Public Value Capture Tools in Turkey

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SUMMARY

Value capture is an umbrella term used to describe a range of financing mechanisms with a common rationale that the benefits of public investments and decisions are capitalized into land values and this value increase, namely betterment, plus value, windfalls, or unearned increment should be captured by the public. Countries use a variety of tools, instruments and process to capture the value increase resulting from public investments, decisions or actions, and the general economic development such as taxes, developer obligations, exactions, impact fees, levies, tax increment financing, land readjustment, land banking, land leasing, land development, etc. In addition to the great variety of the value capture tools, for each tool, there are also diverse rules, process and applications, which affects the usage, efficiency, acceptance and success. Thus value capture tools in a country and their effectiveness or success mainly depend on country’s planning, land management, land administration systems and their institutional, legal, technical and social frameworks. Therefore, this study aims to provide the Turkish case.

In Turkey, in addition to the existing tools, in the past decade, there has been a renewed interest in public value capture, evidenced by the policy documents. For instance, making legal arrangement on value capturing to prevent land speculation is defined in the Action 2.1.4 of the Integrated Urban Development Strategy and Action Plan. In addition, broadening the tax base (article 181 and 263.7), introduction of ad valorem taxation of properties (article 264.2), increasing the revenues of local governments (article 181 and 264), using the value increases of immovable properties for the quality and development of cities (article 684), capturing the value increases from plan amendments (article 225.2), integration of property values into Land Administration System to determine the value increases from public investments (article 684.1) are aimed in the 11th Development Plan. Recently, some of these policies are realized and the value capture capacity of land readjustment is improved, and two legislations about new value capture tools are enacted. The first tool aims to the
capture the value increase arising from the parcel-based plan amendments and the second aims to ad valorem taxation of high-valued residences. This paper presents the main characteristics of the existing and new value capture tools in Turkey and evaluates their capacity and efficiency in various contexts.