



Building the housing market of the future

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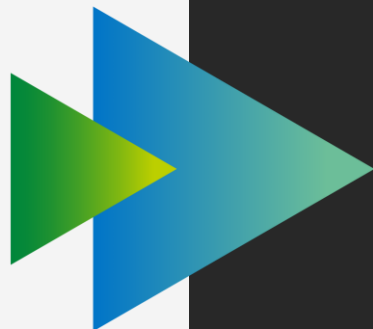
19 April 2023

Introduction



Purpose

Helping Britain Prosper



The UK is facing significant housing challenges and globally we are having to face the challenges of a climate emergency.

As we look to the future, and how we are to solve these problems, it is clear that the housing sector needs to sustain and increase private capital flows to meet the need for more high quality, affordable housing and improve the environmental sustainability and quality of the properties that already exist.

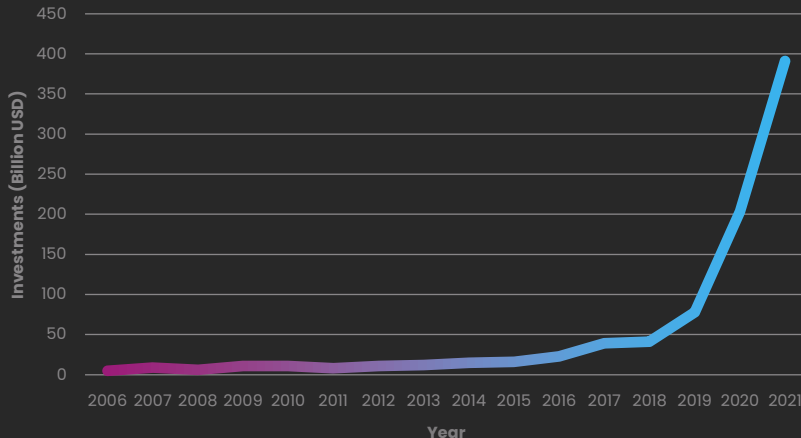
For the sector to deliver on its capacity to help solve the housing and climate crisis, it is vital that funding is aligned to both the financing needs of the organisation and the delivery of positive social and environmental outcomes.

ESG Strategy

Environmental | Social | Governance

It is widely acknowledged that a robust ESG strategy impacts and improves company performance and creates both short-term and long term value.

Global ESG ETF assets



Environmental

Reducing carbon emissions, using recycled materials or reducing plastic waste in its products

30%

Social

Supporting human rights, supporting inclusion and diversity, or supporting local communities

40%

Governance

Being transparent and ethical, complying with regulations, managing customer data appropriately

41%

Percentage of consumers who would always' or 'often' influence their behaviour

LBG Housing Commitments

1

Helping customers access the right housing for their needs with support for ownership, private and social rent

2

Support improvements in quality and sustainability in the UK's housing stock

3

Leading and shaping housing policy by engaging, convening and partnering with government, industry and regulators



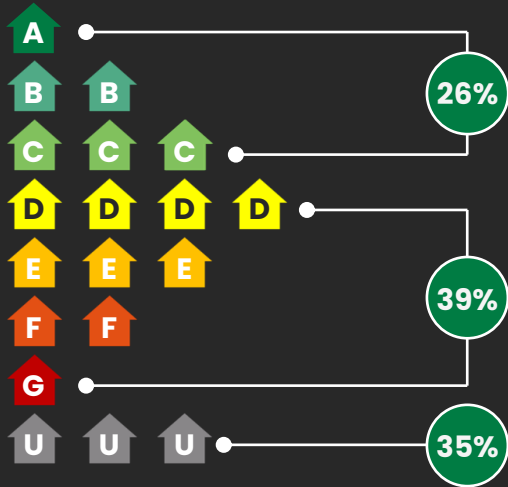
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Chapter one

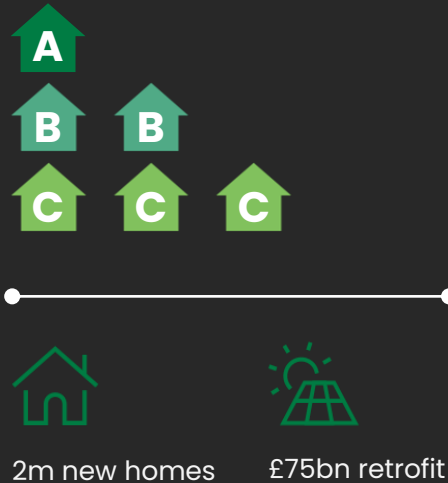
Environmental Housing

Environmental Housing

2022



2030–2033



2050



Environmental path to Net Zero

LBG housing ambition

- Large part of the reduction expected to be delivered by external factors:
 - Grid Decarbonisation
 - Limiting temperature increases
 - Government regulation
 - Government retrofit support

Ambition to reduce carbon emissions by **41%**

Net Zero drivers



Grid **decarbonisation**



Reduced dependency on **fossil fuels** for heating homes



Improvement in **energy efficiency** of existing homes



New homes built to a **Net Zero standard**

Green mortgage proposition

Financial Products

Green mortgages

for more efficient properties – new build benefit

GM lending in 2022

£3.5 bn

Green Living

and Eco Home Reward of £1000 cashback to retrofit



Creating Awareness & Demand

Education

of consumers and mortgage advisers

Partnerships:
Energy Savings Trust
Octopus Energy

Capture of EPC

in mortgage applications

New Build homes

mortgage proposition

LBG convening power

Example - 2022 Housing Senate



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Chapter two

Social

Environmental Housing

Social Housing

42m ▲

households in 2021
(up 3% vs. 2011)

17%

share of tenure

1.2m

on waiting list for
social housing

PRS

5m ▲

households in 2021
(up 29% vs. 2011)

20%

share of tenure

23%

of homes failed to meet the
Decent Homes Standard

Owner Occupied

15.3m ▼

households in 2021
(down 2% vs. 2011)

62%

share of tenure

53%

owned outright
47% with a mortgage

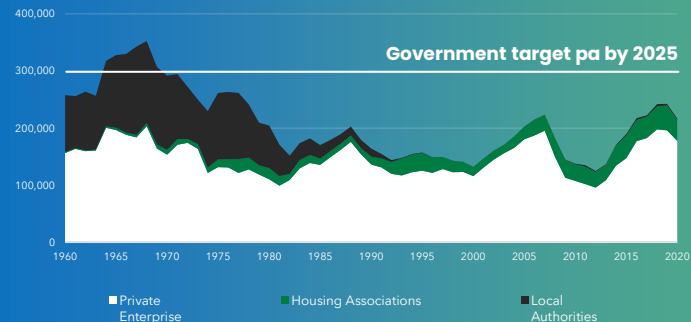
A broken Housing market

A stable home delivers huge benefits to Society:

- Better education outcomes
- Lower levels of youth crime
- Improved communities
- Ownership is the largest enabler of wealth and social mobility

But Supply across sectors is an increasing problem:

Permanent dwellings completed by sector, England¹



Private rented sector

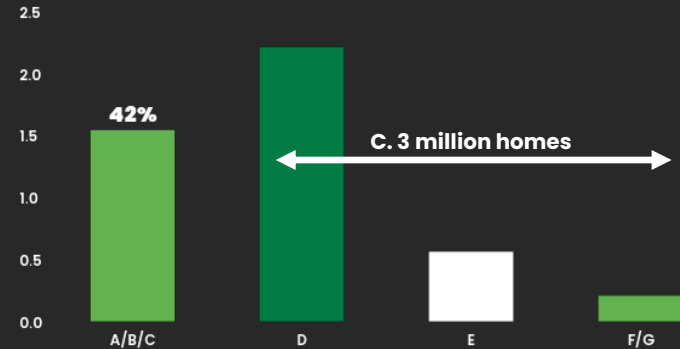
23%
are non-decent

14%
contain a serious hazard

11%
have damp problems



Minimum Energy Efficiency Standards



England's Private Rented Homes by Energy Efficiency Band

Private rented sector



Responsibilities and Registers

11%

of landlords exhibit “lower compliance and awareness”

57%

of landlords have a buy to let mortgage

50%

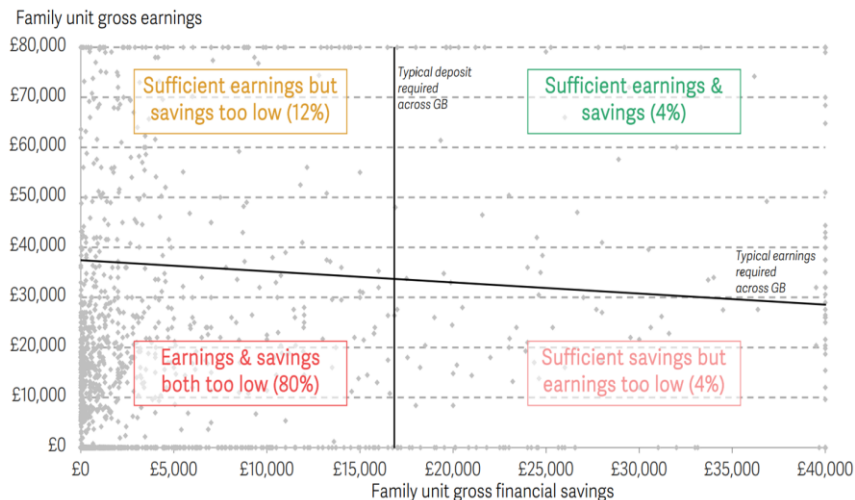
Where landlord registers exist, brokers discuss mandatory registration with landlords **half** of the time

63%

In London, **63% of brokers were *unaware*** of the London Rogue Landlord and Agent Checker on the Mayor of London’s website

Owner Occupied

Affordability and deposit



Access to Finance

Supporting FTBs to bridge the gap between renting to home ownership through innovative solutions

- Leading supporter of First Homes Scheme
- LBG leading a Shared Ownership, cross Industry working group
- Evolution of 'market led' schemes and 'risk sharing' e.g. Government MGS
- Citra Living Pathways – Rent to Buy proposition with Halifax, allowing shared ownership

03

Chapter three

Governance

Governance

Policy

- 1 Comprehensive policy to ensure good customer outcomes**
- 2 Support market integrity**
- 3 Ideas into action**

Reporting

- 1 Measure and monitor deliverables**
- 2 Globally recognised framework**
- 3 Demonstrate bringing our purpose to life**

Actions

- 1 Green Finance Framework**
- 2 Consumer Duty**
- 3 Build the right houses, in the right places for communities**

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**Meeting the needs
of the present without
compromising the
ability of future
generations to meet
their own needs**

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Conclusion



Grow

Businesses cannot exist in isolation from their communities, and that's why we're integrating ESG into every part of how we do business.



Focus

Our management of our ESG performance allows us to act as a responsible banking group.



Change

Helping businesses and households to recover, adapt and grow, while contributing to an environmentally sustainable and inclusive future.

Thank you

