The State as an Entrepreneur Who Transforming Public Spaces: The Case of Zeytinburnu Fabrika-i Humayun

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Abstract
This study explores the privatisation of public lands under neoliberal policies and the evolving role of the state through entrepreneurial approaches, using the Zeytinburnu Fabrika-i Hümayun as a case. Over time, the state has shifted from serving the public good to prioritising capital interests, centralising authority in the process. Institutions like TOKI have transferred public lands to the private sector via opaque procedures and public-oriented discourse. In the examined case, a state-owned factory site was transformed into a luxury housing project by TOKI and its subsidiary Emlak Konut REIT. Although the process followed legal steps, its legitimacy remains questionable. Ultimately, the project restricts public access, serving as an example of dispossession framed as serving collective national interest under neoliberal urban governance.

Keywords: Neoliberal urbanisation, state, privatisation, planning and public interest, Zeytinburnu Fabrika-i Hümayun.

Introduction

The phenomenon experienced worldwide after the 1980s and defined as neoliberalism is based on the reproduction of capital through urban space. In this process, the retreat from the welfare state, privatisation, the intensification of international capital flows, and growing competition among countries, regions, and cities have led to a redefinition of the relationships between institutions, economic actors, nation-states, local governments, and financial capital, initiating a restructuring phase within the capitalist system (Peck, Theodore and Brenner, 2009). In line with the collaboration between the state and capital, land use and construction conditions have been developed to serve the interests of the dominant classes and the groups that benefit directly or indirectly from economic growth. This has triggered the reproduction of the built urban environment (Fainstein, 1994; Sengül, 2009; Uzbek and Dinçer, 2009; Logan and Molotch, 2013; Penpecioğlu, 2013). By enacting the legal regulations required by the neoliberal economic order, the state plays a guiding role in the redistribution of wealth (Bayırbağ and Penpecioğlu, 2017). This process—driven by legislation, fragmented planning decisions, and the expanding powers of central government—has brought forth one of the most striking developments: the commodification of public goods and services. The privatisation of public enterprises and infrastructure, which Sato (2000) defines as dead capital, and their conversion into liquid capital, represents a major obstacle to access to public services for disadvantaged groups, further reinforcing commodification.

In the phenomenon described by Peck and Tickell (2002) not as the neoliberalisation of the city but rather as the urbanisation of neoliberalism, the state and capital reshape the city by producing functionally, socially, and spatially differentiated and privatised areas. Without doubt, the formation of interest networks in the distribution and redistribution of resources, and the generation of multiplier effects, make this process possible. According to regime theory, which explains the reproduction of the urban environment and the role of the state within it, governance is defined by the formation of mutually beneficial networks through which actors pool their resources to act in alignment with their overlapping expectations (Fainstein, 1994; Uzbek and Dinçer, 2009). At this point, urban spatial transformation is financed through state-backed debt, and the state transforms from a social-democratic entity into one that supports capital by providing the necessary infrastructure and financing to enhance capital profitability (Harvey, 2013).

Within the framework of these conceptual assessments, this study focuses on the reflections of neoliberal urbanisation policies in Turkey, particularly in the context of Istanbul, by addressing the privatisation of public lands. The main research questions of the study are: Who are the actors involved in the privatisation of public lands in Istanbul? What is the role of the state in this process? And to what extent does the outcome align with the concept of public interest? Accordingly, the privatisation processes of public lands and their spatial implications will be examined across Istanbul. The case of the Zeytinburnu Fabrika-i Hümayun will be analyzed in terms of: the privatisation of the site, the legal and planning process, the actors involved, spatial impacts, and the issue of public benefit.

In conclusion, perceiving the city as an investment space leads to the convergence of actors with overlapping expectations. Legal regulations enacted by the state, special planning and construction provisions, and loans and funding provided by public banks give rise to new urban forms on privatised public lands—driven by the private sector's profit expectations. Housing, commercial, office, and accommodation developments, designed to attract high-income groups and foreign investors, generate enclaves that are alienated and disconnected from the urban whole. Meanwhile, the question of what constitutes the public good remains a fundamental dilemma within this process.

Entrepreneurial Intervention and Istanbul in the Context of Neoliberalism
Neoliberalism began to emerge toward the end of the 1970s, following the decline in the profitability of industrial production that had risen during the modernist era and the crisis of Keynesian welfare structures, which emphasised state intervention in the economy (Clarke, 2005; Bahçeci, 2017). According to Brenner and Theodore (2005), neoliberalism represents a market-driven process of social and spatial transformation. In this neoliberal era, the state has moved away from its role as a market regulator and has increasingly become a facilitator of the market, with the notion of public interest being replaced by the logic of capitalist production (Smith, 2002).

Within the scope of neoliberal urban policies, two key concepts emerge depending on the purpose and scale of interventions related to capital-oriented spatial decisions: the entrepreneurial city and the entrepreneurial state (Campbell, Tait and Watkins, 2016). Drawing on Jessop (1997), the distinction between these two can be defined as follows: when urban space is selected as a site of intervention for the flow of capital and local government becomes the primary actor, this reflects the entrepreneurial city; when the central state plays the entrepreneurial role by selecting urban space as a field of intervention to ensure the continuity of capital, this is referred to as the entrepreneurial state. What both concepts share is that space becomes a target of intervention, and capital acts as the driving force behind this intervention (Figure 1).

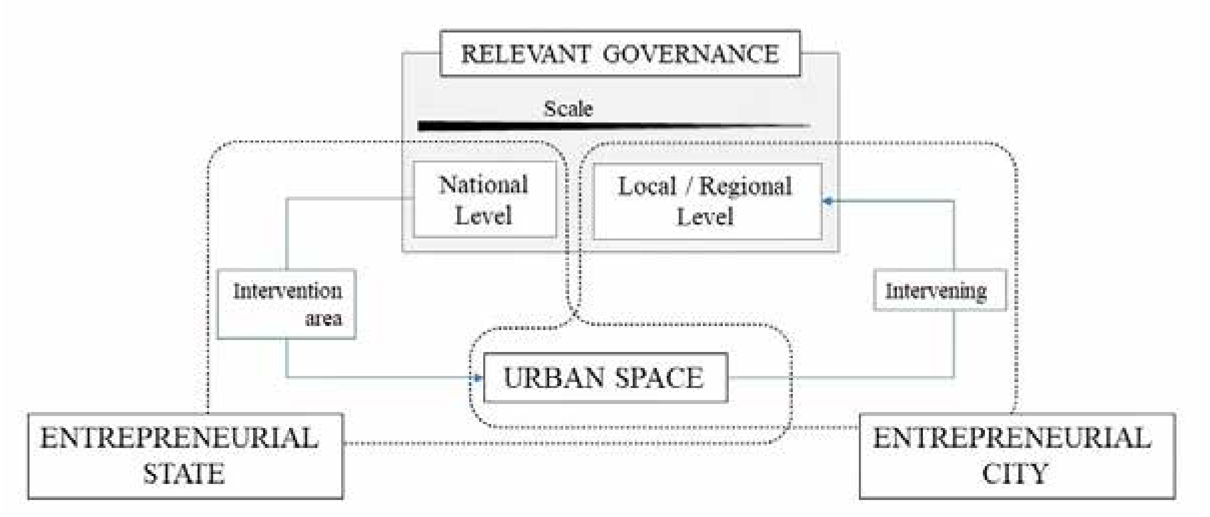

Figure 1 The relationship between the role of the state and spatial transformation (developed by the authors with reference to Jessop, 1997)

In this context, in order to stimulate capital accumulation by enhancing the economic attractiveness of cities (Eraydın and Altay, 2011) and transforming them into investment areas, actors such as real estate developers, local business communities, media institutions, etc., focus on expanding and transforming cities (Logan and Molotch, 1987). This is because investments in metropolitan areas are cyclical. Investments in housing areas attract further investments in transportation, infrastructure, and new housing, thereby creating multiplier economies (Turok, 1992; Jessop, 2000; Brenner, 2003; Moulaert, Rodriguez and Swyngedouw, 2003).

The state guides the distribution of wealth through three main categories: legislation and legal regulations, fragmented planning decisions, and the expanding powers of the central government.

"The first category is the commodification of public goods and services. This includes the privatisation of public lands under the discourse of national common interest, the steering of investments through infrastructure projects such as highways and airports, and the privatisation of public services (electricity, water, natural gas, etc.) (Smith, 2002; Roy, 2009; Goldman, 2011). The transformation of public enterprises and infrastructure—referred to as 'dead capital' by Sato (2000)—into liquid capital through privatisation constitutes a key aspect of the commodification of public services and poses a significant barrier to disadvantaged groups in accessing these services."

The second category refers to the state's enforcement through market mechanisms, or the creation of new markets through capital's pressure on the state (Harvey, 2017–2020), or the generation of expectations (Aalbers, 2013; Bayırbağ and Penpecioğlu, 2017). This situation, referred to as 'forced marketisation,' takes place through the reproduction of the built urban environment by means of subsidies such as tax reductions and rent support offered by the state to attract entrepreneurs. In this context, the expectation generated—particularly by the middle class—regarding the 'financialisation of the housing market' raises property values and reshapes the rent map of the city, thereby triggering new expectations. This anticipation has altered the real estate landscape within cities, played a key role in the repeated production of space, and in the displacement of social groups and urban functions. Since the 1990s, city centers have thus become arenas where forms of creative destruction have emerged (Kurtuluş, 2006; Peck, Theodore and Brenner, 2009; Günay, 2012; Brenner and Theodore, 2005; Brenner and Keil, 2013; Penpecioğlu, 2013).

The third category consists of state-led practices that result in the displacement of the urban poor in line with renewed and rising land values. This category is defined by dispossession through transformation/displacement rather than improving the living conditions of the population—what Shindler (2017) refers to as 'planetary urbanisation' or Southern urbanisation, and Caldeira (2016) describes as 'peripheral urbanisation' (Akın, 2022).

Although the concepts used in entrepreneurial interventions in space differ, they all share a common feature: the use of space in line with the interests of capital (Jessop, 1997). The role of the state in this context is multifaceted. At times, the state acts as a partner in public-private partnerships focused on investment and economic development (Jessop, 1997), and at other times as a regulator that removes legal barriers such as laws and planning in order to pave the way for capital (Yalçınkaya and Taşçı, 2017). In each of these roles, the state commodifies space, often privatizing publicly owned urban land and infrastructure areas (Serin, Smith and McWilliams, 2020). In doing so, it may establish new institutions or transform existing ones (Yalçınkaya and Taşçı, 2017).

Public lands that are privatised are often used for large-scale commercial projects that do not serve any public function. These projects treat their surroundings as a scenic element while themselves disrupting the integrity of the urban landscape. Such interventions are often made boldly, without consulting the ideas of users living in or around the space, and by displacing them (Ravenhill, 2018). Many of these large-scale projects, often labeled as 'flagship' developments, are justified through public narratives that promote the idea that the place gains recognition and its exchange value increases through urban revitalisation (Harvey, 2015). These projects are thereby legitimised within society (Jessop, 1997; Shin, 2009). Uzbek and Dinçer (2009) interpret these legitimisation efforts through the concept of 'urban politics' in the context of the relationship between governance, capital, and society. According to them, governance has three main objectives: being 'public,' 'voter-based,' and 'entrepreneurial.' In order to legitimise its decisions, governance must focus on both political and economic dynamics and maintain a balance between them. This is because it needs voter support to stay in power politically, and financial backing from the private sector to ensure economic continuity. While one side emphasises the 'use value' of space, the other prioritises its 'exchange value'.

The Changing Role of the State and Governance Mechanism in Entrepreneurial Intervention

The governance model and spatial decisions in entrepreneurial interventions vary depending on scale. In processes involving local governments, particularly in the context of competitive cities, actors representing different collective wills and identities may participate (Jessop, 1997), and the process can proceed in a more transparent and public-oriented manner. However, in cases where the central government acts as an entrepreneur, the state may participate in the process as a parastatal entity (Goldman, 2011), potentially leading to more disruptive outcomes. In other words, the process can vary depending on the intervening party and the underlying dynamics. Goldman (2011) explains the entrepreneurial transformation of cities in two ways: through their engagement in dialogue with international institutions to form transnational policy networks, and through the creation of powerful new 'parastatal' institutions to reduce the bureaucratic hurdles that might otherwise slow the process.

One of the most significant works on the transformation of space is undoubtedly Marx's Labor Theory of Value. According to Marxist urbanism, during the transformation process, either space is produced or commodities are produced from space. When space is produced, use value takes precedence; when space is commodified, exchange value comes to the fore. Use value refers to fulfilling human needs, such as housing use, whereas exchange value focuses not on the social function of the space, but on its market price (Okyay, 2008; Büyükcivelek, 2021). The neoliberal state prioritises exchange value over use value, which ought to be preserved for the public good, thus initiating the commodification of space and, consequently, society's alienation from space. The concept of alienation—defined by Bayırbağ and Penbecioğlu (2017) as both a universal mechanism that facilitates capital accumulation and a tangible outcome with negative psychological/emotional effects on individuals and communities—leads them to propose limiting the privatisation of urban land and public/common spaces in order to protect living environments on a public scale within the urban political system.

The state's attempt to extract value varies depending on the condition of the space. If a space is classified as land, its value is shaped by land use and building regulations; if there is a structure on it, then the characteristics of the building and parcel, as well as its relative locational advantage, become important in generating value (Büyükcivelek, 2021). The privatisation of valuable public lands for projects targeting high-income groups brings about socio-spatial inequality. While the most accessible, central, and scenic areas of the city are allocated to high-income groups, areas lacking these qualities are left to lower-income groups.

Privatisation of Public Lands and Urban Space Debates: The Case of Turkey and Istanbu l

In this context, the subject will first be addressed in terms of legal and institutional structuring after 1980, and then specifically through the case of the Zeytinburnu Fabrika-i Hümayun.

TOKİ, which was established in 1984 under the Prime Ministry to address the housing problems of middle- and low-income groups (Bartu Candan and Kolluoğlu, 2010), was restructured by the central government after the 2000s to become the country's most powerful real estate developer and a key actor in the construction of the neoliberal regime. In addition to establishing a land/housing market for low- and middle-income households, the institution was also tasked with the privatisation of valuable public lands, thanks to its broad regulatory and financial powers (Kuyucu and Ünsal, 2010; 1485). In short, TOKİ also assumed the role of a property transfer instrument by transferring state-owned treasury lands into private ownership. Acting as the flagship in the housing sector, TOKİ and its subsidiary Emlak Konut played a decisive role in the sector—especially after the 2008 crisis—through mega-projects supported by legal and institutional regulations. Particularly through state measures such as VAT reductions, housing mobilisation campaigns, and the provision of low-interest housing loans via public banks (Yeşilbağ, 2020), an artificial economy was created.

Privatisation within the Framework of Legal and Institutional Structuring

In the privatisation processes, numerous legal regulations have been enacted to make lands suitable for capital interests. According to national legislation, the privatisation of public lands is primarily carried out either through the 'Privatisation Administration (PA)' under Law No. 4046 on the Implementation of Privatisation Practices, or through the TOKI under Law No. 1164 on Land Production and Utilisation (Figure 2).

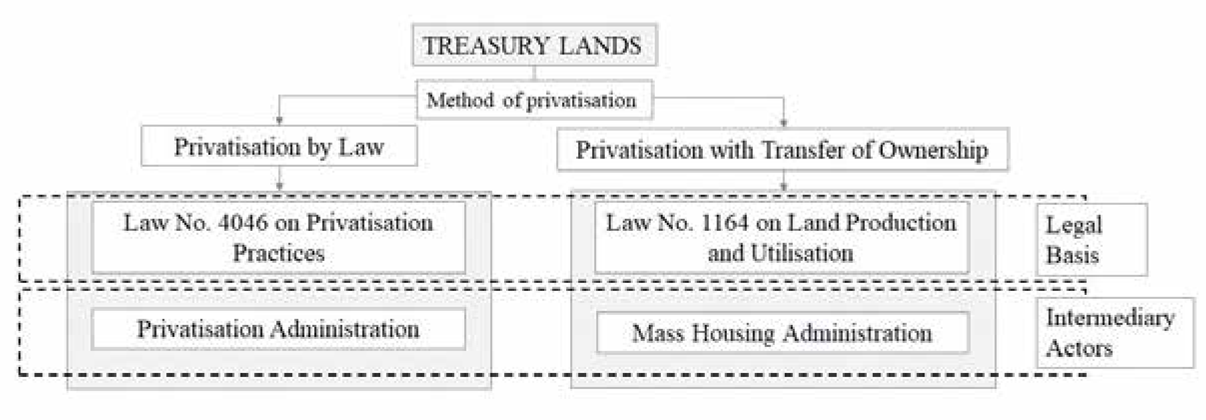

Figure 2 Legal background of the privatisation of Treasury lands

The privatisation of public lands by the PA is carried out under Law No. 4046 and Presidential Decree No. 703. The transfer of treasury lands to TOKI free of charge for investment purposes is conducted under Law No. 1164. According to this law, with the approval of the Presidency, the ownership of immovable properties belonging to the Treasury or to be registered in the name of the Treasury can be transferred to TOKI without charge. Another process that places treasury lands under TOKI's control is the protocols signed between public institutions and TOKI While privatisation decisions made by the Privatisation Administration are published in the Official Gazette, lands transferred to TOKI are not publicly announced.

In 2003, under Law No. 4698, the duties and authorities of the dissolved Housing Undersecretariat were transferred to TOKI. In the same year, amendments were made to the Mass Housing Law through Law No. 4966, and a provision was added allowing TOKI to make profit-oriented investments and establish companies for this purpose. In 2004, with Law No. 5162, TOKI was granted the authority to prepare, have prepared, and amend development plans of all types and scales, provided they do not disrupt environmental and zoning integrity, and to unilaterally implement plans not approved by relevant municipalities. With these powers, it can be interpreted that TOKI, as an extension of the central government, holds authority to plan above local governments (Akın and Özdemir, 2010). In 2005, further amendments were made to Law No. 5018, excluding TOKİ from the Court of Accounts financial oversight (Bahçeci, 2018: 145). This led to a further decline in transparency and limitations on accountability. In 2008, with Law No. 5793, TOKI's powers were expanded again, granting it full authority to prepare and approve all types of plans at all scales and to override the rights of announcement, publication, and objection by local authorities (Bahçeci, 2018: 146). In 2018, with Presidential Decree No. 703, TOKI was removed from the Prime Ministry's jurisdiction and placed under the Ministry of Environment and Urbanisation. The decree also transferred the authority over the sale of all movable and immovable properties belonging to public administrations within the general budget to the Ministry of Environment and Urbanisation.

Emlak Konut, which was established in 1953 to contribute to planned urbaniation and play an active role in housing production, was a subsidiary of Emlak Bank. Following the transfer of Emlak Bank's shares to TOKI and the subsequent closure of the bank, Emlak Konut was transformed into a Real Estate Investment Trust (REIT) in 2002 and became a subsidiary of TOKI (Pınar, 2019; Erdoğan, 2021). One of the duties of Emlak Bank, which was founded in 1949, was to provide affordable housing for citizens without homes (Law No. 4847, Article 2). Today, as a REIT, Emlak Konut's authority is regulated by the Capital Markets Board within the framework of the Capital Markets Law (Pınar, 2019). Emlak Konut REIT holds the highest market value among REIT, with a market value that doubles that of the company ranked second (Erdoğan and Özaslan, 2021).

What Akın and Özdemir (2010) stated about TOKI — that although it was established with the fundamental aim of producing healthy, livable urban environments to meet the housing needs across the country, it acts like a profit-oriented private sector investor by producing housing as an investment tool — also applies to Emlak Konut

REIT. As a result, this indicates that the state's role in the real estate sector has also become centralised and that it operates within the sector as an entrepreneurial actor.

The Transformation Process of the Zeytinburnu Fabrika-i Hümayun
The Zeytinburnu Fabrika-i Hümayun, also known as the 1st Army Zeytinburnu Heavy Maintenance and Repair Factory or the Zeytinburnu Iron Factory, was planned in 1843 (Directorate of State Archives, document no. 1259) and began production in 1846. It was established to meet the basic needs of the military and bureaucracy in line with the industrialisation goals of the period, to reduce dependency on European goods, and to minimise the outflow of resources abroad (Yıldırım, 2015). The factory was used for purposes such as smelting iron ore, casting iron and steel, manufacturing iron cannons, producing new steam engines, or repairing and maintaining existing steam and other types of machinery. The production of cartridges—which gave its name to the area now known as 'Fişekhane'—began in 1881 with the establishment of the Cartridge Manufacturing Plant (Kırlı, 2022).

These buildings, constructed in the mid-19th century, constitute not only a form of production but also an industrial cultural heritage site that includes registered (listed) structures. While the ownership of the land belongs to Emlak Konut REIT, easement rights over the land were granted to the Özak–Yenigün–Zilyan partnership, allowing the construction of new buildings on the site, and the restoration of the registered structures was assigned to Özak REIT. Özak REIT, having undertaken the restoration process of the registered buildings, also acts as a conservation easement stakeholder in the process. The restoration of these listed structures and their repurposing with new commercial functions can be considered an example of Morris's (2015) interpretation of conservation easement rights as a neoliberal instrument.

The factory was established in the Kazlıçeşme area on the shore of the Sea of Marmara, in Istanbul's Zeytinburnu district. This location provided logistical advantages—such as proximity to railways, highways, and seaways—for the transport of raw materials and the shipment of manufactured goods (Figure 3).

Figure 3 Location of the study area

The factory site is located within the tourism center area declared as the Istanbul Ataköy Tourism Center by the Council of Ministers Decision No. 87/11608 in 1987. At the boundary of the study area lies the buffer zone of the Istanbul Land Walls Conservation Area, which was designated as a World Heritage Site in 1985. Due to its proximity to the historic city center and its location within a tourism center area, it has become a site that offers accommodation opportunities and is attractive from a touristic perspective (Figure 4).

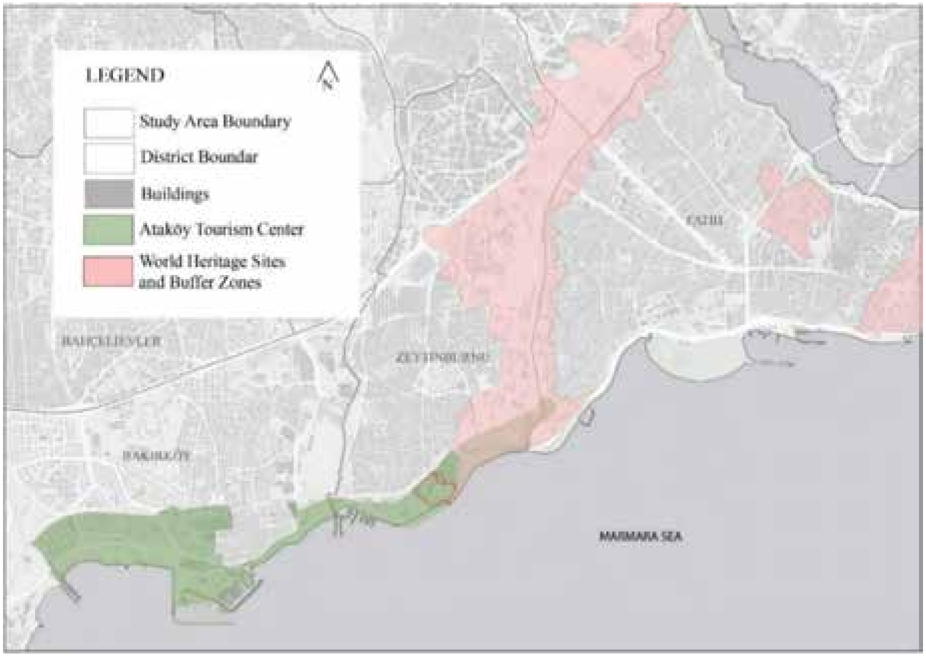

Figure 4 Study area and its surroundings

Among the registered structures on the site, the fountain was registered on 09.04.1989 under decision number 1043; while the Accounting Office and Gate, Water Tower, Workshops and Warehouses, Turkish Bath, Company Command building, another fountain, and the Armored Vehicle Maintenance Workshop were registered on 25.10. 1989 under decision number 1401 (Real Estate Valuation Report, 2014). Of the seven registered structures, the Water Tower, Bathhouse, Workshops and Warehouses, and the Armored Vehicle Maintenance Workshop are still standing today (Figure 5).

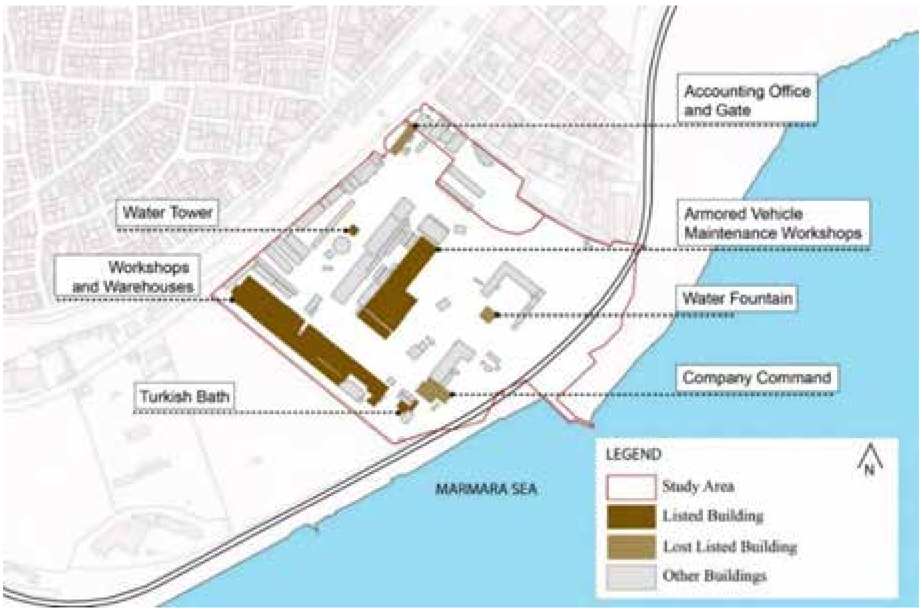

Figure 5 Cultural Heritage Elements in the Area (according to the 2014 site plan)

The Transformation Process from Public Land to Private Housing Project
In the Ataköy Tourism Center, which was designated in 1989, a 1/5000 scale Master Zoning Plan for the Ataköy Tourism Area was prepared by the Ministry of Culture and Tourism in 1998. In this plan, the site was assigned the functions of 'Tourism + Commerce + Accommodation + Recreation,' as well as Vocational High School, PTT (Post Office), and Daily Recreation. The revised plan was republished in 2001, maintaining the same functions; however, the 20-meter-wide road forming the northeastern boundary of the parcels was not shown. In the 2006 Istanbul Ataköy Tourism Center Master Zoning Plan, since the land was registered under the Ministry of National Defense, it was designated as a 'Military Zone' (Ministry of Environment and Urbanisation, 2018).

The first initiative for the transfer of ownership came from the Istanbul Metropolitan Municipality (IMM). According to a protocol signed with the Ministry of National Defense in 1990, the transfer of ownership to IMM was requested, and a letter was sent to the Conservation Board. In the letter, it was requested that the registered structures on the site be excluded from the construction area. In 1991, the Conservation Board stated that it would not be appropriate to predetermine building densities in an area where historical artifacts are heavily concentrated. Subsequently, a preliminary project for the site was submitted to the Conservation Board, and in 1992, the Board approved the project in terms of its principles and construction density (Ministry of Environment and Urbanisation, 2018).

In 2000, the Istanbul No. 1 Directorate of the Board for the Protection of Natural Assets approved the demolition of the 'Company Commande', whose measured drawings had been taken, due to security concerns. In 2008, the Istanbul No. IV Regional Board for the Protection of Cultural and Natural Assets stated that, in terms of Law No. 2863, there was no legal objection to the sale or lease of one of the parcels. In the same year, the Board's letter also requested that the Pay Office Building, which lies on a road according to the plan and is a registered cultural asset, be preserved and the plan be revised to ensure its conservation in situ, without demolition. During construction activities in 2014 and 2015, additional remains were uncovered and registered for protection (Ministry of Environment and Urbanisation, 2018).

In November 2013, a decision was made designating the parcels as residential, commercial, and tourism areas, based on a plan approved by the relevant ministry and later posted by the Provincial Directorate of Environment and Urbanisation in 2014. A lawsuit demanding the annulment of the plan was filed by the Istanbul Branch of the Chamber of City Planners (TMMOB) and the Istanbul Metropolitan Branch of the Chamber of Architects (TMMOB), and the court subsequently annulled the plan (Mimarist, 2017). Following the objection, the 1/5000 and 1/1000 scale zoning plans were revised and re-posted. In 2015, many buildings within the area were declared 'at risk' by Zeytinburnu Municipality in accordance with Law No. 6306. That same year, an application was submitted to the Regional Conservation Board, which approved the demolition of the structures on the condition that the registered heritage buildings would not be damaged.

In the updated Implementation Zoning Plan Report for the relevant parcels in 2018, the area was designated with a Residential + Commercial function, and the building density was reduced. The report states that opinions were obtained from the relevant Cultural Heritage Conservation Board for the relocated registered buildings, and from the Transportation and Traffic Commission for the new road alignment. Following the plan, lawsuits were filed by the Chamber of Architects (TMMOB) and the Chamber of City Planners (TMMOB) against the Ministry of Environment and Urbanisation, after which a new plan was prepared and posted. Although the 2020 plan appears similar to the 2018 plan, a change in ownership among the stakeholders was made.

The Privatisation Process of Public Property
One of the parcels within the study area was allocated to the Land Forces Command in 1955 by the Treasury of Finance for public service purposes. The transfer of ownership of the factory site to TOKI was carried out based on a protocol signed between TOKI and the Ministry of National Defence in 2006 (Ministry of Environment and Urbanisation, 2018). Under this protocol, it was agreed that the immovable properties on the site would be transferred to TOKI in exchange for the construction of a police station (Emlak Kulisi, 2012).

According to the 2013 valuation report, one of the parcels was owned approximately 97% by TOKI and 3% by the Treasury of Finance, while the other parcel was owned 5/8 by the Treasury and 3/8 by TOKI (Nova Real Estate Valuation Report, 2013). The land, which originally belonged to the Turkish Armed Forces / Ministry of National Defence and was later transferred free of charge to TOKİ, was tendered by Emlak Konut REIT and sold to the Özak–Yenigün–Zilyan partnership. Under the revenue-sharing model of the construction project, it was agreed that 37% of the revenue would be allocated to Emlak Konut REIT (Çakıroğlu, 2022).

These two parcels, owned by the Treasury of Finance and TOKI, were divided into eight parcels in 2018, with six of them remaining within the project area. When the ownership status was examined in 2020, it was found that the area, originally consisting of seven parcels, had been subdivided into thirteen parcels, and the ownership distribution had changed (Figure 6).

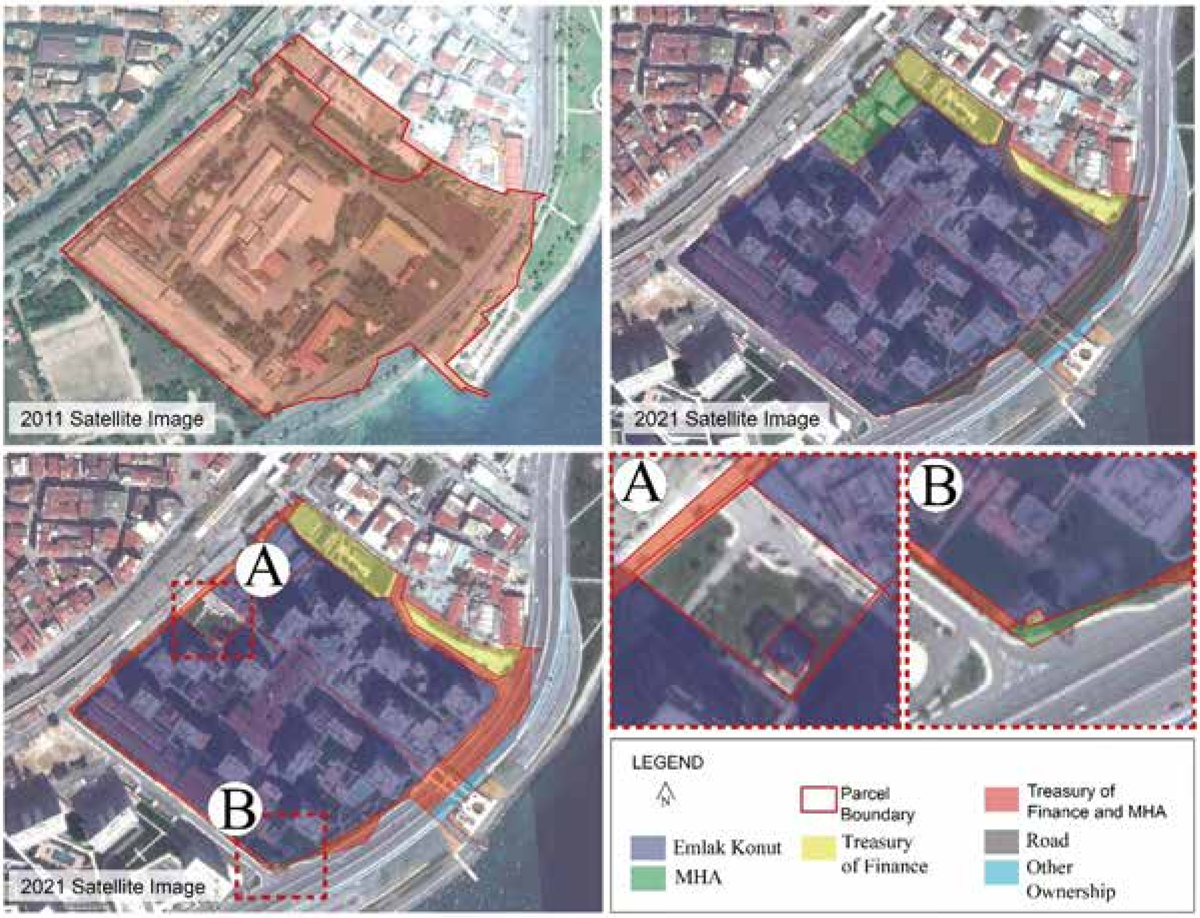

Figure 6 Subdivision of Parcels and Ownership Changes in 2018 and 2020
(Prepared with reference to TKGM, Ministry of Environment and Urbanisation, 2018 and 2020)

An approximate 10% increase was made to the total parcel area in 2018. With this addition, according to the latest ownership records, Emlak Konut's land area was expanded, but its ownership share decreased. In contrast, both the ownership area and share of TOKI and the Treasury of Finance increased. As a result, two parcels belonging to TOKI were transferred to Emlak Konut, while the newly created small and inefficient parcels were allocated to the Treasury of Finance and TOKI (Figure 6; picture A and B).

While the ownership structure involves Emlak Konut REIT, TOKI, and the Treasury of Finance, the project tender was won by the 'Özak – Yenigün – Ziylan Ordinary Partnership,' and the construction process has begun. Özak REIT was established in 1995, and Yenigün in 1973, both being construction firms. Ziylan Real Estate, on the other hand, was founded in 2014, and the Büyükyalı project is the only joint project of these three companies. The inclusion of Ziylan Real Estate—a newly established firm—in the project suggests that it entered the construction sector with the support of the more established and experienced firms. In other words, this project introduces a new construction company into the sector that aims to make a name for itself. More comprehensively, this is a process in which Özak REIT—ranked 9th in market value—and the other two construction companies utilised publicly owned land to further expand in the sector, following a tender opened by Emlak Konut REIT, the company with the highest market value (Erdoğan and Özaslan, 2021).

Changing Function: From Factory Site to Housing Project

In 2016, when construction of the project began, Özak REIT launched a design competition for the planning of the site, and as a result, the architectural design was awarded to the British architecture firm Chapman Taylor (Karakoç, 2016). It was initially announced that blocks ranging from 5 to 17 storeys would be constructed, not exceeding 55 metres in height so as not to disrupt the silhouette (Karakoç, 2016); however, the final height reached 70 metres. This suggests that the initial narrative may have been constructed merely to avoid public backlash. The same applies to the registered heritage structures. Although it was stated that they would be preserved in situ, four of them were relocated. The registered structures within the study area were restored, but many were moved to other parts of the site. The Company Command Building was relocated near the Accounting Office Building, and its original location was opened to new development. The registered Gate was moved to the northwest of the building, while a fountain structure was reconstructed to its southwest. Artefacts uncovered during construction are now displayed to the west of the Armoured Vehicle Repair Workshop. The remaining registered buildings remain in their original locations (Figure 7).

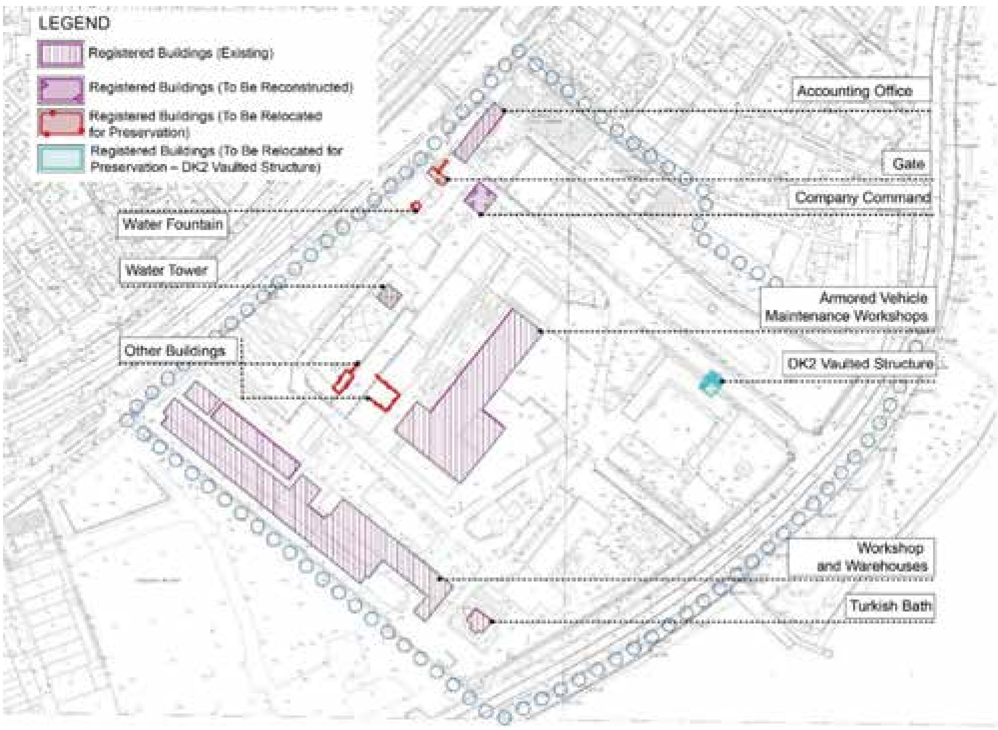

Figure 7 Registered Buildings Sketch (Ministry of Environment and Urbanisation, 2018)

The relocated Company Command was moved to the same parcel as the Accounting Office and is now used for educational purposes on this parcel, which has been designated with an educational function. The Water Tower has been restored and is exhibited, while the other registered remains discovered on-site are displayed in their existing condition. It is understood that two additional underground levels have been constructed beneath the single-storey Armoured Vehicle Maintenance Workshop, and multiple functions such as retail, cafés, restaurants, exhibitions, and cultural and artistic activities have been added. Similarly, an additional underground level has been added beneath the Workshop and Warehouse building, which is now used as a commercial space. In addition to these, an underground parking facility is also present.

Conclusion

In this study, which examines the changing role of the state under neoliberal policies, the case of the Zeytinburnu Fabrika-i Hümayun is used to illustrate how the state, acting as an entrepreneur, has taken on a role that serves capital interests rather than the public good. As a central authority, the state established the Privatisation Administration and restructured the already existing TOKI to function as parastatal institutions in order to facilitate privatisation. TOKI, as one of the main actors in this process, was granted broad powers by law, enabling the non-transparent and gratuitous transfer of treasury land ownership. By transferring ownership to its subsidiary Emlak Konut REIT and awarding tenders to construction firms, the result has been the development of luxury housing projects and the use of public land for non-public purposes. Except for objections raised by the Chamber of Architects and the Chamber of City Planners (TMMOB), no other formal opposition was made during the transformation of the factory site into a housing project, which is now fully completed.

The area, declared a 'Tourism Center' in 1987, was initially targeted for a housing project by the Istanbul Metropolitan Municipality (IMM), acting as a local state with an entrepreneurial role aiming to transform Istanbul into a global city. However, the housing project was ultimately completed under the initiative of the central government following the centralisation of authority after the 1990s. Decisions regarding the registered heritage structures were made with the approval of the relevant Regional Conservation Board. The process appeared to comply with legal procedures on the surface. This was because the central government played a proactive role by establishing in advance a legal framework that would allow the process to proceed smoothly—resulting in a structure that was not necessarily lawful in spirit, but had legal backing.

The transformation of a publicly owned land, originally used for the public good, was legitimised by promoting the idea that the area would remain publicly accessible under its new function. However, the limited number of shared spaces was equipped with luxury consumption venues. In this process, the public land was used in line with capital interests—despite the public—through the Özak–Yenigün–Ziylan Ordinary Partnership, which won the tender opened by Emlak Konut REIT. This constitutes a clear example of an alienation process through public dispossession.

In 2018, the ownership of the 'Residential + Commercial' and 'Residential + Tourism' zones belonged to Emlak Konut REIT, while the 'Education Area' and 'Religious Facility Area' were under the ownership of TOKI. By 2020, a small portion of the 'Residential + Commercial' area owned by Emlak Konut REIT had fallen outside the parcel boundary, while the 'Education Area' and 'Religious Facility Area' previously owned by TOKI had been transferred to Emlak Konut REIT. Additionally, part of the road area outside the project site was transferred to TOKI. As shown in Figure 6, narrow and inefficient strips of land—publicly used but not functionally viable—were transferred to TOKI's ownership. This way, the proportion of public facilities, which should have been preserved for public use, was maintained on paper.

Originally established as a state institution to provide housing for middle- and low-income groups, TOKI has gradually evolved into a parastatal organisation. Nevertheless, the Keynesian narrative that TOKI continues to build housing for low-income groups is still maintained, which helps preserve its perceived legitimacy in the public eye. On the other hand, TOKI continues to auction off publicly owned treasury lands and real estate, while applying the method of urgent expropriation for social housing projects. In doing so, it relies on Presidential Decrees for legal legitimacy.

While the factory site once held use value on behalf of society, its prestigious location has made its exchange value more significant for capital. Instead of being regarded as part of the industrial heritage that reflects a particular historical period, the registered structures on the site have been transformed into commodities intended to provide visual pleasure for users and visitors. In a city like Istanbul—where even adequate gathering spaces for earthquakes cannot be designated despite the urgent seismic threat, and where 1.3 million housing units are considered risky and 230,000 buildings are in need of immediate transformation[1]—it is ethically unacceptable for a public space that should serve the common good to be used for capital interests, against the public interest. As long as the growth-oriented approach of neoliberal policies continues, such capital-driven practices that sideline public benefit will also persist. For this reason, the state must recall its public responsibilities, and society must recognise and demand its fundamental human rights through active engagement and resistance.

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