

Guide to selling your property to HS2

Statutory Blight and Express Purchase





Department for Transport

High Speed Two (HS2) Limited has been tasked by the Department for Transport (DfT) with managing the delivery of a new national high speed rail network. It is a non-departmental public body wholly owned by the DfT.

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Foreword

Selling your property using the Statutory Blight or our Express Purchase scheme can be more complicated than selling it privately. This is because we have to agree a price with you through negotiation, rather than a guide price being set and bids accepted, and because compensation covers more than just the market value of your property. The principles of compensation, made up of Acts of Parliament, previous court cases considered by the courts (case law) and government guidance, are also complicated.

We have produced this guidance to help you sell your property to the Secretary of State for Transport (who we represent) in connection with the HS2 railway. The advisor you appoint will be able to explain in more detail the process we outline in this booklet.

The aim of compulsory purchase compensation is to put you in the same financial position as you were before your property was bought, as far as is reasonable.

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1 Glossary

Acquisition approval: This is the process where we ask for formal approval of your compensation, which our advisors will have agreed in principle or 'subject to approval'. Until acquisition approval, there is no guarantee that we will pay the compensation that has been negotiated. The price remains 'subject to contract' during conveyancing, as the checks made may result in the need to review or reduce the price.

Advisor: This will be a representative appointed to advise and negotiate on your or our behalf. We would usually expect you to use a suitably experienced RICS surveyor, who may also be referred to as 'your agent' or 'your surveyor'.

Agents and principals meeting: A meeting between both sets of advisors and their clients, held to present both sides' view on any disagreement and to try to resolve the matter being disputed. The meeting will be led by a case officer and is a more informal first stage of dispute resolution or mediation.

Alternative dispute resolution (ADR): Various dispute resolution methods and techniques to resolve a matter without going to court or a tribunal.

Betterment: If land you keep increases in value due to HS2 (that is, it has 'betterment'), we may deduct this increase in value from the compensation we pay for the land taken.

Blight claim: A term used to describe the claim form that you submit to us for compensation for selling your property to the SoS. A blight claim can only be served once the SoS has confirmed they have accepted your blight notice.

Blight notice: This is the statutory notice that you can serve on the SoS (through us), if you are eligible, asking the SoS to buy your property.

Case officer: The Acquisition team in Land and Property manage the process to buy your property from the time you make a blight claim. We appoint a dedicated case officer to deal with your case.

Cash offer: You may be able to apply for a cash offer if you don't want to sell your home and if any part of your home or more than 25% of your property is in the Rural Support Zone. We will also reclaim the value of the cash offer, plus statutory interest, if you sell to us under Statutory Blight or the Express Purchase scheme or by compulsory purchase. For more information, please use this link: www.hs2.org.uk/documents/collections/rural-support-zone/

There is a cash offer scheme for owner-occupiers within the safeguarding area on the Shimmer estate in Mexborough, South Yorkshire. For more information, please use this link:

www.hs2.org.uk/documents/shimmer-estate-cash-offer-scheme-guidance-notes-and-application-form/

Certificate of Appropriate Alternative Development: If you or we feel that alternative uses are needed for land that is being compulsorily purchased, perhaps because this may have a higher market value, either of us can apply to the local planning authority for a Certificate of Appropriate Alternative Development (CAAD). The local planning authority must then issue a certificate identifying the classes of development (if any) for which, in their opinion, planning permission would be granted if there were no compulsory purchase. If either of us disagrees with the local planning authority's decision, we can appeal to the Upper Tribunal (Lands Chamber).

Compensation Code: A term used to describe the principles for assessing compensation. It is a mixture of Acts of Parliament, court cases (case law) and Government guidance on compensation for compulsory purchase. It is also referred to as the Compulsory Purchase Code.

Conveyance: The legally binding document that transfers property ownership from the seller of a property to the SoS. It is also known as the 'transfer'.

Crichel Down Rules: The Crichel Down Rules have been developed for over half a century and have been endorsed by previous governments. They cover circumstances when land bought by, or under threat of, compulsory purchase or statutory blight and which is no longer needed for public purposes will be offered back to the former owners, anyone who has taken over from them, or sitting tenants. The rules also apply to land bought under the statutory blight conditions (but not to land bought before the rules applied).

High Speed Two Phase 2a Information Paper C6: Disposal of Surplus Land and over-site development has further guidance on this process. Go to:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/701201/C6_Disposal_of_Surplus_Land_v2.0_.pdf

The rules are set out in Government guidance which is available at:

www.gov.uk/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance

Development value: This is the value of a property for an alternative use with existing full planning permission.

Disturbance compensation: This is usually only available to the occupiers of the properties. It is compensation for reasonable further costs and losses you have as a result of having to move (for example, removal expenses).

Equivalence: Compensation following the compulsory purchase of a property is based on the principle of equivalence. This means that the compensation should not put you in a worse (or better) financial position.

Express Purchase: This is a discretionary scheme introduced by the SoS, which relaxes two conditions that apply to statutory blight – the acceptance of the notice if more than 25% of the property or any part of the property is in the safeguarding area, and the requirement to show you have made reasonable efforts to sell.

Extended Homeowner Protection Zone: The Extended Homeowner Protection Zone (EHPZ) applies to those properties that were fully or partly within the surface-safeguarded area, but aren't any longer, following changes to the route. Owner-occupiers within this zone can serve a blight notice for five years from the time the safeguarding directions are removed. The EHPZ does not apply where the line of the route moves significantly, for example into a deep tunnel or more than 300 metres away from the original route which safeguarding applied to.

Extinguishment: If we buy a business under compulsory purchase you may be able to close permanently and be entitled to the value of the business and other reasonable losses and costs incurred you have as a direct result of the closure. You must also promise not to run the same type of business within a specified geographical area.

Fees: Compensation for reasonable surveyors' or solicitors' fees (or both) that you may have as a result of us buying your property.

Hope value: If land is considered to have a higher value than its market value, based not on fact but on judgement, this additional value may be referred to as hope value.

Injurious affection: This is where the value of the land kept reduces as a result of the proposed construction and use of the railway.

Loss of profits: A business owner whose business suffers a loss of profit as a result of having to relocate may be able to claim for these losses. There can be either a temporary or permanent loss of profits.

Need to Sell scheme: The Need to Sell scheme is a discretionary scheme (that is, we do not have to offer it by law) that we run on behalf of the government. Property owners who cannot claim through statutory blight or apply under the Express Purchase or Voluntary Purchase scheme, may be able to ask the government to buy their property if they have a compelling (convincing) reason to sell their property. You can find more guidance at: www.hs2.org.uk/documents/collections/need-to-sell/

No-scheme world: This is the hypothetical situation that a valuer must consider when valuing a property for compulsory purchase in order to ignore both the positive and negative effects of the scheme (in this case, HS2). It is also referred to as the 'no-scheme' rule.

Notice to treat: This is a notice served on an owner, leaseholder or mortgage lender by an authority with compulsory purchase powers. The notice states that the authority is willing to negotiate to acquire the property.

Red Book: This is issued by the RICS and details mandatory practices for RICS members when carrying out valuation services

RICS: This stands for the Royal Institution of Chartered Surveyors. RICS is a worldwide professional body that promotes and enforces the highest international standards in valuing, managing and developing land, real estate, construction and infrastructure. For RICS advice on compulsory purchase, please go to: www.ricsfirms.com/media/1183/rics-consumer-guide-compulsory-purchase.pdf

Safeguarding: This is a planning tool to help us and the Government protect land that we may need to build and operate the railway from conflicting development. As well as helping to protect land, issuing safeguarding directions also triggers statutory blight. This means that property owners in the safeguarded area may be able to serve a blight notice asking the SoS to buy their property before it is needed for construction of the railway.

Safeguarding directions: These are the directions issued by the SoS that establish the land that is safeguarded.

Statutory blight: The term used to describe a situation where a property is blighted in a legal sense, such as where it is in a development plan or on land safeguarded for a specific purpose, for example HS2, or included in a compulsory purchase order.

Severance: Compensation for the reduction in value of any land you keep, if we only need to buy part of the property.

Track my Property Case: Our online tracking portal that allows you to keep updated on the progress of your application.

Voluntary purchase: If your property is within the Rural Support Zone and you want to sell (rather than take a cash offer), the SoS may buy your property under the Voluntary Purchase scheme. Under this scheme, the Government will buy the property for 100% of its unblighted-market value. For more information, please use this link: www.hs2.org.uk/documents/collections/rural-support-zone/

2 Introduction

This guidance booklet provides information to property owners affected by the HS2 railway on selling their property using the Statutory Blight or Express Purchase scheme. It includes details on what to expect after you have received confirmation from the Secretary of State for Transport (SoS) that your blight notice has been accepted.

The Government has also produced a series of booklets explaining how the compulsory purchase system works: <https://www.gov.uk/government/collections/compulsory-purchase-system-guidance>

We have also published general guidance on safeguarding and serving a blight notice for each phase of HS2: www.hs2.org.uk/documents/collections/express-purchase/

Disclaimer

The information in this booklet is for guidance only and is not a substitute for taking professional advice. Using this information is voluntary and we do not accept any liability arising from any inaccuracy or misstatement, whether because a contract has been broken, tort or misrepresentation, or in any other way.

Our commitment

Our Residents' Charter sets the standards that we aim to meet when communicating with property owners. You can find out more at: www.hs2.org.uk/documents/hs2-residents-charter/

3 Your support

3.1 Introductory meeting

You and your advisor will be offered a virtual meeting, or on site if it is a complex case, after your blight notice has been accepted. This meeting is an opportunity to meet with your case officer and our property advisor to discuss what is set out in this guidance.

Your professional property advisor

We would strongly encourage you to appoint a professional property advisor, such as a Royal Institution of Chartered Surveyors (RICS) surveyor, to act on your behalf. Your advisor should have relevant experience of compulsory purchase and have all appropriate professional indemnity insurance.

Your advisor's professional fees will, in most cases, be fully covered as part of your blight claim, as long as they are reasonable in relation to how complicated your claim might be.

The RICS run a service to help you find a qualified person in your area. By accessing their website at: www.ricsfirms.com/ and by choosing the surveying service 'Compulsory Purchase' you can obtain a list of member firms who you can contact.

In April 2017, the RICS produced a professional statement for their members on professional behaviour and competence when providing advice. When you appoint a RICS surveyor, they will confirm that the professional statement applies and give you a copy of it if you ask for one.

You can also get a copy of the document, which is called 'Surveyors advising in respect of compulsory purchase and statutory compensation', on the RICS website:

www.rics.org/uk/knowledge/professional-guidance/professional-statements/surveyors-advising-in-respect-of-compulsory-purchase-and-statutory-compensation-uk-1st-edition/

The Central Association of Agricultural Valuers (CAAV) may also be able to help if you have agricultural interests. Their contact details are:

Harts Barn Farmhouse
Monmouth Road
Longhope
Gloucestershire
GL17 0QD.

Phone: 01452 831815

Email: enquire@caav.org.uk

You will also need to appoint a legal advisor, such as a solicitor, legal executive or licensed conveyancer, to represent you once your blight claim has been agreed.

We hope that your professional advisor will be able to help and represent you in your dealings with us, but we recognise that you may want to get in touch with us directly. You can do this in various ways, as set out below.

3.2 Land and Property Case Officer

You will also have a specific case officer who works in our Land and Property team. They will oversee your case and have responsibility for contact with the Department for Transport. We will give you details of your case officer at the introductory meeting or following confirmation of receipt of your Claim Form.-.

3.3 Helpdesk

You can contact our Helpdesk on 0808 1 434 434 or email HS2enquiries@hs2.org.uk at any time. Minicom is available by calling 0808 1 456 472. Our Helpdesk will be able to answer any questions you have or put you in touch with a member of staff who can, or a member of our Stakeholder Engagement team if your question is about general HS2 matters.

3.4 The Residents' Commissioner

The Residents' Commissioner is independent and holds us to account for the commitments in our Residents' Charter (see Introduction). They oversee and monitor our commitments to you and produce a regular report, published online at: www.hs2.org.uk/in-your-area/hs2-independent-commissioners/

The Residents' Commissioner also meets regularly with our Chairman about emerging trends and concerns.

The Residents' Commissioner does not investigate individual cases, settle disputes about people's concerns, or deal with complaints. You can contact them by emailing residentscommissioner@hs2.org.uk.

3.5 Track my property case

If you have a blight case for a property you will be invited to be able to log in to a secure website to track the progress of your claim or application in your own time.

4 Timescales and steps

Set out here are the steps involved in selling your property to the SoS once your blight notice has been accepted.

If the SoS accepts your blight notice it means they are authorised to compulsorily purchase your property and it is deemed that a 'notice to treat' has been served on it.

A notice to treat creates a quasi-contract (or provisional agreement) for the sale of your property, which becomes unconditional once compensation is agreed or otherwise decided by the Upper Tribunal (Lands Chamber). The notice to treat commences two months after we receive it.

The notice to treat is valid for three years, which means you have three years and two months from the date we receive your blight notice to agree compensation with us (through professional advisor) or, if there is no agreement, refer the matter to the Upper Tribunal.

If compensation is not agreed or referred to the Upper Tribunal within that time (unless you and we agree to extend this period or the SoS serves a notice of entry and takes possession of your property), the notice to treat would no longer apply and your blight notice would lapse and no longer be valid. You would then need to start the process again, or wait for us to serve a notice on you to buy your property if we need it for the railway. If you reapply, or ask for the time to be extended, you will still need to meet the updated ownership and occupation criteria.

4.1 Step 1: Choosing the normal or streamlined process

You will be able to elect for the streamlined residential blight (SRB) scheme if you are selling your home and it is located on Phase Two of HS2.

The SRB scheme aims to provide a quicker route to sell your home as the process does not require negotiation on the property value and disturbance items.

The SRB scheme provides for the unblighted market value of your home to be established by two independent RICS Red Book valuations (a third valuation will be needed if the two valuations are more than 10% apart). A fixed sum disturbance payment of £7,000, in addition to stamp duty, professional fees, legal fees and a home loss payment is also paid.

It will still be possible for claimants to withdraw from the SRB scheme and revert to the normal process of selling. However, there is a £1,000 fee for doing this.

4.2 Step 2: Submitting your blight claim

Your advisor will be able to help you send in your blight claim. There is a compensation claim form with guidance notes at: www.gov.uk/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance

Send your blight claim to:

The Secretary of State for Transport c/o High Speed Two (HS2) Limited
Land and Property Team
Two Snowhill, Snow Hill Queensway
Birmingham, B4 6GA.

Or, you can email it to: blightnotice@hs2.org.uk.

4.3 Step 3: Instructing professional advisors

Once we have received your valid blight claim, we will instruct our professional property advisor (a firm of chartered surveyors) to act on our behalf when buying your property.

4.4 Step 4: Inspection

Our advisor's will arrange to visit your property, ideally within two weeks, to inspect it for valuation purposes and to carry out a building survey. We must do this to help assess the property's market value, taking into account anything that may impact the value, such as the property's general state of repair. This is the same process which takes place for a normal house sale when a valuer inspects on behalf of the lender.

4.5 Step 5: Negotiation

Following the inspection, we will begin negotiations with your advisor to reach agreement on the unblighted market value of your property and any other disturbance compensation. How long this stage takes depends on how easily we can agree the claim. In straightforward cases, we would expect to agree compensation relatively quickly. However, it can usually take a number of months to reach agreement.

4.6 Step 6: Reaching agreement

Once you and we have agreed the compensation 'in principle', our advisor will provide a final report and recommendation setting out your property's market value and any disturbance compensation we have agreed. This allows our case officer to get formal approval either from an HS2 Panel or Government, depending on the amount, to make a firm offer and move on to the legal conveyancing process (selling your current property and buying a new property).

At this stage the price must remain 'subject to contract', as the checks made during the next stage can sometimes mean the price has to be reviewed or reduced. If there has been a significant time period between the inspection and provision of the final report a re-inspection may be necessary to check nothing has changed.

This stage should take less than a month in straightforward cases, but it could take longer if there are parts of the blight claim that need confirming or making clearer. In some cases, not all the compensation claims for items will be accepted and further negotiations may be necessary.

This is also the time when you may be looking to commission surveys for the property you are looking to move to. You will need to make sure your property advisor is aware of this if you are looking to claim these costs.

4.7 Step 7: Legal conveyancing process

This is the time when your legal advisor (either a solicitor, legal executive or licenced conveyancer) will deal with the sale of your property and possibly the purchase of your new property.

To make sure this stage runs smoothly, your legal advisor should have already checked your property's title to make sure that there are no issues that might cause a delay.

Completing the sale is normally 'in full and final settlement' of your compensation claim, meaning that your claim is settled. You cannot make any further claims for compensation once your case has been completed on a full and final settlement basis.

This final stage in the process usually takes around three months, but may take longer. This is because:

- the property title needs to be investigated (to check what rights, if any, apply to the property);
- property information forms (a set of enquiries or questions about the property) need to be issued;
- property searches need to be done. For example, we do local searches with the local authority where the property is located to tell us about matters involving the local authority such as any planning applications or notices issued against the property, and other searches about flooding, mining and highways (to see the proximity of the property to a highway; and
- agreement needs to be reached on legal documents
- our legal advisor will prepare a report on title, which needs to be considered by us to verify that it has not identified any matters that would alter the price to be paid for the property

Also, funds need to be transferred to the solicitor, we need to agree a suitable completion date, carry out the pre-completion report, exchange contracts and complete the sale. How long this stage takes depends on the complexity of the legal matters and whether you are buying another property.

You can also have some control over the timescales, such as asking for a completion to be delayed until you are able to move into your new property.

4.8 Pre-completion report

A survey or assessment of your property will be done before the legal conveyancing is completed. The survey is needed to ensure we can put necessary measures in place on the day of completion for ongoing management of the property.

4.9 Rent back

You can apply to 'rent back' your property and continue to live in it. You need to agree this with your case officer, ideally at an early stage, so suitable arrangements can be made as the process takes on average a 3 month period.

Whether you can rent back depends on the pre-completion report. You will also have to pay a deposit, provide suitable references, and rent the property for at least six months.

The lease will include standard agreements, such as about who is responsible for internal repairs and decoration.

Some people choose to rent back their property to give them more time to find another property so that they are in a strong negotiating position as a cash buyer with no chain, with their compensation package already agreed.

If you are interested in renting back your property, your case officer can let you know whether you will be able to rent it after you have sold it to the SoS. You can find full terms and conditions of the scheme at: www.hs2.org.uk/documents/hs2-rent-back-scheme/

5 Compensation

The aim of compulsory purchase compensation is to put you in the same financial position as you were before the Government bought your property, as far as is reasonable.

The compensation will be made up of the market value of your property, and may also include the reduction in the value of retained land if we only need part of your property (this is known as severance and injurious affection – see section 4.2). It will also include disturbance compensation for costs and losses you may have as a result of being ‘disturbed’ from your property. There are also certain statutory loss payments.

The following is our view (based on legislation and case law) of what compulsory purchase compensation you may be able to claim.

5.1 Market value

In order for the SoS to buy your property, we must agree the market value or it must be decided by the Upper Tribunal.

Market value is defined as ‘the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’ (RICS Valuation – Global Standards 2020). This means you will receive the property’s unblighted or unaffected value (the price that you would have expected to achieve if your property was sold in its current condition, assuming you didn’t know about plans for compulsory purchase). This situation is known as the ‘no-scheme world’.

You and we negotiate to reach the market value, supported by our property advisors who will use any appropriate evidence that is available to compare your property against, including details of other properties that are broadly similar in terms of appearance, type, accommodation, age, repair and location that have been sold in a normal market transaction.

We do not accept offer prices or the views of local estate agents as suitable evidence as they do not represent evidence of actual sales.

Market value may also reflect development value or other ‘hope value’, if you can show that this would have existed in the no-scheme world. You may have to get a ‘Certificate of Appropriate Alternative Development’ from the local planning authority, which will confirm if a particular use or uses would be possible had it not been for the compulsory purchase. If you claim development value or hope value this may mean you cannot claim disturbance payments and certain loss payments.

5.2 Buying part of your property

If we buy only part of your property, you may be entitled to compensation not only for the land taken but also for any negative effect on the value of the land you have kept. ‘Severance’ is the term used to describe the situation where the land taken contributed to the value of the land kept, so what is left has a value that has reduced. ‘Injurious affection’ refers to the reduction in value of the kept land as a result of constructing and using HS2.

In these circumstances, we usually assess compensation using a 'before and after' valuation, to consider the combined effect on value. This approach will also need to consider any increase in value, or 'betterment', of the land kept.

Please ask your advisor for more details on this if you think it would apply to your property, as this is a complicated area of law and procedure and may or may not apply to your circumstances.

5.3 Disturbance compensation (typical claim items)

When we buy your property through the Statutory Blight or Express Purchase scheme, you are entitled to claim other reasonable costs because of having to move. Your professional advisor (legal advisor or a surveyor) will be able to help with this claim. Below is a list of items you may be able to claim for.

Item	Explanation
Removal expenses	<p>We will pay no more than the removal costs to a similar-sized property, usually up to 50 miles from your current property. You will need to get three quotations, and we will normally pay the lowest quotation. If you are moving to a rented property, we will only pay for this move.</p> <p>If you are moving abroad it is unlikely that we will pay your full removal expenses.</p>
Redirected post	<p>You can claim Royal Mail Redirection costs as well as the cost of redirecting business post (if this applies). This is normally for a period of up to 12 months.</p>
Building or other surveys	<p>We will pay the reasonable costs (including VAT if this applies) of a building survey on your new property. We will also pay for other surveys we consider reasonable, such as electrical or gas surveys.</p>
Stamp Duty Land Tax (SDLT)	<p>We will pay the SDLT on your new property, capped at the unblighted agreed purchase price of your current property (that is, the value of the property as if there were no plans for HS2). If you pay less than this for the property you are moving to, we will pay the SDLT on the lower amount.</p>
Mortgage costs	<p>If you are not able to transfer your current mortgage, we will consider paying reasonable costs associated with a new mortgage, such as early redemption costs, mortgage arrangement fees, brokers' fees, valuation fees and legal fees.</p> <p>If you can transfer your mortgage we will pay the lender's valuation and legal fees involved in doing so.</p>

Special adaptations to your new property	<p>If you need the same adaptations to your new property that you have at your current property, you may be able to claim for these, but we will need quotations.</p> <p>These adaptations may help with safety or independence, for example, stairlifts, ramps, grab rails or adapting your home for wheelchair use.</p>
Carpets and floor coverings	We will not cover the cost of carpets and floor coverings at your new property. The price we are paying for your current property and the price you pay for your new property will reflect any value of the floor coverings.
Curtains and blinds	We will not normally cover the cost of new curtains or blinds. If the property you are buying does not include curtains or blinds and you have fitted curtains or blinds in your current property, as long as their value is not included in the price we pay for your property, we may refund the cost of them. The cost will need to reflect the age and condition of the curtains or blinds being replaced – we will not provide new for old.
Telephone	We will normally cover the cost of a telephone reconnection charge at your new property.
Satellite TV	We will normally cover the cost of reconnecting satellite TV at your new property if it was connected at the property we have bought.
Skip hire	We would not normally cover the cost of skip hire as you should have vacant possession (be able to move straight in), and usually be moving into a similar-sized property.
Solar panels	If we agree that the solar panels on your current property do not increase or reduce its value and can be removed without damaging the roof or the property, we will pay the reasonable costs of removing them and reinstalling them at the new property. If they cannot be removed, the unblighted market value would reflect this.
Greenhouses and sheds	We do not cover the costs of these as they are usually fixed items and included in the sale of a property.
Hot tubs	If these are considered not to be part of the unblighted purchase price (the value of the property as if there were no plans for HS2) and can be moved, we will pay the reasonable costs of taking them to your new property.
Pets	If pets need to be out of the property during a move, we will pay the reasonable costs of this.

Personal/management time	We will consider compensating you for income you have lost because of time you have spent on your case. The time must have been reasonably and properly incurred and evidence of the loss will be required.
Personal mileage	We will pay up to 0.45p per mile (in line with HM Revenue & Customs mileage rates) for you to carry out a reasonable number of local viewings of properties to buy.
Your surveyor's professional fees	We will agree a fee rate and what the work will cover with your surveyor, who will send us filled-in timesheets in line with our Payment of Claimants' Professional Fees Guidance at: www.hs2.org.uk/documents/claimants-professional-fee-policy/ . Further guidance is also provided by the RICS in their professional statement: Surveyors advising in respect of compulsory purchase and statutory compensation, previously mentioned.
Legal fees	You will need a legal advisor to deal with conveyancing (selling your current property and buying a replacement property). We will pay their reasonable fees and expenses in line with how complicated the claim is.
Business losses	<p>If you use your property for business purposes (fully or partly), we may pay compensation for business you have lost if this could reasonably be considered a result of having to relocate. This would be for specific items, for example, new stationery, removals, a loss in value of stock, or the costs of telling customers your new address.</p> <p>In some circumstances it may not be possible to relocate your business and it will need to close. This might be because relocating would not be economically practical or because you are entitled to statutory compensation, for example if you are aged 60 or over.</p> <p>We suggest that you get professional advice on this.</p>
Burial sites (this does not apply to pets)	We will pay the reasonable costs of moving remains and reburial at a site nearby (the new property or a local cemetery). We will consider each case individually. We will not pay the costs of moving remains abroad.

5.4 Loss payments

Statutory loss payments compensate for the inconvenience and disruption of selling your property under statutory blight. There are different loss payments depending on whether the property is residential or non-residential.

Home loss payment

If you are selling your home using the Statutory Blight or Express Purchase scheme, you may be entitled to a home loss payment. This payment is equivalent to 10% of the value of your existing home. The current maximum payment is £81,000 and is set out in The Home Loss Payments (Prescribed Amounts) (England) Regulations 2023. You would need to show that you had been living in the property for at least a year before the Government bought it.

The Ministry of Housing, Communities and Local Government is responsible for setting the maximum level of the home loss payment and this is increased each year in line with inflation.

Other loss payments

We may pay a basic loss payment and occupier's loss payment if your property is not a residential property.

Item	Explanation
Home loss payment	<p>We pay statutory loss payments to compensate for the inconvenience and disruption of having to sell your property.</p> <p>The payment is set at 10% of the unblighted value of your property (its value as if there were no plans for HS2). The minimum we will pay is £7,800 and the maximum is £81,000 (both apply from 1 October 2023).</p> <p>(These figures are reviewed every year by the Ministry of Housing, Communities and Local Government.)</p>
Basic loss payment	<p>We will pay this if you do not qualify for a home loss payment. We will pay 7.5% of the value of your property, up to a maximum of £75,000.</p>
Occupier's loss payment	<p>We will pay this if you do not qualify for a Home loss payment.</p> <p>The amount we will pay is usually 2.5% of the value of the property. The minimum we will pay is £2,500 and the maximum is £25,000 (but the calculation can be more complicated than this).</p>

6 What happens if there is a dispute?

It is very rare that advisors cannot reach agreement and have to consider other ways to complete the negotiations.

If after a reasonable time it becomes clear that negotiations have stalled, our first step will be to offer an 'agents and principals' meeting. This meeting would normally involve you and our team members and agents, and will look at why negotiations have broken down and see if they can be restarted.

If this approach also fails, we may suggest alternative dispute resolution (ADR). ADR is any way of settling a dispute without going to Tribunal. ADR can take many different forms and can be used to:

- help you and us reach a compromise that is acceptable to us both; and
- reach a decision, with the help of an independent expert.

We have produced a booklet, HS2 Guidance on Alternative Dispute Resolution (ADR), which is available at: www.hs2.org.uk/documents/alternative-dispute-resolution-for-compulsory-purchase-claims/

However, if we cannot reach agreement, either of us can refer the case to the Upper Tribunal (Lands Chamber) to make a decision. You have up to three years and two months after we have received your blight notice to submit a blight claim and agree compensation with us (through your advisor) or refer the matter to the Upper Tribunal (Lands Chamber). If you do not refer the matter and we do not agree compensation within this period, you will need to start the process again as the Blight Notice will have expired, or wait for us to serve a notice to buy your property if we need it for the railway.

If you refer the matter to the Upper Tribunal (Lands Chamber) they will make a decision on a compulsory purchase and compensation matter. Often, this is on a point of law that will affect the level of compensation we pay. However, they can decide the level of compensation if we and you have been unable to agree through negotiation.

7 Guide to compensation for mortgage costs

7.1 Introduction

If you are likely to have to sell your home to the SoS and have a mortgage on the property, you will have some costs in transferring your mortgage to your new home. This guide sets out how we will compensate you for those costs so that you have the information you need to make decisions about your move when the time comes.

The guide is limited to mortgage-related costs only.

As well as the mortgage-related costs explained in this guide, you will be entitled to the relevant compensation set out under compulsory purchase law or the terms of one of our discretionary purchase schemes if you are selling under one of those schemes. Separate guidance is available for those types of compensation.

Glossary

Lender: The body (usually a bank or building society) that made the loan to you in return for the mortgage on your property.

Loan to value (LTV): The proportion of the property value that the loan represents. For example, a loan of £180,000 against a property worth £200,000 would be a 90% LTV. The other £20,000 (or 10%) would usually be the deposit paid by the homeowner. The higher the LTV, the higher the risk to the lender.

Who is this guide for?

This guide is for homeowners selling the home they normally live in (their main home) to the SoS under any of the statutory or discretionary schemes listed below.

- Blight notice
- Notice to treat
- General vesting declaration
- Express Purchase

This guide does not apply if you are selling your home to the SoS under the following discretionary schemes.

- Voluntary Purchase
- Need to Sell

The guide also does not apply if the property you are selling is a residential property you have let out to tenants, or if the property is not your home.

What mortgage-related costs might I have when selling my home to the SoS?

The costs you will have when selling your home will depend on the terms and conditions of your existing mortgage and any mortgage you take out or transfer to your new home. The charges listed below are the most common types.

Early repayment charge (ERC)

You may have to pay an early repayment charge if you pay off all or part of your mortgage before the end of a set period. This is usually the period of any fixed interest rate, but can be another period depending on the type of mortgage. If you move all your existing mortgage to your new property (known as porting – see below), you will not usually have to pay an early repayment charge.

The ERC can be between 1% and 5% of the amount you are paying early.

Exit fee (mortgage exit administration fee)

This fee covers the paperwork needed to close the mortgage. You usually have to pay it if you have paid off the mortgage on the home you are selling and you have taken out a new mortgage on the new home. It should not be charged if a mortgage is ported.

Arrangement, booking and product fees

The arrangement fee is charged by the lender for setting up the mortgage. It is likely to be higher for discounted-rate mortgages. Not all mortgages will charge an arrangement fee. The arrangement fee is for new mortgages and should not be charged when an existing mortgage is ported.

Valuation and legal fees

The lender may want their fees for legal and valuation work to be paid by the person taking out the loan. These fees are for the lender's valuation and legal work and not for any survey or legal work you may have had done. The lender may charge valuation and legal fees for a new mortgage or for porting an existing mortgage.

You may be able to get compensation costs relating to surveys or conveyancing carried out for you rather than the lender, but they fall outside of this guide as they are not mortgage-related costs.

What does porting a mortgage mean?

When a mortgage is 'ported' it is moved from one property to another property, staying with the same lender and borrower. This means that the same terms and conditions apply, including any periods of discounted or fixed interest rates, and you can avoid many of the costs of taking out a new mortgage. As long as you take the same amount of borrowing over to the new property, you don't have to pay arrangement fees, early repayment charges and exit fees. You will usually have to pay the lender's valuation and legal fees in moving the mortgages.

Most mortgages can be ported but the lender must agree to it. If your circumstances or the lender's lending conditions have changed since you originally took the mortgage out, the lender might not agree to port the mortgage.

What compensation am I likely to receive for mortgage-related costs?

The SoS must pay the compensation set out in law when buying properties by compulsory purchase. This applies to blight notices you serve and when we or the SoS serves a notice requiring you to sell your property (notice to treat or general vesting declaration). The SoS has also agreed to pay compensation on a similar basis for properties bought under the Express Purchase scheme.

The law can be quite complicated, but the principle behind it is that you should be put in the same financial position as you were before your property was bought, so far as is reasonable.

The best way to achieve this is to port your existing mortgage to your new home. You will be expected to do this if possible and the SoS will pay compensation to cover the reasonable cost of doing so.

If you can find a better mortgage deal than your current one and would rather not port the mortgage, we will not insist that you do so. However, you will have to pay any extra mortgage-related costs you have, such as exit fees, arrangement fees, valuation and legal fees and any early repayment charge, and we will not compensate you for these. We will still contribute the equivalent of the costs that you would have had if you had ported your mortgage, and we will need written confirmation from your lender of what those charges would have been.

What if my new property costs more or less than my existing one?

The aim of compulsory purchase compensation is to put the person whose property we buy in the same financial position as they were before we bought the property, as far as is reasonable. In practice, you may not be able to find a new property at exactly the same price. Or, you may choose to move to a cheaper or much more expensive property. There is no reason why you cannot do this, but we will not compensate you for any further costs you have in doing so.

Your lender should be able to port your mortgage to a differently priced property as long as the loan-to-value (LTV) ratio is within their acceptable range. If the value of your new property is different from that of your existing property, extra measures may be needed to restore the LTV to an acceptable level for the lender or to meet the increased price.

What if my new property costs less than my existing one?

If your new property costs less than the price we paid for your existing property, you may need to pay off some of the mortgage loan to make sure the LTV does not become too high. This would normally be possible, as the compensation you receive for your existing home would be more than the cost of your new home.

In some cases, particularly where the ported mortgage was still in a fixed or discounted interest rate deal, you may have to pay an early repayment charge on the part of the mortgage you repay. The benefit of paying off part of the mortgage would be reduced debt and interest costs. For this reason, we would not pay compensation for any early repayment charge. We would pay the other reasonable costs of porting the mortgage, such as legal and valuation fees.

What if my new property costs more than my existing one?

If your new property is more expensive than the property you have sold to us, you will have to find extra funds to meet the higher price of the property. This can be through either extra cash, such as the home loss payment, or further borrowing. Although you will have paid more for the property, you will have a more valuable property and so still be in a similar position as before we bought your property, as far as can reasonably be achieved.

When porting a mortgage to a more expensive property, the LTV will decrease and this will mean less risk for the lender, as long as you do not borrow any more. For differences in

value which are less than the amount of the home loss payment, you will not need to borrow more if you use the home loss payment to meet the extra cost of the property, so you should be able to port the mortgage. We will compensate you for the reasonable cost of this.

If you decide to move to a much more expensive property, the home loss payment may not meet the difference in price. You should still be able to port the mortgage, but you may need to borrow more. We will not compensate you for the mortgage-related costs of any extra borrowing, such as arrangement fees, valuation or legal fees, but we will pay you the reasonable cost of porting the mortgage to a property of equivalent value. We will need written confirmation from your lender of those charges.

If you are able to find a better mortgage deal than porting your current one and borrowing more from your existing lender, we will not insist that you port the mortgage. However, you will have to pay any extra mortgage-related costs you have, such as exit fees, arrangement fees, valuation and legal fees and any early repayment charge, and we will not compensate you for these. We will still contribute the equivalent of the costs that you would have had if you had ported the mortgage to a property of equivalent value. We will need written confirmation from your lender of those charges.

What if I have a Help to Buy equity loan mortgage that is tied to Help to Buy properties?

When you took out the original Help to Buy mortgage, the choice of properties would have been limited to homes eligible under the Help to Buy scheme. In order to port the mortgage, your choice of new home may be restricted to Help to Buy eligible homes.

If you would rather move to a home that is not part of the Help to Buy scheme and not port the mortgage, we will not insist that you do so. However, you will have to pay any extra mortgage-related costs that you have and we will not compensate you for them. We will still contribute the equivalent of the costs that you would have had if you had ported the mortgage. We will need written confirmation from your lender of what those charges would have been.

If you would like to move to another Help to Buy home and port the mortgage, but cannot find a home within the price we are paying for your existing property plus the home loss payment, we will pay compensation in the same way as if the mortgage could not be ported (see below). However, we may need you to give good reasons why any Help to Buy homes that are available are not suitable. If you cannot do this we will not insist that you move to a home that you do not want to live in, but we may not meet all the mortgage-related costs of moving to a different property.

What if my lender will not port my mortgage?

If you cannot port your existing mortgage because of its terms and conditions or because your lender refuses to, we will ask you to provide written confirmation from your lender of the reasons why.

As long as the reasons do not relate to the new property you have chosen, we will meet the reasonable cost of ending your existing mortgage and taking out a new mortgage on the new property on equivalent terms, such as exit fees, arrangement fees, valuation and legal fees and any early repayment charge. This will include the reasonable cost of any early repayment charge on the existing mortgage.

What are reasonably equivalent terms?

If you cannot port your mortgage and we have agreed to meet the cost of arranging a new mortgage, the new mortgage must be on reasonably equivalent terms. Some mortgage products may offer a discounted or fixed interest rate but need a large arrangement fee upfront. We will expect you to choose a mortgage product which is as similar as reasonably possible to your existing mortgage.

If you would rather take a product with a different upfront fee and interest rate, you can, but we will only compensate you up to the cost of a product equivalent to your existing mortgage.

What will I need to provide?

If you would like to claim for mortgage-related costs you will need to provide at least the following.

- A full terms and conditions statement for your current mortgage
- A full terms and conditions statement for your proposed mortgage
- A letter from your existing lender giving reasons why your current mortgage cannot be ported

We may need more information in some circumstances, but will only ask for information which is necessary to process your claim.

8 Frequently asked questions

Why can't you give me a firmer timeline for how long it will take to sell my home?

It is difficult to predict exactly how long it will take as every purchase is different. While most purchases run fairly smoothly and take around six to eight months, some may take much longer if we cannot agree all the parts of a blight claim, if there is an issue with the title deeds or local searches during the conveyancing, if you decide to delay the process, or if there are any difficulties with your ongoing purchase.

When would be an appropriate time to make an offer on an alternative property?

As negotiations can be uncertain, we would strongly suggest that you delay committing to buying your new property until you have acquisition approval. This will give you a firm budget to work with and make sure that you are in the best possible position when making future offers. The process leading to completion can still take around three months. The price must remain 'subject to contract' as the checks made during conveyancing can occasionally result in the need to review or reduce the price.

Will you rehouse me?

We have no duty to rehouse you, but can offer a 'rent back' arrangement in certain situations.

Will you help me find a new property?

As buying a property is a very personal matter it is better for you use the free services of local estate agents to search for a suitable new property.

What costs might not be covered by disturbance compensation?

Examples of costs not covered would include those you have in buying a second property or costs to improve your new property. We also would not cover the cost of employing another advisor to get a second opinion. We will only cover costs that you have as a direct, natural and reasonable result of having to move out of your property.

Can I claim for the costs if a future house purchase falls through?

We will not cover costs associated with future purchases that you have committed to before getting acquisition approval. Once you have approval and we move onto conveyancing, we will consider costs if they are fair and reasonable in the circumstances.

What do you mean by 'reasonable' moving costs?

There is a general duty for a person claiming compensation to make their costs reasonable. If we think your costs are too high or are unnecessary, we may not pay the full amount claimed.

Can I apply for the costs of moving in advance?

It is normal practice to pay the costs of moving with the agreed property value once conveyancing is complete (that is, when the property transfers to the SoS and you hand over the keys).

Do your property advisors have local knowledge?

Our property advisors have been appointed because they are RICS-registered and can cover valuations over the route of the railway. It is important to recognise that many local estate agents are not RICS-registered valuers and are not qualified to provide a market valuation.

Why is there no independent confirmation of the valuation your agents give for my property?

We need a valuation for internal approval purposes and it must be carried out to RICS valuation standards. It is similar to a bank or building society asking for a valuation before being willing to lend. As with a normal house sale, you will rely on your professional advisor to make sure that the price is correct.

Will you accept a 'Red Book' valuation as the value of my property?

We would not normally rely on a Red Book valuation. Instead, we expect our professional advisors to be able to reach agreement on the market value. While a Red Book valuation provides an opinion of value at a set point in time by a RICS-registered valuer, the valuation is normally personal to the client who commissioned it and so another person cannot rely on it.

What if my advisor agrees to a price that is below your advisor's estimate of market value?

Both our advisors have a duty to make sure that you receive compensation that puts you in no better or worse a situation in financial terms (known as the principle of 'equivalence'). If this were to happen we would ask our agents to tell you that we would be willing to pay our estimate of the market value. If our agents are unable to agree a market value, we may need to use dispute resolution – see paragraph 5 of this booklet.

What if I claim development value on all or part of my property?

If we accept that all or part of your property could be developed, as confirmed by a Certificate for Appropriate Alternative Development for example, we will accept a claim for its market value on this basis, presuming it results in a higher amount being claimed.

We do not generally pay disturbance compensation if you claim development value.

Should I continue to make necessary repairs or improvements to my property, even once you have accepted my blight notice?

You should carry out repairs to your property if it is necessary for it to remain suitable to live in. You are also free to improve your property, but we may not necessarily meet the costs of any improvements as they may not be equal to a similar increase in the market value of the property.

I have a Help to Buy arrangement on my existing home. Do I need a separate Help to Buy valuation?

No, if you are selling your home to the SoS under one of our schemes, you do not need a Help to Buy valuation. Homes England will accept the final agreed valuation given for your property as part of the statutory blight process.

How should I complain if I am unhappy with the service I have received?

The best way to sort out a problem is to discuss it with your agent. If your agent is not able to deal with the problem, you should contact our Helpdesk, who will try to sort out the matter with the Land and Property Case Officer. If the issue cannot be resolved locally you can take matters further by making a formal complaint through our Helpdesk using the following link: www.hs2.org.uk/how-to-complain/

For disputes about the compensation amount, please see section 4, above.

How do I refer a matter to the Upper Tribunal (Lands Chamber)?

Details of how to refer a matter are available at: www.gov.uk/appeal-upper-tribunal-lands
You can call or email the Upper Tribunal if you have any questions about the process. The Upper Tribunal cannot give you legal advice. Their contact details are:

Upper Tribunal (Lands Chamber)

5th floor, Rolls Building

7 Rolls Buildings

Fetter Lane

London, EC4A 1NL.

Phone: 020 7612 9710 (Monday to Friday, 9am to 5pm)

Fax: 020 7612 9723

Email: lands@hmcts.gsi.gov.uk

Is there a time limit for referring a matter to the Upper Tribunal (Lands Chamber)?

You have up to three years and two months after we receive your blight notice to submit a blight claim and agree compensation with us (through your advisor) or, if we cannot reach agreement, to refer the matter to the Upper Tribunal (Lands Chamber). If you do not refer the matter and we do not agree compensation within this period, you will need to start the process again or wait for us to serve a notice to buy your property if we need it for the railway. We will not pay duplicate agent's professional fees for these a second time round.

What is the difference between blight and statutory blight?

The term 'blight' describes something that spoils, harms or damages something. Property close to the route of HS2 may be considered blighted, and that has meant you cannot sell it on the market other than at a greatly reduced price. In a situation like this you may be able to apply for the SoS to buy your property (see Need to Sell or Voluntary Purchase scheme) or receive a cash payment if you want to stay in your home or business (see Cash offer). The term 'statutory blight' means the same in this context but is protected by law. If your property is directly affected, that is, it is in a development plan or is safeguarded for a specific purpose (for example, HS2) or is included in a compulsory purchase, you may be

able to serve a blight notice on the acquiring authority (in the case of HS2 this is the SoS) to buy your property and pay you other costs as a result of being disturbed from your home.

What will happen to my property after you have bought it?

We can buy property that we may or may not need for the railway or which we will not need for some time. To make sure that we manage this property appropriately we will try to rent it out wherever possible.

You can find more information on our disposal policy in Information Paper C6: Disposal of Surplus Land and Over-Site Development, which is available at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/672197/C6_-_Disposal_of_Surplus_Land_and_Over-Site_Development_v1.5.pdf

My business depends on its location – I can't move it elsewhere. I will lose everything as a result of HS2. What will happen to me?

If your business is in the safeguarded area and qualifies for statutory blight, we will need to consider your individual circumstances. We can pay you business compensation if you have to relocate or, in certain circumstances, close your business. However, you have to meet certain criteria to be able to claim. You can find general information on this in Office of the Deputy Prime Minister's compulsory purchase and compensation booklet 2:

www.gov.uk/government/publications/compulsory-purchase-and-compensation-booklet-2-compensation-to-business-owners-and-occupiers

If you have any more questions after reading this booklet, please contact HS2 Enquiries or speak to your advisor.

How do I keep updated on the progress of my application?

The best way to see how your application is progressing is by discussing it with your Case Officer or online using the HS2 Track my Property Case on the HS2 website.

How is the home loss payment calculated?

The home loss payment amount will be calculated at the date of exchange of contracts. This therefore means that you will not receive the increased amount if completion occurs after the exchange. This is because the date of valuation in blight is the date of agreement or date of determination by the Tribunal and not the date of completion.

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