



## Green Mortgages: is sustainability the way forward?

The climate crisis is a real concern amongst most people in today's world. More and more people are taking measures in their everyday lives in order to combat the effects of climate change – but can your living situation benefit both the planet and your pocket?

Almost everyone has come to understand the necessity of combatting climate change, and the UK government are looking to help homeowners do just that. Green mortgages are just one way this is being encouraged. A green mortgage offers buyers that are looking to purchase energy-efficient or sustainable homes more favourable terms. These often come in the form of lower interest rates or cashback guarantees for the buyer as an incentive to invest in more sustainable ways of living. Most commonly, green mortgages are available on new-build homes but that doesn't mean they can't be used on other energy efficient properties or when converting an older property into a sustainable one. Green mortgages can also be used

when remortgaging to finance home improvements. If you're looking to build a sustainable out-house or simply improve your home's energy efficiency, a green mortgage could be one of the better ways to help pay for the project. When remortgaging, green mortgages can sometimes offer cashback on environmentally driven projects.

### What are the criteria for a green mortgage?

Of course, the details depend on which lender you go through, but the bones of it are fairly universal. Most commonly, the property will need to meet a certain level of energy efficiency in order to qualify as sustainable housing. This usually involves an Energy Performance

Certificate (EPC) within the bands A or B or a minimum efficiency rating. Residential Green mortgages are a relatively new thing – with the first of its kind being launched in 2018. They are becoming increasingly popular as banks and lenders begin to prioritise sustainable lifestyles. It is predicted that green mortgages will become more mainstream within the next few years as lenders and buyers alike become more environmentally conscious. According to the Climate Change Committee (CCC), over 50% of UK homes have an EPC rating of below C and the CCC have subsequently suggested that all UK homes should have a rating of C or above by the year 2028 in order to meet emissions targets for 2050. This fact only increases the possibility of green mortgages becoming the 'new norm' in years to come.

It's fair to say that the majority of people are now at least aware of the climate crisis upon us, and with millions of UK residents looking to 'do their bit' in the fight for the planet – why not look into green mortgages before buying. It could well benefit you financially as well as help to combat climate change in the process.



**If you'd like to discuss the options available to you, contact your adviser today.**