

PROPERTY CONSULTATION 2014

For the London-West Midlands
HS2 route

Consultation document

July 2014



Property Consultation 2014 for the London-West Midlands HS2 route Consultation document

Presented to Parliament
by the Secretary of State for Transport
by Command of Her Majesty

July 2014

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1 About this consultation

1.1 Introduction

1.1.1 We are seeking your 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**'.

1.1.2 On 9 April 2014 the Government announced a package of positive measures to help property owners affected by HS2:

- **Express purchase** for owner-occupied properties within the surface safeguarded area and the extended homeowner protection zone¹. Maps are available at www.hs2.org.uk to show these areas. The Government has now confirmed that it will be prepared to buy all qualifying owner-occupied property in these zones under an expedited process. This scheme was introduced on 9 April 2014.
- A **voluntary purchase offer** available to people up to 120m from the centre line of the railway in rural areas. Eligible owner-occupiers between the safeguarded area and 120m will be able to ask the Government to buy their homes at un-blighted market value. This scheme will be opened to applicants by the end of 2014.
- A **need to sell scheme** to assist owner-occupiers who have a compelling need to sell their home but are unable to do so because of our plans to build HS2. There is no outer boundary to this scheme. This will be opened to applicants at the same time as the voluntary purchase offer, and will succeed the current exceptional hardship scheme for Phase One, which will be closed.
- **Rent back**, an approach that means that if a property that the Government has purchased under any of our schemes is suitable for letting, the previous owner can, if they wish, be considered to rent back the property from the Government on the basis of a Crown tenancy. This scheme was introduced on 9 April 2014.

1.1.3 We are not here re-opening consultation on these schemes. In this consultation we are seeking views on the alternative cash offer and homeowner payment only. It is important to note that these discretionary schemes are all in addition to the existing statutory compensation.

1.1.4 We have recognised that HS2 is an exceptional scheme that would justify an exceptional support package. The period of time needed for design and construction is very long. The linear nature and overall length of the development is also unusual, as is its largely rural setting. We considered that additional measures were necessary and announced an intention to consult on two supplementary cash payment schemes.

¹ Where an area of land has been removed from the safeguarded area by new Safeguarding Directions, the express purchase scheme will remain available to owners of properties in that area for five years. This does not apply to properties along the formerly proposed link between HS1 and HS2, which will no longer be close to the high speed railway.

- An alternative cash offer to give owner-occupiers within the Rural Support Zone (that is the zone within which the voluntary purchase scheme 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% 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; and
- A homeowner payment 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.

1.1.5 Some properties would be partly within one zone and partly within another. For example, a property could be partly within the express purchase zone and partly within the voluntary purchase scheme/alternative cash offer zone (VPS/ACO). Alternatively, it could be partly within the VPS/ACO zone and partly within the homeowner payment zone. It is also possible that an owner-occupier may qualify for a discretionary scheme and at the same time be eligible to apply under the statutory blight regime. We do not believe that it would be appropriate for property owners in those circumstances to benefit from any form of double recovery. If these schemes are implemented following consultation, we would need to determine which of the payments would be appropriate in cases that fall between schemes and how to make sure there is no inappropriate double recovery under the proposed new discretionary schemes and the statutory blight regime. We would welcome comments or considerations that might help guide this decision.

1.1.6 Throughout this document we are using 'owner-occupier' as defined in section 168 of the 1990 Town and Country Planning Act. This definition includes residential owner-occupiers, owner-occupiers of small businesses (currently up to an annual rateable value of £34,800), and owner-occupiers of agricultural units.

1.1.7 It is also important to note that neither the alternative cash offer nor the proposed homeowner payment would apply where the line is in a bored tunnel.

1.1.8 Please read this document and respond to the questions we have asked in the following ways:

- **Online:** you can respond online at <https://HS2PropertyConsultation2014.dialoguebydesign.net>
- **Response form:** copies of the response form are available online at <https://www.gov.uk/government/consultations/hs2-property-consultation-2014> or can be requested by contacting 0300 123 1102
- **Email:** you can email your response to HS2PropertyConsultation2014@dialoguebydesign.com

- **Post:** you can post your response and additional material to the following freepost address

Freepost RTET-YGJB-GUAY
HS2 Property Consultation 2014
PO Box 70178
London
WC1A 9HS

- 1.1.9 If responses are sent to any other addresses, HS2 Ltd and the Department for Transport cannot accept responsibility for ensuring their inclusion in the consultation.

1.2 Who can respond to this consultation?

- 1.2.1 The schemes proposed in this consultation would apply to rural areas of the Phase One of the HS2 route only, but as with all HS2 consultations, we welcome comments from all interested individuals or organisations.

2 Alternative cash offer

2.1 Introduction

- 2.1.1 As set out in the Decision Document 'Property Compensation Consultation 2013 for the London-West Midlands HS2 route', qualifying owner-occupiers will be eligible for voluntary purchase (when the scheme is launched) if their property is in the Rural Support Zone - that is, outside the safeguarding boundary (usually set at 60m from the line, but adjusted where necessary for geographic and engineering reasons) but within 120m of the line - and they were already the owner-occupiers when the route was announced.² This means they will, by the end of 2014, have the right to apply to the Government to purchase their property for its full, un-blighted open market value, i.e. what it would have been worth had there been no plans for HS2.
- 2.1.2 The 2013 consultation focused mainly on addressing the impact of generalised blight caused by the Government's plans to build HS2. It did so mainly through schemes that involved the purchase of property as opposed to any other mechanism. Many of those who responded to the 2013 consultation argued that there should be a means of providing redress to property owners that did not compel them to sell their property to the Government.
- 2.1.3 The benefits of providing an incentive for property owners to remain in the community are clear. Communities thrive when families put down roots, when children are settled in school, when businesses can build up a customer base, when friendships grow over years. All of this can be threatened by too many individuals moving out in a short time. We accept that there will be individuals who would wish to stay but who may be reluctant to do so if the effect of the scheme could be to depreciate the value of their property, even if only temporarily due to generalised blight.
- 2.1.4 We are therefore proposing to give these property owners another option: the alternative cash offer. This would 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.
- 2.1.5 By proposing this new option to property owners, we intend to give them the opportunity to choose the course of action that would best suit them, and to make the right decision to fit their own circumstances. To the extent that this would encourage more people to choose to remain in their property, there would be a benefit as it would help to maintain community cohesion.
- 2.1.6 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; or

² Note that the voluntary purchase scheme, although confirmed, will not be operational until the end of 2014.

- accepting a lump-sum payment of 10% of the value of their property, with a maximum payment of £100,000 and a minimum payment of £30,000.

2.1.7 It would be solely for individual property owners to decide which of these options would best meet their needs, and when to make that choice. 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 – we recognise 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 better meet their needs.

2.1.8 As there is no precedent for the alternative cash offer, there is no precedent for the maximum and minimum payments. There is also no precedent for the cash offer being a flat sum or a percentage of the property's value, or for the percentage of that value at which it should be set. We propose that the alternative cash offer should involve substantial sums of money, sufficiently attractive to encourage homeowners to take the risk and stay in their communities, but subject to a cap so that the sums could not be considered excessive. We are also aware that our intention to recoup these cash payments in the event that a property is purchased later under the need to sell scheme is relevant here. We consider that 10% of the value with a minimum of £30k and a maximum of £100k would be a reasonable amount for the Government to recoup through a scheme intended to help people in difficulties, while providing an incentive for people to try to sell their home privately rather than seek assistance from the Government. We believe the proposals are an appropriate structure for an alternative cash offer to voluntary purchase, and welcome your views.

2.2 Eligibility

2.2.1 All those (and only 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, or the route as currently relevant to their property, was announced would be eligible. We would say more about this in scheme guidance.

2.2.2 Property owners can confirm whether their property is within the Rural Support Zone (i.e. within the voluntary purchase/alternative cash offer boundaries) by viewing the maps available on the HS2 website or consulting the paper copies we have deposited in libraries and Citizens Advice bureaux along the line of route. If they have further queries, they will be able to contact the HS2 Community Relations Helpdesk on 020 7944 4908 (from 9am to 5pm, Monday to Friday).

2.3 How the alternative cash offer would interact with the voluntary purchase scheme and the need to sell scheme

We are proposing that a property owner who opted for the alternative cash offer would not then be able to apply for voluntary purchase at a later date.

- 2.3.1 This policy has been formulated in response to feedback from the last property consultation. A number of responses argued that there should be a means of providing redress to property owners that did not compel them to sell their property to the Government. In recognition that not everyone wished to move, we devised this policy to support people in making such choices, and as such we propose it as a straight alternative to voluntary purchase.
- 2.3.2 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. As the need to sell scheme aims to help those dealing with difficult personal circumstances, it would be unreasonable to exclude homeowners for having claimed the alternative cash offer.
- 2.3.3 However, we are 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, the Government would recoup the payment under the alternative cash offer from the need to sell purchase price, because to do otherwise would be to disregard our obligations to the taxpayer. We recognise that this would be a complex matter to get right, all the more so because successful applicants to the need to sell scheme are likely to be in a vulnerable situation. We are therefore considering whether, for example, it would be more appropriate to reclaim 10% of the eventual sale price or the same (inflation-adjusted) cash amount.
- 2.3.4 We are 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 (i.e. sell it to a purchaser other than the Government).

2.4 When would the alternative cash offer open?

- 2.4.1 The voluntary purchase and the alternative cash offer would both be launched at the end of 2014.

2.5 When would owner-occupiers be able to apply for the alternative cash offer?

- 2.5.1 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.
- 2.5.2 In either case, the 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%, 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.

- 2.5.3 It would be impractical to appoint valuers afresh each time HS2 Ltd needed to procure valuations. Instead, it is proposed that valuers must pre-qualify for this work and enter into an arrangement called a 'framework'. Valuers for specific pieces of work would be chosen from those who were on the framework. They would remain independent of HS2 Ltd.
- 2.5.4 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.

Question 1: What are your views on our proposals for the alternative cash offer?

3 Homeowner payment

3.1 Introduction

3.1.1 Separate from the proposals for compensation, the Government recognises that while HS2 is a railway for the whole nation, it affects communities at a local level. Although we expect that all areas will receive an economic boost from the proceeds of growth from HS2, the overall economic benefit from the railway will not be distributed equally. The most concentrated economic benefits will be from the areas around and near stations – largely urban areas.

3.1.2 As set out in the Decision Document 'Property Compensation Consultation 2013 for the London-West Midlands HS2 route', we are therefore proposing 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. This would enable people in these areas to share in the benefits of HS2, as it would run near them but will not provide them with a direct benefit.

3.1.3 We are proposing to taper payments, per property, as follows:

- from 120m – 180m: £22,500
- from 180m – 240m: £15,000
- from 240m – 300m: £7,500

3.2 Eligibility

3.2.1 Property owners would be eligible if they were owner-occupiers of the property by 9 April 2014 (when proposals for the homeowner payment were first outlined). We would say more about this in scheme guidance.

3.2.2 Property owners can confirm whether their property would be within the boundaries within which the homeowner payment would apply by viewing the maps available on the HS2 website or consulting the paper copies we have deposited in libraries and Citizens Advice Bureaux along the line of route. If they have further queries, they will be able to contact HS2 Community Relations Helpdesk on 020 7944 4908 (from 9am to 5pm, Monday to Friday).

3.3 How the homeowner payment would interact with the need to sell scheme

3.3.1 Property owners could still apply to the need to sell scheme even if they had previously accepted a homeowner payment. As set out in the Decision Document 'Property Compensation Consultation 2013 for the London-West Midlands HS2 route', 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.

3.3.2 However, we are also proposing to recoup any money paid out through the homeowner payment from the need to sell purchase price, because to do otherwise would be to disregard our obligations to the taxpayer and would risk creating perverse incentives for owner-occupiers. We recognise that this would be a complex matter to get right, all the more so because successful applicants to the need to sell scheme are likely to be in a vulnerable situation.

3.3.3 We are not proposing to recoup any money paid out through the homeowner payment should the property owner choose at a later date to sell their property on the open market.

3.4 When would the Government start making payments under the homeowner payment scheme?

3.4.1 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.

3.4.2 We are not proposing to alter the payments with inflation.

3.5 When would homeowners be able to apply to the homeowner payment scheme?

3.5.1 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.

3.5.2 Instead, applicants would need to show proof (that satisfies guidelines issued by HS2 Ltd when the scheme opens), for example of: identity; and owner-occupier status at the relevant date.

Question 2: What are your views on our proposals for the homeowner payment?

4 Tax

4.1.1

Under these proposals, receipts under the alternative cash offer and homeowner payment schemes are not expected to constitute income, and so they would not be liable to income tax. Even so, in some cases the receipts may give rise to gains which are chargeable to capital gains tax (or, in the case of a company, corporation tax) on the recipient. These gains will not be chargeable to capital gains tax to the extent that the owner would have been able to claim private residence relief if they sold their home on the private market. We therefore expect that the majority of people who receive sums under either the alternative cash offer or homeowner payment schemes will not have to pay tax on the money they get.

5 Behavioural insight sessions

- 5.1.1 We are commissioning an independent company to run behavioural insight sessions in parallel with this consultation. These will be discussions with a cross-section of people on the policies proposed in this consultation. The outcome of those discussions, along with all other relevant evidence and responses to consultation, will help to inform the Government decision on the schemes.

6 Summary of consultation questions

These are the questions that we would like you to consider when responding to the consultation:

Q1: What are your views on our proposals for the alternative cash offer? (Chapter 2)

Q2: What are your views on our proposals for the homeowner payment? (Chapter 3)

7 How to respond and next steps

7.1 Closing date and further copies

7.1.1 This consultation closes on **Tuesday 30 September 2014**. Emails and online responses can be submitted until 23:45 on the final day of the consultation. Paper responses must be posted on or before the final day of the consultation. If you would like further copies of this consultation document, you can download them at <https://www.gov.uk/government/consultations/hs2-property-consultation-2014>. Alternatively, you can order a hard copy by calling 0300 123 1102.

7.2 How to respond

7.2.1 You can respond to the consultation in the following ways:

- **Online:** you can respond online at <https://HS2PropertyConsultation2014.dialoguebydesign.net>
- **Email:** you can email your response to HS2PropertyConsultation2014@dialoguebydesign.com
- **Response form:** these are available online at <https://www.gov.uk/government/consultations/hs2-property-consultation-2014> or can be requested by contacting 0300 123 1102
- **Post:** you can post your response and additional material to the following FREEPOST address. You do not need to use a stamp.

Freepost RTET-YGJB-GUAY
HS2 Property Consultation 2014
PO Box 70178
London
WC1A 9HS

7.2.2 If responses are sent to any other addresses, HS2 Ltd and the Department for Transport cannot accept responsibility for ensuring their inclusion in the consultation.

7.2.3 For a response to be considered valid, it must include your name (and the name of your organisation, if applicable).

7.2.4 If you have any queries, you can contact us at HS2Enquiries@hs2.org.uk or on 0207 944 4908.

7.3 What will happen next?

7.3.1 Valid responses sent during the consultation period will be analysed as part of an independent summary report that the Government will use when making decisions about the proposals described in this document.

7.4 Confidentiality and data protection

- 7.4.1 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004 (EIR)).
- 7.4.2 If you want information that you provide to be treated as confidential, please be aware that, under the FOIA and the EIR, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.
- 7.4.3 In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department for Transport or HS2 Ltd.
- 7.4.4 The Department for Transport, HS2 Ltd and Dialogue by Design will process your personal data in accordance with the DPA. In the majority of circumstances this will mean that your personal data will not be disclosed to third parties.
- 7.4.5 We will use the contact information that you provide to perform internal checks on the responses to ensure the validity of responses, such as identifying duplicated responses where such responses have been submitted via several routes. We will also use this information to inform respondents of the outcomes of the consultation, in line with good practice for consultation.

8 Consultation principles

- 8.1.1 This consultation is being conducted in line with the Government's key consultation principles which are listed below. Full details of the Government's guidance on consultation can be found at:
<https://www.gov.uk/government/publications/consultation-principles-guidance>
- 8.1.2 This guidance was issued in July 2012 and replaces the Code of Practice for Consultation issued in July 2008.
- 8.1.3 If you consider that this consultation does not comply with the key consultation principles, or if you have comments about the consultation process, please contact:
- Consultation Co-ordinator
Department for Transport
Zone 1/29 Great Minster House
33 Horseferry Road
London
SW1P 4DR
- Email: consultation@dft.gsi.gov.uk
- 8.1.4 The key consultation principles are that:
- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before;
 - departments will need to give more thought to how they engage with and consult with those who are affected;
 - consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy; and
 - the principles of the Compact between Government and the voluntary and community sector will continue to be respected.

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