

## Dear Sufferer of Blight from HS2,

Now is your chance to make **your** voice heard and respond to this consultation.

HS2AA have prepared a note to make the process of responding really easy. It's really important that the Government hear from you about their proposals.

### **Everyone on phase 1 & phase 2 even if not directly affected should respond**

- The **principle of fair treatment** is one that everyone in society should support
- A **large consultation response** will show that opposition to HS2 has not abated
- **Construction disruption** is widespread and will affect property prices in the general area
- Phase 1 arrangements will be **bound to dictate** what those on Phase 2 receive.

### **Key messages on the property compensation proposals:**

- The **basic human right** to the enjoyment of our property is being removed without proper compensation – less than 2% will be compensated.
- Blight is **real, extensive & severe**: it goes far beyond 60m or 120m from the line; typically averaging 20 - 30% loss out to 1 km. It paralyses the market.
- People must be free to **move home and re-mortgage** over the next 14yrs+ and not be trapped, unable to get on with their lives as they normally would.
- A **Property Bond** should be instead of a Hardship Scheme (not the Voluntary Purchase Scheme) protecting all who suffer blight.
- No long-term compensation scheme should contain **hardship rules** as these are about a person's circumstances, and not blight.
- Eligibility for a Property Bond should depend on **material loss in market value** rather than distance, or location, or other factors.
- If Government think that property values recover once HS2 is built then they should be willing to **support the property market** until then.
- The DfT have **misrepresented the facts** on Property Bonds

**Who exactly is affected?** 172,000 properties are within 1km of the HS2 line for Phase 1 alone (or 250m of a tunnel)– over half a million properties are within a mile of the full Y, that's **over a million people**.

**Who will get compensation?** **less than 2%** of those who are blighted.

**Fairness requires that the “polluter pays”**, and that the **full cost of blight** to individuals is included in the business case for HS2 – not just the small proportion that Government plan to pay in compensation.

**The deadline is 4 December 2013**

Have a look at **this leaflet** to see what the questions are about.....

**Remember:**

**..... if Government can't afford fair compensation, then it can't afford HS2**

# Property Compensation Consultation 2013

## First – how to respond. It must be done by 4 December 2013

Use a [response form](#) and send it to the Freepost address given on the form. Or you can e-mail it direct to [2013hs2propertyconsultation@dialoguebydesign.com](mailto:2013hs2propertyconsultation@dialoguebydesign.com)

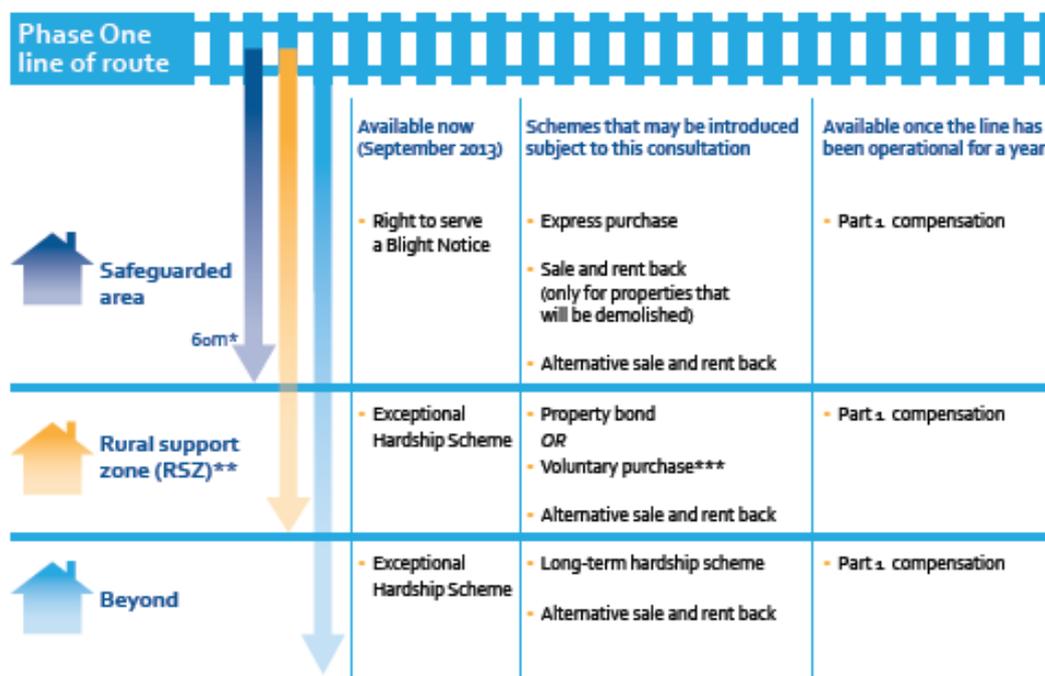
Go [online](#) and use the website at <https://2013hs2propertyconsultation.dialoguebydesign.net/>

Send your response by e-mail or post to the same address ie FREEPOST RTET-YGJB-GUAH, PROPERTY COMPENSATION CONSULTATION 2013, PO Box 70178, LONDON, WC1A 9HS

Have one family member do a **full response with others doing a simple postcard** response.

This note gives some key points to consider when responding to the Consultation questions, but use your own words. [More information](#) will be available on HS2AA website and in a presentation.

## Second – how HS2 Ltd summarise the proposed compensation schemes



\* Typically 60 m either side of centre line – may be wider. See maps too

\*\* In rural areas only. Proposal is made for the boundary. See maps too

\*\*\* Only one of these options to apply. A Voluntary Purchase Scheme would extend to 120m; DfT say the limit for a Bond depends on more work. but the Deloitte report done for DfT proposes a 120m limit for a Bond too.

## Third – the seven questions and HS2AA's thoughts for answers.....

### Q1. What are your views on the criteria we have put forward to assess options for long-term discretionary compensation?

(It seeks views on their 5 criteria (fairness; value for money; community cohesion; feasibility, efficiency and comprehensibility; functioning of housing market). They say their decisions will be based on providing "in Government's reasonable opinion the best balance between the criteria".

"Fairness" is wrongly interpreted. It says compensation is for the "most directly & specifically affected" ie just the worst blight cases – not all who suffer "significant" loss, as Hammond promised.

If "value for money" for the taxpayer is a criteria then this implies it's ok to off-load some of the cost of HS2 to those living by the line. This can't be right. Further, by excluding the full cost of blight in the HS2 business case the taxpayer is misled that HS2 is better value for money than it really is.

If HS2 is thought to be in the national interest then why isn't the "polluter pays" principle applied?

The DfT must reveal the weightings between the 5 criteria they gave to Deloitte, but not the public; and the "best balance" should be independently audited (with input from property professionals).

## Q2. What are your views on our proposals for an express purchase scheme?

*(This is for properties inside the Safeguarded Area (where statutory blight rules apply) who want to get a sale sorted out BEFORE their property is actually needed for HS2 construction purposes)*

It benefits under 1% of all blighted properties (c. 1,000 properties in Phase 1 Safeguarded Area)

Even then some owners still won't be eligible eg over bored tunnels; only partly in Area, a 2<sup>nd</sup> home or landlord – yet it may be a pension pot, or a persons sole property – unfair if can't get money out.

Not needing to demonstrate 'efforts to sell' shows that the Government knows how bad the blight is.

The 10% home-loss payment should not be capped (at £47,000) and the 10% should be a larger. CLA (Country Land and Business Association) recommend 30% for compulsory purchase cases.

## Q3. What are your views on the proposed long-term hardship scheme?

*(It seeks views on the Scheme (which is like the current EHS) ie the 5 qualifying rules – property type, location, effort to sell, no prior knowledge, hardship; & its operation: the panel, re-applications)*

A Property Bond should apply instead of a Hardship Scheme (not instead of a Voluntary Purchase Scheme, as Q7 asks). It's fairer, and was an option in DfT's 2011 consultation.

A Hardship Scheme is the only scheme for most people blighted by HS2. 172,000 properties are within 1km (or 240,000 within 1 mile) for Phase 1; and including Phase 2 there are 540,000 within 1 mile. Blight is like a property tax forcing those affected to suffer a loss in their property's value.

The basic human right to the enjoyment of property is being removed without proper compensation. Blight is driven by perception of HS2's impact not reality, but the loss from the blight is very real.

The vast majority will get nothing due to the **hardship** rules in the scheme: they should be dropped:

- Hardship rules have nothing to do with blight but concern a person's circumstances.
- They prevent people moving house or re-mortgaging as they normally would over 14yrs+.
- While 'downsizing' is given as a hardship example, it depends on financial hardship ie must sell to release money for retirement to live off – so it's like a means tested tax on the elderly

The other 4 qualifying rules are also unjustified and inappropriate:

- **Location:** this should be decided by suffering a 'loss in market value', it's more transparent & relevant to blight than the property being 'substantially adversely affected' (as proposed).
- **Effort to sell:** a property must be marketed for 6 months – twice as long as under the current EHS and other schemes eg Crossrail. The three months should be reinstated.
- **Offers:** if offers are within 15% of the asking price they disqualify an applicant – this is twice the average difference between sale price and asking price (ie 7.5% says Hometrack data).
- **Properties:** unfair to exclude 2<sup>nd</sup> homes, rented out homes (even someone's sole property).
- **'No prior knowledge'** of HS2 – this depresses prices as a new buyer can't qualify and so they will only buy at a discounted price and bake in the blight.

Applicants should be given all the evidence being used to make a decision, so they can check it for accuracy. For re-applications personal representations should be allowed. There needs to be a proper basis for assessing medical eligibility, as the panel is unlikely to be competent in this area.

There should be a wholly independent appeal stage, which Government continues to reject.

## Q4. What are your views on the sale and rent back scheme?

*(This scheme seeks views on offering homes that will be demonished for rent back to the owner )*

These properties will inevitably be hard to rent out. A way should also be found to allow the owner to stay even if their property does not pass the proposed "Value for Money" test.

## Q5. What are your views on our alternative proposals for renting properties to their previous owners?

*(It seeks views on allowing rent back to the owner for any property purchased by HS2 Ltd )*

This may help a small number of homeowners, but does not help the general blight problem.

## Q6. What are your views on our proposals for a voluntary purchase scheme (VPS) within a “rural support zone”(RSZ)?

*(It seeks views on a VPS that lets people sell to HS2 Ltd in rural areas only, & if within 120m of line)*

It would cover under 1,000 properties. The Voluntary Purchase Scheme should run alongside a Property Bond, not instead of (as Q7 asks). Blight is not just in rural areas or limited to 120m:

- A 120m is an arbitrary crude cut-off; EHS cases have been accepted over 1km; estate agents typically quote up to 500m & 30% losses, and extending 1 to 3 miles in places.
- 120m ignores the different landscapes and HS2 construction eg viaduct, cuttings etc.
- CBRE blight report (done for HS2 Ltd) equates to average losses of 19.5% for blight within 1km (averaging 27.7% in rural areas and 11.3% in urban); including over tunnels too.

The HS1 scheme on which VPS is based is not an appropriate comparator: HS2 is more damaging. Eligibility should depend on suffering ‘*loss in market value*’ – distance is too crude, as EHS argues. Home-loss payments & moving costs should also be paid as they were for the VPS for HS1.

## Q7. What are your views on the option to introduce a “time-based” property bond within a “rural support zone” as an alternative to voluntary purchase scheme?

*(It seeks views on adopting a Property Bond scheme based on purchase (not top-up of loss) instead of a Voluntary Purchase Scheme. It stresses the uncertainties and costs of this approach)*

A Property Bond should not replace the Voluntary Purchase Scheme but the Hardship Scheme.

Deloitte’s proposals for a Property Bond are inadequate and their account of the HS2AA Scheme and Central Railway’s Bond is seriously incorrect. The latter did specifically address blight.

The HS2AA scheme would not have significant ‘up-front costs’ as stated, as properties are only valued if and when their owner seeks to sell to HS2 Ltd when an open market sale is not possible. It should apply beyond any VPS in both urban and rural areas, over tunnels, and to all property types.

A Property Bond should not depend on an arbitrary limit ie 120m and which ignores the real extent of blight. See Q6. It would be better to use the material *loss in market value* that is being suffered.

The Property Bond approach would reduce blight by restoring confidence in the market, has the support of mortgage lenders, and would provide fair compensation. It would allay people’s fears.

## ...And...the consultation is unfair, as crucial facts and data are wrong or omitted

**Blight information.** HS2 Ltd/DfT must publish the data it holds on the extent and severity of blight as consultees can’t give an informed view without it. HS2AA pressed for its release before and it’s needed again. Blight is severe & extensive (see Q6) but is largely unaddressed by DfT’s proposals.

**Property Bond.** HS2 Ltd/DfT fail to mention that if they are right about property values recovering when the railway is built, a Property Bond would have little net cost. They also ignore the fact that the Property Bond is the only scheme in the 2011 consultation with widespread support (from property professionals, numerous organisations and MPs who have been promoting it).

**Errors.** Deloitte’s misrepresent the Central Railways Bond - it is claimed not to focus on blight, to be for properties that are needed to be demolished, and that there was no evidence of its effect on the market. That is not the case. The HS2AA scheme is misrepresented claiming it has a high up-front cost in requiring valuations. It does not. The DfT have not corrected these errors. The result is the facts have been misrepresented to the public to imply the Property Bond is unproven and risky.

## Other key points to consider

**Communities.** Communities are not compensated for the disruption and distress suffered during construction and operation of HS2. There should be community funds as there are for wind-farms.

**Property losses.** Schemes compensate for a tiny part of the blight eg £1.5bn (£2.5bn for Y) out of the c £6bn+ (c. £12bn for Y) that individuals lose. This full loss must be put in the business case.

**Social Housing.** As HS2 is responsible for the destruction of social housing, it should pay for its replacement, together with payments to compensate communities for disturbance.

**‘Part 1’ compensation (when railway operating):** compensation should not be based on just the physical effects of HS2 eg noise, vibration, but be based on HS2’s actual effect on property values.

.....***If Government can’t afford fair compensation, then it can’t afford HS2!***