



Department for  
Communities and  
Local Government

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Dear Sir / Madam,

**COMPULSORY PURCHASE: IMPORTANT INFORMATION FOR PROPERTY INVESTORS**

**NEIGHBOURHOOD PLANNING BILL: CLAUSE 22: EXTENSION OF THE “NO-SCHEME PRINCIPLE” TO “RELEVANT TRANSPORT PROJECTS”**

This letter contains important information for investors in land which may be suitable for regeneration or redevelopment in the vicinity of new transport infrastructure. **Please bring the contents of this letter to the attention of any of your clients or members that may be affected.**

Clause 22 of the Neighbourhood Planning Bill codifies the “no-scheme principle” for assessing compensation for land acquired by compulsion. This is contained in new sections 6A to 6D of the Land Compensation Act 1961. New section 6D(3) and (4) introduces the extension to the “no-scheme principle” that would enable regeneration or redevelopment schemes enabled by “relevant transport projects” to include the transport project as part of the scheme to be disregarded in the assessment of compensation. This means that the land will be valued as if the transport project as well as the regeneration scheme had been cancelled on the relevant valuation date. This would prevent the public sector paying for land at values inflated by previous public investment. The consultation document and the Government response can be found here: <http://tinyurl.com/hmur7y5>.

As well as the general conditions and restrictions on what transport projects and regeneration or redevelopment schemes come within the scope of the new provisions (set out in new section 6E), there is a particular safeguard for certain investors. The new rules will not apply to those who have bought land in the vicinity of a relevant transport project between the time the project was announced and 8 September 2016 (the day after the Bill is printed). These people may have bought land at a premium and might then be at risk of being paid less than they had paid for it if it subsequently is subject to compulsory purchase.

**The new rules will, however, apply to any land acquired on or after 8 September, so anyone acquiring land from 8 September should take note. Please ensure that your clients and members are aware of this.**

The details of the conditions and safeguards are set out in Annex A to this letter for convenience.

This letter has been sent to the organisations listed in Annex B.

Yours sincerely

**SUE LOVELOCK**

## Annex A

In order for the promoters of a regeneration or redevelopment scheme to say that a transport project is part of the same scheme and can therefore be disregarded, the following conditions must be met:

A “relevant transport project” is one where:

- regeneration or redevelopment was part of the published justification for the relevant transport project;
- the relevant transport project first opened for use more than five years after clause 22 is commenced (commencement expected by mid-2017, so 5 years later would be mid-2022);

The regeneration or redevelopment scheme is one where:

- the instrument authorising the compulsory acquisition of the land for the regeneration or redevelopment scheme was made or prepared in draft on or after commencement of clause 22 (expected mid-2017);
- the compulsory acquisition of the land is authorised within 5 years of the relevant transport project opening; and
- the land is in the vicinity of the relevant transport project.

The safeguard for investors who have bought land between a relevant transport project being announced and 8 September (when the Bill was printed) is to make sure that those who had invested in land in good faith are not left being under-compensated because the Government has changed the rules in the meantime.

## Annex B

Compulsory Purchase Association

Royal Institution of Chartered Surveyors

Law Society

Planning and Environmental Bar Association

British Property Federation

Country Land and Business Association

Local Government Association

Libraries of both Houses of Parliament