

# Fair Deal for London Alliance

## A fair HS2 compensation charter for London

### Introduction

On 16 January 2015 The Department of Transport [announced](#) its final property compensation scheme for HS2 phase 1. For urban residents, the scheme only applies to properties in the “safeguarding area”.

The scheme is made up of the following measures:

- *Voluntary purchase – rural areas only*
- *The cash offer – rural areas only*
- *The homeowner payment scheme – rural areas only*
- *Express purchase – rural and urban areas*
- *The need to sell scheme – rural and urban areas*

We are concerned that the Government has presented the latest package of measures as the final outcome of its consultations when no London authority has yet appeared before the High Speed Rail (London - West Midlands) Bill Select Committee to give its views on compensation proposals.

Of the five compensation measures only two apply to urban areas, yet it is residents in urban areas that will bear the brunt of the scheme. Approximately 250 homes in Camden and 200 in Ealing could be made uninhabitable during the construction phase and when trains start operating. HS2’s own environmental statement shows that:

- 95% of homes identified as being significantly affected by either noise or vibration during the construction of HS2 are in urban areas.
- 91% of homes identified as being significantly affected by night time noise during the construction of HS2 are in London.
- Areas of London will experience up to 590 extra HGV journeys per day during construction.

This does not represent a fair deal for London residents.

Of the two measures that are available to residents in urban areas both are unfair:

- The Express Purchase scheme caps the 10% addition to market value at £49k when the average price of a property in Camden is £650k
- The Need to Sell scheme requires a compelling reason such as unemployment, relocation for a new job or ill health and is not available to a property owner who simply wishes to move (without losing out financially) to avoid the disruption caused by the construction of the scheme

# The Charter

The Fair Deal for London proposes that fair compensation for Londoners affected by HS2 construction should consist of:

## 1. Introduction of a Property Bond

We argue for the introduction of a property bond that is easy to apply for and quick to process available to anyone within an agreed impact zone

Under this scheme the Government would underwrite the un-blighted market value of a property, undertaking to purchase properties when property owners have attempted to sell but cannot get market value. HS2 would thereby act as a 'buyer of last resort.'

Property owners could apply for a bond which would stay with the property throughout the scheme, meaning subsequent owners of the property would have the confidence of knowing that they are covered by compensation arrangements if the impact of the line reduces the value of their property.

There would be no qualifying reason for sale, restrictions on proximity, noise etc, or threshold loss. The sole criteria would be whether or not there is a financial impact on the market value of a property due to HS2.

This should mean that the scheme does not depress property prices because sellers will be able to sell at the market rate attaching the property bond (with the security it provides) as part of the deal.

## 2. Fair compensation for property owners and leaseholders

We ask for changes to the Need to Sell scheme to simplify the criteria including, changing the principle to a 'want to sell', removing the requirement to demonstrate a 15% loss and removing the £34,800 rateable value cap for businesses.

On the Express Purchase scheme, we ask for removal of the 'addition to market value' cap which disadvantages owner occupiers in London. In Camden the average price of a property is £650,000.

We ask for fair compensation for leaseholders that lets them buy again in the same area.

All other property owners within a fixed distance of the safeguarding zone who are able to demonstrate loss of value to be entitled to compensation.

Homeowner payments should also be available in urban areas and be introduced in a fair and tailored way.

## 3. Changes to the Cash Offer

The cash offer should also be extended to urban dwellers who want to stay in the area in which they live.

The eligibility criteria should relate to the impact of the scheme on people's lives and should be available to both tenants and owner occupiers who are willing to stay in the area despite the reduction in quality of life they experience during the lengthy construction period.

#### **4. Fair compensation for businesses**

All forms of compensation available to residents should be made available to businesses irrespective of their rateable value if they can demonstrate that this has occurred as a result of the HS2 scheme. This should involve compensation for commercial tenants for loss of trade and compensation for commercial landlords for loss of rent.

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## **Appendix - Details of announced compensation schemes:**

**Express purchase** – is for those people living closest to the line, in what is known as the ‘surface safeguarded’ area. Under this scheme owner-occupiers may be able to sell their home to the government, if they wish to do so at its full unblighted market value (as it would be if there were no plans for HS2), plus 10% (up to £49,000) and reasonable moving expenses, including stamp duty.

**Voluntary purchase** - for people in rural areas outside the safeguarding area and up to 120 metres away from the line (this is the area defined as the rural support zone). Owner-occupiers in this area will be able to sell their home to the government for its full unblighted value at any time up until one year after Phase One first opens for public use.

**The cash offer** (known as the alternative cash offer during the consultation). This gives rural owner-occupiers within the rural support zone 2 measures to choose from, if they wish: selling their property to the government for its full unblighted market value under the voluntary purchase arrangements described above or remaining in their home and receiving 10% of that value. This payment is a minimum of £30,000 and is capped at £100,000. This scheme will be available until one year after Phase One first opens for public use

**The need to sell scheme** – this scheme does not have a geographical a geographical boundary and is available to owner-occupiers who have a compelling reason to sell their house (for example this might be as a result of job relocation or ill health) but are unable to do so because of HS2. The government will pay the full, unblighted value for these properties. This scheme replaces the Phase One exceptional hardship scheme (EHS) and those EHS applications that have not been consider by the panel will automatically be transferred to the need to sell scheme. This scheme is available in both urban and rural areas.

**The homeowner payment scheme** will give rural homeowners outside the voluntary purchase area but within 300 metres of the line the opportunity to share early in the benefits of HS2. These payments will be available following Royal Assent of the hybrid Bill for Phase One and will be tapered as follows: owner occupiers between outside the rural support zone and within 180 metres of the centre line of the railway will receive £22,500, those beyond this and within 240 metres £15,000 and those beyond this and within 300 metres £7,500.

The express purchase, voluntary purchase and need to sell schemes are all accompanied by a voluntary rent back option: owner-occupiers who, having sold their property to government would prefer to carry on living there may be able to rent it back, subject to property suitability checks.