

# CONSULTATION QUESTIONS

## Section 1

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

Yes No

**Q1b) If no, please explain why**

The primary objective of the home report is to give real information to home buyers as to the condition of the property and value in order that they can decide whether that property is right for them. We believe that the home report is only partly meeting its objectives and there are certain gaps which leave homebuyers' exposed. For example, where a surveyor does not inspect a particular area, such as the roof, the surveyor is required to assume it is in good condition. This could lead homeowners into a false sense of security about their investment and the future cost of maintenance. The vast majority of disrepair in common property, particularly the pre-war tenemental stock, is at roof level which is largely unseen by homeowners and the home report surveyor who makes basic assumptions from street level. This is a significant flaw in the home report process. The report provides limited information on the condition of common building elements for flatted properties.

There should be a mandatory requirement within the home report to include details of any pending, proposed or outstanding works.

In addition, and as a point aside from this consultation it should be enshrined in law through the Tenement Scotland Act 2004 to have :

- 1) "Common Buildings Insurance" and not merely a requirement to have insurance. The existing position leaves homeowners at risk, should one of their co-owners fail to insure.
- 2) Building MOT's or cyclical maintenance plans or surveys.

The above changes would help protect and maintain the fabric of the housing stock to a higher degree than at present. The home report surveyor could request sight of the most recent survey, MOT or maintenance plan to establish where works have either been addressed or remain outstanding. Moreover it would help establish long term patterns of good maintenance and repair and conversely would illustrate instances of long term disrepair / neglect on the part of the homeowners creating a more responsible approach to building maintenance.

**Q2) Are the original Home Report objectives still appropriate?**

Yes  No

**Q2b) If no, please explain why**

We consider that there is a perception that Home Reports do not go far enough in terms of building condition and true independent valuation resulting in the homeowner feeling they do not meet their intended objective.

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

Yes  No

**Q3b) If no, please explain why**

Whilst it is useful to have energy efficiency information about the property, when dealing with properties within common ownership the home report information is not necessarily representative of the whole building and therefore it is largely ignored by the co-owners. Owners require to take a collective view of building maintenance, improvement and energy efficiency and to discuss energy efficiency measures which are communal and which will have collective benefit.

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

Yes  No

The detail within a Home Report is time sensitive and we would expect that Home Reports would become out of date and therefore irrelevant in a short space of time.

## **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.**

The up-front cost of a home report at a time when the market is depressed and homebuyers can ill afford such costs can have a counter effect on the desire to sell, especially if the homeowner is already in financial difficulty and perceives that it will be difficult to sell within a reasonable time frame.

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

Yes  No

We are not involved at this stage.

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

Yes  No

**Q7a) If yes, please explain why**

The selling agents' goal is to sell the property. That does not necessarily sit comfortably with the aim of the Home Report.

Having the panel of surveyors entirely independent of the selling agent will remove any doubt as to that relationship.

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

Yes  No

**Q8b) If no, please explain why**

RICS surveyors take a number of years to gain their professional qualification and have the specialist expertise required. The market is competitive and we do not see the need or benefit to widening the market and perhaps lowering the standard of the existing service.

**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.**

In cases where there is financial hardship and the sale of the house may be to alleviate this problem, we believe that the requirement to commission the

Home Report before marketing can cause delays.

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

Yes  No

**Q10a) If yes, please explain why**

This is an opportunity for homeowners to see professional opinion of their property before going to market and to address any issues which might be a barrier to a sale.

**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**

The 12 week deadline should be extended to 6 months. The current state of the market, the reduction of 1<sup>st</sup> time mortgage availability and higher deposits together with the cost of a home report is such that additional time should be given to homeowners. Wear and tear on well built, well maintained property is a slow, long term process and a longer deadline would not necessarily have a detrimental impact on the condition of the property. A 6 month period would give homeowners more time to facilitate repairs if these are required and would assist a sale.

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

Yes  No

We have no experience of this.

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

Yes  No

We have not experienced this.

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

Yes  No

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

We are not involved at this stage.

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

Yes  No

**Q17) Do these exceptions need to be amended?**

Yes  No

### **Section 3**

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

Yes  No

In our opinion there is insufficient information regarding the common responsibilities of each homeowner, the factoring arrangements, if any, the common building insurance requirements and general common property costs. On the whole this detail is only requested once a sale has been agreed. Better and earlier communication between selling agents and conveyancing solicitors is crucial in this process. In addition the Home Report should be extended to include more detail regarding the condition of the common elements of a property which is particularly important where there is no formal factoring or management scheme in place, in order to inform the purchaser and other owners to potential problems of which they may not be aware.

As mentioned already the introduction of mandatory common condition surveys and maintenance plans for all flatted properties would greatly assist this process.

**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

**Q19b) If no, please explain why**

The purpose of the single survey within the home report is to provide straightforward advice regarding the fabric of the property and to identify these areas in simple language easily understood by the homeowner. It should not be made any more complex than it has to be.

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

**Q20b) If no, please explain why**

Valuations are often based on recent comparable evidence and should be a guide for purchasers only. This is not how people treat such valuations; human nature prevails and the discerning purchaser assumes that home report values have been "lifted" and therefore do not consider the valuation as the starting point and tend to offer low. As a result many house prices are actually depressed a little by the existence of the valuation. Having no valuation would force purchasers to decide what they actually consider the property was worth, having taken third party advice or done their own homework on value and a true market price would be achieved. Ultimately, many homeowners simply do not trust a home report valuation that they did not commission, rightly or wrongly. We see instances of sellers offering property for sale at for example "£10k below Home Report value" suggesting that in fact there's a bargain to be had. This encourages lower bids and ultimately, makes a mockery of the HR value. The general market

consensus is that the HR's have hindered recovery in Scotland and have had a damaging effect on values.

**Q21) Is the information provided in the energy report appropriate and useful?**

Yes  No

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

**Q22b) If no, please explain why**

In general not enough detail is provided regarding the factoring arrangements or condition of the common parts and often the individual homeowner is not knowledgeable about the past, present or future maintenance requirements. The home report should require more detailed information on these elements.

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

Yes  No

**Q23a) If yes, please explain why**

It is important for all homeowners to be sufficiently aware of their Titled obligations for maintenance and repair.

<http://www.scotland.gov.uk/Publications/2013/12/5279/downloads#res439529>