

Appendix 1

The London Borough of Hillingdon's response to the Property Consultation 2014 For the London-West Midlands HS2 Route

Introduction

This appendix represents the Council of The London Borough of Hillingdon's response to the above consultation. All queries regarding this response should be addressed to Rajesh Alagh, Borough Solicitor, Hillingdon Council, Civic Centre, High Street, Uxbridge, Middlesex, UB8 1UW.

The response follows the same format as the DfT's response form and specifically addresses the two questions set out in the consultation document.

Alternative cash offer

Q1 What are your views on the Government's proposals for the alternative cash offer?

The Government is proposing to introduce an alternative cash offer scheme to qualifying owner-occupiers whose properties are located in the Rural Support Zone and within 120m of the high speed railway line.

The alternative cash offer, based on just 10% of the un-blighted market value of the property, is disproportionate in terms of both the actual and potential depreciation which homeowners will suffer to the value of their properties arising from the HS2 scheme. There is no justification given for the 10% figure in the consultation document and proper consideration should be given to increasing it so that it acts as a proper incentive for property owners to remain living in their communities.

The Government acknowledges that there is no precedent for the alternative cash offer and therefore there is also no precedent for the cash offer being a flat sum or a percentage of the property's value. The alternative to accepting a cash offer is for the property owner to sell their property to the Government. Many of the responses to the 2013 consultation argued that there should be a means of providing redress to property owners that did not compel them to sell their property to the Government. However, the redress offered should be sufficiently attractive in order to allow property owners to make a properly informed decision as to the future of themselves and their families when faced by years of disruption which is not of their own making.

Hillingdon also contends that the cap of between £30k and £100k is arbitrary and is not based on any established principles. It is too low for the same reasons as those set out above. Property values will obviously vary across the Phase One HS2 route and the Government therefore needs to recognise that average property prices are higher in London. Consideration therefore needs to be given to the ability to adjust the cap in accordance with the location of properties, and their respective values, affected by the HS2 scheme.

It is unfair that the cash offer is restricted only to those properties which are located in the Rural Support Zone. The consultation document states that the overall economic benefits from the high speed railway will not be distributed equally. The most concentrated economic benefits will be from the areas around and near stations - largely urban areas. What this statement fails to recognise is that people living in urban areas will also suffer blight as a direct consequence of HS2 and in circumstances where they can demonstrate that this is the case, the cash offer should also be made available to them.

It is also unfair that large businesses i.e. those with an annual rateable value in excess of £34,800 should be excluded from the proposed compensation scheme. No justification has been given in the consultation document as to why small and large businesses should be treated differently and Hillingdon contends that the scheme should be applied to them equally.

Certain statements made in the consultation document are contradictory. It is emphasised at the outset that the cash offer, which is discretionary in nature, is in addition to the existing statutory compensation. However, later in the chapter it is specifically stated that the Government does not believe that it is appropriate for property owners to benefit from any form of double recovery. Hillingdon's view is that property owners should be able to benefit from both forms of compensation given the significant disruption they will suffer from the HS2 project.

The consultation document states that some properties would fall partly within one zone and partly within another. The Government would need to determine which of the payments would be appropriate in cases that fall between schemes and has asked for comments that might help guide this decision. Hillingdon's view is that given the vulnerable position of property owners caused by the HS2 scheme, the Government should in these circumstances make a compensation payment that will be the most favourable from the property owners' perspective.

It is noted that the alternative cash offer will interact with the need to sell the scheme and that the Government is proposing, that in circumstances where someone receives a payment through the alternative cash offer and subsequently makes a successful application under the need to sell, the Government would recoup the cash offer from the need to sell purchase price.

The above proposal fails to recognise the vulnerable position which property owners will find themselves in and Hillingdon's view is that it would be inappropriate for the Government to seek to recoup the cash offer from people who are genuinely forced to sell their homes.

Finally, the Government has stated in the consultation document that it does not expect that the majority of people who receive sums under the alternative cash offer scheme will have to pay any income or capital gains tax on the money they receive. This statement does not provide sufficient certainty and the Government should make it clear, through legislation or otherwise, that the cash offer would not be taxable under any circumstances.

Homeowner payment

Q2 What are your views on the Government's proposals for the homeowner payment?

The Government is proposing to introduce a homeowner payment scheme to give cash payments to eligible owner-occupiers of properties in rural areas that lie between 120m and 300m of the Phase One route of HS2. Payments are to be tapered, per property, as follows:

- from 120m - 180m: £22,500;
- from 180m - 240m: £15,000;
- from 240m -300m: £7,500

Hillingdon contends that the above payments are arbitrary and are not based on any established principles or criteria. As with the alternative cash offer scheme, the proposed payments are too low and do not recognise the vulnerability of property owners whose lives will be significantly disrupted by the HS2 scheme. There is also no proposal that the payments should be uplifted in line with inflation. Hillingdon's view is that such an uplift would be fully justified on the basis that it will take a number of years for the design and construction of phase one of HS2 to be completed.

Furthermore, it is unfair to exclude people living in urban areas and large businesses from the scheme for the same reasons as those articulated in the response to the first consultation question above.

The proposal that property owners would be eligible for the scheme if they were owner-occupiers of the property by 9 April 2014 is unduly restrictive and should be removed. Given the very long period of time needed for the design and construction of phase one of the HS2 scheme to be completed, it is unfair to impose this restriction.

As with the alternative cash offer scheme, the Government's proposal to recoup the homeowner payment from the need to sell purchase price is not viable and should therefore not be pursued.

Finally, no income or capital gains tax should attach to the homeowner payment and the Government should, once again, take appropriate steps to make this position certain.

Conclusion

Whilst Hillingdon Council welcomes the principle of the introduction of two additional discretionary compensation schemes for phase one of the HS2 scheme, it does nevertheless have a number of significant concerns in relation to the consultation proposals, as set out above. It trusts that the Government will take these concerns conscientiously into account in making any future decisions, as required by law.