

IMAGINE A BUILT ENVIRONMENT
THAT ENABLES A HIGH QUALITY
OF LIFE FOR ALL



CO-CREATING AN AMBITIOUS NATIONAL RENOVATION STRATEGY FOR IRELAND

Mini Workshop
Enabling Financial Tools &
Mobilising Private Funds:
Green Mortgages

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*Irish Green Building Council –
Dublin Chamber of Commerce*

Thursday, 24th November 2016



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SUMMARY

In early 2016, the [Irish Green Building Council \(IGBC\)](#), in conjunction with the department of communications, climate action and environment organised a series of workshops on Ireland's National Renovation Strategy V.2. These events were attended by over 170 key stakeholders and led to the publication of a "[Declaration in 10 Points for a Better National Renovation Strategy](#)".

Since the beginning of the consultation process, workshops participants have consistently said that while targeted and effective government incentives are part of the solution, the scale of the challenge means that private investment is also required. In particular, they suggested to introduce low interest loans (*green loans*) for homeowners undertaking deep renovation – see [recommendation number 4](#).

On Thursday, 24th November 2016, the IGBC organised a follow-up workshop with keynote speaker, Luca Bertalot, Secretary General of the European Mortgage Federation, to explore this idea further.

After a short introduction on [Ireland's National Renovation Strategy Consultation process \(Build Upon\)](#), Michael Hanratty from [Energy Action](#) presented on the ENERgy Retrofit FUNDing rating tool that is currently being developed as part of the [ENERFUND project](#). The ENERFUND tool will rate and score deep renovation opportunities in apartment blocks, commercial buildings and public buildings, with a view to increase deep renovation rates in 12 EU countries.

This presentation was followed by an introduction to green mortgages by Luca Bertalot, Secretary General of the [European Mortgage Federation \(EMF\)](#). According to Mr. Bertalot, loans for financing deep retrofit are much less risky for banks and homeowners as the lower operational cost and greater valuations over time reduce the risk of mortgage default. In addition, a change in ownership represents a perfect opportunity for retrofitting a house as disturbance at that time is minimal. Yet, for green mortgages to become a reality further research is required (especially in terms of performance gap and behaviour components), as well as a system that would allow banks to easily evaluate the impact of a retrofit on energy expenses.

A copy of the presentations delivered on that day is [available here](#).

During the second part of the event, workshop's participants explored the idea of introducing green mortgages further, using the PMI technique. PMI is a thinking technique developed by Edward de Bono to find the Plus, Minus and Interesting points about an issue before forming an opinion on it.

The overall reception of the green mortgages concept was positive.

Workshop's participants perceived it as an opportunity to mobilise private funds and to better engage with banks on the climate agenda. Furthermore, if Irish banks were to offer green mortgages for deep renovation this could significantly increase awareness across the country. From a bank's point of view, mortgage defaults are usually caused by costs that are difficult to assess. A robust green mortgages system could partly mitigate that risk. It could also be an opportunity for a bank to offer a new "green" product that would have a positive impact on its image. Loans currently available for deep renovation in Ireland are consumer loans. The interest rate associated with these loans is usually much higher than mortgage interest rates. Through green mortgages, Irish consumers could thus avail of lower interest rates for deep renovation than what is currently available. Finally, workshop's participants stated that a cross European initiative aiming at introducing green mortgages was far more likely to succeed as banks are unlikely to move on their own on this topic.

On the minus side, workshop's participants pointed out a number of challenges.

During his presentation, Mr. Bertalot explained that "green loans" as they currently exist do not allow for deep retrofit as the risk of default increases as the amount borrowed increases. Yet, workshop's participants felt that bigger loans could have a bigger impact. Furthermore, the current housing shortage in Dublin makes the introduction of green mortgages for first-time buyers particularly challenging: "When people buy, they want to get as much money as possible from the bank to invest in a property and upgrades are generally not on their radar". In addition, although BERs are seen as important by most buyers, they often rank below location and other priorities. While Irish banks usually do not allow top-up mortgages unless they are for very large amounts, workshop's participants suggested to expend the green loans concept to incorporate top-up mortgages and buy-to-let loans. From a marketing point of view, workshop's participants felt that beyond energy efficiency, banks should talk about health and wellbeing when selling these products. Generally speaking, energy costs only account for a small fraction of the average Irish household's budget. As such, it may even make more sense from a bank's point of view to consider the full life cycle analysis.

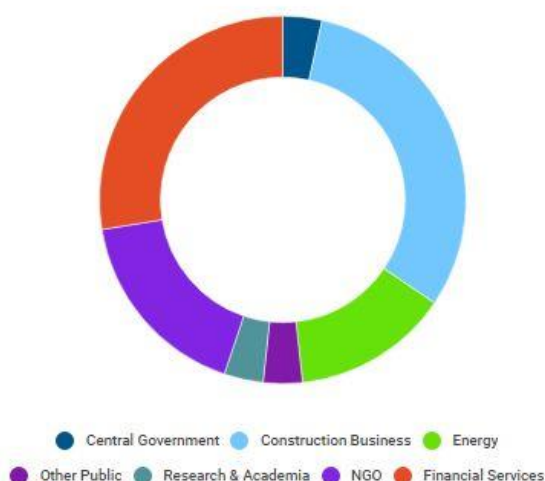
Finally, workshop's participants highlighted a number of technical challenges:

- Would the lower interest rate apply to the whole mortgage or only to the part of it being used for deep renovation? And if so, where do you draw the line?
- As banks do not want to get into deep retrofit technical issues, a robust system, potentially involving experts such as valuers and insurance companies, as well as certification systems such as the [Home Performance Index](#) and [Skills Cards](#) is required.

In conclusion, participants agreed largely that green loans could be a nice add-on to existing grants - providing additional, cheaper funding for deep retrofit, thus contributing to an increase in the rate of retrofit in Ireland.

WORKSHOP'S PARTICIPANTS ANALYSIS

Mini WS4 Attendees



THANK YOU TO ALL OUR WORKSHOP'S PARTICIPANTS



COLLABORATING ON WORKSHOPS AND EVENTS:

A series of over 80 events in the 13 project countries will bring stakeholders together during the project. As part of this process, six high level Energy Efficiency Building Renovation Workshops will be organised across Ireland by the Irish Green Building Council. The workshops are supported by the Department of Communications, Climate Action and Environment and are a must for anyone who wants to ensure their voice and views are heard in Ireland's National Renovation Strategy Process.

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