



ENVIRONMENTAL UPGRADE AGREEMENTS

Do you have a building located in the City of Sydney, Parramatta or Melbourne?

The City of Melbourne, City of Sydney and Parramatta Council have recently announced the launch of the much anticipated ‘Environmental Upgrade Agreements’ (EUA) scheme. Under this scheme, Building Owners can obtain finance to undertake an environmental upgrade of a building, with loan repayments made via a special charge or rate levied on the property.

In summary;

An environmental upgrade agreement is a voluntary agreement under which:

- A building owner agrees to carry out works to improve the energy, water or environmental efficiency or sustainability of the building (environmental upgrade works);
- A financial provider (i.e. a bank) agrees to provide funds to the building owner to finance those environmental upgrade works;
- The council agrees to levy a charge on the relevant land which is used to repay the funds to the finance provider (the environmental upgrade charge).

Key points of EUA’s are:

- The finance is repaid through council charges over time, and the costs recovered by the long-term savings on bills.
- The agreements have been fostered using seed funding from Low Carbon Australia and private investment from NAB and Eureka Funds Management.
- Finance for energy and water upgrades is secure and low risk.
- The loan is attached to the land, not the building owner.
- Owners cannot recover from the tenant more than the savings made from the project.
- Aims to reduce the “split incentive” that may have prevented Owner’s from undertaking Environmental upgrades previously.

For more information on Environmental Upgrade Agreements or any other Sustainability Services, please contact your local Sustainability Committee Member.

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