

HS2
London
deserves
a fair deal

Fair Deal for London Alliance

A fair HS2 compensation
charter for London

Foreword

Britain needs better infrastructure, but that must not come at the expense of unfair compensation.

The Government's current compensation scheme for High Speed 2 fails to take into account the life-changing impacts construction will have in the city over three decades.

In publishing its scheme the Government has decided in effect that residents and businesses in urban areas should be compensated less for suffering more disruption than rural areas.

Building HS2 in London is not a year-long job. It is something with which residents and businesses will have to live for decades.

The compensation scheme available to residents and businesses outside the “safeguarding area” in London is inadequate and unfair. As members of the Fair Deal for London Alliance we have come together to set out below what a fair compensation package for London should include.

We ask that Ministers enter into urgent discussions with us on the principle that:

Social and financial hardship imposed by HS2 construction on London communities should be fairly compensated and mitigated and that compensation should be defined not simply as an arbitrary distance from the railway line but as a factor of impact from construction works.

The Government argues that the current HS2 compensation package already goes beyond statutory requirements. While that may be factually correct, the extent it goes beyond such statutory requirements is minimal, and not sufficient to address the impacts of its scheme. Irrespective of this, we believe there exists on Government a moral duty and duty to the community to ensure that compensation is fair. We believe there is also a need to consider whether those statutory requirements are commensurate with the scale and duration of HS2 construction in London.

The Government's revised plans for Euston will draw out the pain of construction for Londoners over 25 years. We believe that the introduction of an Alternative Provision for Euston Station into the HS2 (London to Birmingham) Bill, expected this autumn, provides the opportunity for the Government to devise a compensation scheme for towns and cities that is fair and adequate.


While this is a London issue at the moment, we warn that the problem of unfair compensation to residents in cities and towns will spread as HS2 construction enters Phase 2. Without fair compensation for urban areas, residents and businesses in cities like Leeds, Manchester and Sheffield face a similar unfair compensation package in future.

It is vital for our economic future that High Speed 2 does not undermine our confidence in big national infrastructure projects. As such projects use vast amounts of taxpayers' money, it seems fair enough to expect that Government treats all residents and businesses affected by construction in a fair way.

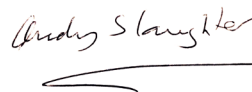
Cllr Sarah Hayward,
Leader, Camden Council



Rt Hon Frank Dobson, Member of
Parliament for Holborn and St Pancras



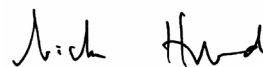
Andy Slaughter, Member of Parliament for
Hammersmith



Cllr Julian Bell, Leader, Ealing Council



Nick Hurd, Member of Parliament for
Ruislip and Pinner



Sir John Randall, Member of Parliament
for Uxbridge



Cllr Ray Puddifoot MBE, Leader of
Hillingdon Council.



Introduction

On 16 January 2015 The Department of Transport announced its final property compensation scheme for HS2 phase 1. The scheme is made up of the following measures:

- ❑ Voluntary purchase – rural areas only
- ❑ The cash offer – rural areas only
- ❑ The homeowner payment scheme – rural areas only
- ❑ Express purchase – rural and urban areas
- ❑ The need to sell scheme and rent back scheme – rural and urban areas

Of the five compensation measures only two apply to urban areas, yet impacts on residents in urban areas are as significant as those in rural areas. Approximately 250 homes in Camden and 200 in Ealing could be made uninhabitable during and after the construction phase and open space and community facilities will be lost to Camden, Ealing and Hillingdon. HS2's own environmental statement shows that:

- ❑ 95% of homes identified as being significantly affected by either noise or vibration during the construction of HS2 are in urban areas.
- ❑ 91% of homes identified as being significantly affected by night time noise during the construction of HS2 are in London.
- ❑ Areas of London will experience at least 600 extra HGV journeys per day during construction.

Of the two measures that are available to residents in urban areas both are unfair:

- ❑ The Express Purchase scheme caps the 10% addition to market value at £49k when the average price of a property in some of the boroughs most affected is £650k
- ❑ The Need to Sell scheme requires a compelling reason such as unemployment, relocation for a new job or ill health and is not available to a property owner who simply wishes to move (without losing out financially) to avoid the disruption caused by the construction of the scheme

This compensation scheme does not represent a fair deal for London residents.

The Government presented this package of measures as the final outcome of its consultations at a point where no London authority had yet appeared before the High Speed Rail (London - West Midlands) Bill Select Committee to give views on compensation proposals.

The Charter

The Fair Deal for London Alliance proposes that fair compensation for Londoners affected by HS2 construction should consist of:

1. An Independent HS2 Compensation Commission

We believe an Independent HS2 Compensation Commission should be created and empowered to:

- 1 draw up a fair compensation scheme;
- 1 administer and make decisions on applications for compensation

The Compensation Commission should report to but remain independent of Departmental control.

The scope of the scheme must be decided on the basis of “area of direct/indirect impact” rather than on the safeguarding zone drawn around the prospective line.

2. Fair compensation for the impacts of construction

The Government’s homeowner payments scheme should also be available in urban areas and be introduced in a fair and tailored way. Consideration should be given to the introduction of homeowner payments in the form of “Personal Compensation Budgets”, which could be paid yearly. The scheme should be open to all occupiers, including residential owner/occupiers, leaseholders, tenants and businesses.

We ask for changes to the Government’s need to sell scheme to simplify the criteria including, changing the principle to one of ‘want to sell’, removing the requirement to demonstrate a 15% loss and removing the £34,800 rateable value cap for businesses.

We ask for changes to the express purchase scheme with removal of the ‘addition to market value’ cap which disadvantages owner occupiers in London. We ask for fair compensation for leaseholders that lets them buy again in the same area.

The Cash Offer should be available to both tenants and owner occupiers who are willing to stay in the area despite the reduction in quality of life they experience during the lengthy construction period.

We ask that eligibility for compensation in urban areas is defined not simply as a given distance from the railway line but as a measure of impact from construction zones/sites as well. This is more relevant in urban areas where construction sites will be very close to homes and businesses.

3. Fair compensation for businesses

All forms of compensation available to residents should be made available to businesses, irrespective of their rateable value. This should involve compensation for commercial tenants for loss of trade and for commercial landlords for loss of rent if they can demonstrate that this has occurred as a result of the HS2 scheme.

HS2 poses additional costs to businesses, for example in delays caused by reduced accessibility, managing amenity impacts such as poorer working/trading conditions and costs attached to the uncertainty created by the scheme. Businesses are forced to buy in additional resources and professional expertise to manage these factors and the risk posed at their own expense. It is unfair that these hidden costs of the scheme are borne by individual businesses and the compensation offer to businesses should be adapted to reflect this.

4. Introduction of a Property Bond

We argue for the introduction of a property bond that is easy to apply for and quick to process, and available to anyone within an agreed impact zone. We are aware that Government has ruled out the introduction of property bonds as “untested” but would maintain that an independent Compensation Commission should be asked to test the proposition.

Under this scheme the Government would underwrite the un-blighted market value of a property, undertaking to purchase properties when property owners have attempted to sell but cannot get market value. HS2 would thereby act as a ‘buyer of last resort.’

Property owners could apply for a bond which would stay with the property throughout the scheme, meaning subsequent owners of the property would have the confidence of knowing that they are covered by compensation arrangements if the impact of the line reduces the value of their property.

There would be no qualifying reason for sale, restrictions on proximity, noise etc., or threshold loss. The sole criteria would be whether or not there is a financial impact on the market value of a property due to HS2.

This should mean that the scheme does not depress property prices because sellers will be able to sell at the market rate attaching the property bond (with the security it provides) as part of the deal.

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