

EVALUATING THE IMPACT OF GENTRIFICATION ON RENTER LOCAL RESIDENTS: THE DYNAMICS of DISPLACEMENT in GALATA, ISTANBUL

1. Introduction

Among the various strategies that cities around the world pursue to increase their competitive powers vis-à-vis forces of globalization is the regeneration of dilapidated historic neighborhoods. Yet, efforts to regenerate such neighborhoods almost always bring about gentrification, and unless some preventive measures are taken, they result in the displacement of the current residents most of whom are low-income people with little or no choice in terms of housing.

Passing through a new era marked by a range of initiatives to re-profile the city and give it a more competitive edge in the international arena, Istanbul is no exception to these general trends that permeate quite a number of cities with global aspirations. Included among these new initiatives in Istanbul are several regeneration projects for the deprived areas in the city. There are some concerns about the possible implications of these projects, at the center of which lies gentrification with an assumption that it will bring some negative impacts on the local residents, including the displacement of low-income residents.

Through a pilot study, this paper aims to explore the dynamics of gentrification-led displacement in Galata, one of the gentrifying neighborhoods in the city that is likely to undergo further gentrification in the following years as a result of public policy of regeneration.

In this study, we basically rely on qualitative data, the interviews made with the renter residents in Galata in June and July 2006. We gave special emphasis to the residents in three apartment buildings that have recently changed hands.

The paper begins with a brief history of the gentrification in Galata, including the changes in its pattern from the start of the process till today. Next, it discusses the dynamics of gentrification-led displacement in Galata. The paper ends with a discussion about possible policies to mitigate the negative impacts of gentrification on renters

2. Gentrification in Galata

Galata is one of the neighborhoods of Beyoglu, a district that was once the economic and cultural center of the city. It is mainly characterized by four and five storey building stock dating mostly from the last quarter of the 19th century. The neighborhood is in close proximity to the city's main cultural axis, Istiklal Avenue, which, following a period of neglect and decay, has been restored to a state that somewhat resembles its former glory after being pedestrianized in the early 1990s.

Galata has witnessed a dramatic change in the second half of the 20th century: it has lost its original population, the majority of who were non-Muslim minorities. The existing housing stock has become a shelter for migrants from the rural parts of Turkey, who flocked into major big cities of the country, including Istanbul. From the mid-1950s onwards, the neighborhood was mainly settled with these rural migrants.¹

Gentrification in Galata is part of a general gentrification process that has been taking place in Beyoglu since the early 1990s. The process in Galata has proceeded at a slower pace than other gentrifying neighborhoods in Beyoglu, like Cihangir and Asmalı Mescit.



Figure 1: Location of Galata within the District of Beyoglu on the northern banks of the Golden Horn

In the early 2000s, gentrification was proceeding on a level somehow between its early and middle stages in Galata (Islam 2003). However, the process has recently gained a new momentum and gentrification entered a new phase. This phase is different from the previous one, which was mostly predominated by a pattern of *individual* initiatives by the “cultural new classes,”² moving into the area, renting or buying single flats for residential use in the appealing 19th century apartment buildings. This new phase of gentrification, on the other hand, is now marked by investments by *developing companies* and *large-scale investors* (rather than individuals), seeking to buy buildings (rather than apartment units) and renovate them for the use of upper classes or uses other than housing (e.g. boutique hotels). So the scale of the process has changed, from the level of *flats*, to the level of *entire apartment buildings*. Accordingly, the main impetus behind gentrification-led property sales switched from a more “innocent” desire underlined by a “preference to live in a historic area and in close proximity to cultural activities”, to a more materialistic one determined by a “*the desire to earn profit*” (Islam 2005).

This process took its toll as a result of few factors. First, the new interest in the historic center and the renovation and gentrification of other neighborhoods in the district of Beyoglu was a harbinger of a process of change, which a neighborhood like Galata, with a significant historic building stock could not escape.³ As the area had a great potential to become one of the most fashionable neighborhoods in the city, the investors were soon to realize the lucrative real estate market that this historic building stock provides. With the purpose of taking advantage of the rent gap⁴ they began to buy up property in order to renovate and sell it for higher prices.



Figure 2: Gentrified areas in the vicinity of Galata in the District of Beyoglu

Compounding these trends are two recent developments, which contributed to the escalation of property values in Beyoglu, including Galata. The first of these is the new legal arrangements that allow property ownership by foreigners. Without doubt these arrangements played a major role that ranked Istanbul first in the list of cities in the survey made by Urban Land Institute (ULI) and Pricewaterhouse Coopers in 2005 about “New Trends in the European Real Estate Sector.”⁵ Moreover, according to Martin Wolf (2005), the Chief Economic Commentator of Financial Times, with all its pros and cons Turkey is a “Rising Star” and, as one commentator put it Istanbul is “the hottest destination for property investors in Turkey.”⁶ Inevitably, the District of Beyoglu, including Galata is increasingly becoming a center of attention for investment by foreigners due to the attractive historic building stock the district has and its central location at the cultural heart of the city.

And second is a new Act on the “Renewal and Re-use of Deteriorated Historic Building Stock,” which endows the local authorities with new powers to intervene and regenerate such areas. In fact, the District Municipality of Beyoglu claims to have taken an active role in composing this Act and lobbying to pass it from the Parliament because once enacted, it would enable the municipalities like Beyoglu with greater powers to take action for the regeneration of dilapidated areas within their jurisdiction⁷. Another characteristic of this phase, then, is marked by direct involvement of local authorities in the process through urban regeneration schemes that would, in turn, directly affect the path of gentrification. The local municipality has already declared six urban regeneration areas in and around Galata⁸. There is no doubt that these emergent urban regeneration initiatives will put more pressure on the already heated real estate market, which is, in turn, likely to price more people out of the housing market in Galata.

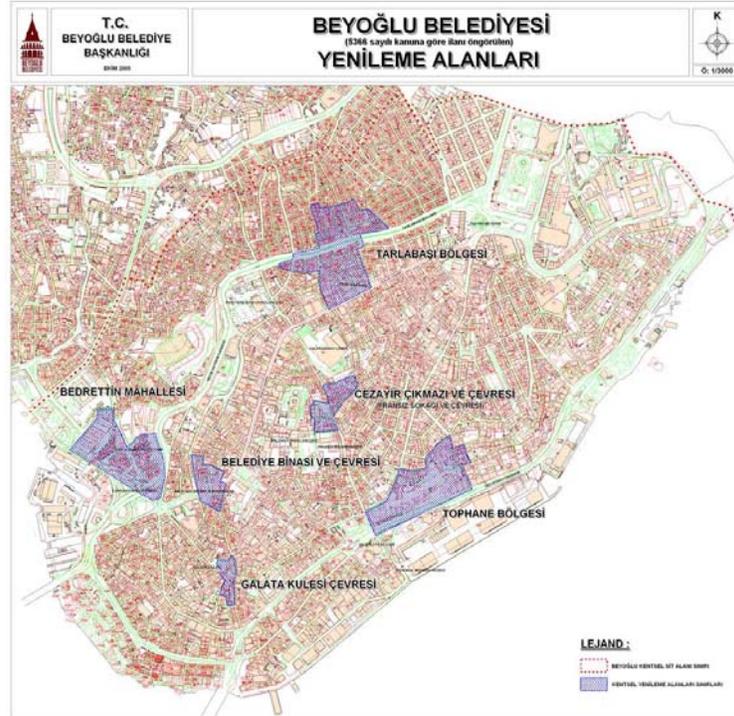


Figure 3: Regeneration Areas in Beyoglu (<http://www.beyoglu-bld.gov.tr/>)

3. Dynamics of Displacement in Galata

There is a diversity of the stakeholders in a gentrifying neighborhood including local residents - renters and owner-occupiers-, land lords, gentrifiers, tradesmen, real estate investors, and municipality. Gentrification may therefore have different meanings for and impacts on different stakeholders in a single neighborhood: what is beneficial for one stakeholder may be against the interests of and may even be harmful for another. There is, therefore, no single answer to the question of whether gentrification is good or bad. It all depends on whose shoes one stands. In other words, there are definitely winners and losers. And, while gentrification is a blessing to some, it is a curse for the others. In this paper, we shall attempt to explore the process from the perspective of the “would be losers”, that is, the tenants who are under the threat of being displaced and who by and large see gentrification as “bad”.

As frequently cited in the gentrification literature, residential displacement is the most visible and significant threat for the tenants living in a gentrifying area. In this part, we will discuss the dynamics of this gentrification-led displacement in Galata.

3.a Reasons for Resistance to Displacement

There are a number of reasons for the resistance of the renters not to leave their dwellings, which we can classify into categories as economic, logistic and social reasons.

The economic reasons are easier to grasp since they are quite visible: there is a gap between the rent levels in Galata and elsewhere in the city. For most of the tenants, leaving Galata means losing important economic advantages; i.e. paying higher rents and living in less favorable conditions.

By logistic reasons, we mean the advantages that the centrality of the neighborhood presents to its residents i.e. the opportunity to accomplish many tasks within walking distance. As in the words of one of the renters:

“This area is my first preference for living... Everything is in close proximity. Everything I look for, the chemist, the hospital...” (T1)

Logistics is even more important in terms of proximity to the place work. In fact, previous research also shows that the main reason why low-income people choose to live in the historic neighborhoods in the central parts of the city is proximity to their place of work. It usually ranks the first among the reasons for the choice of residential location for the residents of these neighborhoods (Enlil & Dincer 1996; Dincer & Enlil 2003). Therefore, displacement for the great majority of them would mean cutting them off from their sources of livelihood. As one interviewee put it so clearly:

“All your life is here... Leaving here means leaving my job, it’s everything... Not only your job, but all your life... (If I leave) my whole life will ruin down...” (H, a renter from the area)

Finally, social reasons also play a crucial role in their desire to not to leave the neighborhood. For many of the residents, Galata means a lot more than just a shelter or housing. It means memories and social relations developed through decades. It means living together in the same neighborhood with their relatives and people from their home towns and villages. It means, as one of the tenants put it, living in one’s own village within the city:

“We were so many here together ... it felt just like we were in our own village. We weren’t missing (the village). My sister has moved out of here to Umraniye⁹. She tells that only then she felt that she has really left our village. It’s been a number of years but she couldn’t get used to living there” (T1)



Figure 4: Village atmosphere and social relations in and around Galata

It is important to stress here that the picture drawn by the latter interviewee is a yawning nostalgia and a description of the recent past, rather than of today. Today, the neighborhood has already lost an important portion of its population and thus do not possess the same level of social relations it used to have. Apparently, by the departure of each local resident, the neighborhood loses something from this “village” atmosphere and there remain lesser reasons for the remaining to stay.

3.b Formal and Informal Regulative Rental Market

The increase in the rental market of Galata does not affect all the renters in the same way. There are formal and informal mechanisms which regulate the rental housing market and enable some of the renters to stay in the neighborhood without having to pay for increased rental values. “Vakıfs”, the charity foundations, are the formal mechanisms that provide cheap rental stock in the area for years and protect the residents from the rising rents.

Informal mechanisms, namely, the organic ties between the landlord and the tenant developed through kinship or decades of relationship, probably play a more regulative role in the rental housing market. These mechanisms enable some of the tenants to stay in their dwellings by providing rental stock below market levels. These mechanisms, however, do not last for ever. The informal contract usually ends following the death of the landlord or sometimes as a result of rapid increase in the rent values.¹⁰

“... my land lord is a traditional man. Their children will sell the house on the day he dies!
But he won't...” (H)

says one of the renters who is worried about his future stay in the neighborhood. Older people, who have spent most of their life-time in a regulated economy, have different ethics and values from younger generations. Younger generations, however, live in a very competitive world and do not have the same organic relationship that their parents have with their tenants. In today's market-driven economy they are therefore more eager to gain the most profit they can once the property gets under their control.

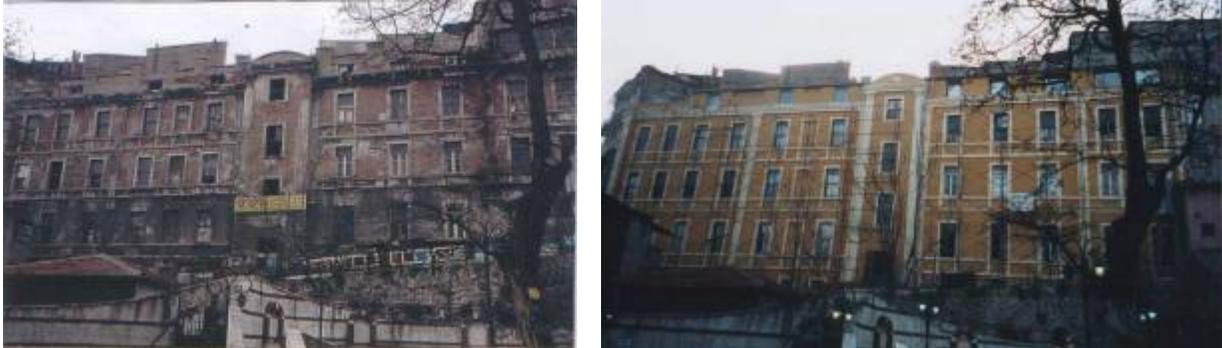


Figure 5: Before and after gentrification-led restorations

3.c Displacement Strategies

When the owner of a building change, the new landlord usually tries to make a deal with the current renters in order to convince them to leave their dwellings: the landlord offers some benefits to the renters in case they agree to sign a contract that they will leave their residences in a certain period. These benefits can either be given in kind, i.e. one-year of stay without paying any rent or given as money, i.e. the equivalent of one-year rent. The logic behind this offer is that the landlord usually does not want to go on court, which he knows will last for years. If the landlord can not convince the tenants to make a deal, he then uses other strategies to displace them. These strategies will be examined in the case of building B, a building that has changed hands in the last few years.

The building B, a 6 storey apartment building having one unit at each floor, is located in Balkon Çıkmazı, a cul-de-sac in Galata. The base floor is used as a workshop by a carpenter and the other five units are used as residential units. The renters are paying around 150-200 YTL (=100\$-130\$), which is well below the market level both in Galata and elsewhere in the city. The renters have a long history in their building: most of them are living there for more than 20 years; there is even one household who has been living for 46 years in the same dwelling.

The well-known story takes place in the case of building B: the landlord died and his inheritors realized the profit they can make and sold the whole building to an investor. The new landlord tried to make a deal with the tenants and offered to pay each of them 2000 YTL (=1300 \$), which is equivalent of 13 months of their monthly rent of 150 YTL (=100 \$), to leave their dwellings. The tenants, however, did not find this offer acceptable. They asked for more money or more duration of stay in their dwellings. The two sides could not reach an agreement. Then the building was sold to another landlord. The new landlord, who knew that dealing with the tenants was not a piece of cake, developed some new strategies to displace them, which will be explored next.

The first strategy of the new landlord was to make the tenants lose their legal rights to stay in their properties. He did not make any contacts with them after he bought the property and did not give the tenants a bank account to pay their rents. This strategy was expected to encourage the tenants fail to pay their rents, which would, in turn, give the landlord a valid excuse for eviction.¹¹ The tenants were, however, quite aware of this fact and found a way to send their rents via mail through the assistance of their lawyers.

Then the land lord made his second move, which was disturbing the tenants by cutting their water, to which they responded immediately by applying to the necessary department of the municipality and taking the water account on to themselves. The third strategy of the land lord was more tact: he managed to get a permit from the municipality for major repair work which involves structural intervention and consolidation of the building and sent a notice to the tenants asking them to leave their dwellings for a period of time in order to let him do the necessary repair work to bring the building to a structurally sound condition.¹² However, since the building was registered, without the approval of the Council of Protection who keeps the authority to give such a decision, the permit had no value and could not be put into effect. But the landlord tried his shot anyway. Indeed, the tenants were aware of this and also knowing that they would not be able to return to their dwellings once they left it, they did not accept this offer.

3.d The Capacity to Resist

In the aforementioned case, the consciousness and awareness of the tenants about their legal rights and their willingness to defend them played a crucial role in their staying put. The tenants are constitutionally given some advantages against their landlords, such that the landlord needs to address an excuse to displace a current renter.¹³ More over, the fact that the legal system works very slowly in Turkey gives them extra advantages: it takes years for a trial between a renter and a land lord to end, which gives the renter an opportunity to prolong his stay and forces the landlord to make a deal with its renters. The residents of the building B are well aware of this fact:

“We told the owner of the building that we will use our legal rights. I told him that if he hires a lawyer, we will also hire a lawyer. He told us that he will evict us and I told him that he can, but asked him how long it will take? I am a tenant who pays his rents; all the

others also do so... You can appeal to a court to evict me but even so you have to show an excuse..." (B1, one of the residents in building B).

Not all the tenants in Galata have the same level of consciousness about their legal rights to stay. Hiring a lawyer is an important burden for most of them in economic terms. More over, the lack of any kind of practice of using legal services makes it even more difficult, especially for the old and very poor. Without any legal assistance, the landlord gains significant advantages against the renters, which is best exemplified in the case of building T, another building that has recently changed hands.



Figure 6: Some gentrified housing in Galata

Building T is a five storey apartment building in Tatar Bey Street with 9 units. The range of the rent levels change between 150 and 300 YTL (130\$-200\$). The building is recently bought by Galata AŞ, a Turkish and English partnership real estate company which has bought several buildings in the area in the last few years. The residents living in building T resemble those in building B, in that they are composed of low-income tenants. They did not, however, show the same level of resistance that those in building B did. They have easily agreed to leave their dwellings when the landlord offered them a year-long stay free of rent. There may be a variety of factors that may help them to give that decision but here, we will focus on one single factor: the level of awareness about their legal rights. One of the renter residents describes the day when the new landlord came with their lawyers in order to make a contract:

"The new owner of the building has around 30 lawyers. He came with them, there were like 30 or 35 lawyers. I mean even if you deal with one of them, you can't deal with the others" (T2)

Apparently, the residents in this building did not have the same capacity as the residents of the previous building to stand for their rights. On the contrary, they felt that it was a hopeless case and that they were extremely disadvantageous vis-à-vis the landlord and his power. An

anecdote from our interview with one of the residents in the same building – an elderly lady – clearly shows how much they perceive themselves in a disadvantaged situation:

Interviewee: “They told us that they will let us stay here for one year and they will not take any money for rent”

Our question: “Maybe you wouldn’t have to leave if you did not sign the paper?”

Interviewee: “No! No! The lawyer came. The lawyer came. The council came. The owner came.”

Our question: “Don’t you have a lawyer?”

Interviewee: “(laughing loudly...) Lawyer? How? Lawyer? How? (laughing again...) We don’t even have bread.”

(interview with T3, the sister of a 85 year old lady, who has been a tenant for 25 years in building T)

This dialog, perhaps, do not help to give a picture of the general profile of the residents in the building T, there were even some renters who had a property elsewhere in the city; but the frustration of the interviewee gives an idea about the advantageous position the landlord has over his renters when they have no legal support.

The same real estate company has bought another building (building G) in Galata approximately at the same time with the building T. The building G differs from the previous two cases in that it is inhabited by more affluent renters (gentrifiers), who have been paying around 750 YTL (500\$) for monthly rent, which is around 2 or 5 times as much as the rents paid by the tenants in the previous two building. Just like it did in building T, the company asked the tenants to leave by offering them a year-long free stay or a sum of money that is equivalent to that. Some of the renters accepted the offer while some chose to resist. It is clear that, in this case, the company did not have the same advantageous position it had in building T. Those who stayed were well aware of their legal rights and also had the necessary means (economic and social) to defend them. They were also aware of the fact that charging a lawsuit greatly prolongs the time before the dispute is settled and it is not financially advantageous for the investors. As one interviewee put it:

“Some of the renters want to make a deal with the property owner... The real estate company does not want to pay that amount. But it has been a year since they have bought this building, and as the time goes by, they seem to be more willing to pay...”
(G1, a foreigner artist living in the building G)

Thus, the clock ticks on the tenants’ side and helps them to increase their power of negotiation with the property owner.

These three cases show that the level of consciousness that the tenants have about their legal rights and their willingness and ability to use them when necessary plays a key role in the way displacement takes place. Those who know their legal rights and willing to defend them have a greater chance to prolong their stay in the neighborhood and to make a better deal with their land lords.



Figure 7: Gentrified and non-gentrified housing side by side

4. Discussion: Some Strategies to Mitigate Displacement

Gentrification is acquiring a new momentum in Galata. The entrance of big capital as well as the interference of the local authorities is evidence that shows that gentrification is proceeding to a rather different or an advanced stage in the neighborhood. Perhaps peculiar to the case of Istanbul, and for that matter, of Galata, successive waves of gentrification took place almost simultaneously. In other words, there has been a very short duration of time between the first and second stages, which could be attributed to the fact that first-wave gentrification was a rather late-comer to the urban scene of Istanbul in the late-1980s. As the city was more fully drawn into the flows of globalization in the 1990s, the second-wave gentrification began to follow the foot-steps of the first-wave. However, before this second wave of gentrification took its toll, it is slowed down by the economic crises of the 1999 and 2001. Now, it appears that, with the intervention of the local authorities and large-scale capital, there is a shift in the process of gentrification which is a harbinger of the third wave of gentrification as discussed by Hackworth & Smith, which will undoubtedly put more pressure on the housing market and have important implications for the low-income residents that have been using Galata as cheap rental stock for decades.

One way to overcome this is the implementation of social policies by local municipalities. This can be accomplished in a number of ways i.e. by producing affordable housing for those who are being displaced, keeping a regulated rental stock within the neighborhood, using zoning regulations (Levy, Comey and Padilla 2006), making regulations that force the new-comers to compensate the losses of those who are being displaced (Durham and Sheldon 1986, cited in Griffith) or distributing the revenues gained by the gentrification-led property increases through those being displaced (Lang 1986, cited in Griffith).

There is, however, little hope for any kind of such interventions in the case of Galata. The implementation of such policies needs three qualities that the existing local authorities in Istanbul lack: a vision that envisages the possible social implications of the future transformation of the neighborhood, experience of implementing such social policies and a budget. The single fact that the local municipality has already announced a number of urban regeneration projects in and around the area without developing any concomitant policies to prevent or at least mitigate their possible implications indeed provides enough evidence about the position that the municipality will take against gentrification.

Another way of preventing or mitigating the negative impacts of gentrification-led displacement is neighborhood activism, the use of internal dynamics of the neighborhood. Successful examples of neighborhood activism are mentioned in the literature. Slater, for example, mentions about a community organization in Lower Park Slope, New York that actively develops anti-displacement strategies for those under the threat of displacement by negotiating with landlords, organizing demonstrations, generating media attention or giving legal support to tenants (2004).

Yet, apart from some sporadic moves, there exist no such organizations in Galata¹⁴. On the other hand, regarding the legal advantages given to the tenants by the current legal system, such an organization will have important mitigating effects on gentrification-led displacement. By providing free legal support, they may help to increase the awareness of the tenants about their legal rights to stay in the neighborhood and foster their capacity to resist to the demands of their landlords. In a highly heated urban land market and escalating property values such efforts may perhaps prove to be efforts in vein and the displacement of low-income people may eventually become the inevitable outcome. But it will definitely help to delay the process, which is an important mitigation strategy since it provides the renters to make smooth transitions –rather than abrupt changes- by giving them time to make plans and get ready for their new lives. It will also give them a chance to get some economic benefits from their landlords which will help to offset some of their displacement-led economic losses.

In terms of urban policy, however, it is important to strike a delicate balance between mix of uses as well as of users. In other words, it is important to avoid creating worlds, which are either too “touristified” or too “sterilized” to house only a homogenous group of the “new elite” as most regeneration schemes do. Thus, it is crucial to understand what the residents of the area really feel, what their expectations are and what are the choices open to them (or lack thereof) in order to develop planning policies that would allow a balance between the forces of integration and disintegration and to counterbalance the possible negative impacts of regeneration and gentrification.

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Notes

¹ The great majority of the original non-Muslim residents of the neighborhood left the country after the outbreak of the 1955 incidence and the establishment of the Israeli State. Majority of those who stayed as well as the Muslim-Turkish residents moved to the newly developing and “modern” neighborhoods of the city which were deemed to be more prestigious. The period after the 1950s was also a time the country experienced rapid urbanization in which major cities like Istanbul began to grow with an annual rate of 5-6 percent. During this process of rapid urbanization, historic neighborhoods like Galata filtered down and the housing stock left by the middle and upper classes were taken up by migrants from various parts of rural Anatolia.

² According to D. Ley, who first coined the term, “cultural new class” includes “professionals in arts and applied arts, the media, teaching, and social services such as social work and in other public – and non-profit-sector positions” (1994: 15). In the gentrification literature, they are usually identified as first stage” gentrifiers, who prepare the way for the embourgeoisment of the inner city neighborhoods.

³ For an evaluation of recent transformations in the District of Beyoglu see: Enlil 2000.

⁴ N. Smith defines rent-gap as the disparity between “the actual capitalized ground rent (land value) of a plot of land given its present use and the potential ground rent that might be gained under a higher and better use” (1987, 462)

⁵ For striking issues in relation to the real estate values in Istanbul see: ULI Conference on “*Developing Markets in Central and Eastern Europe*”, 1-3 May 2005, Istanbul, *Arkitera*, 18 May 2005

⁶ www.shelteroffshore.com 23.05.2006

⁷ For instance, the new Law # 5366 enacted in 16.06.2005 2005 gives local authorities the right to declare certain areas within their jurisdiction as “Renewal and Re-use Areas,” endows them with new powers of eminent domain and compulsory purchase, provides for the allocation of new resources to the local authorities to be used in the renovation and restoration work and so on.

⁸ These two developments, the interference of large-scale investors and local authorities, are in line with what Hackworth and Smith have described as “third-wave gentrification”, which is characterized by the greater involvement of state and is “linked to large-scale capital than ever, as large scale developers rework entire neighborhoods, often with state support” (2001: 467).

⁹ Umraniye is a district that has been illegally developed on the outskirts of the city.

¹⁰ Turkish legal system includes laws that regulate the relationship among the landlords and tenants, which includes clauses to protect the tenants from eviction and excessive increase in rents. Change of ownership is among the reasons for eviction provided that certain conditions are met. Disputes about the rents could be solved by taking the case to the court, though this is a costly and long process neither of the parties wishes to follow. In order to benefit from the legal rights and be protected by law, one must of course have to have a formally signed contract.

¹¹ According to Act 6570, the landlord gets the right for immediate eviction when tenants do not pay their rents on due time twice within the duration of a contract.

¹² In fact, according to the same Act, major repair which cannot be done with people living inside is among the reasons that give the property owner the right to evict the tenants.

¹³ Besides the reasons cited above, another major reason for the owner to have a right for eviction is proof of need. In that he has to prove, he, himself or a first degree relative (spouse or children) is in need of using the property as a residence or as a place of work. If this is the declared reason for eviction then the owner could not rent his property to another person for a certain period of time.

¹⁴ The presence of a group of gentrifiers who are under the threat of displacement may indeed be seen as an opportunity for the renter local residents in case the former shares their consciousness and social capital with the latter and puts some effort to organize the local residents to defend their rights to stay in the neighborhood.