

Funding place-based decarbonisation demonstrators at a national scale

- We believe the net zero transition can be delivered at pace, will make people better off, and will create healthy and resilient neighbourhoods across the whole country.
- We will do this by bringing together communities, local and national government, business, institutional fund managers and charities to collaborate on whole neighbourhood scale projects.
- We design models that deliver this and advise on implementation and funding for those who see net zero as an unparalleled opportunity for our communities.

Living Places was set up because, while place-based models are more complex to design and implement, we believe this approach has far more potential than current approaches to overcome barriers, scale action, minimise the cost to individuals and the taxpayer, and maximise the benefits realised and their influence on funding decisions. Here we explain **why** we believe that, **what** a place based model actually involves, and **how** it could be developed in any given national market.

Why explore place-based models?

Decarbonising the built environment is a necessary step to achieve net zero goals. But more importantly a decarbonised housing sector is also a cheaper to operate, more comfortable and healthier housing sector with demonstrable economic and social value beyond carbon reduction.

The received wisdom funding model to encourage the decarbonisation of buildings is focused on financial debt products for individual building owners to borrow money to undertake the work in isolation, complemented by a range of often time-limited, technology-specific subsidies. This approach is deceptively attractive because it is a market-led approach which is incremental to existing products and methods and therefore feels simple to implement. It is also an approach which is demonstrably not working.

Our proposed place-based model will remove the **Affordability** issue by removing the need for residents to fund the work upfront or take on debt, will remove the **Complexity** issue by providing a collective professional design service, will partially mitigate the **Disruption** issue by adding services such as temporary storage or relocation and replaces limited **Perceived Benefit** of energy renovation by individual residents (particularly as mortgage funding costs will be significantly greater than derived energy savings meaning the work will be impoverishing) with greater perceived benefit for funders, government and community.

What is a place-based model?

The Net Zero Neighbourhood model involves planning, and co-designing with the community, a series of interventions across a whole mixed tenure/mixed use neighbourhood (c. 1,000 properties) and then funding those through a public/outcome-buying/private blended finance stack at no upfront cost or debt obligation to the community supported by a collective pay-as-you-save mechanism and measured other outcomes.

How can we test, iterate and prove out this approach?

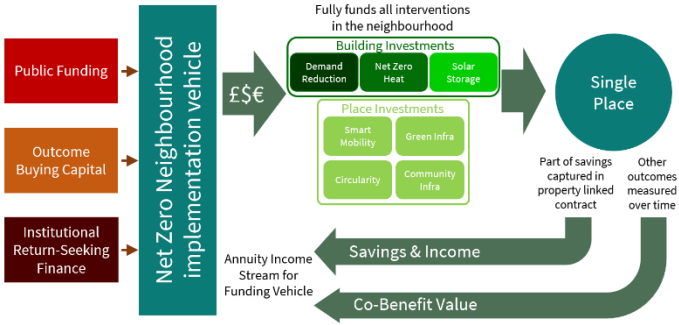
A cohort of Local Authorities will build demonstrator projects in parallel with a collective group of technical assistance partners that can ensure standardisation, maximise learnings, reduce reinventions and inform policymakers rather than procuring advisory support bilaterally.

The **Business Case Preparation** phase will involve 1) Preparation of an initial **Outline Business Case**, 2) which will provide the context for **Community Engagement**, 3) in parallel with a small number of **Pilot Retrofits** to create tangible evidence of the benefits to the community, 4) the learnings from which will build a **Full Business Case** that can then be put to the community for sign up and funders for capital provision as well as form the basis for supply chain procurement.

The **Demonstrator** phase will see the retrofit of the cohort of 1,000 home neighbourhoods, where lessons will be learned and applied to subsequent neighbourhoods. As the model matures and evolves the risk attached to it will reduce and the funding mix will shift from majority public sector to majority private sector.

See the [following article on our website for a fuller description](#)

Figure 1: Net Zero Neighbourhood Overview



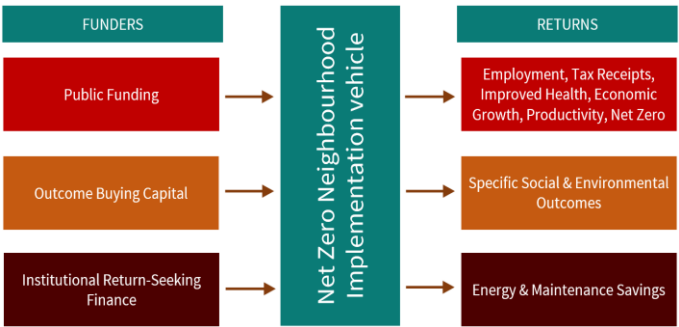
Source: Living Places

Figure 4: Key Business Case Tasks



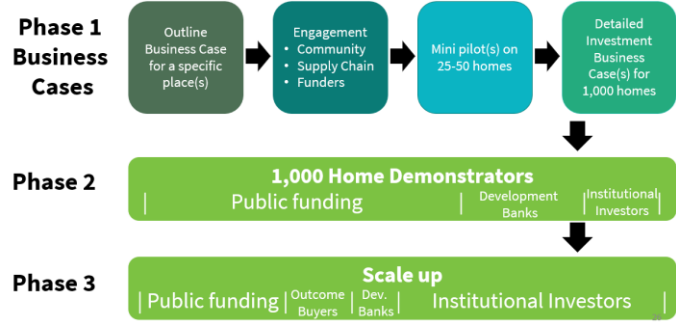
Source: Living Places

Figure 2: Funders and Investment Cases



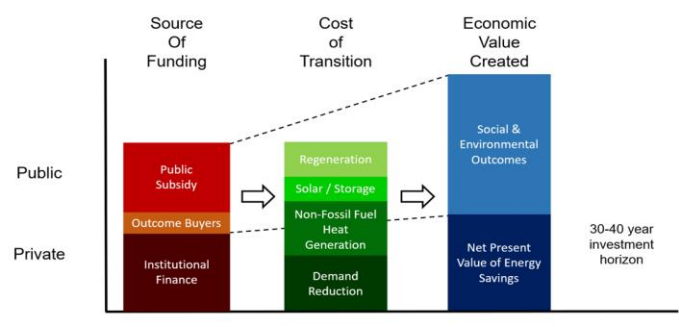
Source: Living Places

Figure 5: Demonstrator Programme Structure



Source: Living Places

Figure 3: NZN Funding Stack



Source: Living Places

Figure 6: Business Case Funding Structure



Source: Living Places