

What you might not yet know about Home Information Packs

Shaun Curran looks at the controversial Home Information Packs and considers both sides of the argument.

The Government's much-discussed and highly contentious Home Information Pack (HIP) scheme was launched in England and Wales on 1st August amid much criticism, derision and scepticism from a number of parties. But what are HIPs, what do we actually know about them and, with so much argument and counter-argument, where does the truth lie?

HIPs are a collection of facts and documents designed to give potential buyers as much information about a property as possible in the easiest possible way. After 10th September 2007, only properties with three or more bedrooms need a HIP to complete a sale. Costing on average between £400 and £700 to compile, HIPs shift most of the burden of gathering information about a house from the buyer to the seller and are designed to speed up the buying process, giving more transparency to the procedure. The Government also hopes the scheme will help cut carbon emissions from UK homes.

Packs must include evidence of title,

copies of any planning permission, listed buildings or any other recent building consent, guarantees for any work carried out, an energy performance certificate, standard searches and legal documents, along with optional home condition reports.

Whilst on the surface the packs seem to be a logical step, the introduction of HIPs has met with fierce opposition from homeowners, politicians and members of the housing industry.

As little as two weeks before HIPs were finally introduced (the original date for their introduction was 1st June), the House of Lords voted 186 to 160 for the Government to revoke the regulations. In particular, Conservative leader David Cameron has made quite an issue of the scheme, and other critics have not been shy in voicing their concern. So what is the problem?

HIPs have attracted criticism for several reasons, the principal one being that the scheme has been poorly thought out and contains many 'loopholes' that render them worthless. It has been argued that owners of three-bedroom houses can avoid the need for HIPs by claiming they live in a two-bedroom house complete with study, and that the penalty for not acquiring a HIP – currently set at £200 – is not deterrent enough.

Before the government announcement that three-bedroom properties would also need a HIP, a statement for The Royal Institution of Chartered Surveyors (RICS) said: "No-one knows what's going on. There's no legal definition of what constitutes a four-bedroom house, so allowing people to market property as a three-bedroom house with a study, thus

avoiding a HIP. It's riddled with loopholes. It is completely confused."

The National Association of Estate Agents (NAEA) has also been critical, calling HIPs "chaotic" and saying it is obvious "just how flawed this piece of legislation is". The NAEA has encouraged the Government to introduce energy performance certificates only and drop the rest of the "ill thought-out" packs.

Yet the Government has remained determined to push the scheme through, and has vigorously defended HIPs and the criticisms aimed at them. Mike Ockenden, director-general of the Association of Home Information Pack Providers, said: "HIPs are finally here and should be welcomed by consumers, environmentalists and [the] industry alike. The key message that appears to have been lost over the last year is that HIPs are a good thing; they are not here to 'plunge the market into chaos' as mischief-makers would have us believe. Instead, they are here to help improve the house buying and selling process for all involved, bringing vital information to the front of the process that, in the long term, will save consumers money, as well as aiding a faster and more transparent process."

The AHIPP also moved to dispel the 'loophole' theories, stating that claiming a three-bedroom house is a two-bedroom with a study would never work due the vast difference in price between two- and three-bedroom properties, with sellers unwilling to lose out on thousands of pounds. The AHIPP also stressed that the £200 charge for not ordering a HIP was not a one-off fine, but a repeatable penalty.

The Government will be hoping once the initial fervour has passed, people will accept that, as unpopular as they seem to be, HIPs are now here and are to become pivotal to the process of buying and selling property. But with plans to introduce HIPs to all homes due soon, that may well be wishful thinking.

