

FREQUENTLY ASKED QUESTIONS

Q1) How was the survey conducted?

The survey was conducted by a physical external survey of each building to capture the area, construction details and local information. For example, how difficult it is to demolish the building, any unusual constructions and the style of the building.

Q2) What did the surveyor consider when calculating the rebuild value of my building?

When calculating the rebuild value of your building the surveyor considered:

- The construction and age of the building;
- The total area of the building;
- The costs of rebuilding the building on a square metre (m²) basis;
- Professional fees associated with rebuilding (12.5%)

Q3) How was the rebuild value of my property calculated?

The rebuild value of your property was calculated with reference to:

- Standard unit sizes¹ (see table below)
- Your unit category (the number of bedrooms in your flat)
- The number of units in your building (the number of flats in your building)
- The number of flats within each unit category

Unit Category	Standard Unit Size
Studio	36m ²
1-bedroom	46m ²
2-bedroom	58m ²
3-bedroom	76m ²
4-bedroom	96m ²
5-bedroom	106m ²

For example:

Octavia House consists of 100 units. Unit types:

- 60 x 1-bedroom flats
- 40 x 2-bedroom flats

Using the method outlined in 'Q2' the Surveyor determines the rebuild value of Octavia House to be **£12,000,000**. With this information the Surveyor is then able to calculate the rebuild value of an individual unit using the following method:

¹ The standard unit size is a generic area based on the Initial Design Guidance for Affordable Housing. It is used for the purposes of calculating the apportionment of your building.

STEP 1

The surveyor calculates the total area of all the 1-bedroom flats in the building. This is then repeated for all 2-bedroom flats. Rather than measure the units individually, the standard unit size is applied:

	no. of units within unit category	x	standard unit size	=	total size of unit category
1-beds	60	x	46m ²	=	2760m ²
2-beds	40	x	58m ²	=	2320m ²

The total area of 1-beds and 2-beds is added together to provide the total area of the building:

total size of 1-beds	+	total size of 2-beds	=	area of building
2760m ²	+	2320m ²	=	5080m ²

STEP 2

The total area for each of the unit categories is divided by the total area of the building and multiplied by 100 to give the percentage of the building attributed to each unit category.

	total size of unit category	÷	area of building	=	total size of the unit category (%)
1-beds	2760m ²	÷	5080m ²	=	54.33%
2-beds	2320m ²	÷	5080m ²	=	45.67%

STEP 3

The rebuild value of the building is apportioned to each unit category. This shows total cost of rebuilding each unit category.

	rebuild value of building	x	total size of unit category (%)	=	rebuild value of unit category
1-beds	£12,000,000	x	54.33%	=	£6,519,600
2-beds	£12,000,000	x	45.67%	=	£5,480,400

STEP 4

Finally, the surveyor can obtain the rebuild value of the individual unit by dividing the value of the unit types by the number of units in that category. This provides the rebuild value of a single unit within the building.

	rebuild value of unit types	÷	number of unit type	=	rebuild cost of the individual unit
1-beds	£6,519,600	÷	60	=	£108,660
2-beds	£5,480,400	÷	40	=	£137,010

The calculation shows that the rebuild value of a 1-bedroom flat in Octavia House is **£108,660** and for a 2-bedroom flat **£137,010**.

<p>Q4)</p>	<p>How was my building insurance premium worked out?</p> <p>Your buildings insurance premium is worked out using the premium rate under the insurance contract multiplied by the rebuild valuation of your flat. You pay the building insurance through your annual service charge.</p> <p>From 1st April 2011 to 31st April 2012 the premium rate is £1.32 for each £1000 of the insured value. For example, if the insured value of your home is £80,000 your insurance charge will be:</p> <p>£1.32 multiplied by £80,000, then divided by 1000 = £105.60</p>
<p>Q5)</p>	<p>Why has my property's rebuild valuation changed?</p> <p>The rebuild valuation for your property has changed to reflect the current costs of rebuilding your property. The council has not carried out a survey to ensure that the rebuild values are up to date for its leasehold stock for several years. Therefore this survey was necessary to bring the building insurance values up to date.</p> <p>In addition, the insurance premium of the council leasehold stock has increased due to factors beyond the control of HFI. In January 2011, the government increased premium tax from 5% to 6%. There has also been an increase to the indexation of rebuild values, which accounts for changes in building and material costs.</p>
<p>Q6)</p>	<p>Does the new rebuild value affect the market value of my property?</p> <p>No. The rebuild value of your property reflects the costs associated with rebuilding your property. It does not reflect the market value of your property, that is, the price a buyer is willing to pay for your property.</p>
<p>Q7)</p>	<p>Can I change the rebuild value of my property?</p> <p>Under the terms of your lease the council is responsible for insuring the building. You can request your rebuild value to be changed providing that it is no less than the current valuation.</p> <p>Some banks and building societies may request a minimum rebuild valuation if you have a mortgage with them. Please note that your premium will increase with a higher valuation.</p> <p>Any requests to increase the value must be made in writing to:</p> <p>Homes for Islington Home Ownership Services Highbury House 4-5 Highbury Crescent London N5 1RN</p>

Q8)	How does this affect previous years? The results of the survey will not affect your previous years' invoices. Any changes to your premium will come into effect in your 2011/12 estimated invoice which will be issued in late September 2011. Please note that the changes in the rebuild value of your property will not be backdated.
Q9)	What does the building insurance cover? The policy provides cover in respect of loss or damage caused to the building by the following: <ul style="list-style-type: none">▪ Fire, lightening, explosion or earthquake▪ Aircraft▪ Storm, tempest or flood▪ Escape of water (causing damage to buildings)▪ Escape of oil (causing damage to buildings)▪ Theft of fixtures and fittings an damage caused by thieves▪ Impact▪ Riot▪ Subsidence, landslip or heave▪ Damage by falling TV/radio aerials▪ Falling trees▪ Accidental damage For full details please visit www.homesforislington.org.uk . Select the 'Leaseholders' tab on the left hand side of webpage and under 'Building Insurance' you will find full details of the policy.