

HS₂ PROPERTY AND COMPENSATION FOR LONDON-WEST MIDLANDS

Decision document – Impact on Social
Rented Housing



HS2 Property and Compensation for London-West Midlands

Decision document – Impact on Social Rented Housing

Presented to Parliament
by the Secretary of State for Transport
by Command of Her Majesty

November 2013

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1 Introduction

- 1.0.1 On 10 January 2012 the Secretary of State for Transport announced that the Government had decided to proceed with plans to build a new high speed rail network (High Speed Two, 'HS2') and that it would be built in two phases.
- 1.0.2 Phase One will run between London Euston and the West Midlands, with a new station built in central Birmingham, linking to the existing West Coast Main Line (WCML) north of Lichfield. Phase One will also provide a direct link with Continental Europe through HS1 and the Channel Tunnel.
- 1.0.3 Phase Two will extend the high speed rail network from the West Midlands to both Manchester and Leeds. The proposed route will include stations at an East Midlands Hub near Toton, Sheffield Meadowhall in South Yorkshire, Leeds, Manchester Airport and Manchester Piccadilly. The proposals also include further connections to the existing East Coast Main Line and West Coast Main Line.
- 1.0.4 The Secretary of State for Transport will lay a hybrid Bill before Parliament to secure legal powers to construct and operate Phase One of the railway. If authorised, construction of Phase One would begin around 2016, with the line expected to open in 2026.
- 1.0.5 The Government will need to acquire land in order to build the railway and some of this may be land that is currently used for social rented housing. This document explains the Government's approach to working with local authorities, housing associations, affected tenants and other key stakeholders to agree a joint strategy to replace any lost social rented housing along Phase One of the route.

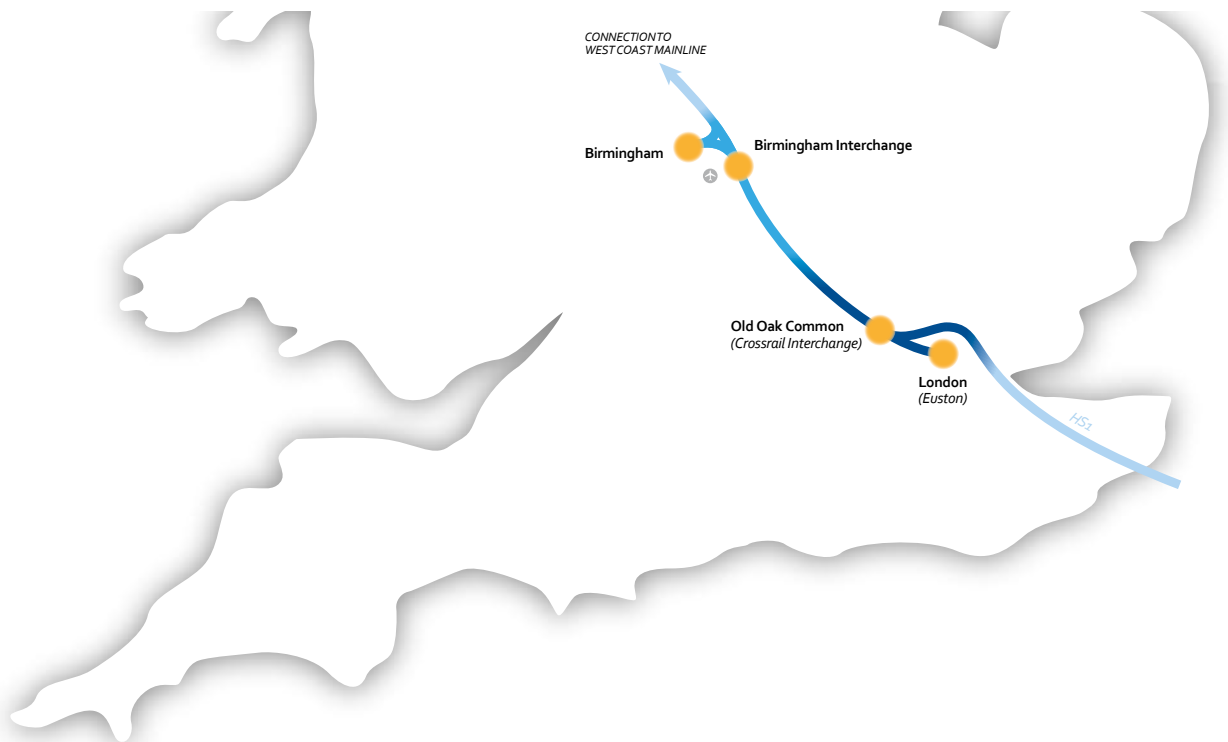


Figure 1: Phase One of the High Speed Two (HS2) rail network

2 What did we consult on?

2.1 The purpose of the consultation

- 2.1.1 The Government intends to introduce discretionary property compensation arrangements in respect of HS2. Between October 2012 and January 2013 the Government consulted on potential options for a package of discretionary compensation measures for property owners and occupiers whose properties may be affected by the HS2 project (the October 2012 consultation).
- 2.1.2 The consultation also included details of proposed measures relating to properties above tunnels and how the Government proposed to work with relevant local authorities, housing associations, and affected tenants where it is necessary to compulsory purchase social rented housing.
- 2.1.3 This document addresses only the social rented housing component of the consultation. It should be noted that the approach laid out below applies only to Phase One of HS2 and does not represent a binding commitment for other transport or infrastructure projects.

2.2 Further consultation

- 2.2.1 The Government is currently re-consulting on discretionary compensation schemes for owner-occupiers. This follows a ruling of the High Court on 15 March 2013 which found that a decision announced in January 2012 to rule out further consideration of a property bond as a potential method of property compensation was unlawful because the consultation which had led to that decision had been unfair as it did not provide enough information to consultees on the discretionary compensation scheme proposals; and the basis of the decision was different to that consulted on. The Judge also found that *HS2 Action Alliance's* consultation response on compensation was not conscientiously considered.
- 2.2.2 The Judge did not specifically rule on the October 2012 consultation. He did not comment on the merits of particular schemes and made no suggestion that the package of compensation measures consulted on in October 2012 to January 2013 was unfair.
- 2.2.3 In response to the judgment, the Government undertook to consult again on elements of property compensation relevant to the judgment. This did not include our approach to dealing with properties above tunnels or lost social rented housing. We are therefore able to publish this document, clarifying the Government's decisions following the 2012/13 consultation.

2.3 Overview of the proposals

- 2.3.1 In the consultation document *High Speed Two: Property Compensation for London-West Midlands (October 2012)* the Government recognised that in order to build HS2, it will be necessary to compulsorily purchase and demolish a number of social rented homes, principally close to Euston Station.

- 2.3.2 The document also acknowledged that the issues relating to such housing are different to those affecting properties in the private rented sector. Specifically, it was noted that the benefits of security of tenure and the 'right to buy' set apart occupiers of social rented housing from their private sector counterparts.
- 2.3.3 The Government therefore proposed, where it was necessary to compulsorily purchase social rented housing due to plans for HS2, to work with local authorities, housing associations and affected tenants in order to ensure that:
- Options were developed for providing high quality replacement social rented housing;
 - If practical, such housing should be provided in the same area as that which was lost, to avoid ties with local areas being broken; and
 - Specific to the Euston area, if it were reasonable in the context of the broader rebuild such housing should be provided ahead of the need to compulsorily purchase the existing social rented housing, to avoid people having to move more than once.
- 2.3.4 Finally, the consultation document recognised that local authorities would ultimately be responsible for how and to whom the tenancies for any new local authority housing are allocated.
- 2.3.5 We asked those responding to the consultation to answer the following question:
- What are your views on how the Government should work with local authorities, housing associations and affected tenants to agree a joint strategy to replace any lost social rented housing?***

3 The Government's decision

3.1 Response analysis

- 3.1.1 Dialogue by Design were contracted as an independent analysis organisation to collate and analyse these responses, publishing a detailed summary report outlining the main themes, comments and suggestions which were presented across the full range of consultation responses. This report was published on 12 September 2013, and can be viewed at: <http://www.hs2.org.uk/news-resources/publications>
- 3.1.2 The Government received a total of 19,559 responses to question 7 of the consultation. These came from a range of individuals and organisations.

3.2 What did we learn?

- 3.2.1 This consultation allowed members of the public, their elected representatives and groups or organisations to contribute their views on the Government's proposals. The responses show that there is a high degree of unease about the impact of HS2 on social rented housing and the effect this will have on vulnerable people and communities, in particular whether they will be separated or forced to move to another area. There was also a strong sense that it is the Government's duty to 'pay' for the full impacts of HS2.
- 3.2.2 This said, respondents were broadly supportive of proposals to work closely with key stakeholders, most specifically tenants. Comments were focused across three main themes: first, many noted that a process would be needed which worked with, and addressed the impacts on, various parties. In this respect, most respondents highlighted the needs of tenants in particular, although many noted that the Government should consider also the needs of landlords and local authorities.
- 3.2.3 Further, many of the respondents supported the replacement of lost social rented housing as a means of addressing these needs, with some suggesting that it take place 'as soon as possible' and in advance of current social housing being demolished. A particular concern was that tenants would be relocated to a different area and this could have a negative effect on family life. Some highlighted concerns that this is an issue the local authorities did not create and that they would find it difficult to re-house on limited housing stock. Concern was also raised regarding the effect of re-housing on length of tenure.
- 3.2.4 Finally, cost was raised as an area of some concern with respondents noting the risk of imposition on local authorities, housing associations, and tenants. Most respondents therefore suggested that the Government and/or HS2 Ltd should pay for replacement social rented housing. In addition respondents argued for compensation for stress and disruption. Others argued that the entitlement of tenants to a £4,700 home loss payment was inadequate.

3.3 Our approach

- 3.3.1 The Government will work with local authorities, housing associations, tenants and other key stakeholders in order to ensure that lost social rented housing is replaced in a manner sympathetic to local needs and reflective of the strategic approach to social housing driven by local authorities.

- 3.3.2 Responses to the consultation demonstrated broad support for our proposal to work with tenants, with many also recognising the need to work with local authorities.
- 3.3.3 However, concerns were raised regarding the location of replacement housing, with length of tenure impacts and limited availability of suitable housing stock also being cause for some concern among respondents. It is specifically in order to address these concerns that we propose to have a collaborative approach to the issue of lost social housing.
- 3.3.4 Further, it is the Government's expectation that replacement housing will be (at the very least) of similar quality to that which it replaces.
- 3.3.5 Decisions about replacement of social rented housing should be local ones taken in the context of local housing authorities' wider strategic housing plans. We also recognise that existing social rented tenants should not suffer any diminution in their security of tenure as a result of having to move to a new home to allow demolition to occur. It is important to note therefore that the Social Housing Regulator's Tenancy Standard requires social landlords to grant tenants who have been moved into alternative accommodation during any redevelopment or other works a tenancy with no less security of tenure on their return to settled accommodation. Rents will need to be in line with rent policy set by Government.
- 3.3.6 For vulnerable residents and those who may find moving home particularly difficult, we recognise that further support and assistance may be needed. We also accept that the input of local authority advisors will be valuable in informing a fair approach to the relocation of individuals.
- 3.3.7 The need to maintain community cohesion within social rented housing is clear, and comments made during the consultation ask the Government to work closely with local authorities, housing providers and other key stakeholders with the aim of keeping communities together wherever possible. The best means of achieving this goal is to work with the appropriate strategic partners and to take a coordinated approach to providing replacement accommodation.
- 3.3.8 Consultation responses reflected more generally the suggestion that it is the Government's duty to pay for the impact of lost social rented housing. This concept can be applied specifically with regard to the purchase of new property, but could also be felt, some suggested, through the provision of financial compensation.
- 3.3.9 A large number of respondents commented on the need to address further compensation requests, whether in relation to community disturbance, stress, disruption, or other related areas. Some individuals, for instance, explored their thoughts on the 'home loss payment' as laid out under the existing compensation code. The current flat-rate payable is £4,700 however this is reviewed annually and may change by the time tenants are displaced by HS2. At this point it is worth noting that tenants may also qualify for 'disturbance' payments under sections 37 and 38 of the Land Compensation Act 1973. Such payments are entirely separate from 'home loss payments'.

- 3.3.10 Home loss and disturbance payments relate to the existing compensation code and though the proposals on which we consulted were intended to interact with the compensation code, these specific points are beyond the scope of the consultation proposals in question. Our approach to replacement of lost social rented housing should not affect any entitlements which would otherwise arise under the compensation code. We do not, therefore, feel it is necessary to make a commitment regarding further financial compensation.
- 3.3.11 It is important to note that some respondents also raised concerns regarding the effects of HS2 on private tenants and leaseholders. Though the Government understands that the impact of infrastructure projects such as HS2 may be felt by such individuals, our approach to private rented housing will be clarified within our long term property compensation policy document, on which we are currently consulting (ending on 4 December 2013) with a decision expected by the summer of 2014.

4 Next steps

- 4.0.1 The Government will utilise the approach outlined above, working with key stakeholders in order to deliver appropriate solutions for the replacement of social rented housing lost as a result of Phase One of HS2.
- 4.0.2 Individuals living in social rented housing do not need to take any action at this time, and they will be contacted in due course by their housing provider should their home be needed for the project.



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