

Chapter 17

Bank Credit Applications and Advancement Recommendations in Regards to Sustainable Buildings in Turkey

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ABSTRACT

There are a wide variety of buildings that have been distinguished from traditional buildings with respect to their design, construction and utilization processes. These buildings are widely named ranging from passive, green, ecological to sustainable and are also differentiated as an intended consequence of their economic, social and environmental advantages. Consequently, the development of well-defined financial mechanisms aimed at promoting to business and individuals as well as the adoption of incentives by the governments are very important. This chapter recommends the following with respect to addressing sustainable building issues; the initiation of legal and regulatory structures concerning finance of energy investments, increasing the aggregate magnitude of the private credit packages prepared with the cooperation of energy productive focused firms and banks, diversification of the financial products and services as regards sustainable buildings, improvement of maturity extensions and tax exemptions pertaining to sustainable building private credits.

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INTRODUCTION

The sustainability of resources has been open to debate since the end of 20th Century onwards. This has mainly been due to the environmental deterioration created by production and consumption consequence of industrialization.

A new green housing industry has emerged as a consequence of the debate among architects and the broader housing sector. Projects have been developed to reduce environmental hazards caused by buildings and increase economic benefits, as well as enabling recycling and improving energy system efficiency. These projects are called passive, ecologic, environmental friendly or sustainable buildings. They are unlike traditional buildings which are characterized by their economic, social and environmental advantages resulting from their design, construction and usage features.

32% of energy resources and 12% of water supply are consumed by the buildings in the world today, while 40% of solid waste and 19% of gas emission are caused by the buildings (Erten, 2011). It is possible to design new buildings as environmental friendly construction end products functioning with less energy. Moreover, improving the old buildings for decreasing solid waste and sera gas emission is another complementary option.

Both new and existent building renovations at this juncture bring additional costs. On the other hand; increase in real estate prices, decrease in energy invoices thus a more healthy life sphere's emergence all have a general affirmative impact on overall costs in the long run. Furthermore, the general atmosphere created by the emergence of greenhouses also has macro effects on government and business circles.

For business circles, production and implementation of technical devices of energy productivity enhancement as well as their periodic maintenance bring about profitable new investment opportunities. For the government "the green occupations" created by the greenhouses become an efficient tool in the combat against unemployment. This green improvement has affirmative repercussions concerning even the country's overall trade balance. Because the greenhouses decrease consumption of fossil fuels and consequently a country's import of this kind of energy resource.

Besides, all these positive outcomes with respect to individuals, firms and government are all likely to give boost to a country's welfare level as a whole. Hence, organization and motivation of financial institutions via incentives by the government so that individuals and business circles may communicate effectively is vital to the successful application of the greenhouse sector. Governmental support of sustainable buildings not only heighten the success level of energy and environmental politics but make economic and social development targets more attainable as well.

In this study, sustainable building private credits in Turkey and possible public mechanisms and methods to proliferate them have been emphasized. It is beyond doubt that financial stimula such as legal regulations and sanctions, public briefings, tax deductions, governmental aids and even public donations are the primary tools. However, the subject of this study is private credits concerning sustainable buildings and how the state can make them financially attractive.

The study consists of three parts. On the first part, alternative "sustainable building" definitions are explained, sustainable building certificates are defined and empirical literature as regards sustainable buildings' economic, social and environmental benefits are given. The content of the first part also encompasses; energy savings created by the sustainable buildings above and beyond construction and renovation costs, reduction in maintenance activities thus costs, positive impact on the real estate price levels. In the second part, the USA examples of new sustainable building construction and retrofitting, renovation and upgrading financing models are examined and reasons for the selected models are ex-

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