



HOME PERFORMANCE INDEX



- The built environment contributes significantly to green-house gas emissions and there is new stock being delivered all the time so this is an important industry in the context of climate change targets. AIB is already that leading Irish lender to Ireland's largest development groups helping them fund much needed new homes but we want to do more.
- We want to make a contribution towards the developer's cost of making Sustainable Communities.
- As everyone knows, Irish Building regulations are already stringent in terms of the required Building Energy Ratings (BER) for new stock. Under current regulations, all new construction is required to be undertaken to Near Zero Energy Building (nZEB) standards which is typically equivalent to BER ratings of A1 or A2. This being the case, metrics other than 'just' BER, such as water conservation, embodied carbon, bio-diversity of planting and the wellness of buildings such as daylight and air quality are important areas for consideration.
- Having engaged with some industry leading development groups and considered various options, AIB Real Estate Finance believes that the IGBC's Home Performance Index ('HPI') should be the preferred standard, albeit allowing for similar standards in the offering, i.e. "HPI or Equivalent" will be acceptable.
- AIB Real Estate Finance launched a '**Sustainable Communities**' loan offering to the Market in March 2022 which includes a 10 bps price incentive to customers who achieve such standards.
- How it works:
 - Where AIB offers loan terms to a development group two margins will be quoted. The developer can then choose to take the lower margin if they want to develop their new homes to HPI standard. There is no minimum margin and no maximum loan size so all developers can avail of the **Sustainable Communities** loan offering with AIB's return being lower if they choose to do so.
 - The developer applies to IGBC, and gets confirmation the development can meet HPI accreditation. To achieve this the developer will present their plans to IGBC, who will confirm that Design Stage Certification has been achieved. This means that the developer's plans are consistent with achieving HPI status.
 - The project Design Team are responsible for ensuring the development continues in line with the required HPI standards and they will confirm this as part of the monthly AIB drawdown process through the Assigned Certifier. This will be confirmed to the Bank by the Bank Monitor in writing in their monthly reports.
 - The loan documentation will incorporate the **Sustainable Communities** loan terms such that the 10 bps margin reduction will be discontinued should the developer stop developing to HPI standards.
- An equivalent discount can also be secured for the development of new commercial buildings which are certified as meeting relevant agreed standards.
- AIB is determined to play our role in this area and we are continuing to work with the IGBC on various initiatives and we would love to hear from our customers or other industry parties if you have suggestions for how AIB can further support the development of **Sustainable Communities**.