

## RICS publishes new advice to valuers regarding cladding

3 years ago



RICS announces the publication of new guidance: “Valuation approach for properties in multi-storey, multi-occupancy residential buildings with cladding” to be brought into effect immediately to support lending and boost confidence for home buyers and sellers in the public interest

RICS Standards and Regulation Board (SRB) has today published new guidance to come into effect immediately, as they continue to take further steps in the public interest to support lending on flats in buildings with cladding and provide clarity and confidence to the market.

RICS valuers will be expected to work according to this guidance from the 6 December 2022. RICS will continue to work with lenders and lending industry bodies to encourage consistent adoption in valuation instructions, and to actively engage valuers to implement it.

The Chair of the SRB, Dame Janet Paraskeva said: “Our role is to safeguard the public interest. The protections brought into law for leaseholders and the pledge made by the lending industry to provide mortgages on properties covered by these protections, have enabled us to provide guidance to valuers, ensuring a consistent approach for their lender clients. This brings much needed confidence to buyers, sellers, and the market as a whole.

“The Board is pleased to put this advice into effect immediately, with support of stakeholders, to help those impacted by the building safety crisis.”

The SRB has taken this step, alongside industry, believing that immediate implementation is in the best interests of the public.

This positive step will support new statutory leaseholder protections and lending industry commitments\* to recommence mortgage loans. The guidance supports RICS valuers to apply a consistent and transparent approach in undertaking valuations for mortgage purposes on domestic residential blocks of flats (see *notes to editors*). The approach also guides valuers on how to take into account any agreed remediation funding and timelines when forming their objective opinion of value on properties in blocks of flats with cladding.

The new guidance, is the culmination of intensive work by an RICS-convened expert working group, comprising valuers, lending bodies, conveyancers, and fire engineers with input from DLUHC officials. Positive support for the approach received during consultation from valuation firms, lenders and lender bodies, DLUHC, legal and fire safety bodies and insurance providers has enabled this guidance to be put into practice immediately.

The loss of confidence in the fire safety of blocks of flats has severely impacted the property market and leaseholders, with many still unable to sell due to the absence of mortgage finance, and, until recently, facing unaffordable costs for risk mitigation and remediation. RICS acts in the public interest, and is committed to supporting all parties in tackling this issue. This guidance will build on recent progress and will play an important part in restoring a fully functioning market. RICS will be providing training and support to its valuers, including in interactive webinars, to talk through the process and how to apply the framework to enable the market to swing into action as quickly as possible. All parties recognise the importance of this guidance.

Moving forward, RICS anticipates, that with the implementation of the Fire Safety Act and the statutory protections for leaseholders against costs in the Building Safety Act, reliance on EWS1 will reduce further, with external wall fire risk assessments falling in line of the normal FRA process according to BSI PAS9980 – a standard that RICS helped to create.