://www.restoraturk.com/index.php/incelemler/241-turkiye-de-koruma-yasalarinin-tarihsel-gelisimi-uzerine-inceleme] Access Date (18.01.2018).

MADRAN, E. & ÖZGÖNÜL, N. (2005) *Kültürel ve Doğal Değerlerin Korunması*, TMMOB Mimarlar Odası: Ankara

TEKELİ, İ. (1998) *Türkiye'de Cumhuriyet Döneminde Kentsel Gelişme ve Kent Planlaması*, 75 Yılda Değişen Kent ve Mimarlık İçinde İstanbul, Tarih Vakfı Yayınları, İstanbul.

institutional and legal changes were implemented; the Higher Committee for Immovable Historical Artifacts and Monuments (*Gayrimenkul Eski Eserler ve Anıtlar Yüksek Kurulu*) was created, and the Constitution of 1961 obligated the state to protect artifacts of historical and cultural value.

The most important development of the period is the passage of Historical Artifacts Law in 1973, the first legislation of the Republic regarding preservation. With this law, the state offered financial and technical assistance to private owners for the first time and provided some tax subsidies. Although the assistance was far from covering the high costs associated with preservation, state's adoption of this policy was a significant change.

Important changes to the legal and institutional framework were made after 1980. New concepts and terms regarding preservation found place in the official discourse with the passage of the Law for Preservation of Cultural and Natural Assets (*Kültür ve Tabiat Varlıklarını Koruma Kanunu*) numbered 2868 in 1983. The scale of preservation efforts was extended from individual structures to urban environment; consequently preservation began to be conceived as a planning issue. New legal and institutional arrangements took place during the 2000s, but an overview of them is beyond the scope of this article (2).

Despite all regulations and arrangements, only a small fraction is preserved effectively, out of the thousands of historic structures in the country. This article aims to show that a major reason behind this limited success is the lack of attention given to the financial dimension of preservation.

Following this general introduction, an overview of existing legal mechanisms for preservation will be presented with an evaluation of their efficiency and effectiveness. In the last section of the article, new financial regulations for a more efficient and effective preservation policy will be proposed.

## THE PRESENT STRUCTURE

In Turkey, the Ministry of Culture and Tourism is the primary official authority that is responsible for identification of registered buildings of historical or cultural importance throughout the country. The national registry of historic sites and buildings is maintained by the General Directorate of Cultural Heritage and Museums (*Kültür Varlıkları ve Müzeler Genel Müdürlüğü*), a division of the Ministry.

Historic sites, and registered historic buildings and structures are listed in the national registry in one of two ways: a) as single units, or b) as part of larger areas designated as conservation areas.

The vast majority of conservation areas and registered historic buildings in the country are first identified as historically or culturally important by the state and listed in the national registry. They are defined as sites, buildings or structures deemed of importance to the history, architecture or culture of an area for their distinctive qualities. Once they are registered and a note to this effect is added to the title deed, they are made distinct from other immovable property and development rights are restricted. Moreover, whether the property is private or not, a registered building acquires the status of public good, meaning that the owner's freedom to repair, rehabilitate, renovate or restore the building is strictly restricted and controlled.

Single unit immovable properties carrying historic and cultural values are listed in different categories in terms of their functional uses and architectural characteristics. The ten distinct categories determined by the Ministry are as follows: civil architectural buildings; religious buildings; cultural buildings; administrative buildings; military buildings; industrial and commercial buildings; graveyards; martyrdoms; memorials; and monuments and ruins.

This paper discusses only the financing of registered historical houses that are registered by the Ministry and owned by private persons as residences. These comprise the bulk of Turkey's privately owned civil architectural buildings. **Table 1** and **Table 2** present the registered historic and cultural heritage sites in Turkey.

Thus, there exist 14,840 sites for which new construction is prohibited or under strict control. Restoration of 100,749 registered immovable properties can be carried out only with approval from the Regional Conservation Councils, and under their supervision. As mentioned above, for the scope of this study, the analysis is carried out only of registered historic residences that are qualified for and listed in the national register as unique examples of civil architecture.

In some countries, being listed in the historic register is considered the highest level of honor that a historic building can receive. However, in the Turkish case it is deemed by the owners as an official punishment. There are various reasons behind this misconception, but the owners' main complaints include the prohibition of development rights on the immovable property, and the costly burden of the repair, maintenance and restoration of their historic houses. In particular, the historic houses owned by lower-middle income and low-income people are mostly left to their fate.

**Table 1.** The Number of Conservation Areas in Turkey (as of 2016). Source: General Directorate of Cultural Heritage and Museums, 2016.

Site Type	Number
Archaeological	13,947
Urban	267
Historical	159
Other (Mixed -)	77
Overlapping (With Natural Conservation Areas)	358
Urban Archaeological	32
<b>Total</b>	<b>14,840</b>

**Table 2.** The Number of Historical and Cultural Properties (Single Properties- as of 2016).Source: General Directorate of Cultural Heritage and Museums, 2016.

Immovable Property Type	Number
Civil Architecture	65,513
Religious Buildings	9,403
Cultural Buildings	11,093
Administrative Buildings	2,753
Military Buildings	1,077
Industrial and Commercial Buildings	3,748
Graveyards	4,176
Martyrdoms	264
Monuments, Landmarks and Memorials	344
Ruins	2,317
Streets to be Preserved	61
<b>Total</b>	<b>100,749</b>

3. In this paper, the term restoration is used, based on the Turkish usage of the word, for all varieties of extensive intervention applied to historic buildings. In the Turkish legal system, maintenance and simple repair works do not require architectural projects to be approved by Conservation Councils.

## FINANCIAL SOURCES FOR RESTORATION (3)

### Introduction

A summary of the direct and indirect financial sources existing in Turkey for restoration of cultural and historic heritage, which will be studied later, are listed below in **Table 3**.

The primary role in the conservation and public funding of cultural properties is played by the Ministry of Culture and Tourism. This has not changed; however, thanks to legislative changes made in 2004, municipal administrations, governorships and TOKİ (Mass Housing Development Administration) have also been given some responsibilities in this area. Contrary to the practices in most European countries, the role of non-governmental organizations in this respect is negligible.

The Ministry assists owners of registered historical buildings by supplying technical and financial support to help them conserve their residences. TOKİ, municipalities and governors also offer financial and technical support for restoration of registered historical buildings. In practice, however, it is known that, for various reasons, most owners of registered historical buildings do not go into the bureaucratic processes of conservation.

In the next section, a summary is provided of the performance of each financial source. However, first, a few tables will be presented to give an idea about the total amount of money allocated to the Ministry in the consolidated budget over time. As shown in **Table 4**, around one-half of a percent of the total budget is allocated to the Ministry, which is rather low.

The amount allocated to the General Directorate of Cultural Heritage and Museums for 2016 is 297 million TL (app. \$85 million), which corresponds to 10% of the total budget of the Ministry of Culture and Tourism. 147 million TL (app. \$42 million), that is more than 50% of the total, is allocated for plans, projects and implementation works for cultural heritage. The share allocated for cultural heritage conservation in the Ministry's total budget is very limited. Only approximately 5% of the Ministry's budget is diverted for cultural heritage conservation.

Type of Support	Financial Support
Direct	<ul style="list-style-type: none"> <li>• Grants provided by the Ministry of Culture and Tourism</li> <li>• Loans provided by the Mass Housing Development Administration (TOKİ)</li> <li>• Grants provided from real estate tax collected</li> <li>• Expropriation by the Ministry of Culture and Tourism (purchasing)</li> <li>• Expropriation by the Ministry of Culture and Tourism (bartering)</li> <li>• Transfer of Development Rights</li> <li>• Payments made by Municipalities</li> </ul>
Indirect	<ul style="list-style-type: none"> <li>• Exemption from various taxes and charges on the immovable property (Law No. 2863)</li> <li>• Reductions in income tax, payroll taxes; permission to work on holidays. for commercial purposes (Law No.5225)</li> <li>• Tax exemptions from income and corporation taxes on donations made to cultural and natural properties (Law No. 5228)</li> <li>• Tax exemptions in inheritance and transition taxes (Law No. 2863)</li> </ul>

**Table 3.** Direct and Indirect Financial Support for Registered Buildings.

Year	Amount (TL, in Millions)	% of Consolidated Budget
2004	588	0.39
2005	646	0.42
2006	712	0.42
2007	816	0.41
2008	826	0,38
2009	1,021	0,40
2010	1,120	0,40
2011	1,510	0,49
2012	1,705	0,49
2013	1,850	0.47
2014	1,975	0.46
2015	2,300	0.49
2016	2,777	0.49

**Table 4.** The Share of the Ministry of Culture and Tourism in the Consolidated Budget.  
Source: Ministry of Culture and Tourism, Directorate of Strategy Development. [http://sgb.kulturturizm.gov.tr/Eklenti/44215,butce\_sunumkitapcigi2016pdf.pdf?0] (Access Date 21.03.2017).

## PUBLIC FINANCIAL TOOLS FOR RESTORATION

### Grants and Loans Provided by the Ministry until 2004

In 1983, the Law for Conservation of Cultural and Natural Property (numbered 2863) mandated for the first time that a Contribution Fund be formed to act as a financial source for restoration of registered historical buildings. "The Regulation for the Contribution Fund for Repair of Immovable Cultural Property Owned by Real or Juridical People" was prepared in need of Article 12 of the Law and came into force on 24.06.1985. The fund was put into effect in 1987.

According to the (d) clause of the Law for Dissolution of Certain Funds (numbered 4629) which came into practice on 03.03.2001, article 12 of the Act Numbered 2863 was amended. Therefore; the 2<sup>nd</sup> and the 3<sup>rd</sup> paragraphs of the article were abrogated, while the 4<sup>th</sup> paragraph rearranged, which resulted in repeal of the fund. The information provided here is related to the period which the fund was in force.

According to the law, real or legal persons can apply for support through the fund. Owners of registered immovable properties are eligible for in-kind and financial support, as well as technical support for the preparation of the restoration project. Financial support is provided in the form of loans, grants, or both, and cannot exceed 70% of the total estimated cost.

The fund distributed a total of 38,076,297.42 TL (app. \$11 million) as grants and loans – adjusted for inflation to its 2016 value - between 1987 and 2001 (4). In the same period, 139 loans and 45 grants were allocated, of which 127 went to the restoration of registered historical buildings (an average of 8.5 buildings per year). The average amount contributed for each house was approximately 207,000 (app. \$59.000 TL).

The way that the fund functions can be criticized on several grounds. These funds are provided only for implementation/construction works and do not include the support for project preparation. In other words, only the applicants with rehabilitation and restoration projects are eligible to apply for the fund. Since rehabilitation and restoration projects are costly, owners are referred to the technical personnel of the Ministry to get assistance. However, due to inadequate staffing of technical personnel, owners are induced to enlist the services of private contractors.

4. In order to make an appropriate comparison in the study, data belong to the previous years are adjusted to 2016 values in the direction of inflation rates. Thus, firstly coefficients are calculated through the following formula. For the required Wholesale Goods Price Indices (*Toptan Eşya Fiyat Endeksi*), the data placed in the appendix of the bulletin published by the Banking Regulating and Controlling Council are used.

$$\text{Coefficient} = \frac{\text{WGPI}_{\text{concerning year}}}{\text{WGPI}_{\text{original year}}}$$

As required in the formula, WGPI indices have to belong to the month that the value is entered to the system. That's why, January WGPI indices are used for the adjusting the values to inflation.



Because they are provided a maximum of only 70% of the estimated cost, the owners have to spend their own resources, which is particularly troublesome for low-income owners. Furthermore, the applicants are required to pay for insurance the building.

Only low-income people are eligible to apply for grants, though political preferences play a significant role in practice. Middle-income applicants are only eligible for loans. This makes them give up the idea if no return is expected from the rehabilitation and restoration. Therefore, it is only well-to-do families that end up applying for loans.

#### Public Financial Tools for Restoration since 2004

##### Grants from the Ministry of Culture and Tourism

Following the enactment of Law 5226 amending Law 2863 in 2004, characteristics of the Contribution Fund changed considerably. According to “The Regulation on Aid for the Repair of Immovable Cultural Property” which was prepared upon Article 12 of the Act Numbered 2863 changed with 5226, The Ministry of Culture and Tourism undertook financial responsibility for discretionary financial aid offered for the registered buildings. Owners of the historic buildings became entitled to receive a discretionary financial aid for both planning and implementation expenditures on rehabilitation and restoration. The upper limits for the financial aid are 75.000 TL (app. \$21.000) for planning and 300.000 TL (app. \$85.000) for implementation.

As is seen from **Table 5**, only 28% of the applications for project preparation support have been funded between 2005 and 2016, with a total amount of 44 million TL (app. \$12.5 million), while 83 million TL (app. \$24 million) have been distributed for the implementation of the restoration of 2,091 buildings, which corresponds to almost 39% of the total applications for implementation. Within the eleven-year period, conservation assistance for 5,574 historic buildings has been granted by the Ministry, with an average of 12,700 TL (app. \$3,600) per project and 39,000 TL (app. \$11,000) per implementation.

**Table 5.** Grants Distributed by the Ministry of Culture and Tourism to Project Preparation and Implementation Works between 2005 and 2016 (in TL, inflated to 2016 values). Source: General Directorate of Cultural Heritage and Museums, 2016.

Year	Total Budget	Support for Projects			Support for Implementations			Total Amount Spent
		Number of Applicants	Projects Supported	Amount Provided	Number of Applicants	Projects Supported	Amount Provided	
2005	11,554,000	384	247	7,236,154.66	3	2	293,015.98	7,529,170.64
2006	10,765,993	1613	240	3,552,410.60	260	37	3,159,161.11	6,711,571.71
2007	10,406,700	2185	139	1,866,307.20	362	92	6,165,900	8,032,207.20
2008	13,920,000	1223	288	3,638,644.50	480	135	6,357,926.94	9,996,571.44
2009	13,212,720	1103	247	3,691,430.80	562	154	5,849,272.44	9,540,703.24
2010	18,109,280	972	329	4,378,141.10	482	212	7,776,973.60	12,155,114.70
2011	17,268,850	1073	325	4,389,130.60	512	227	7,353,338	11,742,468.60
2012	16,589,010	988	276	3,314,446.50	615	205	9,434,100	12,748,546.50
2013	16,200,000	824	302	3,721,700.40	595	238	8,719,200	12,440,900
2014	15,597,900	681	428	2,445,029.10	517	307	8,638,795	11,083,824.10
2015	16,078,080	648	295	1,925,062.80	512	259	10,947,680	12,872,742.80
2016	16,199,000	572	367	4,271,823	440	223	8,614,000	12,885,823
<b>Total</b>	<b>175,901,533</b>	<b>12,266</b>	<b>3,483</b>	<b>44,430,281.26</b>	<b>5,340</b>	<b>2,091</b>	<b>83,309,363.07</b>	<b>127,739,644.33</b>

5. According to the Law 6360 that passed in 2012, metropolitan municipal boundaries is overlapped with the province boundaries and therefore the provincial special administrations of metropolitan municipalities are abrogated and their responsibilities and duties are transferred to the “units for coordination and monitoring of investments (*Yatırım, İzleme ve Koordinasyon Başkanlığı, YİKOB*)”, which are established within governorates. Within those municipalities which are not defined as metropolitan, provincial special administrations within the governorates are still functioning for fulfilling projects and implementations outside the municipal boundaries.

### The Share Added to Real Estate Taxes

According to the regulation related to Law 2863 as amended by Law 5226, in addition to the collection of standard real estate taxes, an additional 10% of the tax is assessed to the property owners. This amount is blocked within a special account opened by the provincial special administrations within the governorates (5) and can be utilized only for the conservation of heritage sites. The share is calculated on a province basis and transferred to the budget of the governorship of that province. This amount is spent conditionally, and only for the rehabilitation and restoration of the cultural properties existing within the province.

Through this account, financial support for plans, projects, implementation and expropriation are offered. The use of this fund is supervised by the governor. Grants offered through the account are utilized by local governments within the related province that apply to prepare and implement conservation oriented development plans, street rehabilitation projects, urban design / landscaping projects and single rehabilitation and restoration projects. Municipalities and Provincial Special Administrations, local government units which have power and responsibility to make spatial plans and projects for cultural properties outside the municipal boundaries within the borders of provinces which do not have Metropolitan Municipality status, can apply for the grant for conservation works they execute or in the name of private owners of historic buildings.

Grants cannot exceed 95% of the total estimated costs of planning, project implementation, and expropriation for municipalities, but priority is given to large scale plans and projects over single unit projects. The amount allocated to Provincial Special Administrations cannot exceed 30% of the total amount of the grant provided within the province as a whole, whereas these administrations are provided with all amounts they request.

In line with the 3<sup>rd</sup> article of Act numbered 6360, put into practice in 2012, 20% of the total amount collected in this account is to be used for the projects prioritized by the Ministry. However, in case that the allocated amount is not used by local authorities for the prioritized projects, then it is transferred to the budget of the Ministry on a yearly basis, to be used for the same purpose.

The account's main shortcoming is the existing inequalities among cities in terms of the amount of property taxes collected and their total inventory of cultural heritage to be conserved. In other words, while some municipalities with rich cultural inventories are able to collect only a limited amount of real estate tax due to their lower population rates, others with a more limited cultural inventory and higher population may collect a high amount of taxes.

Additionally, according to the proposal discussed for an amendment in the related legislation in recent days, half of the total amount collected in this fund will be offered to conservation of natural properties and natural conservation areas. If it is put into effect, this may result in a sharp decline in one of the main financial resources supplied for conservation of cultural heritage.

Between the years 2005-2016, a total amount of 3,164,901,677.72 TL in 2016 values (app. \$900 million) was collected in 81 provinces' local governments as additional liabilities for cultural heritage conservation and (Table 6) until 2014. 1,187,198,935 TL (app. \$337 million) was used for 8,177 conservation

**Table 6.** Total Amount of Added Share Collected between 2005 and 2016. Source: General Directorate of Cultural Heritage and Museums, 2017.

Year	Collected Real Estate Taxes	Inflated to 2016 values
2005-2010	628,787,692.17	959,757,292.10
2011	230,452,657.61	315,720,140.93
2012	256,677,804	315,713,698.92
2013	332,584,576.54	399,101,491.85
2014	320,610,603.67	349,465,558
2015	376,007,231.84	398,567,665.75
2016	426,575,830.17	426,575,830.17
<b>Total</b>	<b>2,571,696,396</b>	<b>3,164,901,677.72</b>

plans and projects corresponding 145,000 TL (app. \$41,000) per project or 118,000,000 TL (app. \$33.5 million) per year (see **Table 7** for figures of some provinces).

As mentioned above, the state of cultural heritage in cities is not taken into consideration when the amount from this account is allocated. While metropolitan cities like İstanbul, Ankara and İzmir accrue significant amounts (nearly 140 million TL (app. \$39 million), 40 million TL (app. \$11.3 million) and 30 million TL (app. \$8.5 million), respectively), mid-sized cities collect between 1 and 5 million TL per year, which will cover the cost of only one or two medium-scale conservation projects. This shows that the money provided by this source cannot compensate a conservation project to the full extent and other additional sources or self-budgets of the applicants are favorable and crucial, as well. It would not be wrong to claim, on this ground, that this account, as the other financial instruments explained earlier, should be regarded as an auxiliary/subsidiary resource.

Nine provinces located in Eastern Anatolia (Bayburt, Ardahan, Batman, Şırnak, Tunceli, Hakkari, Bingöl, Bitlis and Ağrı), which are among the least populated cities, have not benefited from this source at all, even though a limited amount was collected. This is possibly not due to the short supply of heritage sites in those cities, but the ignorance of local administrators.

Loans Offered By Mass Housing Development Administration (TOKİ).

According to Law no. 5226, at least 10% of all real estate loans offered by the Mass Housing Development Administration (TOKİ) are to be allocated for the rehabilitation and restoration of immovable cultural property.

Applications for projects prepared in coordination with local governments with the aim of strengthening historical urban areas are given priority.

**Table 7.** Total Amount Used Through Added Share between 2005 and 2014. Source: General Directorate of Cultural Heritage and Museums, 2015.

Province	Total Amount in the Special Account	Amount Used	Number of Projects	Usage Rate (%)
İstanbul	837,579,930	710,789,354	5,392	84.86
Ankara	301,014,065	77,484,925	100	25.74
İzmir	253,784,010	27,616,434	349	10.88
Bursa	170,823,412	75,329,930	360	44.10
Muğla	58,370,979	15,582,573	93	26.70
Gaziantep	42,873,640	20,579,699	72	48.00
Şanlıurfa	6,468,793	2,077,601	8	32.11
Amasya	3,231,535	1,123,542	14	34.77
Mardin	1,697,682	629,910	5	37.10



Year	Approved Requests	Completed Projects	Allocated Budget	Distributed Loan
2005	16	16	2,562,473.50	2,562,473.50
2006	50	50	7,262,155.37	7,262,155.37
2007	34	34	4,943,533.41	4,741,165.41
2008	54	54	7,015,042.57	7,015,042.57
2009	80	79	9,573,561.22	8,891,443.55
2010	38	36	4,581,660.58	4,085,532.58
2011	70	61	8,362,830.12	7,530,888.84
2012	94	67	11,512,008.63	8,966,486.78
2013	69	49	9,003,269.83	7,311,241.95
2014	66	29	8,465,548.77	5,520,751.57
2015	76	28	10,779,548.91	6,174,434.84
2016	79	0	11,094,950.16	2,025,779.30
<b>Total</b>	<b>726</b>	<b>523</b>	<b>95,156,583.07</b>	<b>72,087,396.26</b>

**Table 8.** Loans Provided by the Mass Housing Development Administration (TOKİ) between 2005 and 2016 (inflated to 2016 values). Source: Mass Housing Development Administration. [https://www.toki.gov.tr/restorasyon-kredileri] (Access Date 22.03.2017 )

Loans cannot exceed the maximum amount - which was 150,000 TL (app. \$42,000) in 2016 - and cannot exceed 70% of the estimated cost. 15% of the loan can be paid to the owner in advance.

The annual interest rate on the loans is around 1/3 of the commercial banks' consumer credit rate (4% yearly interest rate), with a re-payment period of 10 years. Furthermore, no other expenses apart from the interest (such as fees, taxes) are added to the installments.

Between the years 2005 and 2016, 726 projects were offered credit, and the total amount spent was 72 million TL (**Table 8**). This means that in that period, an average of 60 projects was credited per year and 99,000 TL (app. \$28,125) was allocated per project per year. During this period 523 historical buildings were restored with the financial support of TOKİ.

However, the general policies followed by the Administration changed from offering real estate loans to building new residential units. This brought on a decline in the total amount of credits offered by the Administration, which, in the long run, may adversely affect the loans allocated for cultural property.

Expropriation by the Ministry of Culture and Tourism (Purchasing)

Buildings and/or lands registered by the Ministry or located within conservation areas can be expropriated by the Ministry upon application



**Figure 1.** Two historic houses in Mudurnu, province of Bolu. Before and after restoration. Source: Mudurnu Municipality

**Figure 2.** A historic house in Odunpazarı, province of Eskişehir. Before and after restoration. Source: Ministry of Culture and Tourism



by the owners. Immovable properties within or adjacent to archaeological excavation areas are given priority for expropriation. Therefore, few registered historical buildings are expropriated by the Ministry.

Between 2005 and 2016, approximately 279 million TL in 2016 values (app. \$79 million) was allocated for the budget of the Ministry for expropriations, or almost 23 million TL (app. \$6.5 million) per year (**Table 9**).

Compensating aggrieved owners through this system does not guarantee the rehabilitation, restoration and conservation of the expropriated immovable properties. The future of the most expropriated buildings remains unknown.

#### Expropriation by the Ministry of Culture and Tourism (Bartering)

An owner of an immovable property located within a conservation area may give up possession of his/her ownership of the immovable property and demand the right to use another immovable property located in any place in public ownership. In such cases, the process is carried out through bartering procedures.

This system of bartering applies only to immovable properties located within the Grade I and II archaeological sites. Therefore, expropriation through barter is not a solution for most owners of registered historical buildings, since they rarely are located in those sites.

Year	Allocated Budget	Expropriation	
		Number of Immovable	Total Amount Spent
2005	19,290,327	88	14,786,129.04
2006	9,135,000	43	9,107,359.52
2007	8,831,280	50	8,808,589.86
2008	10,429,560	57	10,423,774.50
2009	48,600,000	39	48,349,350.36
2010	20,980,560	44	20,980,560
2011	28,222,000	166	28,222,000
2012	19,188,000	158	19,188,000
2013	33,110,000	140	33,110,000
2014	22,236,000	86	22,236,000
2015	24,723,343	78	24,723,343
2016	35,230,000	100	35,230,000
<b>Total</b>	<b>279,976,070</b>	<b>1049</b>	<b>275,165,106.28</b>

**Table 9.** Expropriations Realized by the Ministry of Culture and Tourism between 2005 and 2016 (inflated to 2016 values). Source: General Directorate of Cultural Heritage and Museums, 2015.

### Transfer of Development Rights

Transfer of Development Rights (TDR) is a tool that was introduced to the Turkish legal system as part of amendments to Law 2863 through Law 5226. TDR makes it possible to transfer owners' development rights from one cultural property to another immovable property.

TDR can be used as an effective tool to compensate aggrieved owners of cultural heritage sites. However, the by-law necessary for putting the instrument into effect has not been issued since 2005. Therefore, it is not an operational tool in Turkey yet.

### Municipalities

The share of expenditures allocated for intangible cultural heritage conservation in the budgets of Municipalities is very limited. Authorities and other responsibilities for cultural activities within local governments have been increased since 2005. Local governments are authorized to manage and control jurisdiction of all local museums and libraries, as well as to expropriate immovable cultural buildings.

Even though this authority is granted to local governments, the financial resources for these activities remain fixed. This creates significant problems for local governments to fulfill the duties assigned to them.

### Indirect Financial Support

Conservation activities are exempt from some taxes, dues and fees. Materials and equipment imported for restoration, maintenance, and repair activities on cultural properties are exempt from customs duties. Repair and construction work on registered immovable cultural properties are also exempt from all municipal taxes and charges. Registered cultural properties are exempt from inheritance and transition taxes. Additional incentives are introduced for immovable cultural properties that function, or will function, as art galleries, museums, film studios, theatres, cinemas.

The exemptions listed above provide owners with indirect support for rehabilitation and restoration activities on cultural properties. Last but not least, the amount spent as a donation by real and legal persons on surveys, maintenance, repair, restitution and restoration of cultural heritage are deducted from income and corporation taxes in total. This legal arrangement aims to encourage private enterprises to invest on culture.

Year	Total Expenditure	Expenditures on Immovable Cultural Heritage Conservation	Ratio in Total Expenditures
2006	21,968,440,760	7,511,000	0.03%
2007	24,476,967,900	8,954,040	0.04%
2008	27,346,275,000	15,009,240	0.06%
2009	24,418,926,060	11,145,000	0.05%
2010	26,916,661,600	6,335,000	0.02%
2011	28,046,938,660	9,328,330	0.03%
2012	27,607,758,360	18,138,810	0.07%
2013	35,712,926,400	25,046,400	0.07%
2014	37,861,026,830	49,127,390	0.1%
2015	39,521,184,160	16,485,120	0.04%
2016	34,114,813,000	23,634,000	0.07%

**Table 10.** Expenditures of Municipalities on Immovable Cultural Heritage Conservation (inflated to 2016 values). Source: Ministry of Finance, General Directorate of Public Accounts. [<https://www.muhasabat.gov.tr/content/genel-yonetim-mali-istatistikleri>] (Access Date 23.03.2017).\_

Financial Tools	Situation of the Immovable			
	Within Conservation Sites		Outside Conservation Sites	
	Registered	Not Registered	Registered	Not Registered
Grants from the Ministry of Culture and Tourism	+	-	+	
Grants from real estate taxes	+	-	+	
Loans from TOKİ	+	-	+	
Expropriation (purchasing)	+	+	+	
Expropriation (barter)	+	+	-	
TDR	+	+	+	

**Table 11.** Comparison of Financial Instruments.

This policy creates a notable resource, which is not, however, possible to be calculated in numerical terms.

In the final part of this paper, a review is made of the size of the inventory of immovable cultural heritage in Turkey and attempt to show the inadequacy of the above-mentioned tools in financing their restoration.

**Table 11** above compares and summarizes the different financial instruments available.

## AN EVALUATION OF ADEQUACY OF THE FINANCIAL TOOLS IN TURKEY

A study was conducted to calculate the total expenditures needed for the restoration of all buildings registered by the Ministry. For this aim, first, the inventory of single cultural properties in Turkey is given below.

Any restoration of 100,749 registered immovable properties can only be carried out with approval from Regional Conservation Councils and under their supervision. More than half of the total stock, 65,513 registered immovable properties are classified as registered historical buildings that are authentic examples of civil architecture (**Table 12**). For the scope of the study, analysis was carried out on this stock.

The analysis begins with a rough estimate of the cost to restore a registered historical building. It is true that it is difficult to make such an estimate. However, the aim of the study is not come up with exact figures, but to get a rough overall view of the performance of the existing financial tools.

The method applied in the study to determine the average restoration cost of a historic house was as follows: First, a sample group was formed

Immovable Property Type	Number
Historic Buildings (Civil Architecture)	65,513
Religious Buildings	9,403
Cultural Buildings	11,093
Administrative Buildings	2,753
Military Buildings	1,077
Industrial and Commercial Buildings	3,748
Graveyards	4,176
Martyrdoms	264
Monuments, Landmarks and Memorials	344
Ruins	2,317
Streets to be Preserved	61
<b>Total</b>	<b>100,749</b>

**Table 12.** Cultural Property Inventory of Turkey (as of June 2016). Source: General Directorate of Cultural Heritage and Museums, 2016.



**Table 13.** Number of Historic Buildings Restored With Financial Contribution from the State Funds.

Type of Financial Resource	Number of Historic Buildings
Contribution Fund Until 2004	184
Grant from the Ministry of Culture and Tourism	5,574
Loan from Mass Housing Development Administration	726
<b>TOTAL</b>	<b>6,484</b>

6. Added Share is used for planning, project preparation, projects implementations and expropriation. Information with regard to the financial support provided by added share for each of these purposes is not applicable. Therefore, for making an approximate estimate, we have rolled this number to the nearest upward.

out of the registered historical buildings which are previously studied by the Ministry and whose architectural/structural information was available in Ministry archive, resulting in a sample of 239 immovable properties (out of a total 65,513 registered historic houses) to be studied to calculate their restoration expenses. Secondly, the average expenditure needed for restoration of each building was calculated using financial data provided by the Ministry for the representative sample houses. Finally, to estimate the restoration costs for all the registered historical buildings throughout Turkey, this average expenditure figure was proportioned to the total number of such houses in the inventory. However, in this part of calculation, as much the total number of historic buildings which are restored by the property owners themselves and with the grants provided by the state as is decreased from the number of building stock in need of restoration.

The number of historic buildings restored with financial support by the state is nearly 7,000 until now (**Table 13**)(6). Therefore, assuming that 14,000 houses are already restored, there still remain 51,513 registered historic buildings waiting to be restored.

Again, while the estimated amount is not the actual amount necessary to restore all registered buildings in Turkey, which is difficult - if not impossible to calculate, we hope that it will give an idea about the approximate total cost of restoration.

In short, restoration expenses for 239 immovable properties that needed simple and comprehensive restoration were taken as sample cases. The total amount spent on this restoration was found as 87,578,784 TL (177,784,931.52 TL, -app. \$50.5 million- as adjusted to 2016 values). This amount was projected to the total of 51,513 registered historic houses, and the total amount required to restore all registered historic houses in Turkey is calculated to cost an estimated 38,318,975,637.60 TL (app. \$10.9 billion). The next step taken was to calculate the total amount allocated by the formal sources for restoration of the cultural heritage sites.

**Figures 3, Figure 4 and Figure 5.** Examples of registered historic houses in need of restoration. (General Directorate of Cultural Heritage and Museums, 2006)





**Table 14.** Comparison of Instruments in Terms of Their Budget (2016)

Tool	Budget (TL)
Grants from the Ministry of Culture and Tourism	16,199,000
Grants from real estate taxes	213,287,915.09
Loans from TOKİ	11,094,950.16
Budget of Municipalities for heritage conservation	11,817,000
<b>TOTAL</b>	<b>252,398,865.25</b>

**Table 14** shows the total annual amount of financial resources allocated by the government for conservation of cultural properties. The expropriation budget is not taken into consideration in the analysis, as it provides only a transfer of ownership and does not guarantee restoration of the property. In the analysis, it is also assumed that the half of the budgets of the Municipality for that purpose and the grant distributed from real estate taxes are used for restoration of registered historic buildings.

As mentioned above, it is assumed that there are 51,513 registered historic houses in Turkey. The estimated total amount required for the restoration of all of these historic buildings is approximately 38,318,975,637.60 TL (app. \$10.9 billion). However, as shown in the **Table 14**, total amount allocated by different governmental bodies for this purpose is 252,398,865.25 TL (app. \$71,7 million).

### Conclusion and a Proposal

From the above analysis we can conclude that financial instruments assisting conservation activities for registered historic buildings cover only approximately 0.66% of the estimated total cost. In other words, according to the calculations made in this research, it would take approximately 151 years to restore all registered historic buildings in Turkey -keeping in mind that only privately owned residential buildings are analyzed in this study- if this restoration is financed solely through existing government-funded financial instruments and assuming that the number of cultural property to be preserved remains the same. This is obviously not sustainable. New financial mechanisms must be introduced to support restoration of historic properties in Turkey if we are to hand over our existing immovable cultural heritage to coming generations.

It should first be underlined that public authorities rather than the building or property owners should bear the responsibility to finance the restoration of privately owned historical buildings.

As proposed by Bademli (2006, 53-6) cross-finances from big development projects to conservation projects, and conservation fees to be collected from large scale industrial or engineering projects in historic environments should be considered as practical tools to create an additional fund for heritage conservation.

Heritage conservation can also be added in the list of good causes to be supported financially by the national lottery fund. The transfer of development rights, which is practiced in several countries as a planning tool to transform the declining areas, though does not guarantee the conservation of historical buildings, permits the transfer of development right of the owner on another site within the city (Balamir, 1993).

The use of this tool compensates the financial losses of the property owners without loading an additional economic burden on the state. It also helps realize social justice among land owners in a planning area while the whole

community gains from the preservation of historic houses (Ersoy, 2005). The system was introduced into the Turkish legal system in 2004 but has not yet put into practice.

Although various responsibilities with regard to cultural heritage conservation are transferred to local governments, the Ministry of Culture and Tourism, with its regional and local branches is still the primary governmental party for developing financial policies. The Ministry also establishes the institutional regulatory framework and monitoring implementation works. Therefore, the share of the budget allocated to the Ministry needs to be increased as well.

Considering the close physical and cultural ties of local governments with the historical heritage they host and the increased legal responsibilities of them in conservation of this heritage, we consider that local governments, in particular the municipalities, should come to the forefront as one of the main fund providers for heritage conservation. The accounts established by the real estate taxes are one of the most significant instruments for accelerating the pace of conservation practices in that regard but it requires close relations and synchronized projects of the municipalities and governorates.

Collaboration with the private sector might be a favorable strategy in heritage conservation, as suggested in various international documents (Madran and Özgönül, 1999). Fiscal policies to encourage private enterprises to invest more on conservation of the national heritages by introducing significant tax deductions should be introduced as an another policy tool.

In employing all the above-listed policy tools, the State should be the main provider and controller of the financial system, but collaboration with and the participation of all related stakeholders, such as the private sector, landowners and non-governmental organizations, should play a key role in all stages of the process.

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**Anahtar Sözcükler:** Koruma finansmanı; finansman araçları; finansman kaynakları; tarihi yapılar; taşınmaz kültür varlıkları.

#### TÜRKİYE'DE TARİHİ YAPILARIN KORUNMASININ FİNANSMANI

Türkiye’de ilgili mevzuata göre, taşınmaz kültür varlıkları tek yapı ölçeğinde veya sit alanı olarak belirlenmektedir. Taşınmaz kültür varlıklarının devlet tarafından tescillenmesiyle birlikte, üzerlerindeki tasarruf hakları kısıtlanmakta ve malikleri yapının bakım, onarım ve restorasyon masraflarından sorumlu kılınmaktadır. Bir yapının bakım masrafı zaman içinde arttığından, tarihi yapıların malikleri karşılayabileceklerinden daha büyük bir ekonomik yüküyle karşılaşmakta, bu da tarihi yapının daha fazla tahrip olmasına neden olmaktadır.

Bu makalenin amacı, devletin tarihi yapıların restorasyonu konusunda sağladığı katkının zaman içinde gelişimini izlemektir. Devlet’in bu yapıların maliklerine sağladığı kredi ve hibelere ayrılan toplam bütçe yıllar içinde artmıştır, ancak ulusal bütçenin diğer bileşenlerine kıyasla yüzdesi 50 yıl içinde ciddi bir değişiklik göstermemiştir.

Bu makalede, Türkiye’deki merkezi ve yerel idarelerin tescilli tarihi yapıların restorasyonu için faydalandıkları çeşitli finansman araçlarının gelişimi sunulacak ve performansları arşiv araştırmasına ve Türkiye’deki tüm tescilli tarihi yapıların restorasyonu için gereken yaklaşık tutarın hesaplanması için yürütülen deneysel çalışmaya dayalı olarak değerlendirilecektir. Sonunda, taşınmaz kültür varlıklarının korunmasını güçlendirmek amacıyla yeni finansman araçlarının geliştirilmesine yönelik öneriler sunulacaktır.

## FINANCING THE PRESERVATION OF HISTORICAL BUILDINGS IN TURKEY (1)

According to the Turkish legal system, immovable cultural properties are identified either as single properties or conservation areas. Once registered as cultural heritage by the state, development rights on immovable properties are strictly restricted, and the owner is responsible for the building's maintenance, repair and restoration costs. Since maintenance expenses of a building increase with time, owners of historic buildings eventually face greater financial burdens than most can bear, resulting in the deterioration and decay of historical buildings.

The aim of this paper is to trace the historical development of the state's share in restoration of the immovable cultural heritage of the country. The total state budget designated for credits and donations for the owners of such buildings has increased over the years, but its percentage compared to other items of the national budget did not show dramatic change in the last 50 years.

In the paper, the evolution of different financial instruments utilized by Turkey's central and local governments for restoration of registered historical buildings will be presented and critically appraised in terms of their performance, based on archival research and an empirical study for calculation of an estimate of financial need for restoration of all registered historical buildings in Turkey. Finally, a proposal will be made for developing new financial instruments to enable the preservation of immovable cultural properties.

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