



Home-Buying Review

Can home buying and selling be made easier?

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Introduction



Moving home is a hugely stressful and often very uncertain experience and I want to see whether we can make the process easier.

The Labour Government's typically bureaucratic answer to these problems has been to impose Home Information Packs (HIPs) against considerable opposition from the buying and selling public and the housing industry. Their worst fears have been realised; HIPs have introduced wasteful red tape and up-front costs to the seller with little or no appreciable advantage to the buyer.

The next Conservative Government will scrap the cumbersome HIP, whilst keeping the Energy Performance Certificates (EPCs), but we also want to improve the process of moving home. This "Home-Buying Review" will explore how this can be done.

I will lead the review which will be jointly conducted by Kirstie Allsopp, who will focus on the consumer perspective, and Owen Inskip, who will focus on the housing industry (estate agents, surveyors, solicitors and mortgage lenders).

Labour has failed hopelessly to speed up the home buying and selling process and may even have slowed it down. Our review will seek to find simpler, better solutions and, most importantly, we will listen carefully to experts, industry and the public.

Please play your part and tell us what you think.

A handwritten signature in black ink that reads "Grant Shapps". The signature is written in a cursive, slightly slanted style.

Grant Shapps MP
Shadow Housing Minister

Who is conducting this Review?

Grant Shapps MP

Grant was elected to Parliament for Welwyn Hatfield in May 2005 and became Shadow Housing Minister (attending Shadow Cabinet) in July 2007.

Having founded his own successful printing business, Grant has the kind of real-life experience that has proved invaluable for his work in Parliament.

Grant committed the Conservative Party to scrapping Home Information Packs (HIPs) at the Party Conference in October 2007 and has set up this Home-Buying Review to study whether the process of buying and selling a home can be made easier



Kirstie Allsop

Kirstie is best known for presenting Channel 4's Location, Location, Location but has been a property search agent for over ten years, having previously worked for Country Living magazine. Week in, week out she travels all over the UK dealing with the fears, worries and frustrations of buyers and sellers and she sees the full extent of the resulting stress that they all too often suffer in the process.

Reducing this stress is a key objective of the Review and thus the huge advantage of Kirstie's involvement.



Owen Inskip MRICS

Owen brings 30 years of residential property experience to this "Home-Buying Review."

Owen has become a leading authority on the residential market and has sat on numerous committees over 15 years for Housing Ministers of both main parties and trade bodies such as the RICS. Throughout his career he has shown a persistent determination to challenge traditional methods, and this can only help in his wish to work with the industry to improve the home buying and selling process.



Background – What happens today?

Transactions per Annum	Ave Length of time of transaction	Number of sales which fall through	% Number of sales which fall through	Ave cost of failed transaction	Total Cost to Parties involved in failed transactions
1,780,000	8 - 10 weeks	498,400	28%	£680	£338,912,000

Why is it that the buying and selling of a home is such a stressful experience? Before we can explore how to remove the stress we need to truly understand its causes.

Firstly, it is important to recognise that emotion plays a significant part. A house is not simply an investment; it is also the family home with all the emotional attachment that comes with it. For most people the sum of money involved represents the largest single transaction in their lives, and therefore the process is largely unfamiliar.

The first stage of the process involves seeking advice from an estate agent and whilst many are excellent, some 30% of firms are not part of any professional body whatsoever and enjoy no regulatory framework, training or qualification of any kind. Unfortunately we hear little of the many good ones and much of the bad.

Many people have never bought or sold a home before and don't fully understand the process. If selling, do they seek guidance first from their solicitor, if they have one, and next from the estate agent, or visa versa, and which firm do they choose to use? If buying, do they speak to the mortgage lender before they start searching for a property or wait until they know what they are hoping to buy?

At what point do they make an offer and, indeed, how much do they offer? What exactly are they expected to do when the offer is accepted? They will almost certainly now need a formal mortgage offer in order to proceed further, but first a valuation is required and some form of survey.

The language of many surveys (laced with caveats to protect the surveyor) is inevitably frightening to the uninformed buyer and yet if the market is strong and they hesitate at this stage the property may well be sold to someone else. Meanwhile the vendors, having accepted the offer, will need to instruct their solicitors to send out a contract to the buyer's solicitors. This should and could be done in a matter of a day or two but often takes weeks through lack of preparation. The average length of time from offer to exchange of contracts is in the region of eight to ten weeks during which time the uncertainty for the buyer and the sense of paralysis for the seller is deeply stressful. If the sale falls through, as happens in almost 30% of cases, the abortive costs for the buyer can be considerable (average for the UK is in the region of £680).

All these decisions and the often conflicting advice from friends, all of whom suddenly become property experts, is deeply confusing. The process grows a mystique and its scale and emotional implications inevitably lead to stress. Death, divorce, pregnancy and moving jobs are the principal reasons for moving house. These events are already very stressful, so why do we continue with a system which exacerbates this stress still further?

If we can make changes that will remove just some of this uncertainty, then this review will have been worthwhile.

Looking to the future

So what are the areas which could benefit from close examination and where changes may reduce this period of uncertainty and/or in some way smooth the process for buyers and sellers alike?

- 1. The professionalism and attitude of estate agents.**
Is it desirable to require a greater degree of training, qualifications and/or regulation?
- 2. The professionalism and attitude of solicitors.**
Whilst many solicitors are quick and efficient there are still far too many who are reluctant to pick up the telephone to the estate agents and prefer to communicate by post rather than e-mail. What can be done to improve the situation?
- 3. Should the making and accepting of “an offer” be legally binding?**
This would revolutionise the home buying process but has many implications - it would require the survey and valuation to be commissioned and paid for ahead of an offer being made but it would drastically reduce the number of abortive transactions.
- 4. The process and language of surveys and valuations.**
This process frequently causes long delays and all too often the language used causes unnecessary anxiety on the part of the buyer. What can be done to improve the speed and efficiency of surveys and valuations?
- 5. The mortgage lending process.**
This is particularly in the spotlight at present and needs careful examination. Should buyers be looking for a house armed with an “in principal mortgage offer” subject only to identifying the right property in the right price bracket?
- 6. Home Information Packs (HIP)**
Labour’s attempt to improve the home buying process through HIPs has been an unmitigated failure but what lessons can we learn? If solicitors were required to confirm that they were a) instructed b) had the necessary documentation to hand and c) were ready to send out a contract at short notice, prior to placing a property on the market, would this not go a long way to solving the problems of delay?
- 7. Energy Performance Certificates (EPC)**
These are currently integral within HIPs and we need to explore how to ensure their continuation whilst helping rather than hindering the home buying process. As a party we are committed to improving energy performance in the home and are also mindful of the EU’s legal requirement for us to do so.
- 8. Gazumping and gazundering.**
This is the undesirable practice where the vendor suddenly asks for more money at the last moment or the purchaser offers less.
- 9. Is the “buyer beware” system appropriate to home buying?**
It must be accepted that any transaction of this type will always carry a degree of risk and we do not believe that it is the Government’s job to remove risk but more to reduce worry. If, as under HIPs, the vendor produces a survey, its credibility will always be held in question by buyers who must remain responsible for their own due diligence.
- 10. E-conveyancing and the Land Registry.**
Anything that can be done to speed up the E-conveyancing process within the Land Registry will advantageous and we shall see what can be done to bring the Government’s target date of 2015 forward.
- 11. De-mystifying the process for both buyers and sellers.**
In fact, despite everything written in this paper, the process should be very straight forward. It is the behaviour of sellers and buyers and the inadequacies of estate agents, solicitors, mortgage lenders, valuers and surveyors that make it complicated. If we can help improve the behaviour and professionalism of all parties, the mystique and worry should disappear.
- 12. Studying of home buying and selling elsewhere in the world.**
This will form a crucial part of the review.

The review process and timetable.

It is planned to spend two to three months consulting as widely as possible with as many individuals, companies, trade bodies and professional associations as possible.

We will pro-actively approach a broad range of professional firms representing the house buying and selling industry and ask them to host seminars to gather their views.

We will launch a website to gather the views of any firms or bodies who wish to Contribute. This will also, most importantly, provide a conduit for contributions from the public so that they can play their vital part in the consultation process.

We will work closely with those involved in the Carsberg Review currently being undertaken on behalf of the Royal Institute of Chartered Surveyors (RICS), the National Association of Estate Agents (NAEA) and the Association of Residential Letting Agents (ARLA).

As part of this consultation process we will hold a seminar bringing together any or all of those who are participating in the review to gauge a reaction to our initial findings.

We would hope to report to the Conservative Party leadership at the end of the process with a series of recommendations.



To make a submission to the Conservative Home Buying Review,
please visit www.HomeBuyingReview.com

