

Octopus Real Estate and Homes England Launch £175m Greener Homes Alliance

Octopus Real Estate, part of Octopus Group and a leading United Kingdom specialist real estate lender and investor, has partnered with Homes England, the Government's housing delivery agency, to create the Greener Homes Alliance.

The new Alliance will commit £175 million, providing both loan finance and expert support to SME housebuilders, enabling them to build more high quality, energy efficient homes throughout England.

As part of its broader efforts to expand the supply of finance available to SMEs, Homes England will provide £46 million of the £175 million.

The Alliance will provide loans of between £1 million and £20 million to finance new SME development projects. Homes funded must achieve a minimum Energy Performance Certificate (EPC) rating of B, and will benefit from increasing interest rate margin discounts as the energy efficiency of the homes increases above this (as measured using the Standard Assessment Procedure (SAP)). Homes achieving an EPC rating of A will benefit from interest rate margin discounts of 2%.

Before starting their developments, SMEs will also benefit from free of charge, expert advice from sustainability consultants McBains and Octopus Energy – the United Kingdom's leading 100% renewable energy supplier and part of the Octopus Group.

McBains will provide design guidance and practical steps to achieve an improved EPC.

Octopus Real Estate offers flexibility and efficiency in its funding to developers, and this will remain a key element of the Greener Homes Alliance. Loans will be up to a maximum of 85% LTC or 70% LTGDV, to maximum loan sizes of £20 million.

The Alliance will support the construction of up to 750 new homes whilst also equipping SME housebuilders with knowledge and expertise around low carbon construction, allowing them to build to higher environmental standards, now and in the future.

Housing Minister RT Hon Christopher Pincher MP said: "We are determined to ensure that our homes are fit for the future and improving energy efficiency is a key part of our ambitions to reach net zero emissions by 2050.

"Our Future Homes Standard will ensure that from 2025 new homes produce at least 75% lower CO2 emissions and be future-proofed with low carbon heating.

"This partnership will help reach our targets for cleaner, greener homes for future generations."

Peter Denton, Chief Executive at Homes England said: “This new partnership, the latest in a series of impactful lending alliances, will give smaller housebuilders both the funding and the knowledge needed to build more sustainable homes.

“The Greener Homes Alliance brings developers and lenders closer together, providing affordable finance, improving knowledge sharing and creating new paths to net zero.”

Benjamin Davis, CEO of Octopus Real Estate, commented: “Creating more energy efficient homes across the United Kingdom is vital if we’re to make progress towards net zero. Our joint venture with Homes England will help meet this increasingly urgent need to develop more sustainable homes.

“The Alliance will provide access to funding and expertise to help developers ‘go green’ when making decisions for their developments. Given the public are more in tune than ever before about how energy efficient their homes are, and in turn their own impact on the environment – the opportunity for developers building greener homes is huge.

“As a B Corp, Octopus Real Estate is committed to our impact goals and the opportunity to work with the real estate sector, alongside institutional investors, to create choice for developers to future proof developments and drive the green acceleration of the property market.”

Andy Scott, Head of Residential Development at Octopus Real Estate, commented: “Although green credentials may be an aspiration for most developers, sometimes access to funding, costs and education can stand in the way of these aspirations.

“The Alliance will offer tangible discounts which can help fund the costs to support the delivery of green developments, plus access to advice and education, which will enable SME housebuilders to deliver future proof, energy efficient homes to be enjoyed for generations to come.

“On top of this, with the current news surrounding rising energy prices, building more energy efficient homes, with lower running costs, will pass on savings over the long term to consumers. The property market has an opportunity to play a meaningful role in tackling climate change, but we need to act now.

“We’re excited that we have the opportunity to start making an impact alongside Homes England and to think differently about how we build homes for future generations.”