

RICS consultation on valuation of properties in multi-storey, multi-occupied residential buildings with cladding (EWS1)

Briefing for housing associations

13 January 2021

Summary

The Royal Institution of Chartered Surveyors (RICS) [is consulting on proposed guidance on the future application of the External Wall System \(EWS1\) form](#). The guidance aims to help homebuyers and leaseholders who are impacted by delays in the homebuying market, caused by safety concerns over cladding and the cost of remediation. The consultation opened on Friday 8 January and closes on Monday 25 January.

The proposed guidance is aimed at valuers carrying out mortgage valuations on residential properties with cladding to help provide consistency on whether they should request an EWS1 form before proceeding. It is proposed that a valuer would only request an EWS1 if a building meets certain criteria, which are different depending on the building's height.

The NHF will be submitting a sector response to the consultation and we encourage members to submit views to us at housingsafety@housing.org.uk by **9am on Thursday 21 January**.

This briefing summarises the proposals but you [can read the consultation documents in full](#).

Introduction

The EWS1 form was introduced in December 2019 to provide a process to surveyors in valuing flats in high-rise buildings. Since then, the form has been more generally applied to flats to support mortgage applications in most multi-storey, multi-occupied buildings – further reducing the already limited capacity of competent professionals needed to provide them. Housing associations are doing what they can to meet these requests, but the scale of demand alongside the scarcity of specialist expertise means that some residents may experience delays of many years for an EWS1 form for their building. Housing associations agree that this is not acceptable. The NHF has been pressing for a solution that unsticks the housing market, enabling leaseholders to remortgage or move until necessary remedial works can be completed. We are also raising the point that the diversion of specialist expertise to conduct EWS1s for buildings that will enable mortgages to be taken out, has an impact on the pace of remedial works that are necessary in other buildings. **We believe the ultimate solution to the various challenges this issue presents is for government to guarantee and provide upfront funding for all remedial works.**

Background to the consultation

RICS is consulting on proposed guidance on the valuation of multi-storey, multi-occupancy buildings with cladding. The guidance is aimed at valuers carrying out mortgage valuations on residential properties with cladding to provide consistency on whether they should request an EWS1 form before proceeding.

The guidance proposes criteria to define the buildings in which RICS considers it is less likely that expensive remediation work affecting value will be required. They believe this would then allow valuers to make a reasonable assumption about valuing properties in these buildings without requesting an EWS1 form from the building owners. RICS have developed the criteria based on existing government advice and discussions with the industry and are now seeking views and evidence from all of those who may be affected by the guidance. Views are invited to help ensure that the criteria is robust and properly reflects current practice, as well as balancing the risks to lenders, buyers and sellers. The consultation is open until 25 January with finalised guidance expected to be published in February.

NHF view

We welcome this consultation to provide consistency on the application of the EWS1 form that could ultimately support some leaseholders to access mortgage finance to remortgage their home, or to sell their property. Housing associations are making every effort to support leaseholders who need an EWS1, while also meeting their responsibilities to residents in homes that require urgent remedial works. Lenders' requirement for EWS1 forms has created a huge demand for advice from specialists, who are also needed to advise on urgent safety remedial works. We therefore welcome suggested ways to free up specialists' time to focus on remediating buildings.

Given the scale of the challenge to remediate buildings with safety concerns, programmes of remedial works will be complex and could take up to a decade to complete. We understand that lenders are concerned that borrowers will be expected to meet large remediation bills for works in the future. For both of these reasons, we believe that the government must provide upfront funding for remedial works and recoup the costs from those responsible later. In doing so, the government could help building owners overcome financial barriers to quickly remediating buildings and ensuring residents' safety. But it would also unstick the housing market, enabling people to remortgage or move home, and, importantly, ensure that leaseholders do not have to pay unaffordable bills for remedial works to properties that they bought in good faith.

While we recognise that RICS' proposals could be a step in the right direction to help some leaseholders, many remaining buildings will still be subject to an EWS1. Importantly, we believe lenders' views of these proposals are ultimately what will determine whether or not they can be taken forward in practice.

We welcome members' views on how far the proposal will go to overcome the challenges of completing EWS1 for your buildings. We specifically would like member feedback on whether the proposed guidance would enable you to easily understand the situations in which a building would be subject to an EWS1 (question two below).

Proposals

As part of the consultation, RICS is welcoming comments on its [draft guidance note on valuations of properties in multi-storey, multi-occupied buildings](#), as well as answers to specific consultation questions. The NHF will be submitting a sector response to the consultation overall. The consultation questions are in relation to the proposed future application of the EWS1, which is that an EWS1 form will **not** be required in the following scenarios, according to building height:

- **Buildings above six storeys** where there is no cladding or curtain wall glazing on the building. If there are balconies where the balustrades and decking are constructed of combustible materials (e.g. timber), they are not stacked vertically above each other.
- **Buildings of five to six storeys** where there is not a significant amount of cladding on the building (for the purpose of the proposed guidance, approximately a quarter or more of the surface façade is a significant amount) and there are no ACM (aluminium composite material) or MCM (metal composite material) panels on the building. If there are balconies where the balustrades and decking are constructed with combustible materials (e.g. timber), they are not stacked vertically above each other.
- **Buildings of four storeys or fewer** where there are no ACM or MCM panels on the building.

Consultation questions

The list of consultation questions is below. The NHF welcomes views on all the questions, but particularly the **first four questions**. You may want to read [the consultation documents](#) before responding.

Housing associations are welcome to leave questions blank where they do not have a view. The NHF will carefully consider before responding to some of the questions on the risks presented by different materials and the proportion of them on external walls, given that these require specific expertise, knowledge and experience.

Questions aimed at all consultation respondents (we strongly encourage housing associations to submit views to us on this section in particular):

1. What impact would the proposed guidance have on your housing association?
2. Would the guidance help you to understand whether an EWS1 form is likely to be needed by a valuer for your buildings?
3. In your experience, what impact would the proposed guidance have on the number of EWS1 forms being requested for your buildings?
4. Are the criteria set out in the document clear and easy to understand?

Questions on criteria for leaseholders, solicitors/conveyancers and prospective buyers (we welcome views on these questions based on your conversations with leaseholders and prospective buyers):

5. Given that a valuer will not know whether a building will need expensive remediation work without an EWS1 form, do you agree that the criteria set an acceptable level of risk for when a valuer can make an assumption about this without asking for an EWS1 form?
6. Do you agree with the definition of cladding in the guidance, and with the list of construction methods where an EWS1 is not likely to be required? (Please read the Glossary section of the guidance, available [here](#).)

Questions on criteria for all other responders (we welcome views on these questions from housing associations, but we will carefully consider whether to submit a sector response, due to the specialist knowledge needed – please share evidence and reasons to support your answers):

7. Do you agree that residential buildings over six storeys should require an EWS1 if they have any cladding as defined in the guidance?
8. Do you agree that residential buildings over six storeys should require an EWS1 if they have any curtain wall glazing?

9. Do you agree that residential buildings over six storeys should require an EWS1 if they have vertically stacking balconies where balustrades and decking are constructed of combustible materials?
10. Do you agree that residential buildings of five or six storeys are likely to require remediation work that would affect value if they have any type of cladding?
11. Do you agree that if more than approximately a quarter of the surface of a five or six storey residential building has cladding of any type as defined in the guidance this is likely to result in remediation work that would affect value? If no, would you suggest a different threshold for the amount of cladding that may result in a need for remediation work?
12. Do you agree that vertically stacking balconies in residential buildings of five or six storeys where balustrades and decking are constructed with combustible materials are likely to result in the need for remediation work that would affect value?
13. Do you consider that any other type of attachment to buildings of five storeys or higher should be included in the criteria as triggering the need for an EWS1 form?
14. Should HPL panels be included or excluded from our Guidance Note as triggering the need for an EWS1 form in any amount for residential buildings under six storeys? Please provide reasons for your answer.
15. Do you agree that residential buildings of four storeys or fewer have a lower risk of needing expensive cladding remediation work that could affect value?
16. Do you agree that residential buildings of four storeys or fewer should need an EWS1 form if they appear to have any ACM or MCM cladding?
17. Do you agree that four storeys is the correct upper limit for this lowest risk category? If not what number of storeys would you suggest?
18. Are there any other circumstances not currently covered by the guidance in which you believe a valuer should not assume that remediation work affecting value will not be needed and should request an EWS1?
19. Do you have any other comments on the proposed guidance?

Submit your views

The NHF will be submitting a sector response to the consultation and we would like housing associations' views on the above questions to inform our submission. Please email your responses to housingsafety@housing.org.uk by no later than 9am on Thursday 21 January.