

Office of the Deputy Prime Minister

Draft Housing Bill: Consultation on legislation

Factsheet 7: The home information pack (HIP)

Summary

The legislation will require sellers of residential properties in England and Wales, or their agents, to make a home information pack available before marketing homes for sale, and to make a copy of the pack available to prospective buyers on request. The pack would include standard documents and information for prospective buyers. We are consulting separately on the application of home information packs to areas of low demand and low value.

Background

The Government's manifesto commitment is "to make it easier for people buying and selling homes in England and Wales through a new seller's pack". This pack will be known as the "Home Information Pack". The introduction of the home information pack is a key part of a package of measures to reform the home buying and selling process. Legislation to introduce the pack was first introduced in the Homes Bill on 12 December 2000. That Bill was unable to complete its passage before Parliament was dissolved for the 2001 General Election. Legislation is being reintroduced as part of the draft Housing Bill.

What is wrong with the current home buying and selling process?

Under the present home buying process, a lot of information required by buyers and sellers about a property only becomes available after an offer has been made and accepted. This can mean that problems with the property may come to light only after several weeks, by which time the buyer and seller may have incurred significant costs in legal fees, searches, surveys, etc. This can cause the terms to be renegotiated, delay exchange of contracts and even result in transactions failing altogether.

Extensive research has shown that the current system is extremely inefficient and wasteful and does not look after the best interests of buyers or sellers. Delays in the present system can encourage gazumping and other problems. Providing key information up front in the home information pack will make the process more efficient, transparent and consumer friendly. This means less risk of transactions collapsing, less wasted expenditure and earlier certainty for everyone.

What will the home information pack contain?

We published a separate consultation paper on the detailed contents of the home information pack on 31 March 2003. Subject to the outcome of the consultation, we envisage that the pack is likely to include the following documents, most of which are currently provided later in the sale:

- **terms** of sale;
- evidence of **title**;
- replies to standard **preliminary enquiries** made on behalf of buyers;

- copies of any planning, listed building and building regulations **consents** and approvals;
- for new properties, copies of **warranties** and guarantees;
- any **guarantees** for work carried out on the property;
- replies to **local searches**; and
- a **home condition report** based on a professional survey of the property, including an energy efficiency assessment.

Also, for leasehold properties:

- a copy of the **lease**;
- most recent **service charge** accounts and receipts;
- **building insurance** policy details and payment receipts;
- **regulations** made by the landlord or management company; and
- memorandum and articles of the **landlord or management company**.

Legislation will enable the Secretary of State to ensure that buyers, potential buyers, lenders and any other person involved in the sale of the property have a legal right to rely on the home condition report and other documents in the home information pack.

What else is the Government doing?

The home information pack is only one part of a package of measures to tackle problems with the current home buying and selling process. Other aspects are being pursued on a voluntary basis and do not require legislation. These include:

- **better preparation** by buyers (e.g. obtaining 'in principle' mortgage offers before making an offer on a property);
- **faster mortgage** offers and faster local authority searches;
- better **use of technology** to speed up the process;
- the introduction of **e-conveyancing**;
- action by lenders to **provide title deeds quickly**;
- action by insurers to develop further and market more widely **insurance** to protect buyers and sellers from gazumping and other problems.

Further information

Further information on these proposals can be obtained from www.housing.odpm.gov.uk/hbs/index.htm

Or you can email homebuy@odpm.gov.uk or write to:

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