

CONSULTATION QUESTIONS

Section 1

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

Yes No

Q1a) If yes, please explain why

It is hard to answer this question conclusively, as there have been successes in some areas and failures in others, though on the whole it probably has been successful in meeting its objectives.

In terms of its goal “to improve information about the property condition and provide an incentive for repair or maintenance works to be carried out”, anecdotal evidence supports the view that in many sellers have been willing to take action to rectify issues raised in the Home Report. In their current format, however, Home Reports lack the detail required to tackle some significant issues. In particular, little information is provided on the condition of the roof in tenement properties. This means that sellers often assume that since an issue is not raised in the Home Report everything is in order when in fact it may simply be that the issue has not been investigated in any detail.

In reducing/ending the practice of sellers setting artificially low prices, evidence points towards Home Reports having been a significant success. Over the last two years 53% of properties marketed through ESPC had the initial asking price set equal to the valuation, with 83% setting the asking price within 5% of the valuation figure. Only 3.5% of properties marketed had the initial asking price set more than 10% below valuation.

Home Reports have been less successful in reducing the issue of multiple surveys. This had largely been addressed prior to Home Reports' introduction by buyers buying properties 'subject to survey'. There are now a number of cases where additional surveys and valuations are required, most frequently at the insistence of lenders. Whilst anecdotal evidence suggests such situations are not infrequent – 20% of respondents in an online survey we conducted on Home Reports said their lender had requested another survey, for instance – greater work needs to be done to quantify the scale of the problem and identify ways to resolve it.

Q1b) If no, please explain why

Comments

Q2) Are the original Home Report objectives still appropriate?

Yes No

Q2a) If yes, please explain why

The objectives remain relevant as there is still a long-standing need to undertake housing stock improvements across Scotland.

Q2b) If no, please explain why

Comments

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

Comments

Q3b) If no, please explain why

Research we have conducted has consistently shown that buyers place low value on the information in the EPC, with the survey, valuation and property questionnaire elements considered to be of significantly greater value.

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

A national register of Home Reports could be of assistance to surveyors in flagging up issues they may wish to inspect closely and it also may be of use to buyers if they wish to ascertain what action was taken to rectify issues in an older report. It may also be of further use to local authorities in assessing prevalence of specific issues in quality of housing stock in specific areas

However, if such a national register were to be established, it would be important that the information it contains not be resold or used for commercial purposes. Home Reports are intended for industry professionals and serious buyers, and this being the case it may be best if the database is maintained by the Scottish Government.

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.

This is a qualified 'yes'. The introduction of Home Reports coincided with the economic downturn making it difficult to accurately quantify their impact on seller activity. Market activity has primarily been dampened by macroeconomic conditions and tightening of lending from banks over the last five years. The upfront cost will be a deterrent for some sellers who are simply wishing to test the market, but at this stage it has not been possible to assess how significant that deterrent has been.

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

A small number of surveyors and selling agents have offered sellers the ability to defer payment, but it would be fair to say that options for sellers in this regard are limited. Sellers requiring a deferred payment option will often have little or no choice when it comes to selecting a surveyor or selling agent.

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

Yes No

Q7a) If yes, please explain why

Comments

Q7b) If no, please explain why

There is merit in exploring alternative arrangements to avoid the perception that surveyors are biased in any way.

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

Q8b) If no, please explain why

In our experience, surveyors do generally provide a high quality product. It is important that the surveyor has a detailed knowledge of the local market as this is of significant benefit, particularly with respect to the valuation element of the report.

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.

Comments

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

Yes No

Q10a) If yes, please explain why

Comments

Q10b) If no, please explain why

ESPC's online survey (referenced above) indicated that only a minority (36%) of sellers believed the Home Report was helpful to them. However, it is worth noting that buyers did place significantly higher value on the Home Report with 64% of buyers saying the Home Report had been either very helpful or a little helpful to them. It is reasonable to infer, therefore, that those who are only selling do not have a full appreciation of the value the Home Report offers buyers, and thus the extent to which it has benefitted them.

That having been said, when asked how they would act "*If the Home Report was optional for the seller of a property to arrange*" only 9% of buyers indicated that they would ignore properties that did not have a Home Report.

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

It is generally only in exceptional circumstances that there would be a delay in excess of 12 weeks between and Home Report being completed and the property being marketed.

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

Though the 28 day provision covers the most common reasons for removing a property from the market temporarily (holidays or minor illness), there may be merit to extending this period to assist those who experience a significant change in personal circumstances (for example, a change in job or family bereavement) that may require them to withdraw their property for a slightly longer period.

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

Comments

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

While local authority trading standards officers are responsible for enforcing Home Report legislation, we are not aware of any cases to date of someone being penalised for not having a Home Report despite known cases of properties going on the market without one. This suggests that the policing of the Home Report system is not as strong as it could be to maintain standards.

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

We find lenders' attitudes towards Home Reports to be the single biggest obstacle to a well-functioning Home Report system. Lenders too frequently reject Home Reports, even if the surveyors are on their approved panel, leading to delays and additional costs for both the buyer and seller as a replacement survey and valuation are carried out.

Over time, if lenders continue to only accept Home Reports from surveyors on their panel, sellers will gravitate towards using these organisations at the expense of a genuinely competitive system which may deter new entrants and potentially push up prices.

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

Comments

Q17) Do these exceptions need to be amended?

Yes No

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

Comments

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

By and large, the information contained in the single survey is appropriate and useful. However it would be advantageous to expand the repair categories from three to four, to allow for a better understanding of the repairs that need to be made.

The report could also be more user-friendly, with the content and layout improved to make it easier to find the most useful information quicker and simpler to understand. Photographs could also be added together with more guidance regarding the category scales.

Finally, some important areas such as the condition of the roof in tenement properties is not covered in the survey so potential buyers may be unaware of significant issues with the main building in these cases.

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

Comments

Q19b) If no, please explain why

There may be merit to such a change as it would afford a level of consistency between Home Reports and the SHCS, however ultimately this would be a question best answered by surveyors.

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

Q20a) If yes, please explain why

On the whole it is useful, though managing the seller's expectations in terms of a likely valuation price is an on-going issue. This should be the responsibility of the selling agents. Also, with buyers looking for a bargain, sellers are keen to secure a higher valuation as they expect that the eventual selling price after negotiation will be lower than the initial valuation.

Inevitably, there is also a range of valuations that could be reasonably offered for any given property and some surveyors may be more inclined to offer a valuation towards the upper end of this range whilst others can offer

figures toward the lower end which can lead to inconsistency in valuations. This is a particular issue in more unique properties as the range of valuations that could be offered is greater.

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

Comments

Q21b) If no, please explain why

The issue is not with the information contained within the energy report per se, but rather the fact that buyers do not find this section particularly useful when choosing a home.

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

Q22a) If yes, please explain why

Comments

Q22b) If no, please explain why

There is merit in reviewing the property questionnaire, as frequently sellers may not be aware of some information and it is in their interests to answer "don't know" rather than investigate an issue and potentially discover information that could deter buyers.

To solve this problem, a leaflet could be issued which simply explains the responsibilities of the seller during the Home Report process, including their duty around the property questionnaire. This could provide a useful reminder to owners that they too have responsibilities in completing a Home Report.

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

Yes No

Q23a) If yes, please explain why

This should certainly be explored as Home Reports should have as much up-front information as possible to assist potential buyers.

Q23b) If no, please explain why

Comments