

Roger Hannah & Co

Compulsory Purchase



HS2 News Update – Land Price Inflation!

In 2011 HS2 Ltd estimated that the cost of assembling the land for the proposed route was £2.8bn. However, as the property market improves it is expected that the total cost of land assembly for Phase 1 will increase by 25% or £700m with the overall cost expected to be nearer £3.5bn.

London is seeing some of the biggest increases in land values as a consequence of the upturn in the economy and general improvement in the property market. It is estimated that in London alone land prices have increased by approximately 48% between 2011 and 2014.

HS2 Limited can only secure land through the CPO process once the Hybrid Bill has been granted Royal Assent, expected in 2016. Until then negotiations are undertaken on a voluntary basis where claimants have applied for the Exceptional Hardship or Express Purchase Schemes.



Current Compensation Packages

There are presently a number of compensation packages available to affected parties, albeit these are dependent upon whether the owner is within Phase 1 or Phase 2.

Packages Under Phase 1

- **Exceptional Hardship Scheme** – this is designed for those who have an urgent need to sell but have not been able to as a direct result of the announcement of HS2 Phase 1 line of the route.
- **Express Purchase Scheme** – introduced in April 2014, the Express Purchase Scheme allows an affected property owner within the Safeguarded Zone to sell their property to HS2 Ltd at the unblighted Market Value.
- **Rent Back** – if HS2 Ltd has agreed to purchase a property through either of the above schemes, a property owner is eligible for consideration to rent the property over the short to medium term.

In addition to the above, HS2 Ltd is due to introduce the following schemes which is anticipated later this year.

- **Voluntary Purchase Offer** - this will enable property owners in rural areas who live outside the Safeguarded Zone and up to 120m from the line to sell their home at any time up until a year after the line opens.
- **Need to Sell** – this scheme will be available to home owners who have a compelling reason to sell, but who are unable to do so because of HS2. Once introduced, this will replace the Exceptional Hardship Scheme. Applicants will need to demonstrate that they would suffer hardship if they could not sell.

Packages Under Phase 2

- **Exceptional Hardship Scheme** – this is designed for those who have an urgent need to sell but have not been able to as a direct result of the announcement of HS2 Phase 2 line of the route.

Although there is only one compensation package currently available to property owners within Phase 2, it is anticipated that similar packages as those currently available within Phase 1 will be introduced.



What's in A Word? - Blight

Once the route for HS2 has been safeguarded, this triggers Statutory Blight under the Exceptional Hardship Scheme and the Express Purchase Scheme. But what is “blight”?

Planning proposals or major infrastructure schemes such as HS2 can take years to implement and therefore this can have an adverse effect on property. An occupier maybe unable to realise the Market Value that would have been obtainable had the owner's property (or land) not been effected by the proposal, because purchasers either will not proceed or having learned of the proposal, will offer a significantly reduced price.

Under the Exceptional Hardship and Express Purchase schemes an affected owner may be eligible to serve a Blight Notice therefore seeking HS2 Ltd to buy their property.

In summary, a blight notice is a compulsory purchase order in reverse where the owner requires HS2 Ltd to purchase their property.

Who is eligible to serve a Blight Notice?

- Owner occupiers of residential property within or partly within the Safeguarding Zone.
- Owner occupiers of commercial property with a Rateable Value not exceeding £34,800 within or partly within the Safeguarding Zone.
- Owner occupiers of agricultural units including a house within or partly with the Safeguarding Zone.

In addition, an affected owner under the Exceptional Hardship Scheme has to demonstrate that they have used all reasonable endeavours to sell their property but it has not sold or cannot be sold other than at a substantially reduced price.

Since introduction of the Express Purchase Scheme the criteria for having undertaken reasonable endeavours to sell the property has to a certain extent been relaxed.



Current Time Line	Phase 1	Phase 2
2014	Hybrid bill process continues	Formal consultation on route takes place; decision announced and safeguarding
2015	Target date for Royal Assent to hybrid bill, containing legal powers to construct Phase One	Commencement of engineering design & environmental impact assessment. Preparation of second hybrid bill
2017 – 2025	Construction period (starts and ends at different times and at different points along the route)	2020 - Anticipated date for Royal Assent to Phase 2 Bill. Commencement of construction in 2022/23
2024 - 2026	Commissioning & testing	
2026	First High Speed trains commence operation	
2033		First High Speed trains commence operation

HS2 Experience

As a Practice, we have successfully served a number of blight notices on behalf of clients affected within Phase 1, with negotiations now ongoing. We are also in the process of preparing further notices on behalf of other clients.

The existing law around compensation issues and blight notices is complex and HS2 themselves strongly advise landowners to take professional advice in order to consider the options available.

At Roger Hannah & Co we have a dedicated team who have experience of advising on major infrastructure and regeneration projects across the UK.

For further information on the present and proposed compensation schemes available or any other HS2 property related issues please contact our dedicated HS2 team on 0161 429 1666.



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