

## **HIGH SPEED TWO: PROPERTY COMPENSATION CONSULTATION 2013**

### **RESPONSE FROM BUCKINGHAMSHIRE COUNTY COUNCIL**

#### **General comments**

Buckinghamshire County Council believes it is a basic human right for people to enjoy their property. People should be free to move home, down-size and / or re-mortgage and not find themselves trapped with properties whose future value is uncertain. There are 172,000 properties within 1km of the Phase 1 HS2 route alone but under the proposals less than 2% of those blighted would receive compensation.

HS2 has repeatedly tried to improve its business case by inflating potential benefits and by ignoring very real costs. The compensation budget should not be restricted simply to try and improve HS2's benefit cost ratio to bolster the business case. If HS2 is truly in the national interest, then householders should not be expected to bear the burden of their own losses.

Whilst the proposals cover a limited number of individual households, they do nothing to compensate communities that will be blighted and disrupted during the construction phase. This could be achieved by creating and making available community funds such as are established for wind farms.

#### **Q.1 What are your views on the criteria put forward to assess options for long-term discretionary compensation?**

##### **Response:**

The principles stated in the criteria appear sound, but a judgement or decision then has to be made based on those criteria. How such a decision is reached (i.e. the weightings between the criteria) should be transparent and published. We are keen to see an independent audit of the Government's interpretation of the 'best balance' between the criteria. Flexibility should also be built in to the 'fairness' criteria. 'Fairness' should not merely be interpreted as compensation for those 'most directly and specifically affected' alone. It should be for all people who suffer significant loss. As Philip Hammond (Transport Secretary) said at the time of the HS2 announcement, *'minimising uncertainty and protecting the legitimate interests of property owners would be of paramount importance'*.

#### **Q.2 What are your views on the proposals for an express purchase scheme?**

##### **Response:**

The County Council welcomes the Government's proposal to relax the rules about whether a property is required for construction or operation of the railway and no longer requires the owner to demonstrate reasonable

endeavours to sell their property.

The County Council still believes the 10% home-loss payment and cap of £47,000 is inadequate, considering that the figure should be increased and the cap removed. A higher percentage would reflect the fact that the sale is not necessarily of the homeowners' choosing and that there will often be uncompensated losses.

The express purchase scheme unfairly excludes larger businesses and landlords of property. It also excludes properties above deep-bored tunnels or other sub-surface works. We are aware of instances where these property owners have been unable to sell their property because they live above a planned excavation and potential house-buyers have perceived this as a significant and ongoing risk.

### **Q.3 What are your views on the proposed long-term hardship scheme?**

#### **Response:**

A property bond should apply instead of a hardship scheme. Our key concern with the inclusion of hardship within the long term compensation scheme is that the hardship rules relate to individual circumstances. They do not therefore have anything to do with the extent of blight being suffered (diminution of property value). The County Council believes the effect of such rules would largely reduce the number of successful applicants because a hardship scheme is only for people most blighted by HS2 with the vast majority receiving nothing. As such the hardship criterion should be dropped. There is precedent for this in other consultations where the final scheme post consultation was approved by Government (e.g. Stansted airport expansion in 2004).

Whilst down-sizing is given as a hardship example, it depends on financial hardship i.e. needing to release money to live off in retirement. There should also be a wholly independent appeal stage.

#### **Property type criterion:**

It is unfair to exclude those without a 'qualifying interest' such as commercial tenants, residential tenants and those with second homes, who may also have a pressing need to relocate or need money for their retirement.

#### **Location of property criterion:**

This criterion still requires the panel to consider if a property will be 'substantially adversely affected' and is subjective in nature. A simpler and more transparent approach would be to use the market value of a property and whether it has diminished with the construction / operation of the railway.

#### **Effort to sell criterion:**

The County Council is pleased that the Government has relaxed this criterion and reduced the period to 6 months. However, this is still excessive, and could be reduced further to 3 months as it is for the Exceptional Hardship Scheme and other schemes e.g. Crossrail. The LTHS is long-term (i.e. for 15 years or more) and should be appropriate to varying property market conditions.

The 15% threshold of market value that prevents applicants applying to the LTHS if they receive an offer within this figure is unfair. 15% is a significant amount for any property owner to lose, and there is no protection against estate agents making prospective purchasers aware that they could make an offer within 15% of the price. The percentage threshold should be changed.

**No prior knowledge criterion:**

Individuals could have sound and justifiable reasons for acquiring properties in spite of the HS2 proposal. If the property is outside the 200m line of a local authority search then it is unreasonable to expect them to have had knowledge of HS2 from as early as March 2010 and so it is unfair to exclude them from the LTHS. It is right that route change announcements should be taken account of as we are aware that some route changes have made matters worse for some property owners.

**Q.4 What are your views on the 'sale and rent back' scheme?**

**Response:**

Buckinghamshire County Council welcomes the sale and rent back proposal. It is still unfair, however, that businesses and landlords are excluded and the scheme is restricted to homeowners. It is also still unclear how the market rent would be calculated and whether it would be discounted from the un-blighted rent to reflect that the area in which the property is located will be adversely affected by the HS2 proposals.

These properties will inevitably be hard to rent out. There should be a process to allow the owner to stay even if the property does not pass the proposed 'value for money' test.

**Q.5 What are your views on alternative proposals for renting properties to their previous owners?**

**Response:**

The proposal to extend sale and rent back to all homes purchased by the Government through an HS2 property purchase scheme is welcomed by Buckinghamshire County Council. It may only help a small number of homeowners but does not help the overall general blight problem.

**Q.6 What are your views on proposals for a voluntary purchase**

## **scheme within a 'rural support zone'?**

### **Response:**

Buckinghamshire County Council maintains that it is unfair to restrict the voluntary purchase scheme to rural areas alone. It should also cover urban areas and areas over deep bore tunnels that are and will continue to suffer from property blight.

If the zone was restricted to 120m of the line, it would only apply to 1,000 properties and should run alongside (and not instead of) a property bond. Blight cannot and is not limited to an arbitrary distance of 120m but extends much further in different landscapes topographies, and fails to take account of the impacts of construction.

Buckinghamshire County Council is disappointed that HS2 Ltd has set an arbitrary limit of 120m either side of the line. A simpler and fairer approach would be to define qualifying properties as those suffering a loss in market value due to HS2. This would apply across both rural and urban areas and in other areas, such as above tunnels.

### **Q.7 What are your views on the option to introduce a 'time-based' property bond scheme within a 'rural support zone' as an alternative to the voluntary purchase scheme?**

#### **Response:**

Deloitte's proposals for a property bond are inadequate. As set out above, any scheme should apply beyond any VPS zone, across both urban and rural areas, over tunnels and to all property types. Buckinghamshire County Council remains concerned that the impacts of blight from the HS2 proposals on residents, businesses and local communities are not being taken seriously enough, and too little is being done about compensation and mitigation.

The County Council is also concerned that information and data held by both HS2 Ltd and DfT on the nature and extent of blight has not been provided as part of this consultation, meaning consultees have been unable to consider the proposals with supporting evidence and are therefore unable to offer an informed view.

Blight is already apparent and being felt, and will continue for at least another 14 years and possibly longer, given inevitable delays. The proposals put forward fail to address the real extent and effects of blight. Chapter 8 states that the Government 'considers that other business premises are not affected in the same way by generalised blight' but that it '*recommends businesses make contact with HS2 Ltd to understand the effect the railway will have on their premises or activity and open a dialogue about measures that will need to be taken in the future to enable the business to continue*'.

The County Council is aware of many examples where local businesses have followed this recommendation but have yet to receive sufficient reassurances

from HS2 Ltd, to the extent that some face the likelihood that their business will cease trading. Buckinghamshire County Council cannot agree with the statements in Chapter 6 that the proposals put forward allow sufficient flexibility for special circumstances.

There may be some marginal upfront costs in preparing property valuations but if HS2 Ltd and DfT are correct about property values recovering when the railway is built then a property bond would have little net cost overall.