

RT HON. DAVID LIDINGTON, MEMBER OF PARLIAMENT FOR AYLESBURY

# **Property Compensation Consultation for London – West Midlands HS2 Route**

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Response

David Lidington MP

12/3/2013

## **Executive Summary**

In September 2013 the Department for Transport launched a consultation on the compensation package that would put in place to compensate those affected by Phase One of the High Speed Two scheme. I have responded to this consultation to ensure that the Department for Transport is well aware of my views and more importantly those of my constituents many of whom will be significantly affected by the scheme.

A fundamental principle of the compensation scheme that is eventually put in place should be that any citizen who suffers a loss that is attributable to the HS2 scheme, which is meant to be in the national interest, is given full compensation

Many elements of the scheme the Department for Transport is proposing to put in place are simply the existing compensation rights of property owners already provided for in law. To determine whether the package of measures being put forward is generous, it is important to examine what is being proposed for those whose properties are outside the safeguarding zone. Significant improvements need to be made to ensure that the proposed package provides full and generous compensation to those affected by HS2. In some respects, the proposed HS2 scheme is currently less generous than what was put in place for HS1.

I am disappointed that those who own second homes or rent out the only property they own are ineligible for compensation. This decision will penalise individuals who have invested in property as part of prudent retirement planning or who due to their job have to live in tied accommodation. The final compensation package should state that property owners rather than owner occupiers are eligible for compensation.

The Department for Transport's proposals envisage either a Voluntary Purchase Zone (VPZ) or a property bond operating within a Rural Support Zone. Both should be included in the final compensation package with the property bond advocated by the HS2 Action Alliance operating outside the outer boundary of the Voluntary Purchase Zone. The inclusion of both a VPZ and a property bond will ensure those individuals who live just outside the safeguarding zone have immediate access to compensation while those slightly further away but whose properties are still blighted by HS2 have the guarantee that should they wish to move they will not have to suffer a financial penalty to do so.

I do not accept the Department for Transport's argument for introducing a fixed outer boundary of 120m from the centre of the line in relation to the Voluntary Purchase Zone. This does not take into account topography, noise, construction of the line and construction sites all of which will have an effect on the impact HS2 will have. The Voluntary Purchase Zone should vary in size depending on the impact HS2 will have at a particular location to ensure all those severely affected by HS2 have immediate access to compensation. It is also important that some form of additional compensation payment is made, as was the case with HS1, to individual whose properties fall within the Voluntary Purchase Zone to allow them to move with no cost or penalty to themselves.

The proposed Long Term Hardship Scheme should be replaced with the property bond being advocated by the HS2 Action Alliance. However, if the Department for Transport decide against this course of action, it is essential that the hardship criterion is removed from the Long Term Hardship Scheme. The inclusion of a hardship criterion will force hard working, taxpaying citizens who wish to move to choose between remaining in their property against their wishes or to sell their property on the private market at a huge financial loss.

I have been impressed with the HS2 Action Alliance's work on the property bond. Their proposed bond would ensure that every property owner who is affected by the HS2 scheme has the guarantee that should they wish to sell their property and are unable to do so for its un-blighted value on the private market, the Department for Transport will purchase their property. This proposal has my support and I urge the Department for Transport to include it in the final compensation package.

I hope that the Department for Transport listens to what those responding to this consultation say on their proposed measures and make changes to the scheme accordingly while ensuring there are no undue delays in introducing the scheme.

David Lidington  
December 2013

## Introduction

### 1.01

As currently proposed the High Speed Two train line will have a significant impact on many areas of my constituency, including the villages of Wendover Dean, Dunsmore, Wendover and Stoke Mandeville, the town of Aylesbury and the parish of Fairford Leys. The town of Aylesbury is the largest population centre outside London or Birmingham to be affected by HS2, with the proposed route passing within 125m of the town. The only section of the route in The Chilterns AONB not to be in either bored tunnel or deep cutting is in my constituency, with an 18m high viaduct being proposed close to Wendover Dean and Dunsmore, while another 14m high viaduct crosses London Road in Wendover. The residents of Stoke Mandeville have been informed that an 850m long maintenance loop will be located close to the village. The Draft Environmental Statement says that people living in Wendover will potentially have to endure a minimum of four and half years of disruption while HS2 is built.

### 1.02

The impact of HS2 on the property market has been significant. One constituent has informed me that he reduced the asking price on his home from £675,000 to £500,000 but still did not receive an offer above £460,000. Several constituents have told me that estate agents have refused even to market their homes because the chance of finding a buyer is non-existent. Other constituents have told me that they have been unable to remortgage their property because their lender believes the impact of HS2 to be so significant it makes a loan secured against the blighted property too great a risk. Understandably, since the Government confirmed in January 2012 that it intends to go ahead with HS2 my postbag has been dominated by concerns relating to compensation. The delay in introducing a replacement for the Exceptional Hardship Scheme has caused great anxiety amongst my constituents who are being asked to accept in the national interest the development of a major rail network from which they derive much pain but no benefit. Well over 1450 constituents have contacted me about HS2 and nearly all of them have said that they expect the Department for Transport to put in place a generous and comprehensive compensation scheme should HS2 go ahead. I share my constituents' views that the basic principle which should govern compensation arrangements is that citizens should receive full and generous compensation for any loss of property value attributable to HS2.

### 1.03

It is unfair for the Department for Transport to limit the payment of automatic compensation to owner occupiers within a narrow 120m band either side of the line and whatever compensation package is eventually put in place should allow all property owners, not just owner occupiers, who are affected by HS2 to claim compensation.

### 1.04

In my consultation response I refer to various documents. With the exception of the consultation document, information that is contained within Hansard and a report by the Parliamentary Commissioner for Administration, I have included these in an appendix to my consultation response. To comply with Data Protection laws I have removed the names and addresses of certain individuals.

1.05

Since the start of this consultation I have held meetings with local action groups, parish councils, elected representatives and constituents to understand their views on the proposals and also attended the Wendover Information Event. The views expressed in this consultation reflect those expressed to me by constituents as well as my own.

**Question One. *What are your views on the criteria we have put forward to assess options for long-term discretionary hardship?***

2.01

Neither this question nor anything remotely similar has appeared in previous consultations on compensation for those affected by HS2 yet the Department for Transport fails to explain why it has now decided to include a question on a published list of criteria in this consultation. I would be interested to know if these criteria were used to devise the previous compensation package which was consulted on and I hope the Department for Transport can provide clarity on this matter.

2.02

Several constituents have explained to me that they believed that the five criteria are not weighted equally and have suggested that the Department for Transport has weighted the criteria in such a way that they can introduce the compensation scheme they want regardless of what the analysis of the consultation responses reveals. However, I note that Robert Goodwill MP, the Minister with responsibility for Phase One of HS2, confirmed in an answer to a Written Parliamentary Question this was not the case and that all the criteria would be weighted equally<sup>1</sup>.

2.03

I have detailed my comments on each of the five criteria below.

***Fairness***

3.01

I agree that it is of the utmost importance that any compensation scheme is fair and seen to be fair. It should not provide compensation for losses other than those attributable to HS2. However, the final scheme that is put in place should ensure that everyone who has suffered a loss as a result of the HS2 scheme, is able to claim full and generous compensation. I and my constituents believe this should be the fundamental principle of any compensation scheme that is put in place and that the property bond as advocated by the HS2 Action Alliance be the best way to achieve this objective.

3.02

Successive Secretaries of State, the previous Minister for Transport the Rt Hon. Simon Burns MP and the Prime Minister have all said that those affected by HS2 will receive generous

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<sup>1</sup> Hansard 12 November 2013 column 573W

compensation<sup>2</sup>. With particular emphasis being given to the HS2 proposals going beyond what is already required by statute and being an improvement on the arrangements put in place for HS1.

### 3.03

One key test of the principle and fairness is therefore whether the compensation arrangements now proposed do indeed go further than the HS1 scheme and the current statutory requirements.

### HS1 Compensation: Comparison with HS2 Proposals

#### 4.04

The compensation package that was put in place for High Speed One allowed property owners within 120 metres of the centre of the line to sell their property to British Rail and this is the precedent being used to determine the distance at which property owners should be eligible for automatic compensation (either by being in the Safeguarding or Voluntary Purchase Zone) for HS2.

#### 4.05

However, unlike the proposed HS2 compensation package all successful claims for compensation under the HS1 scheme which were within 120m of the centre of the line received a home loss payment and reasonable moving costs as well as receiving the un-blighted value of their property. Under the proposed package of measures for HS2 only those within the Safeguarding Zone, which is typically 60m either side of the line, are entitled to a home loss payment and reasonable moving costs as well as the un-blighted value of their property.

#### 4.06

It is unfair for the Department for Transport to claim the compensation package being offered to those affected by HS2 is the same as HS1 when it is clear the HS1 compensation scheme in some areas was significantly more generous for properties 60-120m from the centre of the line.

### Statutory Requirements: Comparison with HS2 Proposals

#### 5.01

The Department for Transport has often cited the inclusion of home loss payments, the paying of removal costs or the ability to issue a blight notice as proof of the scheme's generosity.

#### 5.02

I am pleased that the Department for Transport has decided to go beyond the statutory minimum and accept blight notices from all property owners whose properties are entirely

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<sup>2</sup> Hansard: Oral answer 28 November 2012, Column 219, 25 October 2012, Column 69WS, 12 July 2012, Column 62WS and Department for Transport Press Release <https://www.gov.uk/government/news/property-owners-protected-by-hs2-compensation-scheme>, accessed on 19 November 2013

within the safeguarding zone, regardless of whether those properties are needed for construction, and waive the requirement for a property owner to show they have made all reasonable efforts to sell their property on the private market. However, it would have been difficult for the Department for Transport morally to justify forcing individuals to remain in properties which would be extremely close to the line once it is constructed and which would also be severely impacted by the construction of HS2.

#### 5.03

The other elements of the compensation package for those within the Safeguarding Zone are simply the existing legal rights of a property owner and without a change in the law it is impossible for the Department for Transport not to include them in the overall compensation package.

#### 5.04

While a Voluntary Purchase Zone and Long Term Hardship Scheme are not required by law, the Voluntary Purchase Zone would simply extend the payment of automatic compensation to those who were eligible under the HS1 scheme, albeit at a reduced rate. Furthermore, the Long Term Hardship Scheme can be seen as a reaction to the Parliamentary Commissioner for Administration's report into the HS1 compensation scheme which ruled that the Government of the day had not provided adequate compensation for those suffering from exceptional hardship as a result of the HS1 scheme<sup>3</sup>.

#### Further Comments on the Fairness Criterion

#### 5.05

I was disappointed to see that the consultation document now refers not just to "fairness" but to providing "*fair and reasonable*" compensation for those affected by HS2. The wording seems to imply that the Department envisages that fair compensation might in some circumstances be unreasonable and that the principle of fairness should be qualified by reference to some undefined standard of what is reasonable. I hope that this interpretation is wrong. The Department for Transport should confirm when it publishes its response to this consultation that full compensation will be paid to all those who have suffered a loss as a result of the HS2 scheme.

#### 5.06

I would also expect the Department for Transport to ensure that all property owners, not just owner occupiers, are eligible for all forms of compensation including the Home Loss Payment. It is unfair that individuals who live in tied accommodation but have bought a property for retirement or who choose not to live in the only property they own or who have invested in a property as part of prudent retirement planning should suffer losses as a result of a scheme that according to the Department for Transport is in the national interest.

#### 5.07

According to the HS2 Action Alliance, the Department for Transport has provided information on the HS2 scheme to every home within 1km of the proposed Phase One

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<sup>3</sup> Report by the Parliamentary Commissioner for Administration : *The Channel Tunnel Rail Link and Blight: Investigation of Complaints against the Department for Transport* February 1995

route, a total of 236,000 properties. However, the current proposals will only provide automatic compensation to a maximum of 1101 property owners whose properties are within the safeguarding zone. A maximum of 561 properties are within the proposed Voluntary Purchase Zone, which could be implemented following this consultation. It does not seem fair or generous to only provide automatic compensation to fewer than 1% of those deemed by the Department for Transport to be close enough to the line to receive information on the scheme.

5.08

While it is right that those most directly affected by the scheme should receive the most generous compensation I firmly believe that any compensation scheme that is put in place should ensure that all those who have suffered a loss as a result of HS2 receive compensation in full for such losses.

***Value for Money:***

6.01

It is important to ensure only genuine compensation claims are paid and right for the Department for Transport to put in place arrangements to ensure that those losses attributable to HS2 are fairly and accurately assessed. That would be a proper way to ensure value for money.

6.02

However, it would be utterly wrong to invent a value for money criterion designed to create a situation in which people were not compensated in full for losses attributable to HS2. It would not be acceptable for the Department for Transport to argue that it can afford to build HS2 but not afford full compensation for people who would suffer losses as a result of that policy.

6.03

Unlike individual property owners the Department for Transport is able to withstand and absorb losses on property values. It is right that the Department for Transport as the promoters of HS2, bear any financial risk associated with a compensation package. It would be unfair of the Department to hide behind a value for money test while forcing individual property owners affected by the HS2 scheme to try and absorb losses in their property's value.

6.04

Many of constituents have also pointed out to me that any losses incurred now by the Department for Transport purchasing properties not demolished as a result of HS2 could be temporary as the Department may be able to sell them for a much higher value once construction of HS2 is complete. Indeed, the Department for Transport's assertions that the final impact of the line, once completed, will be much less than people now fear, should give the Department confidence that any such temporary losses would indeed be recouped.

6.05

The Department for Transport should either scrap the value for money criterion or make clear that that the criterion is not intended to qualify the Department's commitment to paying full compensation for properly assessed losses.

### ***Community Cohesion***

7.01

It is important that, where possible, community cohesion is maintained. However, this should not be at the expense of preventing those who wish to move away from the area because of HS2 from doing so. For example, I would also not expect those who as part of sensible retirement planning want to move to a more suitable, potentially smaller property before they become too old and frail to move home to be prevented from doing so by HS2 blight and an inadequate compensation scheme.

7.02

Many of my constituents have said to me that the inclusion of a hardship criterion in the Long Term Hardship Scheme will in effect prevent people from moving for nearly two decades unless they are able to absorb a significant financial penalty. While including this criterion would help with community cohesion I do not see how it can be morally justified to leave those affected by HS2 who are not deemed to be suffering from "hardship" but who want or need to move facing the choice of whether to remain close to HS2 against their wishes or to move and suffer a huge financial loss.

7.03

The best way to ensure community cohesion is maintained is to ensure people feel comfortable living in the local area despite the construction of HS2. The property bond advocated by the HS2 Action Alliance is the only form of compensation I have seen which would provide this comfort as property owners issued with a bond would have the knowledge that if, at a later date, they wished to move they would be able to do so with no financial penalty.

### ***Feasibility, Efficiency and Comprehensibility***

8.01

I am pleased that the Department for Transport has recognised that any compensation scheme that is put in place needs to be feasible, efficient and comprehensible.

8.02

Lessons need to be learnt from the Exceptional Hardship Scheme (EHS) which, having been originally put in place as a short-term and temporary measure, is now well over three years old. When dealing with constituency casework where constituents have been applying to the EHS, I have been shocked by the inefficiency of the scheme. One example was when HS2 Ltd asked one of my constituents to provide them with a copy of my own previous consultation response on compensation which the constituent had cited in their application. That response was in the public domain and had been submitted to the previous consultation on compensation and I am at a loss to understand why HS2 Ltd could not

obtain a copy themselves if it was required. Asking the constituent to provide them with a copy caused an unnecessary delay.

8.03

I also hope that both the Department for Transport and HS2 Ltd are able to reduce the time it takes for a decision to be reached on applications to any new compensation scheme. As of 1 November 2013 the average wait for a decision to be made on an application to the EHS was 4.2 weeks. I would urge both the Department and HS2 Ltd to aim to decide on all applications within three weeks of them being submitted.

8.04

Whatever compensation arrangements are eventually put in place, the Department for Transport and HS2 Ltd should be duty bound to explain the nature and scope of the scheme in plain English and for application documents and procedures to be easy to access and comprehend.

### ***Functioning of the Housing Market***

9.01

It is important that despite the very damaging impact the HS2 scheme has had on the local housing market since March 2010, a way is found to ensure that the market is able to function as normally as possible, especially during construction of HS2.

9.02

The HS2 Action Alliance's property bond is the only compensation scheme that I have seen which will ensure this is achieved as it provides property owners with a transferable guarantee that the Department for Transport will purchase their property if it cannot be sold on the private market. The inclusion of a Voluntary Purchase Zone and Long Term Hardship Scheme are more likely than the property bond to result in the Department for Transport owning a large number of properties. As I set out below in my responses to explain in questions 5 & 6 I am not opposed in principle to a Voluntary Purchase Zone but I do not believe that it is as good as a property bond scheme in ensuring that the housing market in those areas most affected by HS2 functions normally.

### ***Question Two. What are your views on our proposals for an express purchase scheme?***

10.01

Having studied the consultation document and spoken to HS2 Ltd at the Wendover Information Event I believe the only difference between the express purchase scheme and the advanced purchase scheme is the name. As a result my views have remained the same as those I expressed in the previous consultation.

#### 10.02

Senior past and present members of the Government have repeatedly claimed that any compensation scheme that is put in place will be generous<sup>4</sup>. However, the vast majority of what the Department for Transport is proposing for those in the safeguarding zone, including the home loss payment, is required under law as set out in the *Land Compensation Act 1961*, the *Land Compensation Act 1973* and the *Compulsory Purchase Act 1965* and are simply the existing legal rights of the property owner.

#### 10.03

Although there are some concessions by the Department for Transport in relation to the safeguarding zone, the true test of whether the scheme is generous is the extent to which the Department for Transport proposes to go further than existing statutory provisions. I shall return to this later in my consultation response.

#### 10.04

It is welcome that the Department for Transport has decided to accept blight notices from all property owners whose properties are entirely within the safeguarding zone, regardless of whether those properties are needed for construction. It would have been difficult for the Department for Transport morally to justify forcing individuals to remain in properties which would be extremely close to the line once it is constructed and which would also be severely impacted by the construction of HS2.

#### 10.05

However, I am concerned by paragraph 4.2.12 of the consultation document which states:

*For eligible property owners whose properties are only partially within the safeguarded area, we are proposing to consider each Blight Notice on a case-by-case basis, but also to limit the issuing of Counter-Notices to exceptional circumstances. For example, under normal circumstances we would accept a Blight Notice where the garden of a typical residential property is within the safeguarded area but the property itself is not. However, where only a very small part of a much larger property is within the safeguarded area, we would be more likely to serve a Counter-Notice.*

#### 10.06

What would be considered a “typical residential property” varies from area to area and it is widely accepted that properties and gardens in rural areas tend to be larger than those in urban areas. It is important that the Department for Transport clarifies whether it intends to differentiate between rural and urban areas in what it considers to be a “typical residential property”. In my response to the previous compensation on compensation, which had to be abandoned following the judicial review ruling by Mr Justice Ouseley, I explained that I was disappointed to learn from correspondence between HS2 Ltd and a local resident that at that time there was no definition of what the Department for Transport considers a “typical residential property” or what it considers to be a “very small part of a much larger

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<sup>4</sup> Pages 6 & 7 or see Hansard: 12 November 2013 column 573W, 28 November 2012 column 219, 25 October 2012 column 69WS, 12 July 2012 column 62WS and Department for Transport Press Release <https://www.gov.uk/government/news/property-owners-protected-by-hs2-compensation-scheme>, accessed on 19 November 2013

property<sup>5</sup>.” As far as I am aware this information is still not available which is deeply disappointing.

#### 10.07

It is important that this guidance is produced and published as quickly as possible along with the evidence that has been used in drawing up the guidance. Given the significant impact HS2 will have on those living close to the proposed route the Department for Transport should be generous in what it considers to be a “typical residential property”. In the absence of this guidance I am unsure how consistency can be achieved in this area. The lack of such information undermines the ability of people to make an informed response to the consultation.

#### 10.08

I am aware of instances both in my own constituency and in others constituencies affected by HS2 where property owners who are within the safeguarding zone have nevertheless had blight notices rejected. I understand that following the judicial review HS2 Ltd are having to operate under the statutory rules for blight notices until the Department for Transport implements the final compensation package. Therefore, I hope the Department for Transport is able to announce the outcome of this consultation as quickly as possible. If the option is available to the Department to announce the outcome of those parts of the consultation which relate to safeguarding sooner than the rest of the compensation package, I hope they will do so. The Department for Transport set a precedent for releasing consultation decisions in stages when it announced decisions relating to the Design Refinement Consultation in two stages.

#### 10.09

The Department for Transport should also reconsider its decision not to accept blight notices from landlords or those who own second homes within the safeguarding zone. Those property owners who own a second home in the safeguarding zone which is not earmarked for demolition may need to release the capital in their property for a variety of reasons and to deny them the opportunity to do this without suffering a financial penalty is unfair. For example, there may be cases where a resident whose job requires him to live in tied accommodation (for example a soldier or a cleric) and for whom the “second home” is the only home he or she owns, with the value relied upon as part of prudent planning for retirement. There may also be cases where a property that is scheduled for demolition is owned by someone who uses it as a second home or rents the property out. Forcing them to wait until demolition of the property is imminent before completing a purchase seems an unnecessary delay. I would also want to see any landlords or those who own second homes to be eligible for home loss payments as construction of HS2 is forcing them to sell the property either against their will or before they planned to. I can understand why the Department for Transport should want to avoid having to pay compensation to large scale commercial landlords but this risk could be overcome by a rule which provided compensation for second homes, but up to just one such property per person and where that is the only property they own.

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<sup>5</sup> Letter from HS2 Ltd to a local resident dated 20.12.12

#### 10.10

I welcome the decision by the Department for Transport to waive the clause that required those wishing to issue a blight notice to show that they had made “all reasonable endeavours to sell” their property. This acknowledges the severe impact the HS2 proposals have had on the local property market. Evidence of this impact can be seen by the fact that as of 21 November 2013 of the 467 applications to the Phase One Exceptional Hardship Scheme 342 had not received any offers whatsoever on their property<sup>6</sup>.

### **Question 3. *What are your views on the proposed long-term hardship scheme?***

#### **The Criteria**

##### 11.01

This is arguably the most important section of the compensation package, as under the current proposals, the vast majority of those affected by HS2 will have to apply to the Long Term Hardship Scheme should they wish to move. The following comments are without prejudice to the preference for a property bond scheme I express later in my response.

##### 11.02

I welcome the decision of the Department for Transport to allow the independent panel to look into not just present circumstances but up to three years into the future in deciding whether someone is experiencing hardship. However, I am concerned that the current proposals still do not help those who are in their late sixties or seventies, who are preparing for old age and want to move now before they become too old and frail to cope with their present home or to adjust to moving to a new area. The health of elderly people can deteriorate dramatically in a very short space of time often without warning. I am concerned that as currently outlined the Long Term Hardship Scheme will continue to prevent older people from moving to a more suitable property while they are still able to do so. The Department for Transport needs to alter the Long Term Hardship Scheme to ensure that older people who are now in good health are not forced to remain in their current property. If this issue is not rectified, people in their late sixties or seventies could be waiting until after completion of HS2 (and potentially be in their nineties) before being eligible for compensation and that would be under the statutory scheme only.

##### 11.03

The issue of the eligibility of landlords and second home owners for compensation is an issue that has been raised regularly with me by constituents and not only by people with a personal interest at stake. I and my constituents believe that landlords and second home owners should be eligible for compensation and this also appears to be the belief of at least one of the EHS panels. These properties could be an individual's sole source of income or part of a pension pot. I could also envisage situations in which someone rented out a property because of job relocation and found themselves ineligible for compensation. When a constituent told an EHS panel that they feared that if they rented out their home they would make themselves ineligible for the EHS or a new compensation scheme the panel

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<sup>6</sup> Hansard 21 November 975W

notes stated: “no, we would make sure this did not happen”<sup>7</sup>. In this case the EHS panel clearly did not understand the Department for Transport’s policy. The Department for Transport should reconsider its decision to exclude those who own a second home or do not live in the only property they own.

#### 11.04

The Department for Transport has proposed that there should be no upper limit in relation to the distance properties need to be located from the proposed route for HS2 to be eligible for compensation. I agree that there should be no set upper limit as the impact of HS2 will be different in different locations. However, I believe the decision by the Department for Transport to have no upper limit in relation to distance for applications to the Long Term Hardship Scheme because the impact of HS2 will vary is at odds with its preference for a set distance for either the Voluntary Purchase Zone or a property bond. I will discuss this in further detail later in my response.

#### 11.05

My constituents have expressed serious concerns over the “Efforts to Sell” criterion as currently proposed. The previous consultation proposed that a property would have to have been on the market for twelve months prior to the application being made and for no offers to have been received within 15% of its un-blighted, open market property price. I am pleased that the Department for Transport has listened to what I and others have said and reduced the period for which a property has to be marketed from twelve months to six. Clearly, the requirement for a property to have been on the market for twelve months to be eligible for the scheme was excessive and incompatible with a pregnancy or the need to take up a new job in a different area of the country both of which were given as examples of reasons why an individual would be eligible for the Long Term Hardship Scheme.

#### 11.06

However, any new compensation scheme will also need to cater for those people who would have qualified under the old EHS criteria and have an urgent need to sell. Although the new scheme is designed to be more forward looking, there will still be individuals who develop an urgent need to sell their home but currently would not qualify for the scheme for six months. An example might be someone who was taken ill and had to move into residential care. Given that the Department for Transport felt three months was appropriate for the EHS scheme and the new scheme will still need to be suitable for those who would have qualified under EHS, I believe the time for which a property must have been on the market should remain at three months. One alternative, suggested to me by a constituent, was for there to be a six month limit as currently proposed but with the Long Term Compensation Panels given power to waive this limit in exceptional circumstances. If the Department for Transport accepted this suggestion, I think they would need to provide illustrations of when the six month time limit could be waived to help guide potential applicants.

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<sup>7</sup> Panel notes of an EHS applicant by a constituent

#### 11.07

Turning to the 85% threshold, the Department for Transport acknowledge in the consultation document that the national long term average price a property is sold at is 88% of its asking price. According to the HS2 Action Alliance's research using Hometrack data, the average price a property is sold at in Greater London, the South East and West Midlands is 92.5% of its asking price<sup>8</sup>. This would suggest that the 85% threshold should be increased to 92 or 93% to better reflect the un-blighted property market in areas affected by HS2. My constituents have suggested to me that the decision by the Department for Transport to set the threshold at 85% which is lower than both the national and regional averages highlights that the compensation being offered to those affected by HS2 is far from generous.

#### 11.08

I understand that as of 11 November 2013 no application to the EHS has been rejected so far under the "no prior knowledge" criterion<sup>9</sup>. Therefore, while I do not envisage this being a contentious issue I do welcome the fact that exceptions will be able to be examined by the independent panel. One example, highlighted by a constituent, was what would happen if someone inherited a property over the next decade and subsequently wished to apply to the Long Term Hardship Scheme.

#### 11.09

One of the fundamental problems with the current proposals is the fact that in order to qualify you have to show that you are experiencing hardship. As a result the scheme automatically excludes those whose primary reason for wanting to move is because HS2 is being built. It seems entirely fair that those who are affected by HS2 and bought their property in good faith before they became aware of the proposals should be allowed to move at no financial penalty to themselves. A number of constituents have highlighted to me paragraph 4.3.25 of the consultation document which refers to a couple approaching retirement age needing to downsize as a result of a reduced income and needing to release capital in their property as an example for why an application would be successful. My constituents have suggested to me that this paragraph confirms that the Long Term Hardship Scheme is effectively means tested as an applicant approaching retirement age with no need to downsize to release capital or who could afford to move despite selling their current property well below its market value will in all likelihood be rejected on the grounds that they are not experiencing hardship.

#### 11.10

If the Department for Transport is unwilling to implement the property bond scheme as advocated by the HS2 Action Alliance I believe the hardship criterion should be removed from the Long Term Hardship Scheme. The current proposals will force law abiding, hard working, taxpaying citizens to remain in their properties despite their desire to move because they cannot afford to accept a huge financial loss and move without help from the compensation scheme. A small number of very rich residents might be able to manage this: most families could not.

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<sup>8</sup> Letter from the HS2 Action Alliance to Alison Munro dated the 7 January 2013

<sup>9</sup> Hansard 18 November 2013 column 761-762W

## Administration of the Scheme and the Application Process

### 12.01

I welcome some of what the Department for Transport has done to improve the operation of any new scheme that is put in place. However, I believe further improvements could be made.

### 12.02

I am concerned that the consultation document does not make it clear if the Secretary of State, or a Minister acting on his behalf, will continue to be involved in approving applications. It is essential that Ministers remain accountable for the scheme they put in place. A Parliamentary Question tabled by Andrea Leadsom MP<sup>10</sup> confirms that under the EHS a Minister makes the final decision on an application when:

- (a) The majority independent panel does not reach a unanimous decision.
- (b) The Decision Maker (a senior civil servant with delegated authority from the Secretary of State to decide on EHS applications) disagrees with the panel's recommendation.
- (c) The panel considers that there are extenuating circumstances such that the application should be accepted even though it does not satisfy all of the EHS criteria.

### 12.03

I believe that these three criteria should remain in place. However, a Minister should only be able to overturn a decision from negative to positive or rule on an application which the independent panel felt had extenuating circumstances and therefore should be accepted. A couple living in my constituency were, at the time of their application, the only applicants to have the recommendation of the panel to accept their application overturned by a Minister. Given the Department for Transport's claims that this is a generous compensation scheme I do not believe that Ministers should be able to overturn positive decisions of the independent panel.

### 12.04

It is important that those undertaking valuations on properties have good knowledge of the local area and property market. Constituents who have been accepted onto the EHS have commented to me that they have been disappointed with the valuations given and felt the list of estate agents HS2 Ltd provided was not adequate to ensure a correct valuation.

### 12.05

Paragraph 4.3.37 of the consultation document states that purchase offers made to a successful applicant be time limited to six months, I believe this is a reasonable timeframe if the paragraph refers to the time an applicant has to decide whether to accept an offer. However, should this paragraph relate to the time an applicant has to complete the sale and move to a new property, I believe this to be unreasonable.

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<sup>10</sup> Hansard 13 June 2012 column 425N

#### 12.06

Property purchases are unpredictable and it is entirely possible that circumstances beyond an applicant's control mean they are unable to complete the sale of their property and move within six months. If this is the Department for Transport's intention I would suggest that they should extend the sale and rent back scheme to include the Long Term Hardship Scheme. Therefore, should an applicant be unable to move within six months, they would have the safety net of being able to rent their current home from the Department for Transport. I will comment on the sale and rent back scheme further in my response to questions four & five.

#### 12.07

A common complaint from my constituents with the EHS is that a re-application by an individual, which included additional evidence to address the panel's concerns over a particular criterion, would be rejected on criteria on which that applicant had been accepted previously. I also raised this in person with successive Secretaries of State for Transport and officials who have responsibility for compensation. I am therefore pleased that this anomaly has been removed in the new scheme and feel six months is an acceptable timeframe for accepted criteria to remain on an applicant's record.

#### 12.08

I welcome the fact that the independent panels will see photographs to help improve their understanding of the impact HS2 will have on a property. However, I do not believe enough detail has been given in the consultation document for me to comment on whether the use of HS2 Ltd sourced mapping software is appropriate. The consultation document provides no explanation of what this means which is disappointing. I also believe it is important that the proposed route for HS2 is included in any photographs provided to the panel through "photoshopping" the image. It may be the case that this is what the use of HS2 Ltd source mapping software will result in. I am also pleased that applicants will be able to submit photographs or other evidence of the features of their property and the immediate vicinity with their application.

#### 12.09

I support the Department's desire to process applications quickly and understand that it is this which has led them to rule out personal appearances at panel meetings and site visits. However, I would suggest that it should be left to each panel to determine case by case whether a visit would be of use. Many constituents who have applied to the EHS have also expressed a wish to explain to the panel in person why they need to move. Therefore, if the Department for Transport feels unable to allow personal appearances at panel meetings, it should consider allowing applicants to include a personal statement with their application. This personal statement could be limited to two sides of A4 and be either handwritten or in a stipulated font and size should an applicant wish to word-process their statement. This would give applicants the chance to explain in their own words why they need to move and would add negligible time to the application process. Appeal panels on school admissions deal routinely with such statements (in that case both written and oral) from parents. I do not see why there should be any difficulty over the principle of a personal statement being considered by the Long Term Hardship Scheme panels.

#### 12.10

From my experience of dealing with EHS applications through constituency casework, one of the chief reasons for an application being rejected has been that the panel felt not enough evidence had been provided to prove one or more of the criteria. This has resulted in some applicants having to submit several applications before being accepted. Therefore, I welcome the intention to publish a detailed guidance document to help those applying to the scheme decide what evidence to include with their application. I would expect this to reduce the number of reapplications as a result of insufficient evidence being provided.

#### 12.11

My final comments regarding this question derive from my experience of a specific EHS application. One of my constituents who applied to the EHS was asked to prove that he did not have an ISA. This was incredibly difficult for him to do, since evidence to prove something does not exist is, by definition, usually impossible to produce. I would suggest that applicants to a new scheme should not be required, at their own expense, to prove a negative to satisfy the panel. However, should an applicant be found to have deliberately lied on their application then the full force of the law should be used to pursue them.

**Questions 4 & 5. *What are your views on the “sale and rent back” scheme? What are your views on our alternative proposal for renting properties to their previous owners?***

#### 13.01

Questions four & five are very closely related and therefore I will be answering them together.

#### 13.02

In principle the idea of a sale and rent back scheme is something I and my constituents welcome. It is important that those who have to leave their homes due to HS2 are given as much support while doing so as possible. However, changes need to be made to the current proposals.

#### 13.03

The negative impact on local communities would be significant should a large number of properties end up being sold to the Department for Transport and left unoccupied. Given how close properties in both the safeguarding zone and the proposed VPZ are to HS2 I find it difficult to believe that the Department for Transport will be able to rent out these properties on the open market, especially once construction begins. However, as indicated in correspondence between myself and the Secretary of State for Transport, the Department for Transport will have a strong incentive to rent out the properties it purchases where possible<sup>11</sup>. I see no reason why this should not be to the current occupier, who is also more likely to be willing to remain in the property than a new tenant. I also believe the sale and rent back option should be extended to all those who sell their property to the Department for Transport and that any rent charged on properties reflects the disruption caused by HS2 to the local area.

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<sup>11</sup> Letter from the Secretary of State for Transport to the Rt Hon. David Lidington MP dated 7<sup>th</sup> of January 2013

#### 13.04

The Department for Transport has claimed that this scheme is generous. However, the consultation proposes that a value for money test would be undertaken before a decision on whether to accept a property onto the sale and rent back scheme. This does not seem generous. The consultation document goes as far as saying that unless the Department for Transport can, as a minimum, break even on a property (taking into account repairs required to bring the property up to rental standards) during the time it is expected to be rented out, this is not considered good value for money. Given that it is preferable for a property to be occupied than remain empty and to ensure those who are affected by HS2 receive as much support as possible, I believe the Department for Transport should look again at their value for money test. It does not seem fair when a scheme costing £50 billion is being proposed, the Department for Transport is arguing over what could amount to a few thousand pounds. My constituents have said to me that they feel allowing an individual who is moving as a result of HS2 to remain in their home while they make arrangements to live elsewhere, which can be a complicated and time consuming process, is an appropriate use of public money. It has also been suggested to me by my constituents that the value for money clause has been inserted in an attempt to keep the cost of any compensation scheme as low as possible.

#### 13.05

Paragraph 4.1.15 of the consultation document covers the tenancy contract and proposes that the Department for Transport will only give notice on a property if:

1. It was needed for construction of HS2.
2. HS2 Ltd was confident that the property would not in fact be needed and so could be sold, either back to the original owner as required under the Crichel Down Rules or (if the original owner did not want it) on the open market.
3. Maintaining the property as a rental property no longer offered value for money.

#### 13.06

It is important that the Department for Transport clarifies what notice period will be given to tenants and what notice period a tenant has to provide should they wish to move out. I would suggest that a tenant be able to give either one or two months notice that they intend to leave, while the Department for Transport be required to give at least six months notice to allow that the tenant the opportunity to find a new property.

### **Questions 6 & 7**

#### 14.01

I do not accept, and nor do most constituents with whom I have discussed this point, that the final compensation package has to involve a choice between either a property bond or a Voluntary Purchase Zone. It should include both. The Voluntary Purchase Zone should operate from the edge of the safeguarding zone while the property bond as advocated by the HS2 Action Alliance would operate outside the outer boundary of the Voluntary Purchase Zone. My comments on questions six and seven reflect this context.

***What are your views on our proposals for a voluntary purchase scheme within a “rural support zone”?***

15.01

The potential inclusion of a Voluntary Purchase Zone is welcome and is a clear recognition by the Department for Transport that the impact of HS2 on local communities, both during construction and once it is operational, will be significant and extends beyond the safeguarding zone. However, while I welcome the idea of the Voluntary Purchase Zone in principle, several changes need to be made to the current proposals.

15.02

Currently the Voluntary Purchase Zone is designed to extend up to 60m from the edge of the safeguarding zone, but cannot extend further than 120m from the centre point of the line. As a result, in places where the safeguarding zone extends further than 120m from the centre of the line the Voluntary Purchase Zone is nonexistent. The consultation document states that this distance has been chosen:

*“To balance the burden on the taxpayer with the Government’s intention to be more generous than the law requires, and in recognition that blight is more likely to be felt in rural than in urban area. This approach follows the precedent set by HS1, where a ‘voluntary purchase zone’ was established, within which voluntary purchase operated.”*

15.03

I am extremely disappointed that the Government proposes to apply a value for money test when deciding the outer boundary of the Voluntary Purchase Zone. This approach increases the likelihood that people who are severely affected by HS2 will not receive full and generous compensation and may have to rely on a hardship scheme, for which they may not be eligible, should they wish to move.

15.04

It is also widely accepted that HS2 is profoundly different from HS1 due to the speed at which trains will travel at, the number of trains predicted to use the line and the fact that HS1 runs alongside a six lane motorway. While HS2 in my constituency would run alongside a rural A road or residential streets. I do not believe comparing HS2 to HS1 is an adequate justification for the limited size of the Voluntary Purchase Zone, especially as those individuals who lived 60-120m from HS1 received substantially better compensation than what is being offered to those living the same distance from HS2. Some constituents have suggested to me that the Department for Transport has deliberately set the distance at 60m to keep the compensation bill as low as possible.

15.05

This proposal also contradicts what the Rt Hon. Philip Hammond said when he was Secretary of State for Transport:

*Where a project that is in the national interest imposes significant financial loss on individuals, it is right and proper that they should be compensated fairly for that loss, so I have asked my officials to prepare a range of options for a scheme to assist those whose*

*properties will not be required for the construction of the railway, but who will none the less see a significant diminution of value as a result of the construction of the line<sup>12</sup>.*

15.06

Mr Hammond made no reference to including a fixed outer boundary when deciding eligibility for compensation. I assume this was because he realised to do so would result in some individuals who have suffered a significant loss as a result of HS2 not receiving full compensation.

15.07

As recognised in the consultation document the impact HS2 will have on properties varies and is based on a variety of factors, including: topography, noise, construction of the line and construction sites. One of my constituents who was accepted by the Exceptional Hardship Scheme (EHS) was deemed as being severely affected by either the construction or operation of HS2 despite living 250m from the proposed line. I have also heard of applicants to the EHS being accepted whose properties are much further from the line ,with one application being accepted despite the property being situated over 1km from the proposed route.

15.08

Given that the impact of HS2 will vary from location to location, I believe the Voluntary Purchase Zone should vary in width depending on the impact the construction or operation of HS2 will have on an area. For example, where HS2 is running on a viaduct, the impact will be felt further away than when the line is in cutting or green tunnel due to the increased noise and visual effects of HS2. Therefore, the Voluntary Purchase Zone should be widened in such as area to take account of this. An increased Voluntary Purchase Zone should also be considered where there are large construction sites or when the possibilities for mitigation are limited. The Department for Transport accepts by the creation of a Long Term Compensation Scheme and also acknowledges in the consultation document that there are properties outside the VPZ that are being impacted by HS2.

15.09

Three examples of areas where the Voluntary Purchase Zone should be extended significantly are Wendover Dean, which is the only area in The Chiltern AONB where the proposed route for HS2 does not run in either bored tunnel or deep cutting, London Road in Wendover and the Hawkslade and Walton Court areas of Aylesbury. As currently proposed HS2 will run on a 18m high viaduct as it passes Wendover Dean, which will result in significant noise and visual impacts from HS2 for residents who live on either side of the valley, including Wendover Dean, Dunsmore and Rocky Lane. HS2 Ltd has admitted in meetings with local residents that mitigation options for this particular viaduct are limited and the impact of HS2 will be more significant than in other locations. HS2 is currently due to pass over London Road in Wendover on a 14m high viaduct very close to a significant number of residential properties and HS2 have ruled out the preferred mitigation measures put forward by local residents. The information provided in the Environmental Statement also highlighted the Hawkslade and Walton Court areas of Aylesbury as areas likely to suffer

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<sup>12</sup> Oral Statement to the House of Commons, 20 December 2010, Hansard Column 1203

from high levels of noise once HS2 is operational unless further mitigation measures could be incorporated into the scheme. Therefore, it seems only fair that the compensation arrangements for these areas should be significantly more generous than currently proposed.

#### 15.10

There are also several locations in my constituency where the safeguarding zone extends away from the proposed route for several hundred metres due to road realignments or major infrastructure work. It is reasonable to assume that the people who live in the properties which border the safeguarding zone in these locations can expect serious disruption to their lives for potentially the next decade, if not longer. Under the current proposals these people would have to apply to the Long Term Hardship Scheme or wait many years to seek help under the statutory scheme. However, it seems only fair that this increased impact is taken into account by the Voluntary Purchase Zone being extended to include additional properties on Bacombe Lane and Ellesborough Road, Wendover; Nash Lee Lane, Risborough Road, Old Risborough Road and Marsh Lane, Stoke Mandeville; Oxford Road, Aylesbury and other similar locations along the proposed route.

#### 15.11

The Department for Transport have said in the consultation document that they do not propose to provide any additional compensation to those within the Voluntary Purchase Zone because:

*“This is a voluntary scheme and it is very unlikely that any of the properties within the RSZ will need to be compulsorily purchased.”*

#### 15.12

However, many of my constituents who reside in the proposed Voluntary Purchase Zone, which falls within the proposed Rural Support Zone, have made it clear to me that they do not believe any decision to move is a voluntary one as they did not choose to live very close to a high speed train line when purchasing their property. They have also suggested that this decision is a cost-cutting exercise by the Department for Transport and does not provide the generous compensation that has been promised. I am sympathetic to their point of view as these are the people who will be living nearest to the railway line but there is no provision for them to be compensated for moving should they wish to do so. Many people move to Buckinghamshire due to the peaceful lifestyle they can expect. For those living closest to the line this is being taken away but no compensation is being offered. One constituent who lives in the proposed Voluntary Purchase Zone has explained to me that they feel they have to move home to ensure a suitable upbringing for their two young children away from HS2. However, given the cost of moving house without additional compensation they will have to choose between remaining in close proximity to HS2 or moving to a much smaller possibly unsuitable property. No citizen of this country should be placed in a position of having to make this choice due to a project that is meant to be in the national interest and I believe some form of compensation should be offered to those in the Voluntary Purchase Zone who choose to accept the Government’s offer of purchasing their property.

#### 15.13

The feedback I have received from those constituents who have been successful in their applications to the EHS is that they have concerns over those who are valuing their property. Common complaints include a lack of knowledge of the locality or the type of property being valued. It is crucial that those valuing properties for any compensation scheme that is put in place understand the local market and have experience of valuing the types of property that are likely to be eligible for the scheme in a given area.

#### 15.14

As with the safeguarding zone, the Department for Transport is proposing, in respect of properties partially within the Rural Support Zone, to take decisions on whether to accept an application for compensation on a case by case basis. It is important, as I indicated in my reply to question two, that the Department for Transport clarifies whether it intends to differentiate between rural and urban areas in what it considers to be a "typical residential property" and publicises the guidance it will be using. It is unacceptable that no information has yet been given on how a "typical residential property" will be defined.

#### 15.15

Under the previous package of measures put forward the Department for Transport indicated that it did not intend to reproduce maps indicating the location of the Voluntary Purchase Zone if "minor changes" to the route alignment are made. However, the current consultation document makes no reference to this and therefore I am unsure if the Department for Transport will now be producing new maps of the Voluntary Purchase Zone should "minor changes" to the route alignment be made. I believe that the Department for Transport should reproduce maps for any changes that are made to the route alignment and inform the relevant property owners that their property is now within the Voluntary Purchase Zone or safeguarding zone. It should not be left to individual property owners to discover this. I know of one local farmer who only found out by attending the Wendover Information Event in 2012 that the proposed siding at Stoke Mandeville would take a large amount of his land and possibly make his business unviable. It is morally indefensible that a citizen of this country should be treated in such a fashion by an agency of government. If he had not attended the Wendover event, when would he have discovered HS2 Ltd's plans? The failure to reproduce new maps for changes made to the route would look like deliberate secrecy by the Department. Given the minimal cost involved and this Government's commitment to transparency I believe the Department for Transport should give an undertaking to reproduce the compensation maps if any changes to the route alignment are made.

#### 15.16

The decision to operate a Voluntary Purchase Zone until one year after the line has been in operation is welcome, as this will allow those within it to determine if they wish to live with the disruption caused by construction and operation of the line. It is unclear from the consultation document if the one year cut off point is the deadline for applications to the scheme or for sales to be completed. The Department for Transport should ensure this is made clear in any documentation it publishes following this consultation to ensure those living within the Voluntary Purchase Zone, if it is included in the final compensation package, are aware of what the deadline means. I would also expect the one year deadline

to be the cut off time for applications rather than sales to be completed. It would be entirely unfair for a cliff-edge cut-off date to be imposed on people trying to move home due to HS2 when there is no need to demolish the property to construct HS2.

15.17

Currently those who are landlords or own second homes that are within the Voluntary Purchase Zone are excluded from the scheme. However, those who rent out their second homes are likely to lose a significant portion of their income as the market value of the property on the rental market will decrease due to the construction of HS2. There is also no guarantee that once construction is completed the market value will rise to a pre-HS2 level. It is also possible that those with second homes have made the decision to invest in property rather than a pension and under the current proposals these individuals will have to suffer a significant financial loss and sell their property at well below its market value to release the capital in the property for their retirement. I urge the Department for Transport to include landlords and second home owners in their final proposals. To avoid compensation commercial landlords, the Department for Transport could adopt a rule to limit compensation in such cases to a single property and with the additional provisions that it was the only dwelling that the applicant owned.

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

16.01

I do not believe that only one of a property bond or Voluntary Purchase Zone should be included in the final compensation package. It is entirely reasonable for both schemes to be included in the final package and I want to make clear that my comments below envisage a property bond operating outside the outer boundary of the Voluntary Purchase Zone instead of the Long Term Hardship Scheme.

16.02

I welcome the decision by the Department for Transport to include in its proposed compensation package the option for a property bond. However, many constituents have said to me that they are upset and angry that it took the decision of a judge to force the Department to consult on a property bond. I am also aware that the HS2 Action Alliance has some very serious concerns about the way in which their proposed property bond has been explained in the consultation documents and with the information made available to those wishing to respond to this consultation. In addition to these concerns the property bond as proposed by the Department for Transport is insufficient and a much wider property bond as advocated by the HS2 Action Alliance needs to be put in place.

***The HS2 Action Alliance’s Property Bond***

17.01

Many people live in Buckinghamshire because they like living there. The vast majority of constituents who I have spoken to about the HS2 scheme have told me that they do not wish to move because of HS2. What my constituents want is a guarantee that if in the future

they need to move for whatever reason and HS2 is preventing them from doing so they will be able to move with no financial penalty.

#### 17.02

The HS2 Action Alliance's property bond provides this guarantee by ensuring that if you cannot sell your home on the private market the Department for Transport will purchase your property at its un-blighted value. I believe if people have this guarantee they will be much more inclined to stay and see what the impact of construction and operation of HS2 will be before making a decision on whether to move. The introduction of a Long Term Hardship Scheme will have the opposite effect with people seeking to apply as soon as possible due to the perceived view that it will be difficult to be accepted and potentially require several applications over a long period of time.

#### 17.03

A common misconception with the HS2 Action Alliance's property bond is that it is designed to ensure property owners can sell to the Department for Transport. This is not the case. It is actually designed to encourage properties to be sold on the private market. If the Department for Transport ensures that the guarantee they give in relation to the bond is believed by the market, perhaps through a parliamentary resolution, its compensation costs should be minimal as properties will be bought and sold on the private market with the bond transferring between owners. In addition, if the Department for Transport insists on having a value for money criterion as one of the five criteria used to help determine what scheme is eventually put in place, the HS2 Action Alliance's property bond should be an attractive prospect as very few properties should have to be purchased. Some constituents have suggested to me that it is also possible that the Department for Transport may make a profit on properties it purchases via a property bond as the Department will be able to choose when it sells the properties and can therefore select a time when market conditions are favourable.

#### 17.04

Even if the Department for Transport does make a loss on the homes it purchases under the bond it is only fair and right that they, as the promoters of the HS2 scheme, and not individual property owners should carry the risk associated with purchasing the properties. It is entirely unfair that local people affected by the HS2 scheme may have to either sell their property at a huge financial loss or try and submit a successful application to the Hardship Scheme. The introduction of the HS2 Action Alliance's property bond would ensure that all those affected by HS2 are compensated if they suffer a loss.

#### 17.05

I am deeply concerned by the proposal to introduce an outer limit to any property bond which is included. As acknowledged by the Department for Transport in their decision not to have an outer distance limit in the Exceptional Hardship Scheme and their proposed Long Term Hardship Scheme the impact on individual properties can vary depending on topography, noise, construction of the line and construction sites. By introducing an outer limit the Department for Transport would be in danger of denying compensation to property owners who are severely affected by HS2 while potentially including properties in some areas where the impact of HS2 was minimal if at all. To ensure that all affected

properties are entitled to compensation I would suggest that eligibility is based on blight and specifically the failure to sell a property within a percentage of its un-blighted market value as a result of the HS2 scheme. HS2 Action Alliance's research using Hometrack data shows that the average price a property is sold at in Greater London, the South East and West Midlands is 92.5% of its asking price<sup>13</sup> which suggests to me that the threshold for activating the bond should be around 92-93% of the un-blighted value of the property.

17.06

Many constituents have said to me that because of the repeated errors of HS2 Ltd and the Department for Transport regarding HS2 they struggle to believe their claims that the impact of HS2 will be minimal. The introduction of a property bond like that one proposed by the HS2 Action Alliance would show to local people that the Department for Transport is confident this is the case as they have guaranteed to buy properties blighted by HS2 should their claim prove to be inaccurate. It is likely that this statement of intent by the Department for Transport will also filter into the property market further encouraging it to operate as normal.

17.07

Aylesbury Constituency Conservative Association has carried out surveys in areas affected by HS2 in my constituency and the results have shown overwhelming support for the HS2 Action Alliance's property bond. I would urge the Department for Transport to introduce as an alternative to the Long Term Hardship Scheme the property bond as advocated by the HS2 Action Alliance in line with the wishes of those affected by the HS2 scheme.

### **The Department for Transport's property bond**

18.01

However, if the Department for Transport insists on introducing a property bond along the lines it has proposed in the consultation document it is important that changes are made to the proposals.

18.02

I was disappointed to see that the Department for Transport is currently proposing that properties will have to be on the market for six months before becoming eligible for the property bond. It is possible that people with an urgent need to sell may be within the compensation zone covered by a property bond and therefore, as is the case with the Exceptional Hardship Scheme, a property should only have to be on the market for three months before becoming eligible. In my view three months is more than sufficient to determine the prospects a property has for sale on the private market.

18.03

Although I was pleased to see that the Department for Transport has not formally taken a view on what outer limit the property bond should have, the report commissioned by Deloitte states that they believe 120m is an appropriate distance. I do not agree. Data released by HS2 Ltd shows that around half of successful Exceptional Hardship Scheme

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<sup>13</sup> Letter from the HS2 Action Alliance to Alison Munro dated the 7<sup>th</sup> of January 2013

applications are further than 200m from HS2 and the HS2 Action Alliance has informed me that one application was accepted despite the property being situated 1.1km from the proposed route. In my constituency I am aware of applications which have been accepted from 250m to 300m away from the proposed route. If the Department for Transport insists on including an outer distance limit they should ensure it is wide enough to include all homes affected by the HS2 scheme which also means some properties which are not affected may be included. In my view the best way to ensure compensation is only paid to property owners who have suffered a loss because of HS2 is to use blight as the qualifying criterion.

#### 18.04

However, I am aware that the HS2 Action Alliance has devised an alternative property bond should the Department for Transport feel unable to introduce the HS2 Action Alliance's and my preferred design. The Alliance have suggested to me that the Department for Transport could set an outer limit within which the property bond operates. If your property is outside this limit you would have to prove at your own expense that you could not sell your property at a particular percentage of its un-blighted value because of HS2. If you were able to do this, you would then have any money you spent on proving your eligibility refunded and a bond issued to you. The Alliance have also said to me that anyone seeking to apply for a bond under exceptional circumstances should be required to use RICS data to show they were suffering from blight. This would ensure that only legitimate cases were accepted. The inclusion of an exceptional circumstances clause would also bring the property bond into line with the Exceptional Hardship Scheme and the proposed Long Term Hardship Scheme both of which include an exceptional circumstances clause. Should the Department for Transport decide not to include the HS2 Action Alliance's preferred property bond option I would urge them to implement this compromise.

#### 18.05

I am disappointed that yet again the Department for Transport is proposing to exclude second home owners or landlords from any property bond scheme. Many of those affected who own second homes or rent out the only property they own have invested in property as part of prudent retirement planning and are now seeing their best laid plans destroyed by a project from which they will see no benefit. It is vital that the Department for Transport does not exclude second home owners or landlords from the compensation package that is put in place. Again, such help could, if the Department for Transport wished to limit their risk of financial exposure, be limited to a single property and on the condition that it was the only dwelling that the applicant owned.

#### 18.06

The HS2 Action Alliance and constituents have expressed their surprise to me that the Department for Transport is proposing to value all properties eligible for a property bond before a bond redeemed. Clearly not everyone eligible for a bond will seek to redeem it and most, if not all, properties within a bond zone should be sold on the private market. As a result, these valuations will not be required. All the other compensation models proposed or being used currently by the Department for Transport in relation to HS2 only value a property at the stage when it comes to be sold to the Department. I agree with the HS2 Action Alliance that valuing properties at the start of the bond process and then indexing

this value to determine the value when the bond is redeemed is an unnecessary waste of money and not in line with other HS2 compensation models. The Department for Transport should simply value properties when it comes to purchase them.

18.07

I hope that the Department for Transport make significant changes to the property bond they have proposed to put in place and urge them to use the property bond model advocated by the HS2 Action Alliance as the basis for any bond scheme that is put in place. Should they fell unable to do so I hope the Department makes changes to the scheme they have proposed in line with those I have described.

## **Conclusions**

19.01

I welcome the fact that these proposals have been brought forward to allow those affected by HS2 to comment and that the option of a property bond is included within them. Compensation has understandably been part of my constituents' thinking on HS2 over recent months and it is crucial that those affected by the HS2 scheme receive full and generous compensation as soon as possible. The analysis of the consultation responses and the publication of the Department for Transport's new proposals should be done as quickly as possible, while ensuring the problems of the previous 2011 consultation are not repeated.

19.02

Much of what is being described as generous in this scheme by the Department for Transport is already required under law or was used for HS1 and the proposals as a whole have left my constituents with feelings of disappointment and anger. They feel they are being asked to accept a lower quality of life supposedly in the national interest, but the compensation being offered does not reflect the sacrifice they are being asked to make.

19.03

It is important that changes are made to these proposals, ideally through the introduction of the property bond as advocated by the HS2 Action Alliance to ensure those who wish to move because of HS2 are able to do so. The Department for Transport should also remove the bar on those with second homes or who are landlords applying for compensation and recognising the different impacts of HS2 in different locations and adjust the Voluntary Purchase Zone accordingly.

19.04

I look forward to reading the Government's response to the consultation as soon as possible.