

Promoter's Introduction to Land Compensation

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- Generalised Blight – the HS2 discretionary property package

HS2 Land Acquisition Policy – Information Paper C4



HIGH SPEED TWO INFORMATION PAPER

C4: LAND ACQUISITION POLICY

This paper outlines how landowners will be compensated for the acquisition of their land required for the construction and operation of HS2 Phase One.

It will be of particular interest to those potentially affected by the Government's proposals for high speed rail.

This paper will be updated as required. If you have any queries about this paper or about how it might apply to you, please contact the HS2 Helpdesk in the first instance.

The Helpdesk can be reached at:

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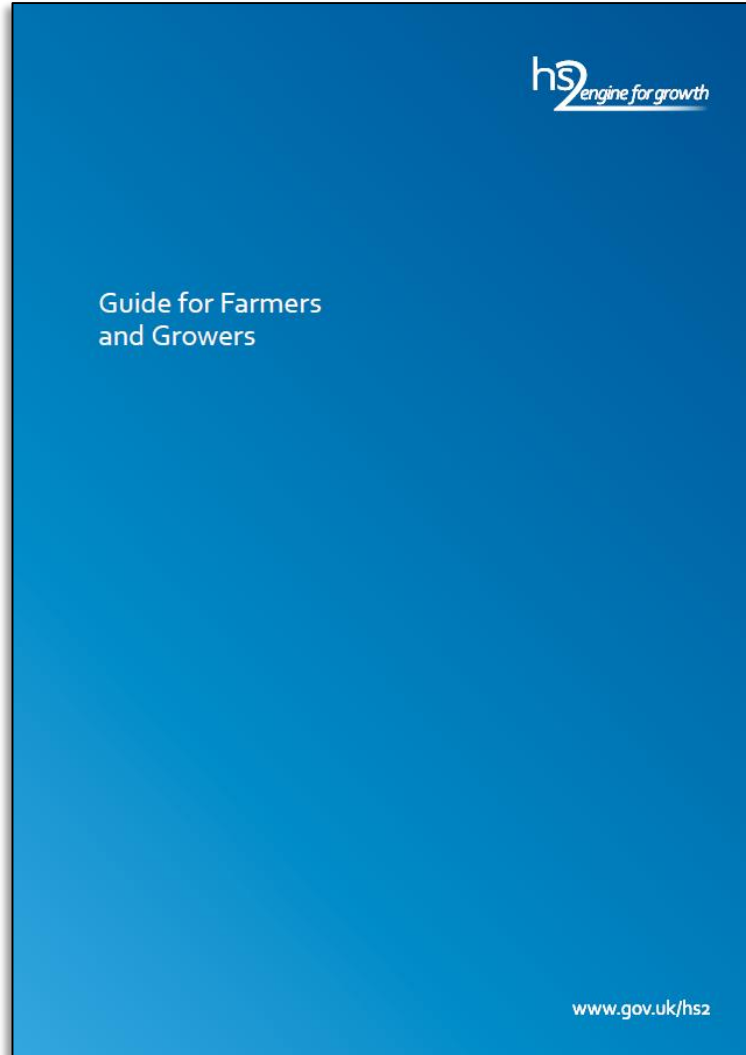
HS2 Land Acquisition Policy

- Information Paper C4: Land Acquisition, para 2.3 and 2.4:
- “The Bill generally includes full land acquisition powers. However, in any individual case, the exercise of these powers will operate on the basis that the Secretary of State will acquire no greater amount of land than appears to him to be reasonably required following the detailed design of the scheme.”
- The Bill confers powers to possess and use temporarily all that land which the Secretary of State can acquire compulsorily (Schedule 16).
- The Secretary of State has made clear that he will consider exercising those powers in respect of land which is not required for the permanent needs of the railway (for example, during construction only) provided that to do so would not prejudice the timely and economic delivery of the Bill scheme.
Information Paper C4: para 4

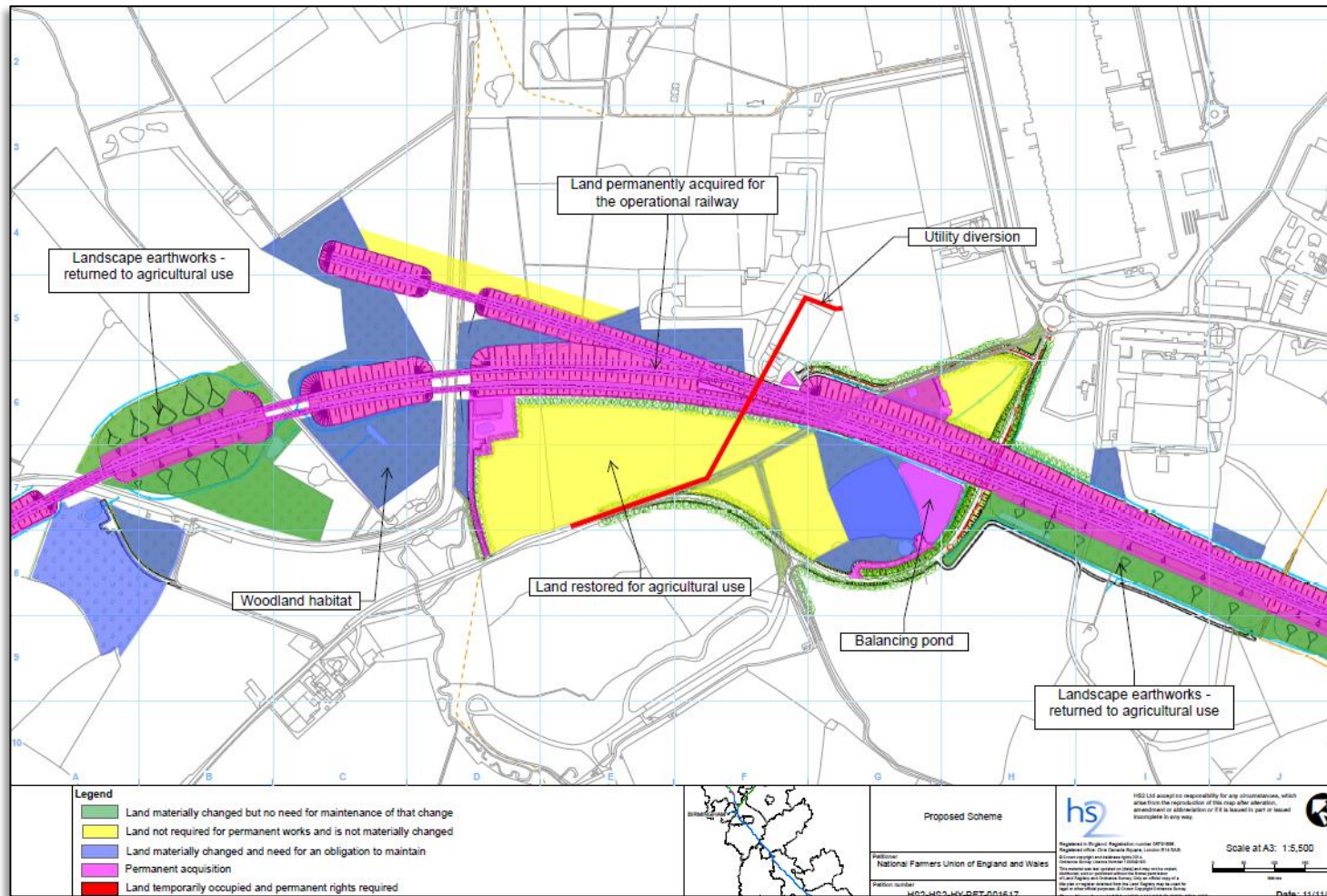
Temporary Possession and Use

- A number of scenarios identified as to when the Secretary of State might exercise powers of temporary possession and use: see HS2 '**Guide for Farmers and Growers**' and Information Paper C4.
- Factors which the Secretary of State will consider include:
 - Length of time for which the land is required;
 - Comparative overall cost of temporary use v permanent acquisition;
 - Likely cost of restoration;
 - Safeguards required to secure maintenance of mitigation measures (eg earthworks, planting) and future access to railway infrastructure (eg balancing ponds).
- Compensation is payable for any loss that results from the exercise of those powers. (Schedule 16)

Guide for Farmers and Growers



HS2 land acquisition – farms - illustration



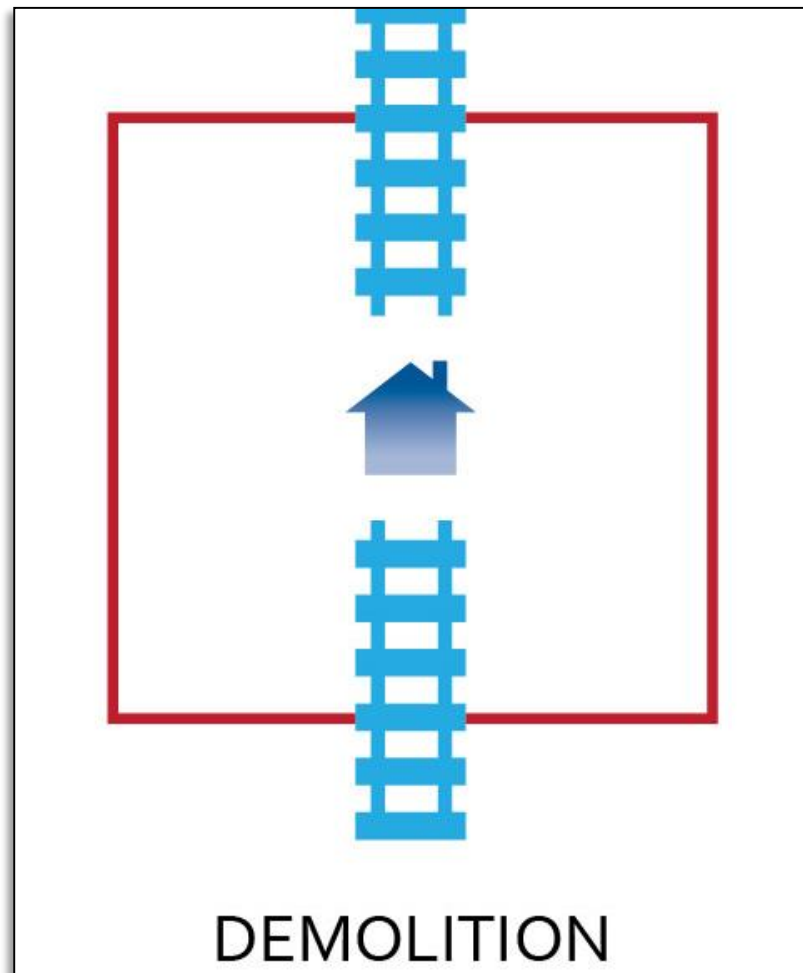


Statutory Compensation: The Compensation Code

Compensation under the Statutory Compensation Code

- Compensation assessment for land acquired
- Disturbance compensation
- Compensation assessment where part of a property is acquired
- Compensation where no land is acquired
- Blight Notices
- Other aspects and disputes

Land Compensation: Full Acquisition



Six rules for assessing land compensation

- No additional allowance because the acquisition is compulsory
- **Assessed by reference to open market value**
- The special suitability of land for a purpose is ignored
- Enhancement of value from uses which are contrary to law is ignored
- Where land is devoted to a purpose with no general market, compensation is assessed on the basis of equivalent reinstatement
- **A land owner in occupation may be entitled to additional disturbance compensation not based upon the value of land**

Valuation Assumptions

- **Land is sold in a manner likely to obtain the highest price**
- Land can be developed for alternative uses if allocated on a development plan
- Land can be developed in accordance with a certificate of appropriate alternative development issued by the Planning Authority
- Premises can be enlarged in accordance with permitted development
- Hope value for future development

Consistency of approach

- A land owner can receive the higher of
 1. The value of land, for its current use, plus disturbance compensation

OR

 2. The value of land for development
- No disturbance is payable where compensation assessed on development value because the owner would have to move in any event to achieve that development value

Valuation aspects to be ignored

- Any depreciation or blight from Phase One of HS2
- Any enhancement of land value arising from Phase One of HS2
- **Assume HS2 Scheme cancelled in assessing compensation for the value of an interest in land**

Disturbance Compensation Principles

- **Costs or losses arising from compulsory acquisition and dispossession not directly based on the value of land**
- **Direct and reasonable consequence arising from compulsory acquisition**
- Cost of alternative premises not included – assume value for money
- Party dispossessed must act in a reasonable manner and mitigate losses
- Land & Property team in HS2 Ltd can discuss plans and issues in advance

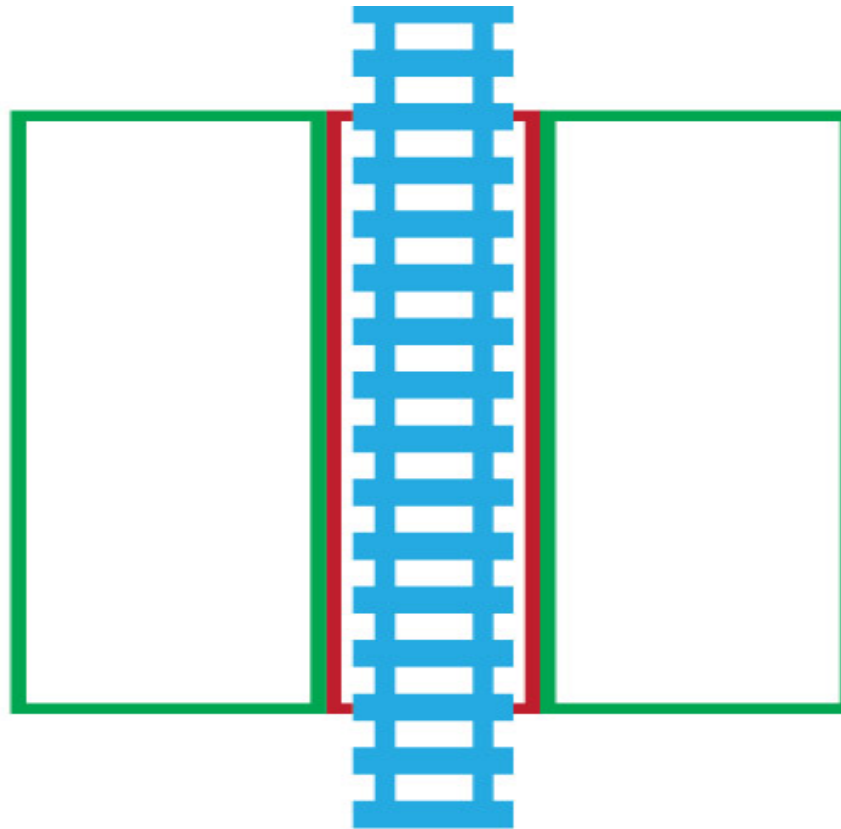
Disturbance Compensation: Examples of Heads of Claim

- Loss of crops on agricultural land
- Cost of seeking suitable alternative premises
- Costs of fitting out alternative premises
- Temporary and permanent loss of profits
- Costs of providing new stationery
- Close down of business if relocation not possible
- Redundancy and other costs on close down
- Stamp Duty on new premises
- Legal and surveying fees

Loss Payments

- **An additional statutory allowance**
- Home Loss Payment – 10% of market value, currently £53,000 maximum, £5,300 minimum
- Lawful residential occupier entitled to payment on displacement
- Basic Loss Payment – 7.5% of market value, currently £75,000 maximum
- Occupier's Loss Payment – 2.5% of market value, currently £25,000 maximum
- Occupier's Loss Payment – agricultural land and other buildings

Part only of land acquired - Severance



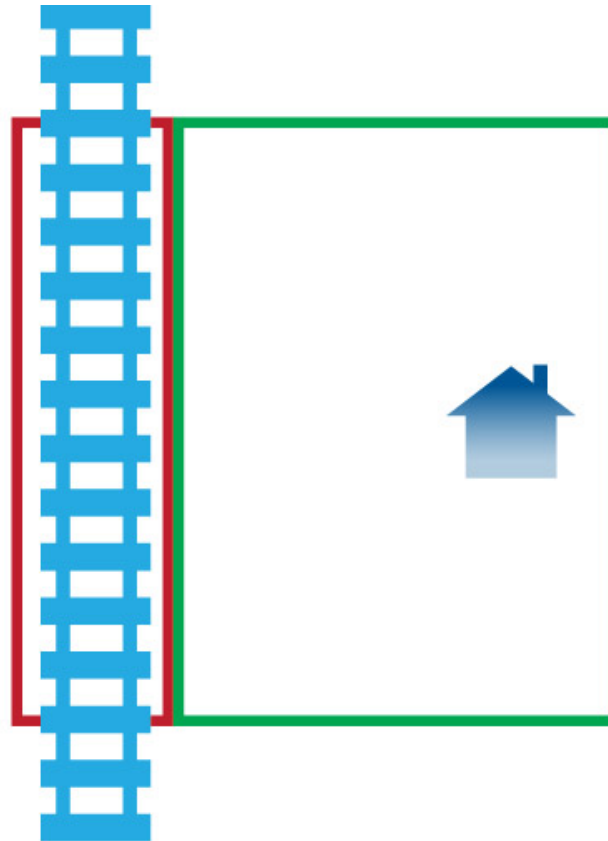
SEVERANCE

(Depreciation to whole due to loss of part)

Part only of land acquired - Severance

- Value of land acquired – as outlined above
- Depreciation to retained land from severed connection is payable
- Works to accommodate existing activities on affected land
 - Provision of alternative access
 - Provision of stock proof fencing, field drainage
- Owner can compel the Promoter to acquire
 - Isolated land less than 0.5 acres
 - Isolated land where cost of linkage exceeds land value
 - Severed land economically unviable to farm

Part only of land acquired - Injurious Affection



INJURIOUS AFFECTION
(Depreciation due to construction/operation)

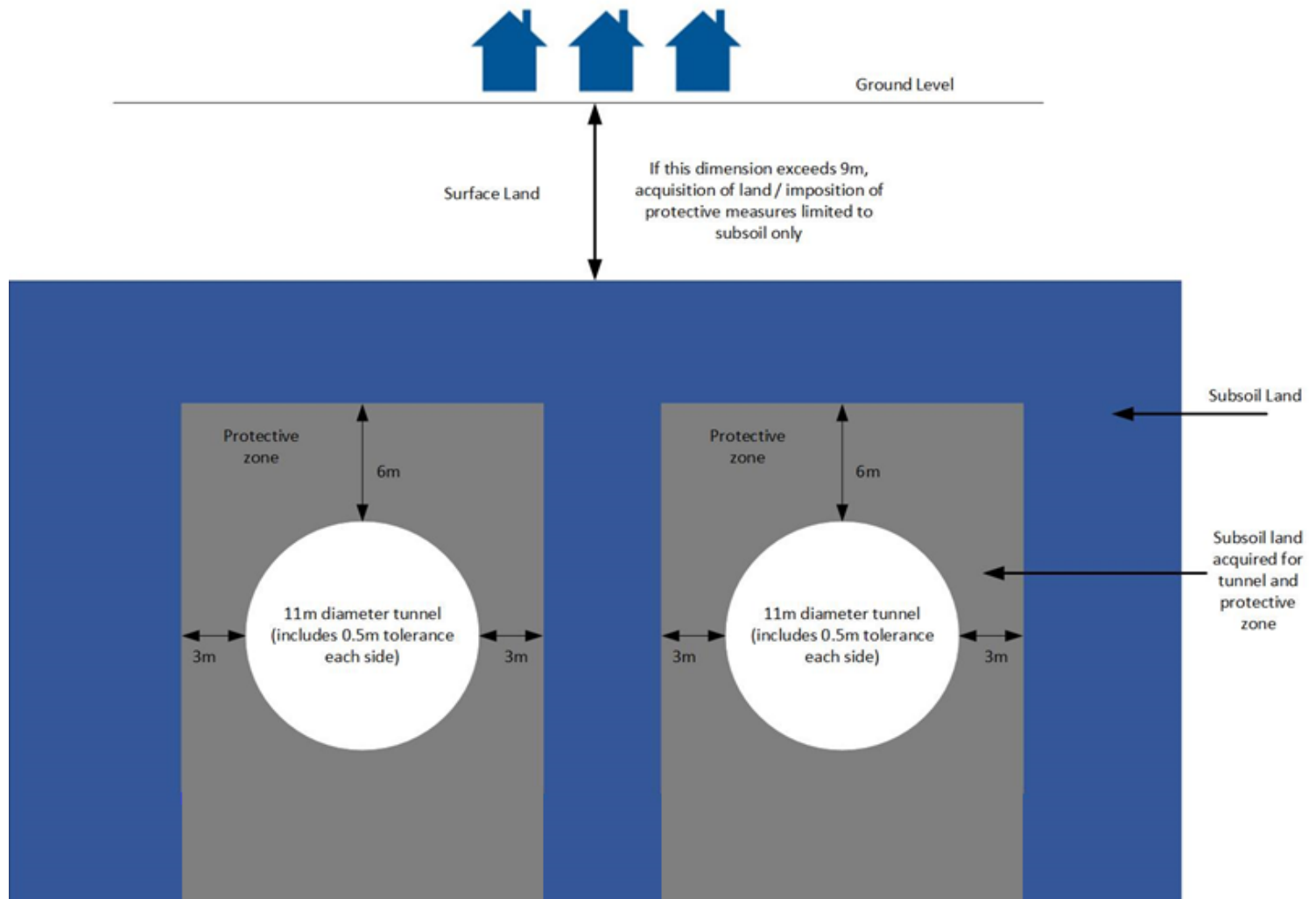
Part only of land acquired - Injurious Affection

- Value of land acquired – as outlined
- Depreciation to retained land due to impact of Phase One of HS2 is payable
- Can be assessed on a “before” and “after” basis
- Impact can be reduced through mitigation (e.g. noise barriers, environmental works)

Part only of land acquired - Material Detriment

- If part only cannot be acquired without
 - Material detriment to a house, building or manufactory
 - Seriously affecting the amenity of a park or garden
 - The land or building being less useful or valuable to a significant degree
- Then the Promoter can be required to purchase the whole property
- Does not apply where subsoil only acquired
- Special provisions for agricultural land

Part only of land acquired - Bored Tunnels (illustrative arrangement)



Part only of land acquired - Bored Tunnels

- Compensation for strip of subsoil land taken more than 9m below ground level
- Nominal value (£50 plus £250 towards professional fees)
- Injurious affection can arise in shallow tunnels near the portals
- Normally no injurious affection from deep bored tunnels
- The Bill contains powers to protect the tunnels when constructed – through imposition of restrictive covenants
- Qualifying owners can apply for a Settlement Deed (see IP C₃: Ground Settlement)

Land Compensation - other aspects

- **Date of valuation – date of entry or vesting**
- Earlier claims from landowners and occupiers can be made on:-
 - Acceptance of blight notice
 - Both parties agreeing to negotiate in advance
- **Advanced Payments – 90% of agreed compensation or (absent agreement) of the Promoter's estimate**
- Statutory Interest – prescribed rate
- Residential – role of local authorities
- Compensation claims can be made after land is occupied by HS2 under compulsory powers

Land Compensation - disputes

- Statutory Compensation disputes
 - Alternative disputes procedure where the parties agree to this process (see IP C8 'Compensation Code for Compulsory Purchase' paragraph 7.1)
 - Otherwise disputes considered by the Upper Tribunal (Lands Chamber)
 - **Independent determination**

Land Compensation - blight notices

- **Reverse compulsory purchase**
- In the corridor of surface land safeguarded for HS2
- Qualifying owners-
 - Residential or business owner occupier or with 3 years lease unexpired at valuation date
 - Business owner with rateable value less than £34,800
 - Owner occupier of an agricultural unit
- Can serve a blight notice if:
 - In occupation for 6 months, and
 - Made reasonable but unsuccessful attempts to sell
- The property is compulsorily acquired in advance
- Land compensation is assessed and paid in advance

Land Compensation - no land taken



NO LAND TAKEN

Land Compensation - no land taken

Losses resulting from the execution of works

- **Claim – diminution in value of land where**
 - An interference with a landowner's private rights
 - Made lawful by an authorising Act of Parliament
 - Arises from construction not use
 - An injury to land, not a personal or trade loss
- The Promoter will mitigate impact through Code of Construction Practice
- Information Paper C10 (Small Claims Scheme)
 - Physical damage arising from construction (value limit expected to be up to £10,000)

Land Compensation – no land taken

Losses arising from operation of the railway

- Qualifying interest
 - Residential or business owner occupier or with 3 years lease unexpired at valuation date
 - Business owner with rateable value less than £34,800
 - Owner occupier of an agricultural unit
- **Valuation Date – 12 months after public works opened**
- **Compensation – any depreciation due to physical factors including noise, vibration, smell, fumes, artificial light**
- Mitigation – noise barriers, embankments, screening, double glazing



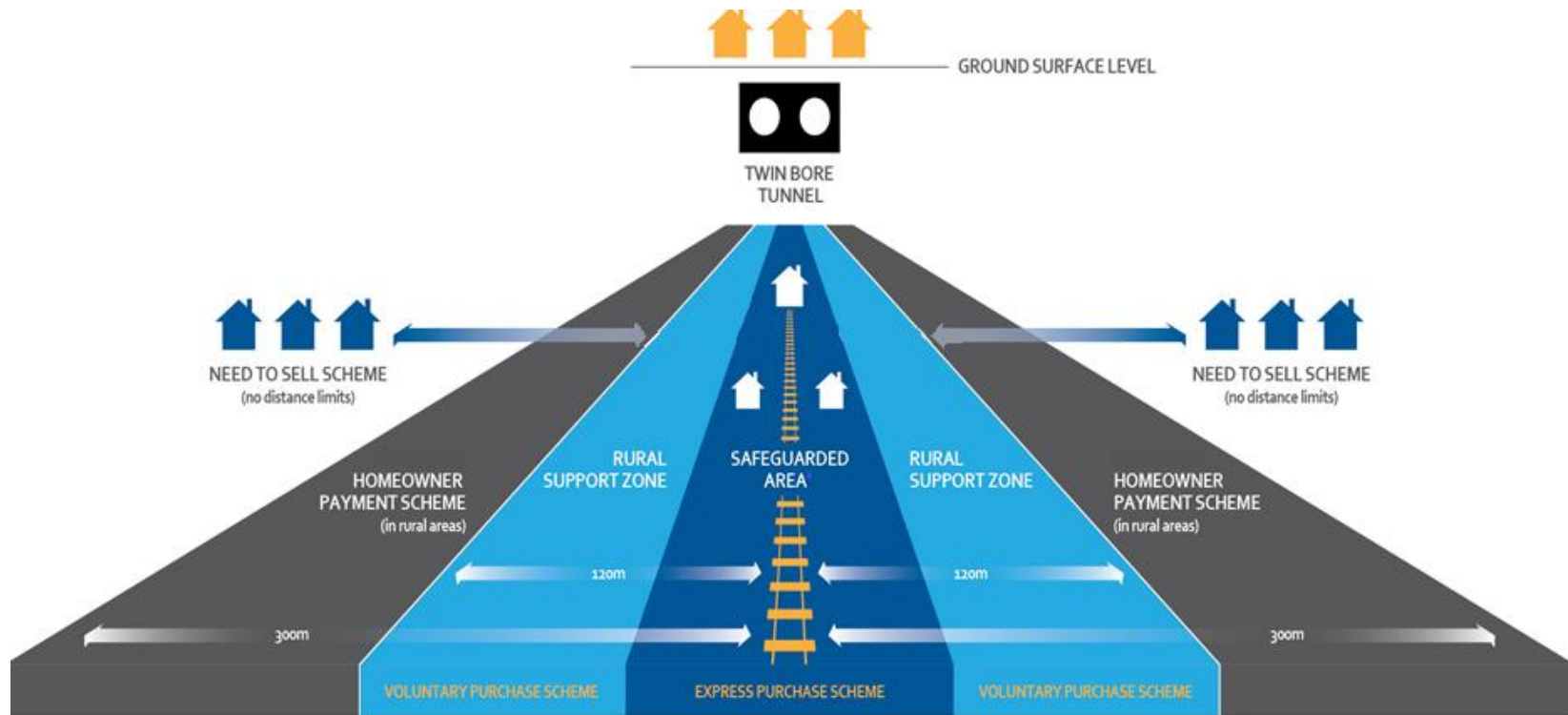
Generalised Blight: HS2 Discretionary Property Package

Generalised Blight: HS2 Discretionary Property Package

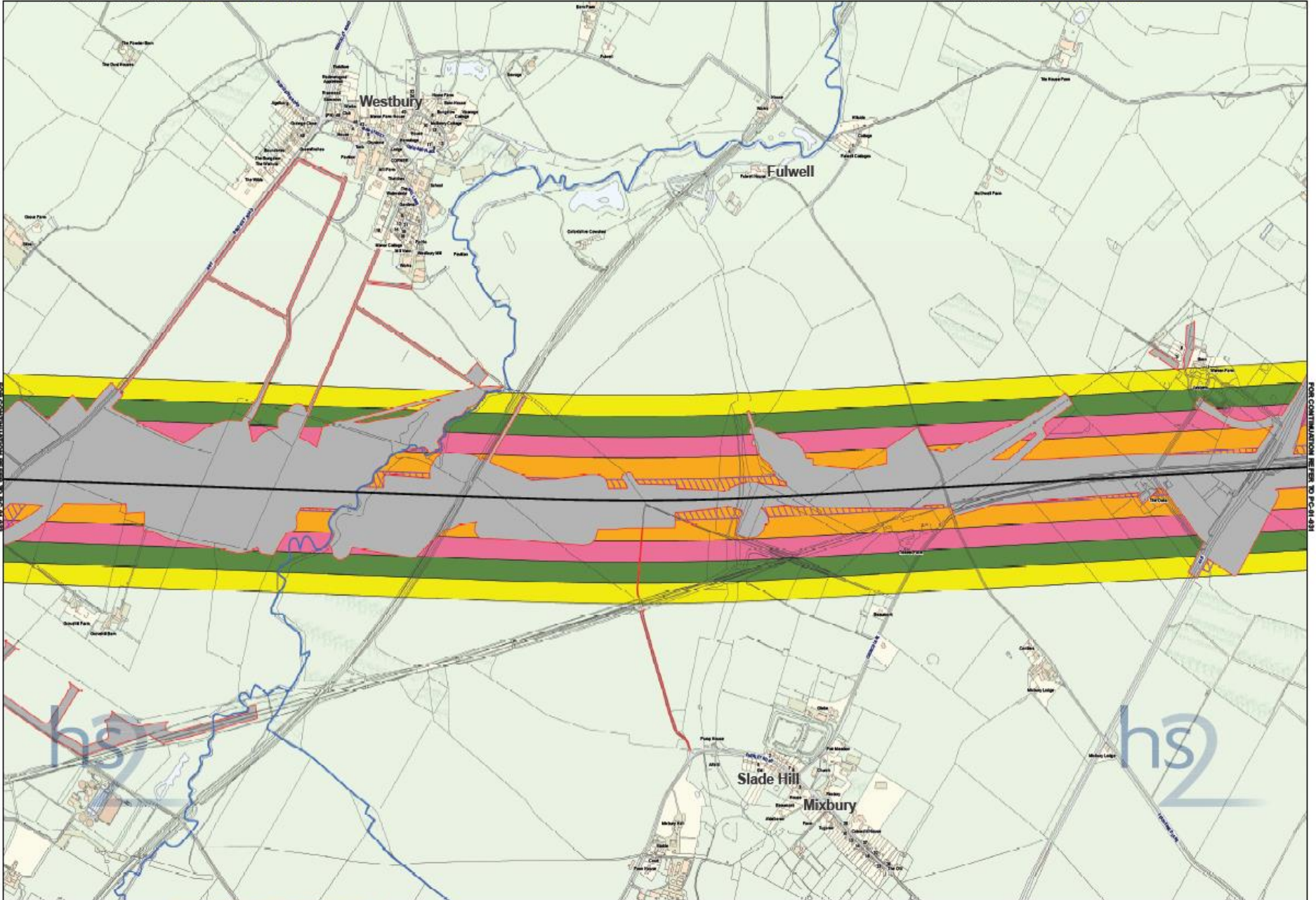
- **Express Purchase**
- **Voluntary Purchase / Cash Offer (within Rural Support Zone)**
- **Need to Sell**
- **Rent Back**

- Main package announced by Secretary of State in April 2014
- Further measures announced January 2015
- NTS reviewed with report to the House of Commons HS2 Select Committee (November 2015)
- Consultation on discretionary schemes for Phase 2A (2015/16)

HS2 Discretionary Property Package: Summary



Please note: All distances are taken from the centre line of the railway.



Legend

- Safeguarding Limits
- Rural Support Zone (RSZ)
- Home Owner Payment (HOP) zone 2: 180m - 240m
- Extended Homeowner Protection Zone
- Safeguarded Area: Surface
- Home Owner Payment (HOP) zone 1: 120m - 180m
- Home Owner Payment (HOP) zone 3: 240m - 300m
- District/Borough boundary
- Safeguarded Area: Sub-surface

P19 (34)

Map Number: PC-01-082
 Project Name: High Speed Two Phase One Property Consultation 2014
 Date of Issue: JULY 2014

hs2
 Scale 1:11: 1:5,000
 HOC/10004/0035

HS2 Express Purchase Scheme

In Safeguarded Area

For owners with qualifying interests, the Promoter has adopted the following approach to blight notices served by the affected owner.

Aim - to speed up the process and provide greater certainty:

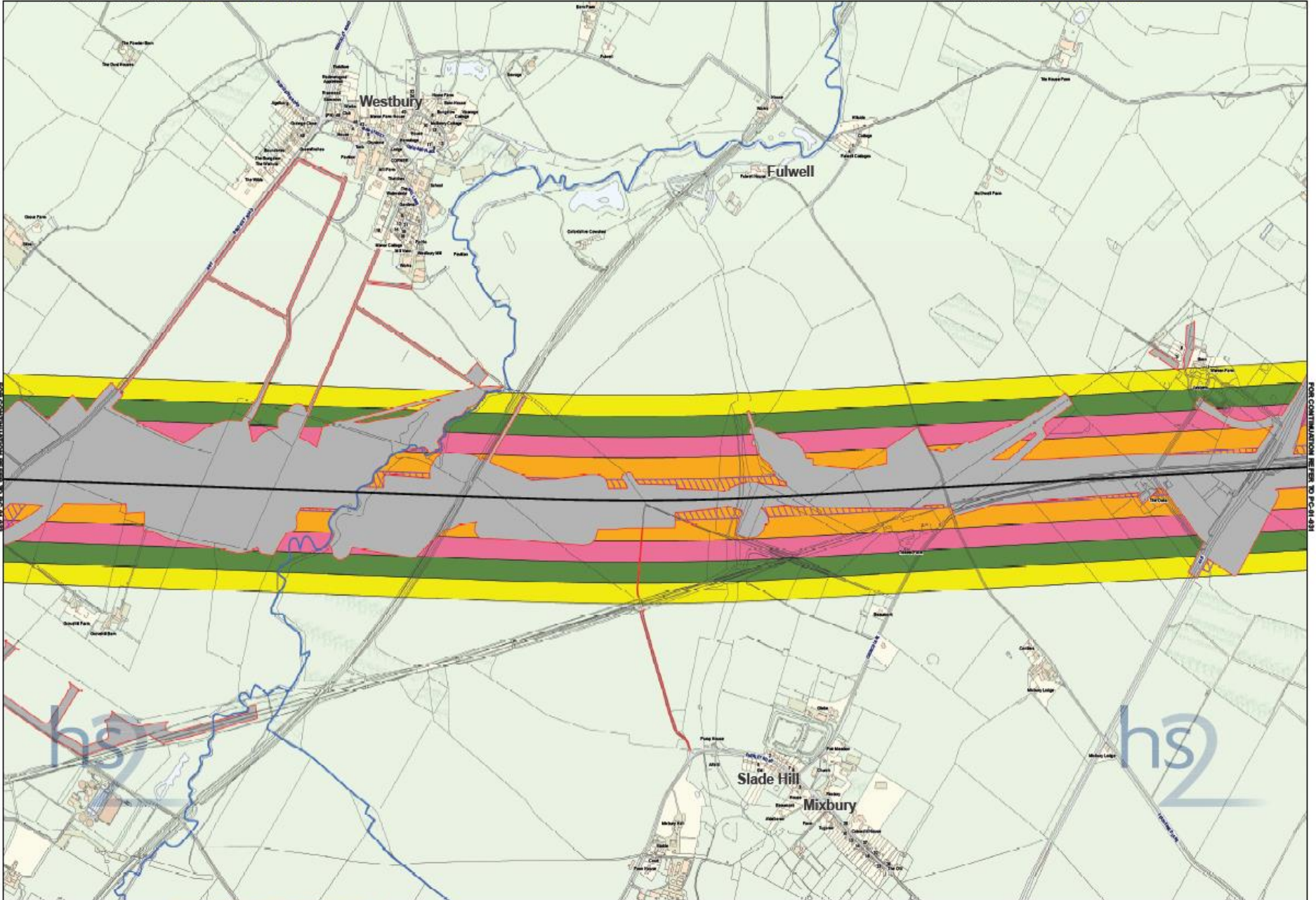
- No requirement for the owner to attempt to sell the property
- If more than 25% of an owner's land or any part of the dwelling is within the safeguarding zone, a blight notice on the whole property will be accepted
- If less than 25% of an owner's land is within the safeguarding zone a blight notice may be accepted subject to the material detriment test
- Properties formerly in safeguarding zone- extended homeowner protection zone

Voluntary Purchase

- **In the Rural Support Zone**
 - Properties outside safeguarding and up to 120 metres from the centre line of the railway (other than where the route is in bored tunnel)
 - Residential, business premises RV below £34,800 and agricultural units
- Eligible owners
 - Owner occupiers or leaseholder with 3 years remaining
 - Purchased property prior to 11 March 2010
 - No prior knowledge of HS2
- **Successful applicants can require the Promoter to purchase their properties at the full unblighted value** (no disturbance or home loss payments as properties not acquired compulsorily) OR
- Accept a cash offer

Cash Offer

- **In the Rural Support Zone.**
- An alternative to Voluntary Purchase
- **Eligible owners can ask the Promoter for payment of 10% of the unblighted market value of the property**
- Maximum £100,000, minimum £30,000
- Eligibility criteria same as Voluntary Purchase




Legend

- Safeguarding Limits
- Rural Support Zone (RSZ)
- Home Owner Payment (HOP) zone 2: 180m - 240m
- Extended Homeowner Protection Zone
- Safeguarded Area: Surface
- Home Owner Payment (HOP) zone 1: 120m - 180m
- Home Owner Payment (HOP) zone 3: 240m - 300m
- District/Borough boundary
- Safeguarded Area: Sub-surface

P19 (38)

Map Number: PC-01-082
 Project Name: High Speed Two Phase One Property Consultation 2014
 Date of Issue: JULY 2014

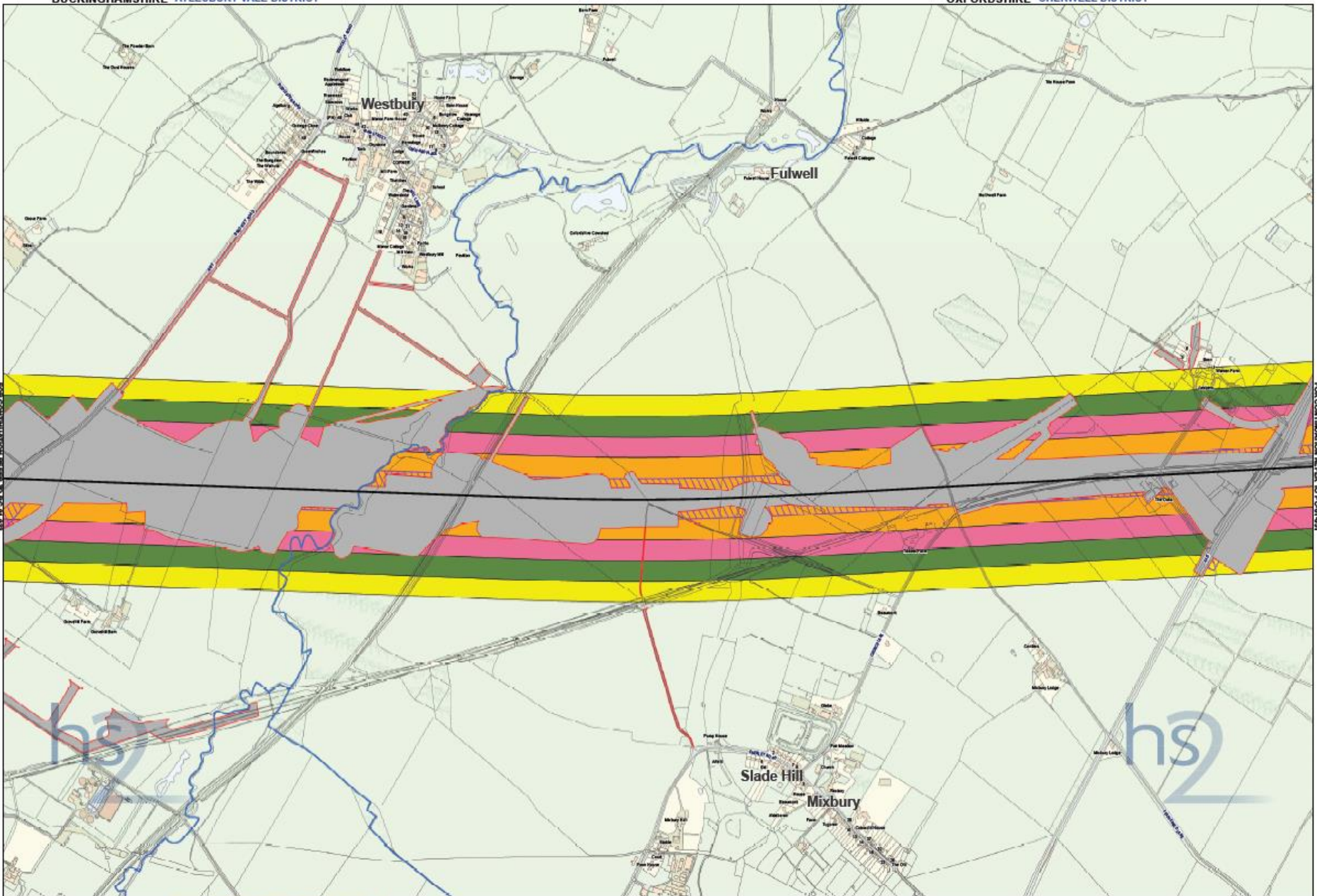

 Scale 1:11: 1:5,000
 Date of Issue: 2014
HOC/10004/0039

Homeowner Payment

- Intended to allow home owners in rural areas an early share in the benefits of the Scheme
- Outside safeguarding and voluntary purchase zone up to 300 metres from the centre line of the railway (other than where line in bored tunnel)
 - 120-180 metres £22,500
 - 180-240 metres £15,000
 - 240-300 metres £7,500
- Applies to eligible owners with no prior knowledge of the project
- Will be implemented following Royal Assent to the Bill

Need to Sell Policy

- **No geographical boundary**
 - 5 'criteria'
 - **Eligible owner**
 - **Location of property**
 - **Reasonable efforts to sell**
 - **No prior knowledge of HS2**
 - **'Compelling reason to sell.'**
- Assessed by independent panel (with recommendation to the Secretary of State);
- **Where the application is accepted the Promoter will purchase the property at the full unblighted value** (no disturbance or home loss payment)



Legend

- Safeguarding Limits
- Safeguarded Area: Surface
- Safeguarded Area: Sub-surface
- Rural Support Zone (RSZ)
- Home Owner Payment (HOP) zone 2: 180m - 240m
- Home Owner Payment (HOP) zone 3: 340m - 300m
- Extended Homeowner Protection Zone
- District/Borough boundary

P19 (41)

Project Number	PC-01-082	
Project Name	High Speed Two Phase One Property Consultation 2014	
Project Status	JULY 2014	
Scale at A1: 1:5,000 Scale at A2: 1:10,000		
<p>HOC/10004/0042</p> <p style="font-size: small;">The National Land Information Agency (NLI) is the source of the data used in this map. © Crown Copyright and NLI 2014. All rights reserved.</p>		Date Issued: 07/07/2014 Drawn: 21/07/14

Please note this map will expire on 30/09/2014

REVISIONS: 01 - INITIAL WORKING DRAWING

FOR CONTINUATION REFER TO PC-01-082

Rent Back

- **All homes purchased by the Promoter can be considered for rent back provided:**
 - The costs in so doing would be at a reasonable level;
 - The property complies with relevant standards for residential occupation
- Appropriate tenancies offered depending on circumstances








HS2 Discretionary Property Package

Mechanism for assessment of unblighted value

- Two valuations carried out
- Selected from a pool of independent registered valuers
- Property owner and HS2 Ltd choose a firm each
- If valuations within 10%, the average figure is taken
- If valuations more than 10% apart
 - The applicant may request a third valuation
 - The figure is taken from the average of the two closest valuations
- No dispute mechanism

Recent Consultation on Discretionary Schemes

- Consultation by Secretary of State on Phase 2A
- Command Paper from the Secretary of State
 - Discretionary schemes apply to Phase 2A West Midlands – Crewe
 - **New Guidance and processes (apply to future and outstanding applications in Phase 1 and Phase 2) – includes**
 - ▶ Use of any Registered Valuer of their choice by applicants on both Voluntary Purchase and Need to Sell for one of the two initial valuations
 - ▶ Third valuer will see two previous valuation reports - not the figures
 - ▶ Greater account can be taken of evidence that a home represents a physical burden to the applicant – Need to Sell
 - ▶ Streamlined DfT decision making process

		Schemes being consulted on	Available once line is open for public use for a year
 Safeguarded area and extended homeowner protection zone		<ul style="list-style-type: none"> • Right to serve a Blight Notice (available now) • Express purchase (available now)¹ • Rent back 	Part 1 compensation (where there is no land take) ²
 Rural support zone (RSZ)		<ul style="list-style-type: none"> • Cash offer OR voluntary purchase³ • Need to sell scheme • Rent back 	Part 1 compensation (where there is no land take)
 Homeowner payment zone		<ul style="list-style-type: none"> • Homeowner payments⁴ <ul style="list-style-type: none"> • Zone 1: 120m to 180m – £22,500 • Zone 2: 180m to 240m – £15,000 • Zone 3: 240m to 300m – £7,500 • Need to sell scheme • Rent back 	Part 1 compensation (where there is no land take)
 Beyond		<ul style="list-style-type: none"> • Need to sell scheme • Rent back 	Part 1 compensation (where there is no land take)

Surface safeguarding only. ² Compensation for any reduction in the value of property as a result of the physical effects of the operation of the railway. ³ Rural areas only and does not extend to areas beyond deep tunnels. ⁴ Only available after Royal Assent to the Bill. Application of the Bill to areas beyond deep tunnel. HOC/10004/0046