

## CONSULTATION QUESTIONS

### **Section 1**

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

Yes  No

Homes for Scotland is the representative body for the home building industry in Scotland, with a membership of some 180 companies together providing 95% of all new homes built for sale across the country as well as a significant proportion of affordable housing. We are committed to improving the quality of living in Scotland by providing this and future generations with warm, sustainable homes in places people want to live.

Homes for Scotland makes policy submissions on National and Local Government policy issues affecting the industry, and its views are endorsed by the relevant local committees and advisory groups consisting of key representatives drawn from our members.

Whilst many of the questions posed in this consultation are not directly relevant to our members as new build homes are exempt from the requirement of a Home Report; Homes for Scotland welcomes the opportunity to provide comment on the wider impacts home reports have on the housing market.

Feedback from our members in this response would suggest that Home Reports are not fully meeting their original objectives. Where home builders have experience in dealing with Home Reports (i.e. in offering assisted sales to clients) it is felt that they neither distinctly promote energy efficiency nor promote condition improvements. Our evidence suggests that this may in fact be due to a lack of consumer awareness as to the value of the information contained within the report.

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

Yes  No

As a representative body that is committed to improving the quality of living in Scotland, we support the underlying objectives of Home Reports. We are of the view that to tackle climate change in Scotland, improving the energy efficiency of all homes is key and is where policy should focus. However, at the moment we do not feel that the EPC within the Home Report achieves this.

Raising the profile of the benefits of having an energy efficient home is an absolute must. The best way to get people talking about energy efficiency is by offering financial incentives. The Scottish Government and Local Authorities should use taxation powers to influence purchasing decisions –

as a suggestion, households choosing to buy an energy efficient home should be rewarded with a reduced Land & Buildings Transaction Tax (LBTT) and households who live in energy efficient homes (either through choice at purchase or by retrofitting) could benefit from reduced council tax payments to help reduce the payback time on their capital investment.

Furthermore using incentives through stamp duty would raise awareness of the benefits of buying 'green' – getting people talking about it and providing a much needed push in demand in this market. In reverse, this would also get people talking about the inefficiency of some homes, with a higher tax chargeable reducing interest in those homes, encouraging owners to invest and improve efficiency standards and as a result reducing emissions from homes in Scotland.

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

Yes  No

We feel that while there is an opportunity for Home Reports (and the EPC) to play a central role in promoting energy efficiency and property condition improvements among home owners, early feedback from our own consumer research suggests that this is not the case.

Consumer surveys being carried out by HFS in relation to our work 'Stimulating Demand for Greener Homes'<sup>1</sup> is so far suggesting that the majority of home buyers do not utilise the information provided in EPC, nor do they take the recommendations seriously. This suggests that the Home report, and information provided in the EPC with regard to energy efficiency and property conditions has no impact on both buyers and sellers behaviour, therefore may not be the most appropriate method of promotion. Following the final publication of the results, Homes for Scotland would be happy to share any further evidence retrieved via this research.

Home Reports alone are unlikely to achieve a change in attitudes and behaviour on energy efficiency and/or property conditions. HFS is supportive of the introduction of financial incentives as outlined in question 2a.

<sup>1</sup>'Stimulating Demand for Greener Homes' is a project undertaken by a Saltire Foundation Fellow led by Homes for Scotland. The project looks to tackle some of the issues highlighted in the Financial Market Transformation chapter of the Sustainable Housing Strategy.

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

Yes  No

We would support the establishment of a national register of Home Reports, and believe this would provide a useful tool in assessing the value

and success of Home Reports, as well as reporting improvement of housing conditions and standards over time. It is in our view that the recording of improvements in housing conditions is important if Scotland is to achieve its climate change targets.

## **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

Following discussions with our membership, we have reason to believe that costs are preventing some potential sellers from putting their property on the market. With the cost burden transferred from buyer to seller, this additional expense has put some people off marketing their property, particularly those who are not desperate to move.

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

Yes  No

No Comments

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

Yes  No

No Comments

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

Yes  No

The integrity of the report must not be undermined. A view from lenders will be important.

**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

Experience from members suggests that putting a property on the market is now more susceptible to delay due to the arduous processes and upfront expense. It was noted that often the approval of content from the seller and response times from surveyors have previously caused delays in the marketing of properties, and that it would be advantageous to set

processes in place to avoid unnecessary delays that impact consequential sales.

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

Yes  No

Comments received by our members suggest that there is a mixed view whether Home Reports are indeed a useful marketing tool for sellers. Some feel that it is generally conceded that they do not add to the marketing of a property, just adding costly administration.

Other members feel that they can be useful, suggesting that home buyers are getting more experienced in reviewing the reports and that good properties stand out within the information.

From our consumer research, currently being carried out; early evidence suggests that they are useful but only in terms of the property condition information. This evidence suggests that around 96% of home buyers surveyed go straight to the condition report and that properties with better ratings are most popular and easy to sell. A good condition report in this respect is a positive and can be exploited in marketing.

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

Yes  No

No 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

No Comments

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

Yes  No

Reading into the early feedback from HFS research, it would be advantageous for potential purchasers to have unrestricted access to Home Reports. It is often the case that the availability of Home Reports are restricted by selling agents, or require to be requested by purchasers, which has been noted on some sales sites can take up to 48hrs.

Making Home reports more widely and instantly available may help consumers become more accustomed to the report and its contents, i.e. buyers could routinely check Home Reports whilst searching for homes online or attending viewings.

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

Yes  No

No Comments

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

Some members felt that lenders are resistant in accepting the home report valuation if the surveyor is not on the lenders panel.

Getting lender acceptance of Home Report valuations is crucial to them having any value to the buyer or seller.

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

Yes  No

No Comments

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

Yes  No

No Comments

### **Section 3**

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

Yes  No

Yes and No, there were mixed views from across the membership.

The views of the lending community are extremely important here.

**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

This sounds sensible as long as they are easily understood by consumers.

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

From our research it was noted that valuations have proved to be useful for consumers. The valuation is used by many prospective purchasers to help determine how much finance they can raise, and as a method to determine how much to offer on a property. Again, the views from the lending community are the crucial ones here.

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

Yes  No

Evidence from HFS on-going consumer research for our work on 'Stimulating Demand for Greener Homes' would suggest that the information provided in the EPC is neither understood nor useful to buyers. Early indications show that the majority of consumers believe the EPC is not of any significant interest, with 15% of respondents having never seen the report despite having bought a property, and a further 35% unaware of its contents.

Further evidence extracted from this research shows that 78% of respondents did not understand the contents of this report, and 25% felt that the recommendations were of little use. All of the respondents believed EPCs had no bearing on whether or not they would purchase a property.

The feedback received from our members suggest there are mixed views as to the EPCs usefulness. It was noted the EPC have proved to be a good

differentiator of good and poor properties as well as highlights the benefits of new build homes.

It is clear from our research and feedback that while the EPC may potentially provide a good tool to differentiate between properties, consumers pay little notice to the information provided. This would suggest the information provided doesn't strike a chord with buyers.

Again, this is why we feel that financial incentives are required to raise the profile of the energy efficiency of a home and encourage buyers to take it into account in their purchasing decisions.

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

No Comments

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

Yes  No

We would support the inclusion of an additional question on Land Maintenance Fees to be added to the Property Questionnaire. We feel that the inclusion of this information would ensure prospective owners are informed of their responsibilities when it comes to the maintenance of communal areas of properties and developments.

This information is offered to buyers of new build homes 'pre-purchase' and we would support a consistent approach with second hand homes to ensure the consumer has all the information necessary to make an informed choice.