

# Planning and Contractual Aspects of Urban Renovation Projects in Turkey

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**Abstract**— Urban renovation is one of the important components of real estate sector. The necessity of sustainable renovation of cities is significantly and rapidly increasing over the last years. Planning is an important phase of urban transformation and project management of a construction. Planning is very necessary for these projects, especially when it comes to parties' participation, sustainability and contraction. Contracts are very important parts of these projects because there are more parties involved in urban transformation projects when compared with other construction projects. For this reason, contracts must be understandable by land and building owners.

**Index Terms**— contractual aspects, contraction, planning, project management, sustainable renovation, sustainability, urban transformation

## 1 INTRODUCTION

URBAN transformation has become one of the most popular fields of real estate industry. Main reasons are decreasing of usable lands for construction, buildings that are old or risky due natural disasters or low-quality in terms of material, construction or technology.

Understanding the contracts is an important thing for land and building owners because it plays a key role to have solid and fast progress in the project. The reason to write this paper is to provide a general overview and understanding about legal side of urban renovation projects and its project management. It has been aimed to prevent any misunderstandings that might occur between the investing companies, lawyers and land or building owners.

## 2 PROJECT MANAGEMENT

Project management is the work required to complete tasks in terms of planning and organizing a project [2]. Regardless of the type or size of the project, project management has five basic stages [4]:

- Project start-up
- Project planning
- Project implementation
- Project monitoring and control
- Project closure

In construction sector, main duties of a project manager are [1]:

- Project management and planning
- Cost management
- Time management
- Quality management
- Contract administration

- Security management
- Professional practice

## 3 PLANNING IN URBAN TRANSFORMATION

Urban transformation requires substantial planning, especially in large cities. The main reason for this is the necessity of creating a sustainable and well-arranged city. The social and economic instruments underlying the sustainable urban transformation resulting from the combination of many factors are as follows [3]:

- Sustainability - making permanent work at the ideal social and technical level
- Participation - working together for common purposes within the project
- Management - joint management of government, corporations and non-governmental organizations
- Legal Instruments - determination of rights, freedoms, technical, social and economic conditions
- Financing - financial resources for trade and project resources of government, private companies, individuals and international actors.

## 4 CONTRACTS IN URBAN RENOVATION PROJECTS

An important point of urban renovation projects is the "Arrangement-Type Land Share Equivalent Construction and Real Estate Sales Promise Contract" agreement that is set between flat owners and investing companies. It is possible to find five major steps of project management (initiation, planning, execution, monitoring and closure) in these agreements (contracts). In the summary below, it is possible to find how articles and their summaries in the contract spread out to these five project management steps throughout the contract. In many of these articles, there are statements to follow other articles and referrals. It is therefore important for the articles to have relation and harmony. On the contract summary below, there will be only major definitions of these articles because it will be more understandable when referrals are neglected. In addition, some specific articles in the contracts that

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can vary will also not be included in this paper. The articles that will be explained in the contract overview summary are like below:

- Topic of the contract
- Reconstruction status of the immovable and obtaining license
- Allotment transfer and sharing essentials
- Sharing of independent zone and sharing table
- Financial part of the contract and construction
- Construction period
- Responsibilities of investors and deprivation of rights (rent and relocation prices)
- Responsibilities of land owners
- Delivery of production (construction)

Arrangement-type plot share construction contract is to undertake to transfer the ownership of certain fees of the land owner's land to the contractor for the delivery of the designated vector sections which the contractor will build on the plot. It is a contract issued in the Turkish Code of Obligations, which is between the work contract and the immovable.

#### 4.1 Topic of the Contract

This article defines the general basis of the project to be carried out. The definition of the agreement to be made between the land owners and the investor companies and the conditions to be followed. The law to which these projects are linked is the "Law on the Conversion of Areas under Disaster Relief No. 6306" and the subordinate items related to this law. In this law, it takes place that which provisions that the construction will depend. These points indicate what kind of scientific, artistic and technical conditions the project will depend on. The project process is again described in this article and is as follows:

- Landowners and investors agree on a specific area for the project
- Permitting and licensing procedures in accordance with the law in force
- Transfer operations after the end of the project

#### 4.2 Reconstruction Status of the Immovable and Obtaining License

In this article, the jobs to be carried out in a project are as follows respectively:

- Demolition procedures: Permits and licenses for demolition must be obtained in territories where the agreement is made.
- License project: a preliminary project to start construction and get permission from the municipality.
- Construction license: the permit to be taken to start construction. An important point here is that the landowners must deliver the buildings as empty and non-debt. The building company must state in this article that there are coercive reasons, legal impossibility and the rights of the reasons for the delay. Force majeure, legal impossibility and reasons for delay are specified in a separate matter. It should be clearly stated that the extension of the time is from land owners, municipalities or the contracting company.

In addition to this process, it is a matter that needs to be agreed

between the parties in order to obtain the project and agreement conditions, to share the spatial changes caused by the project and the legislative changes caused by the project at the end of the project.

#### 4.3 Allotment Transfer and Sharing Essentials

This article is an agreement between investor and land owners. This agreement may vary as a fee or having shares from the project. If the agreement is for fee sharing, it is defined as "Revenue Sharing Contract" and if the agreement is for land shares, it is defined as "land share compensation agreement". Once agreement is reached between the parties, the content is written on the contract. As a result of any change in value or value that may arise during the project, the parties must agree beforehand and reflect this in the contract. As with any other matter, the extent to which the party will assume liability for any delays or problems that arise must also be clearly stated in the contract.

#### 4.4 Sharing of Independent Zone and Sharing Table

The independent section is determined in terms of land (physical condition, roads, etc.) and real estate (rental return, value, etc.) together with the parcels in the zone where the project is to be made. This determination is made before the buildings are demolished. The sharing of the new independent territories to be formed and to be formed in these regions is again done according to the agreement between the parties and within the ownership of the land owners. The current sharing theme is;

- Sharing according to deserving procedure (Ankara Procedure)
- Sharing of the contractor's share in the flat easement to the mortgage facility in favor of the landowners and landowners (Istanbul Procedure)
- Sharing by models like value, etc.

After the construction license is obtained, the share of the buildings to be constructed within the scope of the project will be determined between the parties and distributed according to the report prepared by the CMB (Capital Market Board). The areas to be shared can be listed as follows:

- Underground areas
- Floor and ground areas
- Settable first basement floor and other floors attached to it
- Parking lot and depot

When it comes to sharing of claimed and deserved rights, problems might occur. These problems mainly occur mostly if there is more than one claimer for the same right or the party, claiming other things than what s/he already had. These cases are resolved according to the articles included in the contract.

#### 4.5 Financial Part of the Contract and Construction

It is the article that explains which side would cover the expenses. In clarifications in the contract, it is mentioned which party covers which expense in a detailed way but this does not always have to be the case. It is written in general. These costs are

generally as follows:

- Bureaucratic: covered by the investor.
- Taxes: in practice, with the condition that it is stated in the contract, the land owners cover these costs before the project starts and paid by the investor after the project starts.
- Bills: electricity, water, etc. The cancellation and re-establishment of the costs are covered by the investor. If the tenant arrives at this building, the tenant will bear these costs.
- Construction: all these costs are covered by the investor. The investor must undertake to bear the material burden on any injustice that will arise from the self.

#### 4.6 Construction Period

The duration of the project, project management, quality and business quality of the investing company, is very important for satisfaction of the land owners. In general terms, this period is as follows:

- Parties' agreements
- Obtaining required permissions
- Demolition procedures and purchase of construction permit
- Construction process
- Settlement after construction

The main point here is that in all other matters except Article 1, the investor can give a certain period of time to the land owner and inform them about the problems that may arise and occur. Mutual goodwill and trust are also important here, but not the basis of this process. Disputes beyond the stated times shall be resolved in accordance with the terms and conditions contained in the other articles in the contract.

#### 4.7 Investors' Responsibilities and Deprivation of Rights (rent and relocation prices)

Responsibilities undertaken by the investor for the project are included here. These responsibilities are to undertake the proposed project as proposed and, in doing so, to accept the quality and regulatory obligations in the work and in the project.

It should also be among the responsibilities of the investor company to inform the delegation of representatives and other landowners about the status and course of the project.

During the course of the project, if the investor company cannot provide the places to be moved by the registration, the investor company may pay the rental price determined for a certain period of time.

#### 4.8 Responsibilities of Land Owners

During the project, land owners also have certain obligations and they are specified in this field. At the beginning of these obligations, the land owners cannot perform any transaction (sale, transfer, etc.) during the contract throughout the contracted buildings. This does not apply to individual zones. Violation of this condition requires the termination of the contract and the

repayment of the payments made and even some other payments. These other payments must be indicated on the contract. The responsibility of land disposal, which is the first step of starting the project, belongs to the land owners.

#### 4.9 Delivery of Production: Construction

The investor shall inform the delegation of the representatives if the work is completed and to the land owners and if it is written in the contract and shall be investigated within the specified day. In the case of a defective business, the investor corrects the defective business again and the process starts again from the first step. The investor must take these flaws in the report of defects after delivery. However, the investor may not accept user mistakes. At this stage it is important that the parties agree on the delivery of the independent territories.

This step is followed by final acceptance. This step is the documented step that owners of the land officially own the new building, and it is important to note that the landowners have agreed that the work being done is in compliance with the legislation.

### 5 CONCLUSION

Urban renewal projects, an important part of the real estate sector, require detailed and disciplined planning from the beginning. One of the most important aspects of these projects is that it can be maintained in accordance with the cultural structure of the city and all parties involved must agree on the project principles. As mentioned earlier, urban renewal projects are not just buildings and there are many technical, economic and social issues that need to be understood. Contracts made to ensure these agreements cover the whole process of the project and are the determining factor.

For that reason, it is necessary to know and understand well the planning of the important phase of the urban transformation projects and the contract section which is the most important foot for this owners of the land. Knowing the specific planning criteria of the projects is something that the land owners need to know in order to understand the materials in the contracts more easily and in this work the planning part is also in general.

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