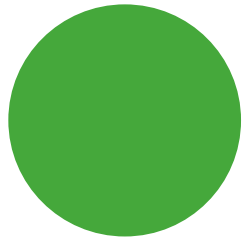


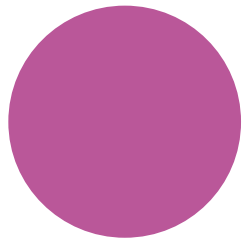
HS2

Promoter's Introduction to Land Compensation HS2 Phase 2A

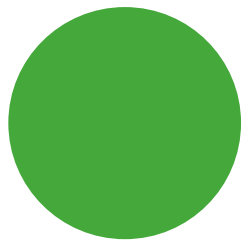
Colin Smith FRICS



Land Acquisition Powers and Policy



Statutory Compensation – the Compensation Code



Generalised Blight – the HS2 non-statutory property package

Land acquisition Powers and Policy



HS2 Phase 2A Bill

Seeks powers to acquire land and construct Phase 2A works.

Identifies land to be acquired within limits.

Incorporates existing law on compulsory purchase processes.

Incorporates existing law on assessment of land compensation.

HS2 Land Acquisition Policy – Information Paper C3



**HIGH SPEED TWO
PHASE 2a INFORMATION PAPER**

C3: LAND ACQUISITION POLICY

This paper outlines how landowners will be compensated for the acquisition of their land required for the construction and operation of the Proposed Scheme. It will be of particular interest to those potentially affected by the Government's proposals for high speed rail.

This paper was prepared in relation to the promotion of the Bill: High Speed Rail (West Midlands- Crewe). Content will be maintained and updated as considered appropriate during the passage of the Bill.

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 contacted:

by email: HS2enquiries@hs2.org.uk

by phone (24hrs): 08004 434 434
08004 455 472 (minicom)

or by post: High Speed Two (HS2) Limited
2 Snowhill, Queensway
Birmingham
B4 6GA

Version 1.0
Last update 27 July 2017

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HS2 Land Acquisition Policy

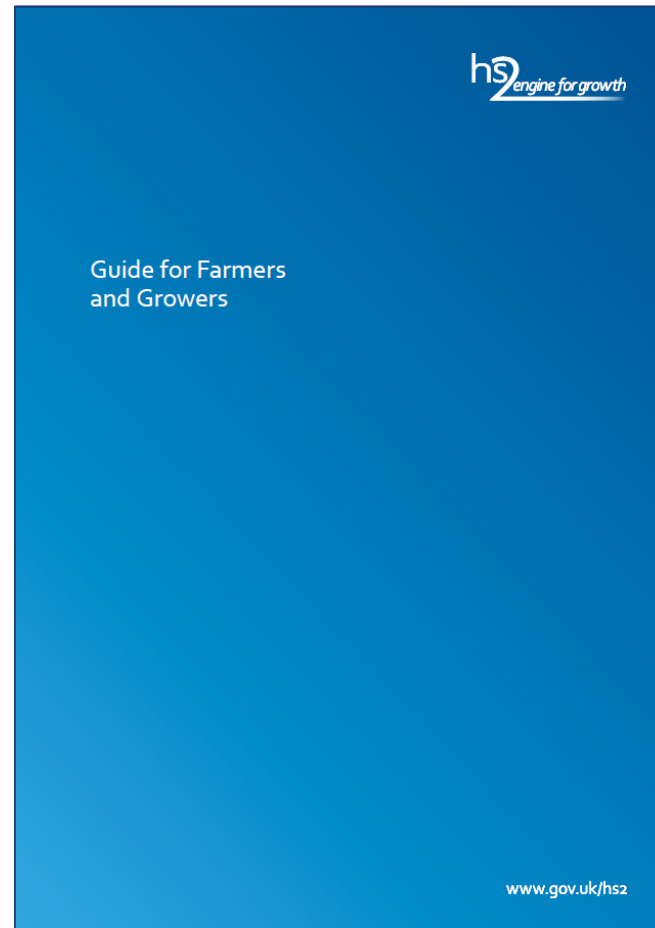
Information Paper C3: Land Acquisition, para 3.3 and 3.4:

- **“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 also confers power to possess and use temporarily** all that land which the Secretary of State can acquire compulsorily (Schedule 15).
- **The Secretary of State has made clear that he will consider exercising those powers to possess and use temporarily** 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 economic delivery of the Bill scheme.** Information Paper C3: para 4

Temporary Possession and Use

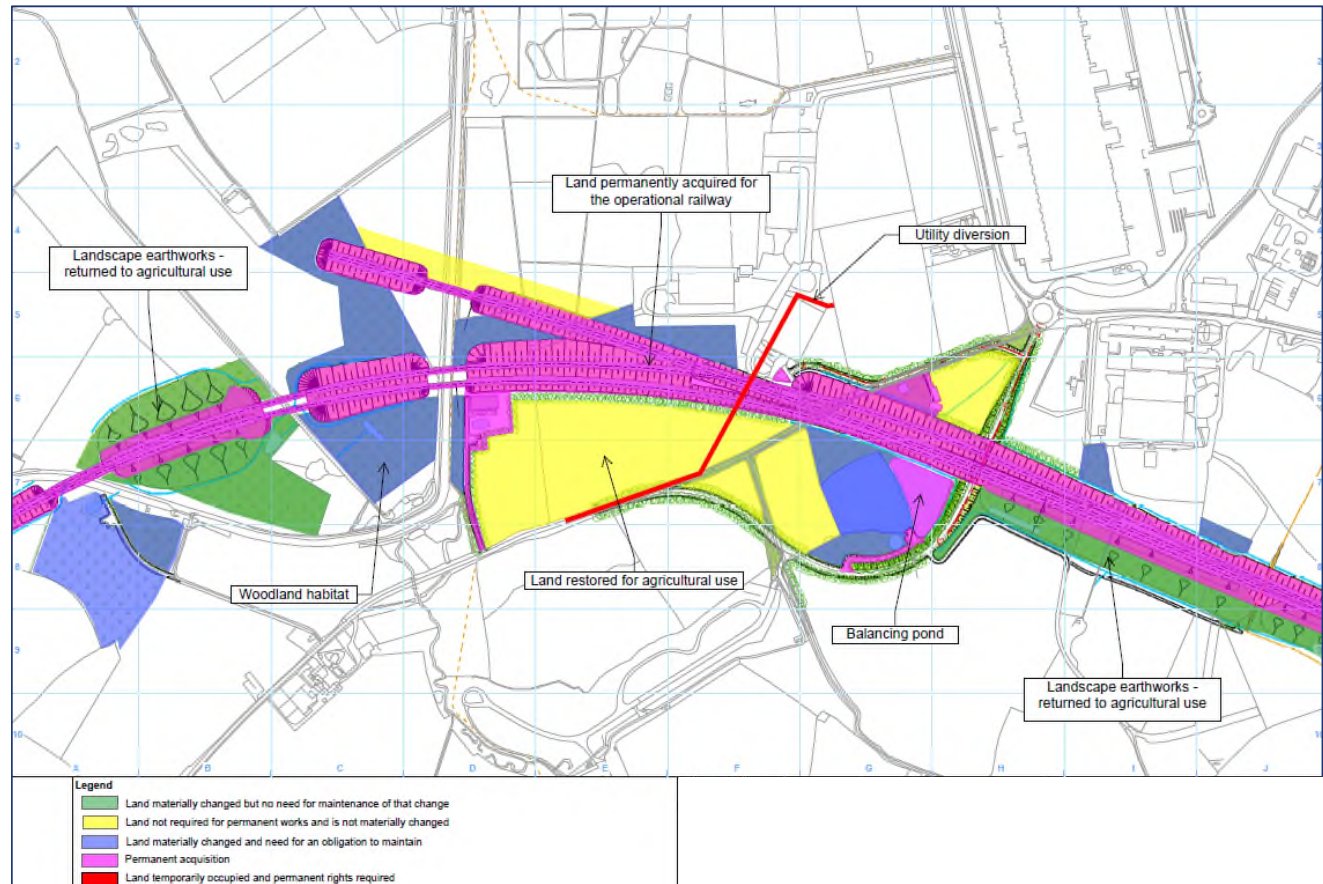
- A number of scenarios identified as to when the Secretary of State might exercise powers of temporary possession and use: see HS2 '**Guide for Farmers and Growers**' and Information Paper C2.
- Factors which the Secretary of State will consider include:
 - Length of time for which the land is required;
 - 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 15)

Guide for Farmers and Growers



HS2 land acquisition

An illustration of land acquisition



HS2 Land Disposal Policy – information paper C6

- Land acquired under compulsory purchase
 - Not required for public sector purposes
 - Becomes surplus
 - Character retained
 - Not part of a larger parcel in other ownership
- **Offered back to the former owner**
- **Price at open market value**

Statutory Compensation: The Compensation Code



Compensation under the Statutory Compensation Code

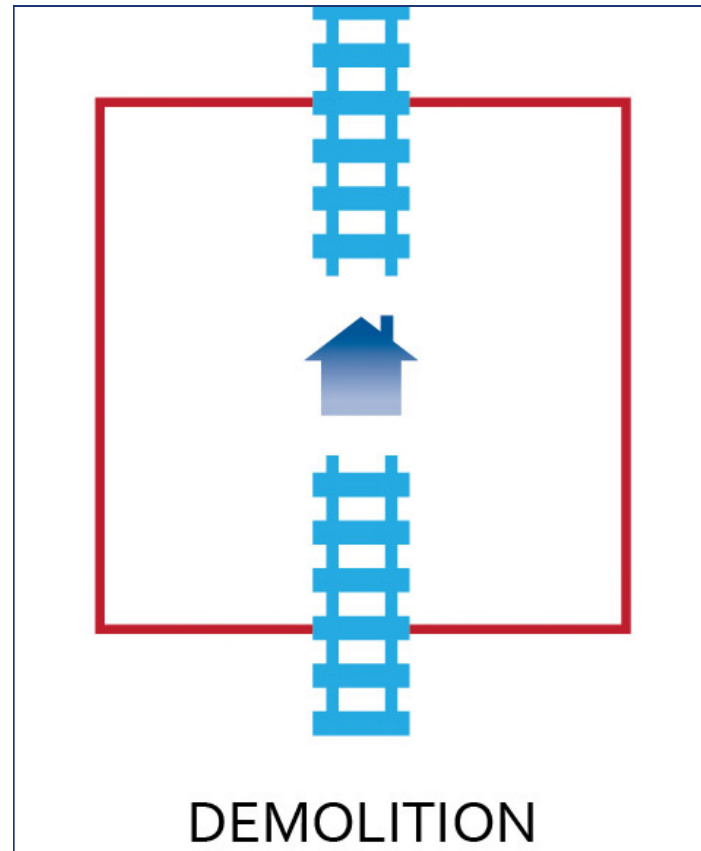
Compensation
assessment for land
acquired

Disturbance
compensation

Compensation
assessment where
part of a property is
acquired

Compensation
where no land is
acquired

Land Compensation: Full Acquisition



Main rules for assessing land compensation

Rule 2

The value of land shall be taken to be the amount which if sold in the open market by a willing seller might be expected to realise.

Rule 6

A land owner in occupation may be entitled to additional disturbance compensation not based upon the value of land.

Assessing land compensation

- Market value is the assessment method for compensation arising from compulsory purchase for almost all land and buildings but in certain circumstances an alternative approach can be used.
- The exception rather than the rule
- **Where land is devoted to a purpose for which there is no general demand or market, compensation may be assessed on the basis of equivalent reinstatement**

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

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 compensationOR
 2. The value of land for development
- Disturbance is not normally 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

**Assume HS2
Scheme cancelled
in assessing
compensation for
the value of an
interest in land**

**Any depreciation
or blight from
Phase 2A of HS2**

**Any enhancement
of land value
arising from Phase
2A of HS2**

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 £61,000 maximum, £6,100 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

Land Compensation – assessment and payment

Date of valuation
and the date claims
arise – date of
vesting or entry

Advanced
Payments – 90% of
agreed
compensation or
(absent agreement)
of the Promoter's
estimate after Bill
enacted

Statutory Interest –
prescribed rate

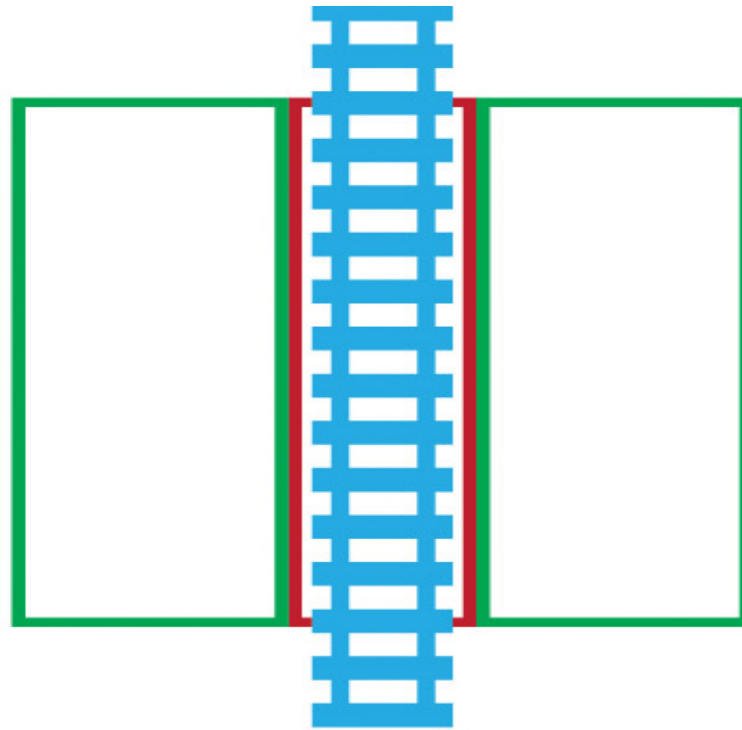
Land Compensation - disputes

- Statutory Compensation disputes
 - **Independent determination**
 - The parties may agree to alternative disputes resolution - IP C8 Compensation Code for Compulsory Purchase
 - Otherwise disputes resolved by the Upper Tribunal (Lands Chamber)

Blight notices

- Reverse compulsory purchase
- In the corridor of surface land safeguarded for HS2
- The property is acquired in advance
- Land compensation is assessed and paid in advance
- In accordance with Compensation Code
- Qualifying owners-
 - Residential owner occupier with freehold or with 3 years lease unexpired at valuation date
 - Business owner occupied with freehold or 3 years lease unexpired at valuation date with rateable value less than £36,000
 - 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

Part only of land acquired - Severance



SEVERANCE
(Depreciation to whole due to loss of part)

Part only of land acquired - Severance

Value of part of land acquired – as outlined above

Depreciation to retained land from severed connection is payable in addition

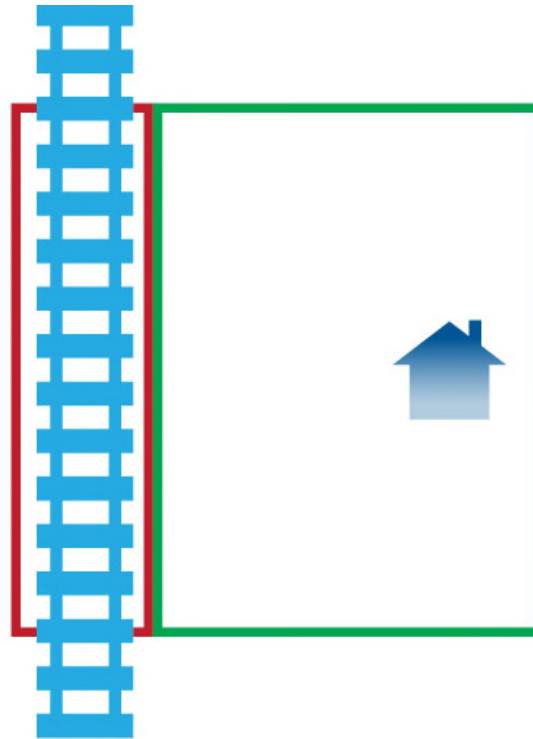
Works to accommodate existing activities on affected land

- 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 part of land acquired – as outlined

Depreciation to retained land due to impact of Phase 2A of HS2 is payable in addition

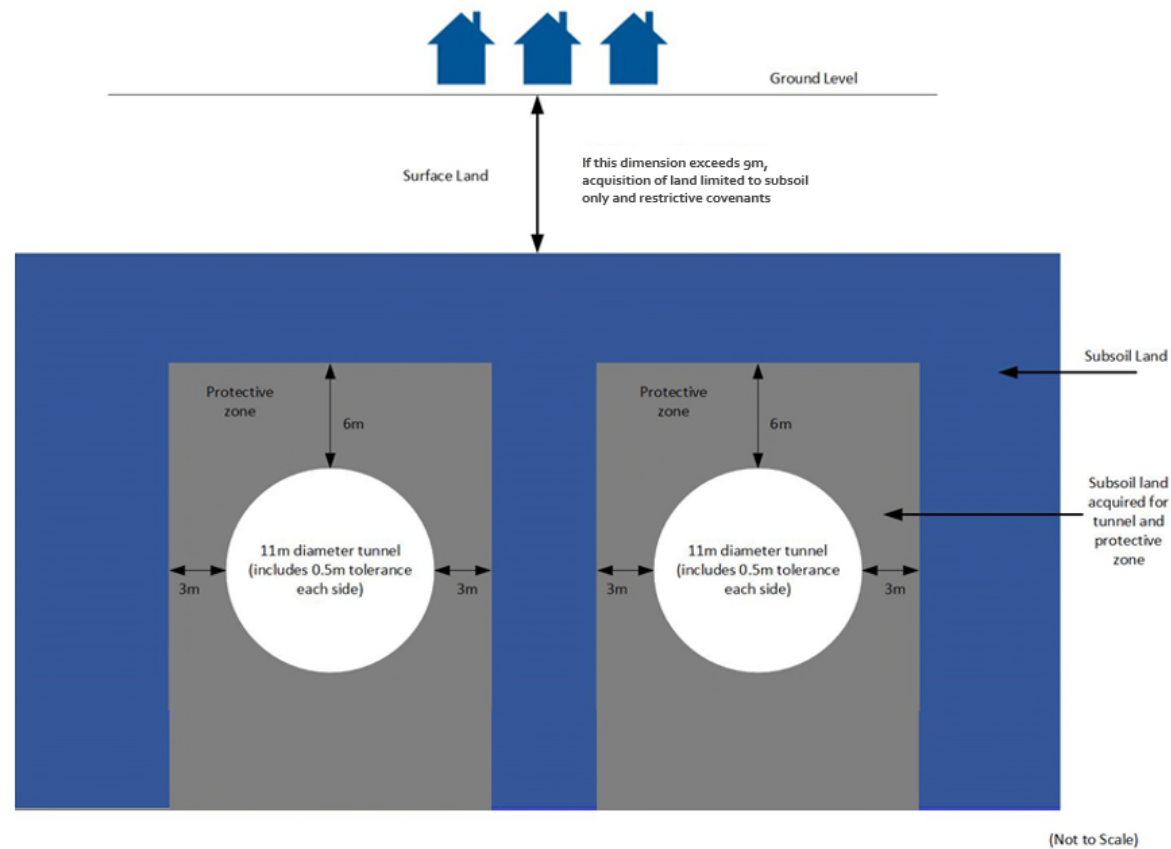
Can be assessed on a “before” and “after” basis

Impact can be reduced through mitigation (e.g. noise barriers, environmental works)

Part only of land acquired - Material Detriment

- If part only of a property cannot be acquired without
 - Material detriment to a house, building or factory
 - 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 and pay statutory compensation**
- 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)**
- **Normally no injurious affection from deep bored tunnels**
- Injurious affection can arise in shallow tunnels near the portals
- 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 C14: Ground Settlement)

Land Compensation - no land taken



NO LAND TAKEN

Land Compensation - no land taken

Losses resulting from construction

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 £36,000
 - 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 Non Statutory Property Schemes

A link will be provided to the Committee by HS2 to property scheme details.

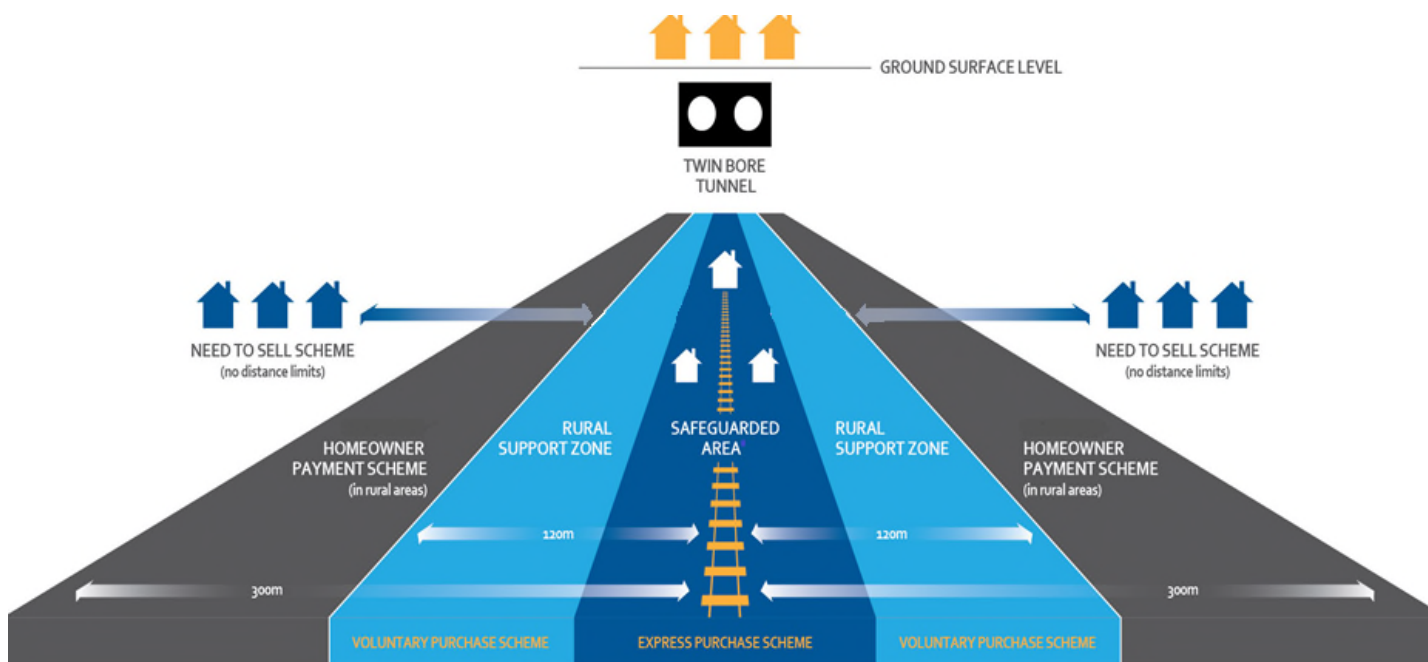


Generalised Blight: Phase 2A HS2 Non Statutory Property Package



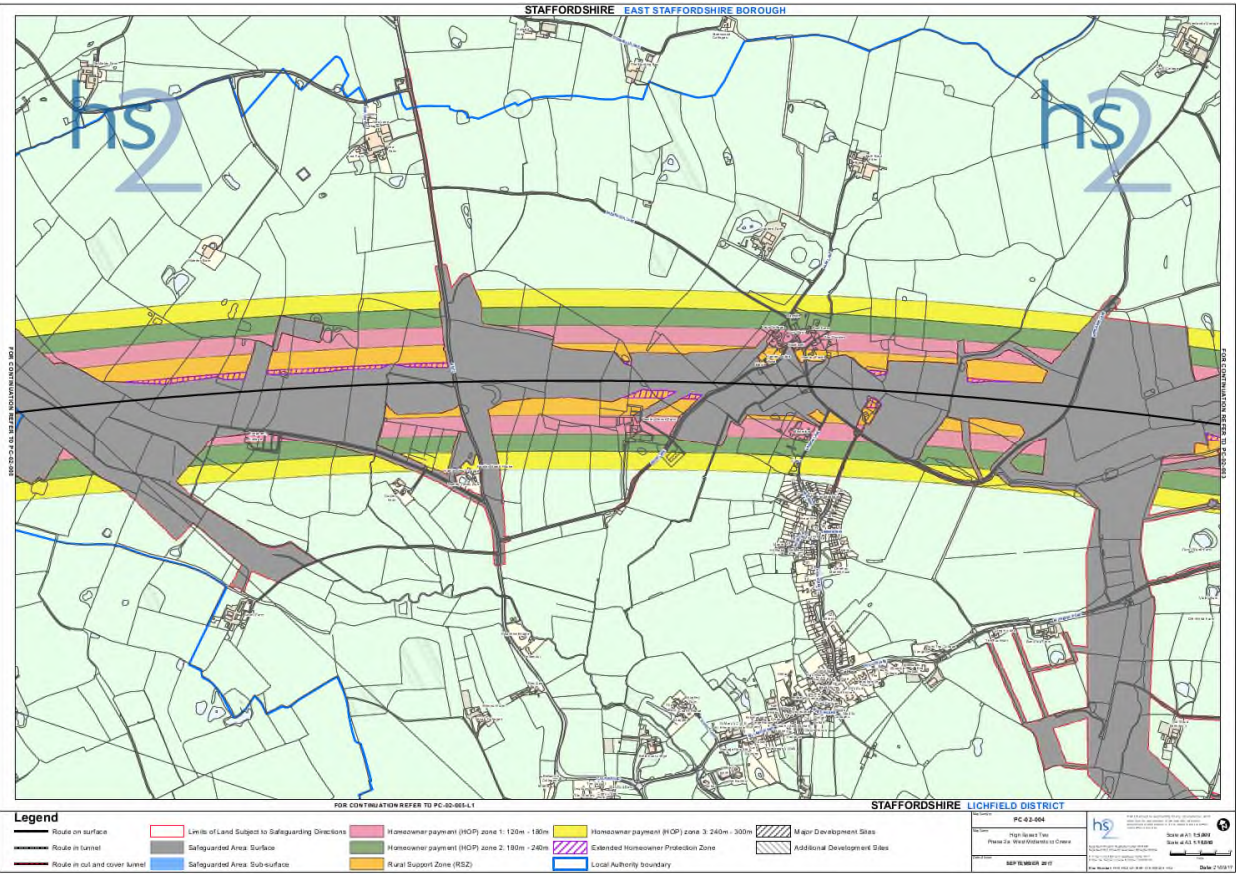
- Phase 2A SoS Decision Document in response to consultation on Property Schemes published May 2016
- Updated Property Scheme plans published September 2017

HS2 Non Statutory Property Package: Summary



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

Map showing HS2 Phase 2A scheme zones



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.

- **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**
- **No requirement for the owner to attempt to sell the property**
- 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

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 £36,000 and agricultural units
- Eligible owners
 - Owner occupiers or leaseholder with 3 years remaining
 - No prior knowledge of HS2 Phase 2A - Purchased property prior to 28 January 2013 when preferred route announced
- **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**
 - Maximum £100,000, minimum £30,000
 - 10% unblighted market value

Need to Sell Policy

- No geographical boundary outside of the Rural Support Zone
 - 5 'criteria'
 - Property Type (eligibility)
 - Location of property
 - Efforts to sell
 - No prior knowledge of HS2 purchased prior to 28.01.2013
 - 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)

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

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

Atypical Properties or Special Circumstances

Decided by the
Department for
Transport

On a case by case
basis

Where owner
occupied

May be
appropriate to
supplement non-
statutory
property
schemes

HS2 Non Statutory Property Package

Mechanism for assessment of unblighted value

Property owner and HS2 Ltd each choose a registered valuer

Two valuations carried out

If valuations within 10%, the average figure is taken

If valuations more than 10% apart

The applicant may request a third valuation from a registered valuer

The figure is taken from the average of the two closest valuations

No dispute mechanism

HS2

The end

Any questions?