

VALUER PROJECT

The project will evidence value differences between high and low energy new build and existing homes, and features the UK's first mortgage product to recognise low energy bills via Monmouthshire Building Society and enhanced green valuation tools from Rightmove.

The 18 month project, part-funded by the Department for Business, Energy and Industrial Strategy, is a collection of industry partners led by Monmouthshire Building Society, The Royal Institute of Chartered Surveyors, Rightmove and zero carbon homebuilder and sustainable energy service provider Sero. The project will see the first mortgages and additional borrowing offered in the UK circa late summer 2020 that recognise home energy efficiency in their affordability calculations. Monmouthshire Building Society will be the first mortgage lender in the UK to adopt the findings from a previous piece of research known as the "LENDERS" project, and adapt their affordability calculation tool to more accurately reflect actual home energy bills.

VALUER (**Valuations And Lending Underwriting Energy Reduction**) is led by well established lender Monmouthshire Building Society who recently celebrated its 150th year. With a wealth of experience within the sector and a commitment to addressing lack of understanding within the industry surrounding green features, they intend to set the trend

so that other lenders may follow. Project managers Sero, specialists in zero carbon development and technologies, are coordinating the delivery of the project.

Within two 'geofenced' areas in south Wales broadly representative of urban and edge-of-town locations, new home purchasers seeking to borrow from Monmouthshire Building Society will be offered pilot 'green' mortgage products that include assessments of energy efficiency and other new considerations. Existing homeowners will be offered 'green' additional borrowing products with the potential to borrow funds with similar novel considerations to help fund them undertaking energy efficiency measures. These new considerations could potentially increase the maximum affordable mortgage by up to £12k for a very low energy home, compared to a poorly performing property.

Rightmove will also be developing a 'green' Surveyor Comparator Tool (SCT) that will draw on Energy Performance Certificates (EPC) and energy efficiency information to enable surveyors to better compare and value any 'green' features in homes, as well as a green Automated Valuation Tool (AVT) to understand which features impact value and to help process green features.

As part of the core understanding of the project, the Royal Institute of Chartered Surveyors will work closely to incorporate the findings from the data exercise to review and enhance the guidance they provide to their professional members whose role is to advise lenders both as to the property value and, potentially, the property risks attached to mortgage lending.

By providing specialist information to homeowners seeking to undertake energy improvements within their current home, Sero aim to tackle the decarbonisation of the current UK housing stock and assist Welsh Government in their climate emergency pledge. By successfully demonstrating that low energy homes have better future value than high energy homes, zero carbon housebuilder Sero are confident that this will help support the higher cost of building or retrofitting carbon reducing elements into these homes.

The project will deliver real pilot deployment of these green home finance products in at least two areas, deploying the relevant financial products across existing and new build homes, and across a significant range of energy performance. Collectively, this comprehensive set of options will be used by project partners to identify the desirability of the offers and existence of a viable market, whether the availability of the products drives or incentivises energy efficiency retrofit works and/or equivalent low energy homes sales, and that the products can generate a sustainable return to the lender.

