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HIPs – stealth tax or what?

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The Government's controversial Home Information Packs (HIPs) have been extended today, 10th September, to include three-bedroom properties newly put up for sale. The move means that now anyone selling a home with three or more bedrooms must have a HIP. 'Controversial' is the word because industry experts are saying that the fall in the number of houses on the market with four or more bedrooms is contrary to expectations and is now likely to affect the market supply of three bedroom houses, which represent 41% of properties in England and Wales.

Originally designed to speed up the house-buying process and cut costs for consumers, HIPs are said to be damaging the housing market, with homeowners being put off the cost of the packs, regarding them as yet another bureaucratic stealth tax. Members of the property industry have also attacked the packs, including the Royal Institution of Chartered Surveyors, the Council of Mortgage Lenders and the National Association of Estate Agents, criticising the packs as a waste of money that will slow down the selling process, not speed it up.

On the positive side, however, there could be some good news this autumn for house-hunters who have been struggling with soaring property prices. Agents, developers and economists all agree an autumn 'cooldown' is under way. Combined with a jittery money market, making mortgages less easy to come by, there will be less competition from other would-be purchasers and so sellers may be more willing to accept offers. In addition, transactions are down as affordability – the ability of first timers to buy a home, and of existing owner-occupiers to step up the ladder – is stretched. The Bank of England says that mortgage approvals in the second quarter of the year were down 4 per cent on the previous quarter and 8 per cent on late last year.

Alex Preshaw, partner heading up the conveyancing team at Phillips Solicitors, comments: "The market is now very stretched but for would-be buyers, this could just be the time to make an offer below the asking price. And if clients, selling their houses, instruct us to produce their HIP, using our own software, then the pack will belong to the client, whichever estate agent they choose."

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