

CONSULTATION QUESTIONS

Section 1

Q1) Do you think the Home Report is meeting its original objectives?

Yes No

Q1a) If yes, please explain why

EST's comments throughout this response relate to the property condition and energy efficiency aspects of the Home Report. EST believes that the Home Reports have made a contribution to increased understanding of the energy performance of a property. However, EST research (detail provided in Question 3) indicates that awareness of energy performance information in the house buying process is low and more could be done to make this issue more prominent in the Home Report.

Q1b) If no, please explain why

Comments

Q2) Are the original Home Report objectives still appropriate?

Yes No

Q2a) If yes, please explain why

Comments

Q2b) If no, please explain why

As the consultation document states, the Scottish Government has 'moved forward its vision for housing in Scotland' since the introduction of the Home Report in 2008. The Climate Change (Scotland) Act passed in 2009, setting ambitious targets for reducing greenhouse gas emissions by 42% in 2020, and 80% in 2050. Home energy use accounts for about one-quarter of Scotland's carbon emissions, so more energy efficient housing is expected to play its part in meeting the targets. The Scottish Government's plan for tackling emissions, the Report on Proposals and Policies, attributes significant carbon savings to the housing sector.

The Sustainable Housing Strategy, which was published in 2013, sets out a vision for "warm, high quality, affordable, low carbon homes." One of the four strands of the strategy is Market Transformation, which aims to achieve a "market premium on warm, high quality, low carbon homes with lower running costs because these attributes are valued by lenders, consumers and surveyors."

The Strategy is also committed to exploring the role of standards in promoting energy efficiency. The Energy Performance Certificate is already playing a role in the new social standard for energy efficiency, and Home Reports are likely to be influential in supporting regulation of energy performance for private housing.

Given these government commitments, it would be appropriate to include a new objective for the Home Report on the promotion of energy efficiency.

Q3) Should the Home Report play a more central role in promoting energy efficiency and property condition improvements among home owners?

Yes No

Q3a) If yes, please explain why

Please refer to our response to Question 2.

We believe the Home Report and the way it is used in property buying and selling should give more prominence to the value of energy efficiency. It is vitally important that the energy performance of a property, and therefore the associated heating and power running costs, become a factor in the decision making process when purchasing a property. This will also help drive a transformation in the market for more energy efficient homes.

More could be done to ensure that home buyers are aware of the energy performance rating of homes on the market and the cost implications of these ratings to ensure that energy performance becomes a factor in their decision making process. In this context we recommend that the Scottish Government review the format and content of the Home Report to improve overall understanding of the Energy Report including the EPC and its recommendations.

EST suggests the following changes:

- Include bill savings information, along with the EPC rating, more prominently in the Home Report. We recommend the EPC rating, along with the colour banding, is displayed on the front cover. We know that energy cost information on EPCs is potentially of great interest to householders; research has consistently shown over many years that energy bill savings are the most motivating aspect of the energy saving message.
- Require the seller to provide the last 12 months of energy costs (or best estimate) as part of the property questionnaire.
- Provide income generation figures for any small-scale renewables and estimated energy bill savings due to existing energy efficiency measures – this could be a part of the single survey. Alternatively an extra question on renewables could be added to the property questionnaire which the householder completes.
- Provide a basic explanation of any installed small-scale renewables where applicable, along with a web link and the phone number of Home Energy Scotland so the buyer can access independent advice on these technologies.
- The EPC rating should include a clear comparison with the Scottish average rating.

We also believe that more needs to be done to raise awareness of the Energy Report and EPC with the property industry – solicitors, estate agents and surveyors - so the Home Report provides complete and accurate information on energy usage and any energy efficient features and renewables installations.

The EST report, the *Investigation into the impact of small-scale renewables systems on property values* (a PDF copy of the report accompanies this response) is an initial scoping study which provides key insights into the issue of property valuation and energy performance, and highlights research needs for the future. The report concludes that people do value energy efficiency (83% of those surveyed for the study) and are willing to pay more for homes with small-scale renewables. However, through the property transaction process this tends to get

'traded off' against other factors such as location, number of bedrooms, and garden.

The report also found that there is low awareness among prospective buyers and the property industry of the financial value of energy efficiency and small-scale renewables. Very few buyers (4%) specifically requested to see the EPC when they bought their home; and another third stated they were not provided with the EPC, which is surprising since it is a required document in the Home Report.

The report suggests that solicitors, estate agents and chartered surveyors in Scotland have some awareness of these technologies but they do not take their existence into account when valuing a property, nor do they make potential home buyers aware of the financial benefits of these systems via fuel bill savings and income generation. This may be due to the fact that the estate industry has very limited experience of valuing and marketing properties with a small-scale renewables system. As a result, properties with such a system do not appear to be valued any differently to those without one.

The Scottish Government funded EST to develop training materials and workshops for property professionals on the technologies and measures available, the costs of installation, the potential savings and likely income generation for householders. The workshops revealed a demand from the property industry for guidance on small-scale renewables. Feedback from solicitors in particular was that they need to understand how presenting this information to buyers can help their business, in other words, how it help sells properties. The property industry also expressed a strong interest in learning more about the Green Deal, particularly surveyors.

This review provides an opportunity to work with the industry on how to best present this information to potential buyers and sellers through the Home Report and to signpost from the Home Report to further information resources.

Q3b) If no, please explain why

Comments

Q4) Should a national register of Home Reports be established?

Yes No

Q4a) If yes, please explain why including who should have responsibility for development and maintenance

No comment

Q4b) If no, please explain why

Comments

Section 2

Q5) Do you think the upfront cost of Home Reports is preventing potential sellers from putting their property onto the market?

Yes No

Q5a) If yes, please provide details.

No comment

Q6) Are you aware of any schemes available (e.g. deferred payment) to help potential sellers to pay for home reports?

Yes No

Q6a) If yes, please provide details

No comment

Q7) Are there any issues with the majority of Home Reports being commissioned through selling agents?

Yes No

Q7a) If yes, please explain why

No comment

Q7b) If no, please explain why

Comments

Q8) Should other organisations be allowed to carry out the Single Survey (including valuation) and/or the Energy Report?

Yes No

Q8a) If yes, what other organisations and why

No comment

Q8b) If no, please explain why

Comments

Q9) In your experience is the requirement for a home report before marketing a property leading to delays in properties coming onto the market?

Yes No

Q9a) If yes, please outline the implications of this.

No comment

Q10) Are home reports a useful marketing tool for sellers?

Yes No

Q10a) If yes, please explain why

No comment

Q10b) If no, please explain why

Comments

Q11) Is the 12 week deadline for marketing a property after completion of a home report appropriate and reasonable?

Yes No

Q11a) If yes, please explain why

No comment

Q11b) If no, please explain why

Comments

Q12) Is the 28 day provision for removing a property from the market without requiring a new home report appropriate and reasonable?

Yes No

Q12a) If yes, please explain why

No comment

Q12b) If no, please explain why

Comments

Q13) Are there any issues with potential buyers accessing home reports?

Yes No

Q13a) If yes, please provide an overview and outline the implications of this

No comment

Q14) Is this the most appropriate way to enforce home report legislation?

Yes No

Q14a) If no, please explain why and how this could be improved

No comment

Q15) What are your views on mortgage lenders' acceptance of home report valuations?

No comment

Q16) Are the re-dress options available to buyers reasonable and appropriate?

Yes No

Q16a) If no, please explain why and how these could be improved

No comment

Q17) Do these exceptions need to be amended?

Yes No

Q17a) If yes, please explain what amendments are required and why

No comment

Section 3

Q18) Does the single survey element of the home report provide an appropriate and useful level of information?

Yes No

Q18a) If no, please explain why and what information should be removed and/or added

See answer to Question 3a. We believe that the Home Report should give more prominence to the financial value of the energy performance of the property. As noted in Question 3a, the property questionnaire could include information regarding income from small-scale renewables and energy bill savings from energy efficiency measures.

To help inform the single survey, it should be possible to adapt EST's solar calculator and cashback calculator tools which are available on our website (see: <http://www.energysavingtrust.org.uk/Generating-energy/Getting-money-back/Solar-Energy-Calculator>, and <http://www.energysavingtrust.org.uk/Generating-energy/Getting-money-back/Cashback-Calculator>) so that they can take the remaining life of a renewables system into account when calculating the financial benefits of these systems. This would mean that it would be possible for surveyors to work out the total amount of money that a particular home would receive in FiTs for which the system owner is eligible and the bill savings over the remaining lifetime of the system. In addition, a similar tool could be developed for the domestic Renewable Heat Incentive (RHI). The workshops for the property industry provided a look up table showing lifetime income of technologies which was welcomed.

The single survey should also be required to refer to any Green Deal Plan that is in place for the property and the implications for the buyer for their energy bills.

Q19) Should the repairs categories in the single survey be amended to make them consistent with the categories used in the Scottish House Conditions Survey?

Yes No

Q19a) If yes, please explain why

This seems a sensible suggestion, in line with the Sustainable Housing Strategy outcome: "People value and take responsibility for the condition and energy efficiency of their homes". It will also assist with any future consideration of

establishing a single condition standard across all housing sectors. The provision of this information is also an opportunity to highlight the potential to raise the energy performance of the home at the time of undertaking (or valuing) any repair works.

Q19b) If no, please explain why

Comments

Q20) Is the valuation element of the single survey a useful element of the home report? Yes No

Q20a) If yes, please explain why

No comment

Q20b) If no, please explain why

Comments

Q21) Is the information provided in the energy report appropriate and useful? Yes No

Q21a) If yes, please explain why

The current energy report format is useful, but could be improved to make it more accessible to house buyers. In our answer to question 3a, we have given specific suggestions as to how the energy report could be improved:

- Require the seller to provide the last 12 months of actual energy costs, or best estimate of these costs (this could be part of the property questionnaire).
- Provide income generation figures for any small-scale renewables (this could also be in the single survey so it is taken into account for the valuation).
- Provide a basic explanation of any installed small-scale renewables, along with web link and the phone number of Home Energy Scotland so the buyer can access independent advice on these technologies.
- Provide estimated energy bill savings due to energy efficiency measures or renewables.
- The EPC rating should include a clear comparison with the Scottish average rating

Q21b) If no, please explain why

Comments

Q22) Is the information provided in the property questionnaire appropriate and useful? Yes No

Q22a) If yes, please explain why

See our response to Q 3a and Q 21. We recommend that the property questionnaire include a new section on energy performance. This section would require the seller to provide the last 12 months of actual energy costs, as well as a description of any small-scale renewables and related income figures for. This would provide an opportunity for the seller to profile the advantages and financial

value of any energy efficiency improvements that have been made.

Q22b) If no, please explain why

Comments

Q23) Should an additional question on land maintenance fees be added to the Property Questionnaire?

Yes No

Q23a) If yes, please explain why

No comment

Q23b) If no, please explain why

Comments