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Elmhurst Energy Response to:
“Improving the home buying and selling
process”

Prepared for: DCLG

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Domestic

Commercial

On Construction



Introduction:

Elmhurst Energy are pleased that DCLG are seeking a call for evidence on 'Improving the home buying and selling process'. The Government highlight that there are more than 1 million homes bought and sold every year in the UK and they recognise that the process is not 'smooth or simple'. The Government are committed to "make it cheaper, faster and less stressful" and they are calling for ideas and suggestions to make this a reality.

Elmhurst Energy is the largest Energy Performance Certificate (EPC) Accreditation body in the UK with 25 years of experience. We are governed by the Department for Communities and Local Government (DCLG), to ensure that we apply professional consistent standards to our members. We provide industry leading software platforms, training and support to our thousands of members, who produce EPCs for home sales throughout the UK.

As such we are delighted to respond to each question in turn.

We hope you find the responses considered and useful for taking this forward in a progressive manner.

Questions and Answers

Estate Agents

1. Should the industry do more to make customers aware of how to complain?

If so, how?

Yes, there should be a clear path for customers to complain.

2. Should the government take further action to enforce current transparency regulations regarding disclosure of referral fees?

If so, what action should be taken?

Any referral fees, including to energy assessment organisations for provision of Energy Performance Certificates (EPCs), need to be 100% transparent and understood upfront.

The consumer should be advised they can use alternative suppliers for the services.

3. What would the impact be of banning referral fees?

If these are banned it may result in slower and more disjointed process for consumers. The ability to smooth the process is good for the consumer, but it must be explained upfront if there are referral fees associated.



4. Should the government introduce more regulation for estate agents?

If so, what sort of regulation would be appropriate?

Yes, Estate Agents should be trained, qualified and operate within a code of practice. The regulations must cover such items as; the EPBR (which specifies that an EPC is required when homes are marketed for sale or rent, PRS/MEES (which prohibits the rental of our most inefficient homes) HSE, Legislation and Law surrounding property. Estate Agents must be liable when advice is wrong.

The legislation is getting more and more complex surrounding property, especially around Minimum Energy Efficiency Standards (MEES). The Estate Agent is giving advice to consumers and it needs to be held accountable. The Estate Agents must ensure that an EPC is made available to market a property; this must be done 1st up and not moved to anywhere else in the process. This is essential to allow all the benefits advocated in later sections to take place for all stakeholders.

Conveyancing

5. What should industry do to help consumers make more informed decisions when selecting a conveyancer?

How could government help facilitate this?

No strong views

6. What improvements can be made to the process of property searches in order to speed up home buying and selling?

Conveyancers need to be fully aware of the laws around energy efficiency, especially EPBR and PRS/MEES.

The EPC should be available digitally to the conveyancer. The current manual process of obtaining it from a national register is slow, laborious and also just used as a tick box exercise at the moment. Conveyancers need to understand the differences of EPCs such as; new build EPCs, existing home EPCs, the validity periods, if the property is buy to let then they must know the MEES regulations (surrounding 'F' and 'G' rated homes). Conveyancers must understand that they have a duty of care for the consumer to ensure that the EPC is correct and that the relevant stakeholders have read it and understand what it means, and to advise on current and proposed legislation that may mean the home, in its current state, may be required to have improvements.

Conveyancers need a basic (operational) level of understanding of the EPC from the legal perspective, and if the client has in-depth questions, then the conveyancer can point them to the named energy assessor on the EPC for further specific guidance.

The Conveyancing industry should advise their clients of the worth of the EPC from likely running costs of the property as well as recommendations that could be applicable. When it



comes to affordability it is clear that clients need guidance on all aspects of the buying process and it is essential that the EPC is used to help people make good decisions. Can the client afford the predicted fuel bills of the home they are looking to purchase/rent, for example if the property is G rated (very poor from energy efficiency point of view), with assumed fuel bills in excess of £2k per year, shouldn't the Conveyancers be highlighting this to their clients?

As conveyancing comes later in the home buying/selling process, it is absolutely essential that the EPC is mandated to be produced upfront in order to commence marketing, so that Conveyancers can use it wisely to advise their clients. Clients being told that an EPC exists, and what the information can mean is vital to engage the public to make good decisions when investing in their new home. Conveyancers can add a lot of very helpful information to buyers from the EPC, rather than the current 'check box' based approach.

Conveyancers who observe other shareholders not fulfilling their legal responsible, for example obtaining the required EPC within x days of a property being placed on the market for sale or rent, should be obliged to report the event to the local trading standards body and to any professional body to which the agent is a member.

7. Would there be an advantage to encouraging buyers and sellers to use the same Conveyancing provider?

If so, how could it work, without creating conflict of interest problems?

No strong views

Harnessing digital technology

8. How would a predominantly digital Conveyancing process affect home buyers and sellers?

The actual EPC must be made available by digital links for selling/marketing platforms. This is so that potential purchasers are knowledgeable upfront. The current situation is that the A-G graphs 'alone' are normally displayed which are not the EPC, they are not helpful for making informed choices. The links to the actual document need to exist. This same digital link can then be used by Conveyancers, so that they can get it instantly with no manual paper downloads.

9. What should the government do to accelerate the development of e-Conveyancing?

Encourage the national EPC registers to open up these links to appropriate professional 3rd parties to assist with the promotion and enforcement of compliance of EPCs and give the benefits of energy efficiency back to the consumers.



10. Are there any particular public sector datasets which you think should be released as open data in order to drive innovation in the home buying and selling process?

The EPC data is already made open data by Government BUT we need the link to the database for the EPC and back ground data to be made more open to appropriate 3rd parties – this would allow consumers to work out energy efficiency improvements via the Each Home Counts (EHC) process which is being developed to champion quality installations next year.

11. How could other parts of the home buying and selling process be improved through better use of digital technology?

The EPC is an asset rating of the property it is therefore using standard occupancy modelling assumptions; this is good for allowing many different people to compare and contrast different homes using a standard set of defaults. However for modelling actual occupancy, this could be done online (in a digital way) for those people who want to drill down into affordability and bespoke information for their own family circumstances in that home. By using the asset rating (EPC), overlapping with some basic occupancy information e.g. number of adults, children, likely occupancy times – then more accurate predicted fuel bills can be easily derived. This is a process which is being pushed within the EHC framework, which will give home owners much more understanding of their home (or potential home purchase). With fuel bills being expensive this is vital information to give people. It can be made quickly available to the right people using modern digital platforms.

In the 21st Century the full EPC document (which includes recommendations) needs to be presented to potential purchasers and renters. The current situation where 2 static (A-G) graphs, one for energy efficiency and one for carbon emissions, being displayed at the marketing point, is factually incorrect; as the 2 graphs are no longer used on EPCs. This is misleading and unhelpful for consumers to make good decisions. The full EPC must be made available via digital links, allowing people to make informed choices on home purchase or rent.

Mortgages and the requirements of lenders

12. What more could be done to encourage borrowers to seek a Decision in Principle from their preferred lender before they start house hunting?

Decisions in principal are about affordability, and as such a link should be made to the band of the EPC, e.g. lending decision is OK as long as the property purchased is band 'C' or above. This would encourage the wider community to look carefully at the EPC and understand the benefits of purchasing warmer and cheaper to run properties.



13. What other improvements could be made to the process of applying for and obtaining a mortgage?

As per the 'Lenders Project', the EPC can be effectively used as part of the lending decision. This project recommended this to the Industry and this would aid consumers and lenders to be buying appropriate homes for their income.

Educating buyers and sellers

14. How do we ensure buyers and sellers are able to access good guidance on buying and selling homes?

There should be clear independent advice available to buyers and sellers, with simple guides, that run people through 'step by step' the process they are undertaking. There should be a simple redress and complaints procedure to protect them.

In terms of educated buyers and sellers, we suggest that as mentioned in all our answers that all the professionals and organisations involved in the process, use the EPC and the data it contains to facilitate sellers and purchasers to make good decisions. The consumers need advice to the correct levels by all the stakeholders and it is incumbent on us to engage with these people so that they make good choices, and this can mean that people live in warmer more efficient homes, that are cheaper to run, and as NHS studies are showing that they are healthier in the long run.

Better information at point of sale

15. Should sellers be required to provide more information before they market their property?

If so, what information should be provided?

An up to date EPC must be provided for all homes before they are marketed to ensure potential purchasers are well informed. The current ten year validity period for EPC is very misleading because the property is highly to have changed in the period, and energy process will certainly have changed, meaning that the consumer is being misled.

In this context Elmhurst proposes that the EPC should reflect the current state of the property and be no older than 12 months.

We also note that in the consultation it states that (point 24) "In most cases the buyer will also commission a survey of physical condition of the property" – this is simply not true; most purchasers who need a mortgage will rely open a lenders valuation survey assuming that this is a survey about condition of the property; which it is not.



The EPC is also not a 'physical condition' survey but a visual (non invasive) assessment of the property to ascertain the energy efficiency of the home.

Finally as mentioned previously the full EPC needs to be available to consumers, not just the A-G graphs. The information it contains will allow consumers to understand what they are considering to purchase or rent.

16. Should sellers of leasehold homes be encouraged to engage with their freeholder before marketing their home for sale?

If so, in what ways should they engage?

Yes for example when a property is purchased with the intention of letting, under the MEES legislation it may require energy efficiency improvements to be made the least efficient homes, and therefore getting the approval of these improvements is vital to ensure the potential purchasing families are not 'locked' into cold, expensive to heat homes.

Sharing information about each other and increasing commitment

17. How can government increase commitment to a sale between buyers and sellers?

Would development of standard agreements help?

No strong views

18. How should we best tackle gazumping?

No strong views

19. What other steps could be taken to increase confidence in the housing chain?

Where a potential buyer identifies a poor 'energy inefficient' home that they would like to purchase, and agrees with the seller that the home is to be improved up to a particular Band e.g. from 'G' to 'D' and the seller agrees; a standard agreement would help facilitate this. This could be especially useful in the buy to let market, to help compliance with MEES regulations. It could also help the purchaser who has a mortgage in principal for a band 'D' or above property. These two examples show that using the information from the EPC wisely can actually help facilitate moves, which would otherwise potential cause major issues further down the line.

Buying a leasehold property

20. Should managing agents / freeholders be required to respond to enquiries within a fixed time period?

If so, how could this be done?

No strong views

21. Should maximum fees be set for the services and information provided by managing agents / freeholder to home buyers and sellers?

If so, how could this be done?

No strong views



22. Should the government introduce standard mandatory forms for collecting information about leasehold?

No strong views

Buying a new build property

23. What can be done to improve the customer experience of buying a new build home?

The EPC needs to be explained to prospective purchasers. As indicated many purchasers buy off plan. It must be mandated that the purchasers understands that the Predicted Energy Assessment (PEA) is created off drawings, and that prior to final sign off by Building Regulations, an updated EPC is created with some updated information included e.g. pressure test result and make and model of boiler etc.

It is the builders' responsibility to build the home 'as designed' and if there are any changes they must be given to the 'energy assessor' to ensure that the home continues to comply to the Building Regulation/Standards for energy efficiency. Otherwise there is a potential for miss-selling.

The EPC is based on standard occupancy (times/temperatures etc) – therefore a digital platform is required to allow potential purchasers to enter their own details to see what the likely fuel bills will be for them, as opposed to the standard model. The public need to be educated on how to use the EPC.

There should be a household manual, preferable in digital (online format) which contains consumer friendly information on how to run the technology in their new home e.g. heating and hot water controls, TRVs, MVHS, Solar, PV etc. By being digitalised, it means that future occupants can gain access to this information rather than being lost by first occupants.

24. What more can be done to help buyers of new build homes quickly secure a mortgage offer?

As before for existing home sales; use the EPC band for in decisions in principal and use the final EPC as part of the lending decision to ensure that people buying warmer more efficient homes can more safely be lent more money – thus being able to afford more.

Any additional suggestions for improvement

25. What else should the government be doing to help improve the home buying and selling process, and reduce the cost for consumers?

We at Elmhurst advocate that the EPC needs to be more widely used within the home buying and selling process for the benefit of all stakeholders.

We know that it is good for lenders – to make better lending decisions.



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We also know that some estate agents will ignore poorer rated properties and therefore we suggest that the EPC should be benchmarked against similar homes e.g. the average Victorian Terrace etc.

We appreciate that the EPC could use more consumer friendly language and we are asking for DCLG to improve this. This would go some way to helping estate agents not see poorer rated homes as a negative, and potentially a barrier to prevent sales.

We also suggest that an Occupant Assessment needs to be added for all potential occupants; so that the data the Asset Rating (EPC) contains is used, but is then tailored to the new families' occupation of the asset. There is a misconception that the EPC is a condition survey, and that it delivers actual running costs; this needs addressing and with the digital occupancy solution, which links to the Each Home Counts (EHC), where vital independent advice is given using the asset (home) information and the occupant info.

It is also vital that there needs to be a link to the EHC process so that people can get engaged with energy efficient recommendations in an independent and quality assured manner.

At Elmhurst we believe that the message of the EPC needs to get to the owners or potential owners of homes. The Estate Agents at the moment do not care. By the time Conveyancers are involved it is currently too late. How do people know one even exists? Somebody must explain them? To incentivise activity, we suggest that there should be a link to stamp duty on energy efficiency of homes. There should be a link to affordability e.g. affording larger homes, or lower mortgages, using the data is good for lenders and consumers. People will buy homes that can afford to run effectively.

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