

**Proposed Decision to be taken by the  
Portfolio Holder for Health  
on or after 10<sup>th</sup> September 2014**

**HS2: Response to HS2 Property Compensation Consultation 2014**

**Recommendation**

That the Portfolio Holder for Health approves the County Council's response to the Property and Compensation Consultation, as set out in **Appendix A**.

**1.0 Background**

- 1.1 The Government's response to the HS2 Property Consultation 2013 considered the public responses alongside the various benefits, potential risks and costs of the various schemes as against the policy criteria. It determined that the 'Property Bond Option' would not represent a satisfactory policy outcome either for property owner or the taxpayer. It also highlighted that although the alternative Voluntary Purchase Scheme (VPS) would be preferable, more should be done to assist property owners with a wish to stay in their homes. The Government also agreed that steps could be undertaken, outside of the context of property compensation, to spread the economic benefits of HS2 at an early stage.
- 1.2 On 9 April 2014, the Secretary of State for Transport launched a new property compensation scheme for homeowners close to the HS2 route from London to the West Midlands (Phase One) called 'express purchase', along with a new measure to accompany other property compensation schemes called 'rent back'. He also announced two further schemes that will come into effect later in the year - a 'voluntary purchase offer' and 'need to sell' scheme.
- 1.3 The Property Consultation 2014 is not inviting views on those schemes, but on two new policies for owner-occupiers of property close to the HS2 Phase One route. These policies are the 'alternative cash offer' and the 'homeowner payment'. The consultation is open to everyone but the adopted schemes will be only be available to those owner-occupiers of property close to the HS2 route who fall within the defined boundaries.
- 1.4 The other measures announced in April by the Secretary of State – the 'express purchase' scheme, 'voluntary purchase offer', 'need to sell scheme', and 'rent back' proposal are all discretionary schemes which will not be consulted upon. The Secretary of State has the power to launch discretionary schemes without consultation.

## 1.5 Summary of consultation questions:

- What are your views on our proposals for the alternative cash offer?
- What are your views on our proposals for the homeowner payment?

1.6 The schemes proposed in the Property Compensation Consultation 2014 would apply to rural areas of the Phase One of the HS2 route only. Comments are invited from all interested individuals or organisations. The closing date for responses is 30 September 2014. The documents are available to view on the Government website at <https://www.gov.uk/government/consultations/hs2-property-consultation-2014>

## 2.0 Property Consultation 2014 Proposals

2.1 The Government is seeking views on two new policies for owner-occupiers of property close to Phase One of HS2, i.e. the route from London to the West Midlands. These policies are the 'alternative cash offer' and the 'homeowner payment'.

2.2 An alternative cash offer to give owner-occupiers within the Rural Support Zone of 120 metres to the line (the zone within which the voluntary purchase scheme also applies) an alternative to selling their home and enabling them to stay within their community. Those in receipt of the alternative cash offer would receive 10 per cent of what would have been the un-blighted open market value of their property – capped at between £30k and £100k. This would launch by the end of 2014 and last until one year after the opening of the railway.

2.3 A homeowner payment is intended to share the benefits of the railway with rural owner-occupiers outside the Rural Support Zone but within 300m of the line by means of a cash payment. The Government would start to make payments upon Royal Assent to the High Speed Rail (London-West Midlands) Bill and this scheme would end one year after the opening of the railway in that area.

2.4 The property compensation consultation raises several issues for the Council on behalf of its residents and these are set out in **Appendix A**.

## 3.0 Implications for Warwickshire

3.1 We acknowledge that the final property compensation scheme offer resulting from this consultation will have significant repercussions to the affected population's health, well-being and quality of life.

3.2 The Council recognises it is the Government's intention to provide additional compensation measures to property owners to soften the blow of HS2 being built in close proximity to their homes.

3.3 We expect the agreed property consultation policies and standards to be applicable for both HS2 Phase One and Phase Two to ensure consistency and fairness. In locations in the north of Warwickshire which are uniquely affected by the simultaneous construction period for both phases of HS2, we urge the Government to implement and apply the entire range of compensation measures early.

#### 4.0 Conclusion

4.1 That the Portfolio Holder for Health endorses the recommendation to support the response to the consultation.

#### Appendices

Appendix A – Warwickshire County Council's response to Property Compensation Consultation 2014

Appendix B – Glossary

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### Warwickshire County Council's response to HS2 Property Compensation Consultation 2014

Appendix A provides an overview of the two proposals being consulted on in the property compensation and the county council's response to both questions.

A Glossary of Terms is provided in Appendix B.

#### 1. Alternative cash offer

- 1.1 The alternative cash offer is intended to give owner-occupiers eligible for the voluntary purchase scheme a choice. They would be able to choose whether to stay in the community and receive a lump-sum payment, or to sell their property to the Government and move on.
- 1.2 Property owners who are eligible for voluntary purchase would be given the choice of:
  - opting for voluntary purchase – i.e. selling their property to the Government for its full un-blighted value
  - accepting a lump-sum payment of 10 per cent of the value of their property, with a maximum payment of £100,000 and a minimum payment of £30,000
- 1.3 Eligible property owners would be able to decide between these options at any point until the voluntary purchase scheme is closed, one year after the opening of the railway. This means that nobody would need to make a rushed or forced decision between these two options. The Government recognises that some people might wish to defer their choice depending on their local and personal circumstances, or might need time to consider which option would be preferable.
- 1.4 All those who are potentially eligible for the voluntary purchase scheme would be potentially eligible for the alternative cash offer. As with the voluntary purchase scheme, only those who were owner-occupiers of the property when the initial preferred route was announced, or the route as currently relevant to their property, would be eligible.
- 1.5 If an owner-occupier decided to accept the alternative cash offer, it would not prevent them from applying to the need to sell scheme. Owner-occupiers are eligible for the need to sell scheme if they have a compelling reason to sell their property - for example, in order to avoid a situation of unreasonable burden in the near future - but are unable to do so other than at a significant loss due to HS2.

- 1.6 The Government is also proposing that in the circumstances where someone received a payment through the alternative cash offer and subsequently made a successful application under the need to sell, it would recoup the payment under the alternative cash offer from the need to sell purchase price.
- 1.7 It is not proposing to recoup any money paid out through the alternative cash offer should the property owner choose at a later date to sell their property on the open market, or sell it to a purchaser other than the Government.
- 1.8 The voluntary purchase and the alternative cash offer would both be launched at the end of 2014.
- 1.9 Owner-occupiers could choose to apply for the alternative cash offer or voluntary purchase at any point between the launch of the schemes and one year after the opening of the railway.
- 1.10 A property would be valued by two independent valuers, chosen from a pool of valuers familiar with the local area and property type. The Government would pay for these valuations. The property owner would select one of these valuers from the pool while HS2 Ltd would choose the other. The final valuation would be the average of the two. If the valuations differed by more than 10 per cent, the applicant would have the choice of selecting another valuer to conduct a third valuation. The offer made would be the average of the closest two valuations.
- 1.11 Once the valuation had been agreed, the homeowner would then have one year to choose whether to opt, at that price, for voluntary purchase or the alternative cash offer.

## **2. Consultation question 1.**

### **What are your views on our proposals for the alternative cash offer?**

- 2.1 We broadly welcome the proposal to give affected property owners the choice between applying for a compensatory payment or making a decision to sell.
- 2.2 Previously, blighted homeowners had no alternative other than to sell their property or stay with no financial recompense. This offer will provide an option to those who will suffer the impact caused by HS2 but wish to remain in their homes.
- 2.3 As we stated in our response to the previous property consultation, the Council is a strong advocate of maintaining community cohesion and minimising the potential adverse effects of a transient population caused by HS2. We are pleased that this has been taken into account in the new proposals. The alternative cash offer will incentivise property owners to stay in a community and may help to reduce further blight caused by large numbers of vacant properties in an area.

- 2.4 However, it is not clear in the proposal whether the lump sum payment is 10 per cent of the un-blighted open market value of the property. In the interests of fairness and consistency, we would expect the Government to apply this principle, rather than any subsequent, blighted market valuation.
- 2.5 If there is to be a clearly defined boundary of 120 metres distance from the line adopted for this scheme, the Council requests the eligibility criteria to be amended to allow more flexibility for property owners who are affected by differing landscapes and other factors and are not within the specified distance.
- 2.6 We request the Government to extend this offer to those locations in the north of Warwickshire which are uniquely affected by the simultaneous construction period for both phases of HS2.

### **3. Homeowner payment**

- 3.1 The Government plans to introduce a homeowner payment scheme to give cash payments to eligible owner-occupiers of properties in rural areas that lie between 120m and 300m of the Phase One route of HS2. The aim is for people in these areas to receive some benefit from HS2, as the railway will run near them but they will not have any direct benefit.
- 3.2 The proposal is to taper payments, per property, as follows: from 120m – 180m: £22,500; from 180m – 240m: £15,000; from 240m – 300m: £7,500.
- 3.3 Property owners would be eligible if they were owner-occupiers of the property by 9 April 2014.
- 3.4 The Government intends to recoup any money paid out through the homeowner payment from the 'need to sell' purchase price.
- 3.5 The homeowner payment scheme would allow eligible owner-occupiers to receive the payment as soon as possible after Royal Assent to the High Speed Rail (London-West Midlands) Bill.
- 3.6 Owner-occupiers would be able to choose to receive the homeowner payment scheme at any point between Royal Assent of the HS2 hybrid Bill and one year after the opening of the railway. As the payment would not be linked to the value of the properties, there would be no need for valuers.
- 3.7 Applicants would need to show proof of identity and owner-occupier status at the relevant date.

#### **4. Consultation question 2.**

##### **What are your views on our proposals for the homeowner payment?**

- 4.1 It is generally accepted that blight is more readily felt in rural areas, which are by their nature less accustomed to large-scale developments or construction sites. We acknowledge that this payment is designed to help rural residents whose lives are impacted by the railway and who will otherwise receive no benefit.
- 4.2 We urge the Government to extend the third tier of the payment scheme to a wider area of 500 metres, where residences and businesses are still within close proximity of the construction and operation of HS2. There needs to be recognition that properties in this wider zone will suffer from the impact of the construction phase - for example they may have restricted access to services caused by road closures.
- 4.3 The consultation is slanted towards those defined as 'owner occupiers', both business and residential. There does not appear to be any provision made for other proprietorship circumstances, such as vacant property ownership. We ask for this to be addressed to include other property owners.
- 4.4 As per the alternative cash offer, we request the Government to extend the homeowner payment scheme to those locations in the north of Warwickshire which are uniquely affected by the simultaneous construction period for both phases of HS2. This area has been identified by the Council in its formal request to HS2 Ltd for a defined Special Management Zone to be implemented.

## Glossary

**Blight:** Planning proposals such as HS2 may have an adverse effect on property so that an owner-occupier is unable to realise the market value that would have been obtainable had the owner's land not been affected by the proposals because prospective purchasers, having learned of the planning proposals, either will not proceed with the purchase or will only offer a lower price.

**Blight Notice:** A Blight Notice is a means of asking the Government to purchase a property on compulsory purchase terms before it is needed for construction.

**Exceptional Hardship Scheme (EHS):** The existing interim measure introduced to assist homeowners who have an urgent need to sell, but because of HS2, cannot do so or can do so only at a substantially reduced price.

**Owner-occupier:** An owner-occupier is anyone who owns a property (either outright or with a mortgage) as a freehold or on a fixed term of years lease (with at least three years unexpired) and has it as their principal residence or place of business. This is as laid out in the Town and Country Planning Act 1990.

**Rural support zone (RSZ):** The area within which the Government proposes to introduce either a voluntary purchase scheme or a property bond scheme. The RSZ would apply in rural areas only, running from where the latest proposed HS2 route crosses Moorhall Road, close to the boundary between Buckinghamshire and the London Borough of Hillingdon to the junction with the West Coast Main Line. It would not apply south of Moorhall Road, or for the section of track towards central Birmingham to the west of the Delta junction at Water Orton. It would also not apply to areas where the line is in deep-bored tunnels. The distance of the outer boundary from the line of the route would be dependent on the scheme which was chosen.

**Safeguarding:** Safeguarding is a planning tool which aims to ensure that new developments which may conflict with planned infrastructure schemes do not affect the ability to build or operate HS2 or lead to excessive additional costs.

**Un-blighted open market value:** This is the value that a property would have on the open market if the cause of blight were removed – for example, if there were no plans for HS2.