

Balsall Parish Council response to the HS2 Property Compensation Consultation 2013

Information about respondent

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We do NOT wish the Council's response to be treated as confidential.

1. What are your views on the criteria we have put forward to assess options for long-term discretionary compensation?

The Council feels that "fairness" should be the prime consideration. Unfortunately, qualifying "fairness" with "most directly and specifically affected" would mean that many people will suffer considerable loss and injustice. The previous Secretary of State said that all significant losses would be reimbursed. Since the blight and property losses arising from HS2 are largely due to uncontained environmental damage, the "polluter pays" principle should be applied.

"Value for money" for the taxpayer should be found by striking a balance between the taxpayer and the future operators of the line, not between the taxpayer and those living near the line. The commercial beneficiaries of HS2 scheme should be fully responsible for reimbursing all losses incurred by homeowners and others.

The Council attaches great importance to "community cohesion" and believes this criterion would lead to more generous mitigation and compensation than proposed currently.

Overall, the Council is concerned by a lack of transparency in the weightings applied to each of the five criteria and would wish to have an independent external review of the chosen options for compensation to ensure the criteria have been properly applied.

2. What are your views on our proposals for an express purchase scheme?

This scheme will benefit a small number of property owners, but the easing of some conditions demonstrates the Government is aware of the distress the HS2 project has caused.

However, the scheme should be applicable to all properties including those over tunnels, second homes, rented homes, etc.

The 10% home-loss payment should not be capped (at £47,000) and should be raised to near the 30% recommended by the CLA (Country Land and Business Association).

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

Fair compensation is vital to redress infringement of the fundamental human right to the enjoyment of one's property. The losses due to blight are very real, even though - in the long-term - property valuations may recover. Unfortunately, the Hardship rules will prevent many from benefiting. These rules relate to someone's personal circumstances rather than the blight impact.

Because of the long project timescale, application of Hardship rules is unreasonable. The property market cannot function normally if a majority of these property owners are prevented from moving or re-mortgaging. Although future hardship seems to be covered, it appears that applicants will still need to demonstrate financial stress. Even the downsizing provision depends on financial hardship i.e. means-testing. This is grossly unfair.

The real number of properties blighted by HS2 is thought to be about 172000 within a kilometre of the line. It is wrong that these property owners should have to demonstrate "hardship" before they receive any compensation if they want to move house in the next 15 years.

The Council strongly objects to the Location criterion. A geographical limit such as the proposed 120 m from the line is far less than the extent of blight that is known to us. The only thing that should matter is the loss of market value, albeit assessed on an objective basis. This would cover blight due to construction as well as operation. We believe that loss of value could be examined on a case-by-case basis, and where appropriate, attributed to HS2 as a result of local factors and perceptions.

The Property type criterion is also unfair. Small businesses, rented properties, and second homes should be included in the scheme.

The need to have the property on the market for 6 months is an improvement on the 12 months proposed earlier, but we still think 3 months is enough to show Effort to Sell, and would be fairer to those blighted by the HS2 scheme. 3 months is the qualifying period in the current EHS, and was also used in the Crossrail scheme.

The Council disagrees with the expectation that home-owners should bear a 15% loss without any compensation. This is twice the average difference between sale price and asking price, according to Hometrack data, and this margin should be greatly reduced.

Overall, a Property Bond is preferable to a Hardship-based Scheme. This would allow trading of properties at full unblighted value, with the promise of compensation to the eventual owner if the scheme turns out to have a harmful effect on property values. In particular this overcomes difficulty with the No Prior Knowledge criterion, which depresses property values as the current owners have to take the whole of the loss.

The Council is also concerned about the application process. Applicants should receive all the evidence being used to make a decision, so they can check it for accuracy. For re-applications personal representations should be allowed. There needs to be a proper basis for assessing medical eligibility, as the panel is unlikely to be competent in this area. Finally, there should be a wholly independent appeal process.

4. What are your views on the 'sale and rent back' scheme?

This scheme would only benefit a small number of owners. There seem to be a number of difficulties in operating this fairly.

Properties under threat of demolition will be hard to let, so it could be difficult to fix a fair rent. Some owners will still wish to stay in their property, even if the situation fails the Value for Money test, and further work is needed on the scheme to make this possible.

5. What are your views on our alternative proposals for renting properties to their previous owners?

The proposed scheme seems reasonable, but is likely to help only a small number of homeowners. It is important to ensure fair dealing for both the homeowner and the taxpayer.

6. What are your views on our proposals for a voluntary purchase scheme within a 'rural support zone'?

As described, this scheme would apply to fewer than 1000 properties. The Council considers the 120 m limit is arbitrary and unrelated to blight as it has been reported. Serious loss of property value has been recognised a kilometre and more from the line. (Compensation through the EHS has been paid at that distance.)

Loss of market value should be used to determine eligibility.

The 100% valuation is welcome, but the scheme should apply to urban as well as rural areas.

The scheme should also pay a disturbance allowance and re-location costs.

The extent of blighting varies with landscape and features of the proposed works. The comparison with HS1 is unrealistic, as the disturbance predicted from HS2 is far more serious.

7. 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 scheme?

A Property Bond approach would reduce blight, by restoring confidence in the market. It has been widely supported by mortgage lenders, and seems to be the best candidate for providing fair compensation.

A Property Bond should replace the Long-term Hardship Scheme, not the Voluntary Purchase Scheme. It should be based on the loss of market value, not geographical limits, and should be available in both urban and rural areas, over tunnels, and to all property types.

The Council considers the Deloitte proposal for a Property Bond to be inadequate. There seem to be inaccuracies in their assessment of the proposed HS2 Action Alliance scheme and the Central Railway Bond.

The latter was specifically aimed at compensating for blight, while the HS2 Action Alliance proposal would not have significant "up-front" costs, as properties were only to be valued if and when their owner seeks to sell them to HS2 Ltd. This would happen when an open market sale was not possible.