

High Speed Rail (HS2)

# **Property Blight from HS2: Pilot Study**

## Executive Summary

Empirical study conducted by HS2 Action Alliance  
*'Working for fair and just compensation'*

June 2010



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## Executive Summary

This Pilot Study establishes some important conclusions:

- Blight is extensive, with specific evidence of properties affected on routes 3 & 2.5
- The responses of some institutions (Councils, solicitors, surveyors and lenders) involved in the selling process, is re-enforcing and spreading the blight
- Most properties, including those suffering large losses in value (greater than 20%), would not be covered by the Exceptional Hardship Scheme as they are not in the immediate 'vicinity of the line'.
- It is practicable to do a larger-scale study on property blight that can overcome weaknesses (including bias) in the Pilot Study, and we have the support to proceed.

### Extent and degree of blight

Properties in the *immediate* vicinity of route 3 are not selling, there is minimal interest from purchasers, and some sales that were in train on 11 March 2010 have fallen through. We are in the first phase of the typical cycle of property blight.

For properties in the *general* vicinity of routes 3 and 2.5 there is evidence of both reduced market interest and reduced prices for those few sales being achieved (the mode reduction is 15 to 20%). To date we have less evidence for properties on route 4.

Properties up to 1 to 1.5 miles from the various routes may have their values affected. Sales, advertised prices and estate agents professional judgement, suggest discounts of 15 - 30%.

### Institutional response

There is a surprising lack of uniformity in Local Authority responses to search requests. Buckinghamshire councils now inform solicitors about proximity to any of the three routes and provide a link to the DfT web site, while others, for example Warwickshire and Camden do not regard any of the routes as qualifying as a 'proposed railway'. However, solicitors and surveyors are aware of HS2, and can normally be expected to remedy such non-provision.

Crucially mortgage lenders regard HS2 as a risk to property values, and some lenders have guidelines to prevent exposing themselves to the risk of negative equity. This can be in the form of instructing surveyors to take into account the potential adverse effect of HS2 on property prices within a mile of any proposed route. Broadly the distance relates to whether HS2, if built on that route, might be heard or seen. It also affects their own lending behaviour reflecting concern if the mortgage is to represent a high proportion of 'loan-to-value'.

Lenders, surveyors and solicitors typically subscribe to the view that routes commonly change at the margin, so a final route may differ from that initially planned. Consequently they caution purchasers that properties might become nearer a route, as it might move.

The behaviour of lenders and supporting professionals is itself spreading blight over very wide areas, through processes of searches, valuations and mortgage lending.

### Feasibility of full Property Blight study

We have determined the basis of conducting a more comprehensive and statistically robust larger-scale study. This would employ GIS software in use by Councils (and for eg Chiltern Society), combined with post code, internet and land registry data and the assistance of estate agents. This would allow systematic analysis of sales activity, prices and HS2 impacts.

The Pilot demonstrates that if property blight is to be eliminated (and the present injustice corrected, which will worsen with impending delays) then there is a need to guarantee to protect property values on whatever route is finally chosen.