



BAA Edinburgh 

Home Owner Support Scheme

Protecting local property values
beyond the expanded boundary
of a potential two-runway airport

July 2005

Using this booklet

Once you have read this booklet, if you have any questions about your eligibility for this scheme, there are answers to some frequently asked questions at the back. There are also other contact details (email: edinburghhoss@baa.com and telephone: 0131 344 3343) for you to use, in case you can't find the answer you need.

If you would like this document in an alternative format, please call us on 0800 731 4247. Alternatively, a fully accessible version of this document can be found on our website www.edinburghairport.com/hoss.

Introduction – Richard Jeffrey



Richard Jeffrey, Managing Director, BAA Edinburgh

If Edinburgh Airport builds a second parallel runway in the future, in line with the Government's *The Future of Air Transport* White Paper proposals, then some local properties that are currently some distance from the existing airport would become close to the expanded airport boundary, and be newly-exposed to medium-to-high levels of aircraft noise. This booklet contains the final detail of BAA Edinburgh's voluntary blight scheme to protect the value of eligible properties, now and in coming years, as well as the details of the financial assistance which we would offer if we decided to take a second parallel runway project forward.

We have developed this voluntary scheme following consultation with our neighbours – residents, community councils, campaign groups, businesses MPs, MSPs and professional bodies. Along with our colleagues at the other BAA airports who are also introducing schemes – Heathrow, Stansted, Gatwick and Glasgow – we have looked at the suggestions, questions and concerns raised by our local communities and developed a scheme that we think is both fair and responsible.

This booklet is in two parts. The first part explains how we have done this – because we believe that it is important to be transparent. The second part sets out the details of the support we are offering; how the scheme will work; and what steps eligible applicants should take, to take advantage of it.

At this stage, we still do not know if a new runway at Edinburgh will be needed. Much will depend on the future growth of air traffic and it could be many years before any decision is taken and planning permission sought. But we appreciate that this uncertainty causes a problem for property owners who may be affected by the potential development.

What we can do at this stage is to provide certainty that in case the development of a second parallel runway **does** happen, the value of properties will be protected in the meantime, and that property owners will be guaranteed assistance if the project goes forward. Our scheme aims to provide voluntary support to affected property owners years earlier than the law requires, by:

- protecting the market value of affected properties, so that people can buy in the area, safe in the knowledge that when it's time to sell, the property value should not be affected by blight
- helping people to move early, if they want to, if BAA Edinburgh announces its intention to apply for planning permission for a runway, either through **Early Movers' Home Purchase** or through an **Early Movers' Contribution to Sale Costs**
- enabling people to sell their property to BAA Edinburgh at an unblighted market rate if we decide to go ahead with construction.

The suggestions we made in the consultation paper were generally well received.

Though responses to the Edinburgh consultation were few in number, we are grateful to those who gave time to respond. We take our responsibilities towards our neighbours very seriously and we have taken note of your comments. We have therefore tried to incorporate some new elements to the scheme which take account of your views and which will make the scheme even better. The responses were analysed by an external consultancy, Avia Solutions. We have published their report in full on the BAA website for you to read. It is at www.edinburghairport.com/aviareport.

We made three very significant changes to the scheme, because of your suggestions. We explain these decisions in more detail inside the booklet, but in brief, they are:

1. We removed the requirement that to be eligible for the scheme you would have had to own the property on the day that the Government's White Paper was published (16 December 2003)
2. We have included some landlords in the scheme, if they are working away from the area and are renting out their family home
3. With this document we are sending letters of undertaking to all properties in the defined area. These are to give immediate reassurance to property owners that if we secure planning permission and decide to build a new runway, we will offer to buy the properties in the defined area from eligible home owners.

If and when we decide to apply for planning permission, we will issue documents to property owners in the defined zone setting out the precise details of our commitment. These documents will confirm that if we announce an intention to proceed with construction, property owners will have the option of asking us to buy their home, at an agreed, index-linked price. We are therefore calling these documents **Option Agreements**.

I hope very much that you will feel that the scheme has been improved by the consultation and review process, and that you will find it goes some way towards mitigating the impacts of living next to Scotland's capital airport.

Richard Jeffrey

Managing Director, Edinburgh Airport

Our consultation

The Future of Air Transport White Paper

In its White Paper, *The Future of Air Transport* (December 2003), the Government asked airport operators to consult on details of voluntary schemes to address “generalised blight” resulting from its policy conclusions for airport development, and to put them in place quickly.

The White Paper says that generalised blight is the wider impact on property prices arising from the prospect of airport development before statutory protection is available.

What we consulted on

In September 2004, in the booklet *Protecting Against Blight*, we consulted with local people – residents, community councils, businesses, campaign groups, local council MPs, MSPs and professional bodies – on the best way to protect the value of properties in the area which would be affected by new runway development. The consultation was initially open for 12 weeks, and at the request of local people was later extended by a further three weeks.

We proposed a voluntary scheme (the Home Owner Support Scheme) to cover the area that is currently some distance from the airport, but which, under the Government’s proposals for a new runway, would be close to an expanded airport boundary and newly exposed to medium-to-high levels of noise (66 decibels, averaged over a 16-hour day).

The Home Owner Support Scheme proposed to provide eligible property owners, in a defined area, with a “Guarantee”¹ which stated that if BAA Edinburgh secured planning permission and announced its intention to begin constructing a new runway, we would agree to buy affected properties at an unblighted market price (ie as if no runway had been proposed and no blight had taken place). The guarantee would be fully transferable to subsequent buyers.

We intended that the existence of this guarantee would ensure that local properties could, in the years before development, continue to be bought and sold at market rates, since there would be confidence in the property market that if development went ahead, an unblighted market price for properties would be offered by BAA Edinburgh.

We also proposed to provide early movers’ assistance for property owners who wanted to move before we announced our intention to construct a new runway and the guarantee came into effect.

We proposed that owner-occupiers of homes or agricultural properties, and owners of businesses with a rateable value of up to £24,725 (2000 Valuation Roll), would be able to apply for the Home Owner Support Scheme if they owned their property at the time the Government’s White Paper was published (16 December 2003).

¹Since the consultation, we have been advised that for legal clarity we should call this an “Option Agreement”, and not a “Guarantee”, as what we are offering property-owners is the **option** to sell their property to BAA Edinburgh if they want to, at an **agreed** price.

Questions we asked you

We asked for general comments. We also asked for your views on some particular issues that we knew were a concern, because we did not want to assume that we already knew the answer.

The questions

1. Do you support the proposal that the BAA Edinburgh Home Owner Support Scheme should provide a legally-binding, fully-transferable guarantee to enable eligible home owners to require BAA Edinburgh to buy their property for its market value, if BAA Edinburgh confirms its intention to proceed with the construction of the new runway?
2. Do you agree that the voluntary Home Owner Support Scheme should cover properties that fall within the 66-decibel area as a direct result of airport development?
3. Do you agree that BAA Edinburgh should use the June 2002 Register of Scotland’s Executive Agency values as the starting point for index linking property values?
4. Do you support the qualifying criteria designed to prevent unfair speculation in the local market?
5. Do you support BAA Edinburgh’s proposals for providing additional assistance for property owners who wish to move early?

How we consulted

The aim of the consultation was to gauge the opinions of local stakeholders so that we could improve on our proposed scheme, engage with specific groups with particular concerns, and have an open line of communication with people directly affected by the Government’s proposals.

We have not made any assumptions about the views of those who did not respond to the consultation. As expected, some views were expressed by small numbers of people.

There are Government guidelines on the best way to conduct a consultation, which we have followed, and continue to do so:

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
- Ensure that your consultation is clear, concise and widely accessible.
- Give feedback regarding the responses received and how the consultation process influenced the policy.
- Monitor your department’s effectiveness at consultation, including through the use of a designated consultation co-ordinator.

We consulted on two schemes to prevent property blight: the Home Owner Support Scheme, for people living outside the potential expanded airport boundary, but who would be newly-exposed to medium-to-high levels of noise; and the Property Market Support Bond, for people with property on the land that would be safeguarded for any new runway. This booklet is only about the **Home Owner Support Scheme**.

The consultation paper was sent directly to 31 potentially-affected people and organisations around Edinburgh: residents, community councils, businesses, campaign groups, local authorities, MPs, MSPs and professional bodies. Additional copies were also sent, for example, to local councils for general distribution. There were 14 submissions representing a response rate of 16.1%.

To help people to respond, so that we could hear the views of as many people as possible, as well as sending the consultation document direct to homes and businesses and posting it on our website, we also publicised the consultation in the following ways:

- We generated news coverage in the local print and broadcast media
- We briefed the Edinburgh Airport Consultative Committee, whose members include representatives from local councils including the City of Edinburgh Council, West Lothian Council, Fife Council, Borders Council, Midlothian Council and Falkirk Council
- We also responded to individual requests for information, often involving detailed conversations and encouraging callers to send in their views
- We met with local residents from the Lennymuir area at a public meeting.

How we analysed the responses

At the beginning of this booklet, our Managing Director, Richard Jeffrey, emphasised the importance we place on transparency. It is important that you are able to see how we have come to the decisions that we made.

For that reason, this section sets out BAA's decision-making process. We know that this is interesting to some people, although not to everyone. It is not necessary to read this to understand how the scheme will work.

The diagram below simply sets out our process for making these decisions.



The diagram shows several groups. We need to explain who they are:

Avia Solutions

Avia Solutions is a consultancy, and was appointed by BAA to analyse the consultation responses for all the BAA airports involved. We believed it would be better for an external company to do this work, so that it could be externally verified.

BAA Policy Review Working Group

This is a group of managers from BAA's affected airports who work in the community liaison, property, legal and planning departments. They analysed Avia Solutions' findings, tested a range of variations to the scheme and carried out supporting research on the various options. They then made a series of policy recommendations to the BAA Protection Policies Group.

BAA Protection Policies Group

This is the more senior decision-making body. It is chaired by BAA's Chief Executive and comprises group-wide directors responsible for planning, finance, regulation and public affairs. It examined the policy recommendations and made the final decisions about the shape of the scheme.

How we responded

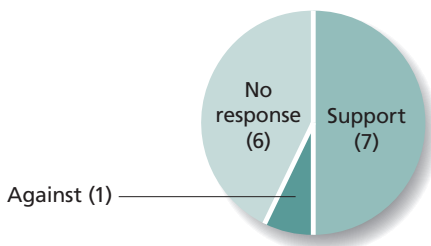
This section is about the issues you raised during the consultation process and how they influenced our thinking, and ultimately, the final shape of the scheme. We briefly indicate in the boxes how we responded to the consultation responses, but the full detail is in the next section, on pages 7-14.

We have not identified the comments made by any single person or organisations here, for reasons of confidentiality and data protection.

Question 1

General support for the Home Owner Support Scheme

Seven of the fourteen respondents agreed in principle to the Home Owner Support Scheme; one disagreed and six did not respond. The one respondent who did not support the scheme stated that BAA should be required to financially support homeowners affected and that the support should go much further than that proposed. One respondent called for specific costs of moving to be covered. Another replied that the assistance was not enough and needed to be available earlier.



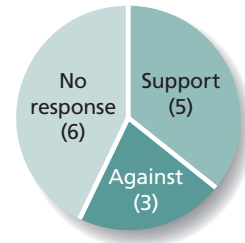
Our response to issues raised at Edinburgh and elsewhere

- **Boundaries** We can now publish the boundary for the scheme, and a map is enclosed inside this booklet.
- **Paying a premium** We are not able to pay a premium for properties we purchase under the scheme. However, we will be offering early movers' assistance to eligible property-owners who want to move once we have announced that we are applying for planning permission. There is more information on this later in this booklet, under the section on how the scheme will work.

Question 2

Using the new runway's 66 decibel Leq noise contour as a boundary for the scheme

At Edinburgh, five respondents agreed that the scheme should cover properties within the 66 decibel area while three respondents disagreed and six did not respond. One person suggested that the 66 decibel area should be reviewed periodically while another suggested a boundary of 63 decibels.



Our response to issues raised at Edinburgh and elsewhere

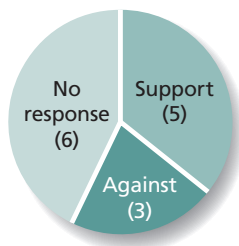
- **What is a 66 decibel Leq noise contour?** The Leq contour is an international noise measurement. A 66 decibel Leq means that the average level of noise during a 16-hour day is 66 decibels. 66 decibels is quieter than the noise of a car travelling at 38mph, heard from about 21 feet away, or from a washing machine, and slightly noisier than a busy general office.
- **Using a lower noise contour as the scheme boundary** 66 decibels is the threshold which other developers have used in recent years for their voluntary blight schemes (such as for the Channel Tunnel Rail Link). We believe that this is a reasonable threshold and we do not therefore intend to lower it.
- **The assumptions behind the noise contour** The contour is calculated by the Civil Aviation Authority's Environmental Research and Consultancy Department. The assumed levels of aircraft traffic that give rise to this forecast are the Government's, not BAA Edinburgh's.

Question 3

Using the 2002 Register of Scotland's Executive Agency index as a starting point for index-linking property values

Five respondents agreed in using June 2002 Register of Scotland's Executive Agency values as the starting point for indexing property values; three respondents disagreed while six did not respond. One respondent suggested using a date one year prior to any airport expansion talks and another suggested using current market values of unblighted properties.

One resident stated that Government Registers were always understated and account needed to be taken of local values and comparable unblighted areas. Another said current market prices for comparable and unaffected properties should be used.



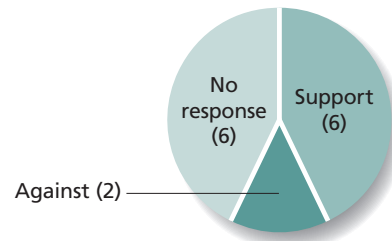
Our response to issues raised at Edinburgh and elsewhere

- Using June 2002 Register of Scotland's Executive Agency index as a benchmark** We will keep the June 2002 benchmark, taking the value of the property at 1 June 2002 and index-linking it to the changes in the Register of Scotland's Executive Agency index for the area since then. June 2002 is when the Government announced that it was consulting on runway development, and so could be said to be the last point at which the local property market was unaffected. We understand that there is a range of views about when airport development-related blight may have begun in the area, but having considered the matter, we feel that June 2002 remains a good benchmark.
- Property valuations** Valuations will be carried out on each property individually by a RICS-qualified (Royal Institute of Chartered Surveyors) surveyor. See the section about how the scheme will work.
- Local and non-local property prices** The purpose of the scheme is to make sure that local property prices stay aligned with the rest of the property market. Location, surroundings and the property itself all play a part in the valuation.

Question 4

Supporting the qualifying criteria designed to prevent unfair speculation in the local market

Six respondents supported the criteria to prevent unfair speculation in the local market, two did not support the criteria and six did not respond. One of those who disagreed did so because it would put potential buyers off. One felt the qualification period should be extended to one year.



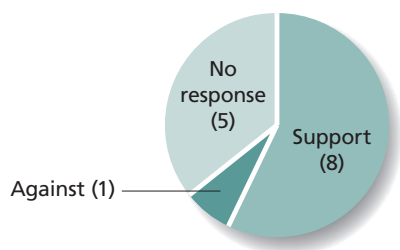
Our response to issues raised at Edinburgh and elsewhere

- Qualifying occupancy cut-off date** We have removed the need to have owned your property on the date of the White Paper's publication (16 December 2003). This was a great concern for several people who have moved into the area, or who wanted to sell, since that date. Importantly, the Option Agreement will apply to the property – not to the person who lives there.

Question 5

Providing additional assistance for property owners who wish to move early

Eight respondents supported BAA's proposal to provide additional assistance for property owners wishing to move early. One respondent did not support the scheme, and five respondents did not respond. One respondent commented that it should cover agents' fees and legal costs. Another said that it should be the same 'minimum period property marketed' for all properties.



Our response to issues raised at Edinburgh and elsewhere

• Starting the scheme as soon as possible

We want to provide reassurance immediately. While the Option Agreement to be provided under the Home Owner Support Scheme will not be issued until BAA Edinburgh announces its intention to apply for planning permission, we are sending a **letter of undertaking** with this booklet to all properties in the affected area, which states our commitment to implementing the scheme. We will also discuss with the Registers of Scotland Executive Agency whether they will put a notice on the Land Register, to the effect that the affected area falls under the BAA Edinburgh Home Owner Support Scheme, so that BAA's commitment to implementing the Home Owner Support Scheme will be included in the results of any search undertaken on behalf of a potential purchaser.

• Covering estate agents' costs and legal fees

We will not make a specific payment to cover estate agents' or legal fees, but the package for eligible early movers who are able to sell their properties for a price within 15% of the index-linked option price will include a 1% contribution to sale costs.

• Linking the value of the offer to the drop in property value

The Home Owner Support Scheme will guarantee the purchase of the eligible property at a price that is index-linked from June 2002. The owner will therefore receive an unblighted price for the property. For eligible early movers who are able to sell their properties for a price within 15% of the index-linked option price, BAA Edinburgh will pay a contribution to sale costs of 1% of the selling price, plus the equivalent of Stamp Duty payable on the property being sold, up to a maximum of 5% of the sale price.

• Excluding those who move within the area of medium-high noise levels

The scheme is designed to assist people who want to move away from the medium-high noise levels. Therefore, the scheme does not support people who want to move but stay within an equivalently noisy area.

Question 6

Other comments

One local authority commented that it is BAA's responsibility to adequately compensate homeowners and small businesses affected by noise and planning blight.

Our response to issues raised at Edinburgh and elsewhere

• Compensation for home improvements

We decided that where substantial improvements have been made (for example, an extension or a refitted kitchen, but not redecoration) between the initial valuation of the property and the exercising of the Option (under the Option Agreement), the property owner can ask for these to be taken into account. However, we would also reserve the right to obtain a revaluation if, for instance, we consider that any substantial deterioration has occurred.

• Threshold of 15% for the early movers' scheme

We chose 15% because valuations can vary by more than 10%. We see 15% as the level at which a difference in valuation is actual, and not just a difference of professional opinion.

• BAA Edinburgh supporting local people

The company is acutely aware of the impact that the Government's proposals are having on the local community, as our Managing Director, Richard Jeffrey, stated in the Introduction. We will use local press, our website and meetings to make sure that the community is kept up to date.

• Addressing blight issues immediately

We hope that the scheme we are introducing will provide confidence in the local property market and keep property prices buoyant.

Additional changes

We recognised some circumstances in which some landlords could be eligible for the scheme. For instance, someone may own a property in the area but is working away and renting out the family home. We therefore decided to open the scheme up to such landlords, providing that this is their only UK property. Our principle will be one person, one property, one bond.

Details of the BAA Edinburgh Home Owner Support Scheme

This section contains the detail of the Home Owner Support Scheme (HOSS), which includes information on:

- Legal support and compensation
- What the scheme is designed to do
- The area where the scheme applies
- Who is eligible for the scheme
- What you will get from the scheme, and when
- How the scheme works
- What you need to do next.

1. Legal support and compensation

Where land and property values are affected by new infrastructure, such as an airport development, **property owners are not usually able to apply for compensation until a year after the new runway comes into use**, when owners can seek compensation for the loss in the value of their property under the Land Compensation (Scotland) Act 1973.

In the event that a new Edinburgh runway goes ahead, it is likely to be many years before any runway would be open. In the meantime, there is no legal obligation to provide any support, although property values could be affected in the years before the development opens.

In these intervening years, it is recognised that an assurance of this later statutory compensation is not always enough to keep a property marketable. To allow for this, certain owner-occupiers have an entitlement in law to serve a **Blight Notice**, allowing them to require the promoter to purchase their property. These provisions only apply in tightly-defined circumstances, and are set out in sections 100-122 in the Town and Country Planning (Scotland) Act 1997.

2. Aims of the Home Owner Support Scheme

In order to support the local property market in the years before eligible property owners can receive any statutory support, we have developed a voluntary scheme. At the heart of the scheme is a fully-transferable Home Owner Support Scheme (HOSS) Option Agreement. This will allow eligible property owners to require BAA Edinburgh to purchase their property for its unblighted market value (as if no runway development had been proposed) if and when BAA Edinburgh announces the intention to proceed with construction (having received planning permission).

The Home Owner Support Scheme aims to do four things to support the owners of properties which, if the development went ahead, would be newly-exposed to medium-to-high levels of noise (66 decibels Leq):

- First, to make sure that affected properties can be bought and sold at normal market rates in the years before any development takes place. This is to counter any negative impact on property prices caused by the Government's proposals for possible runway development.

There are then two schemes for those people who want to move before they can require BAA Edinburgh to buy their property:

- Once BAA Edinburgh announces our intention to apply for planning permission for a new runway, the scheme will allow property owners who wish to move, and have been unable to sell the property for a price within 15% of the prevailing market value, to sell their property to BAA Edinburgh at an unblighted price. We are calling this **Early Movers' Home Purchase**.
- Once BAA Edinburgh announces our intention to apply for planning permission for a new runway, the scheme will provide property owners who wish to move and who are able to sell their properties for a price within 15% of the index-linked option price, with a contribution to sale costs of up to 5% of their property's sale price to property owners. We are calling this **Early Movers' Contribution to Sale Costs**.
- Finally, if we receive planning permission for a new runway and once we announce our intention to begin construction, the scheme will enable property owners to sell their property to BAA Edinburgh at an unblighted price, without any loss of value threshold.

Our voluntary scheme means that people **will not have to wait until any new runway development has opened for any support or assistance** against blight, as they would usually have to if BAA Edinburgh only fulfilled its legal obligations.

3. The area where the scheme applies

The scheme applies to the area where properties will be newly-exposed to medium-to-high levels of noise, resulting from a new runway at Edinburgh. The area covered by the 66 decibel Leq noise contour for a second parallel runway has been forecast by the Civil Aviation Authority's Environmental Research and Consultancy Department. The scheme will only apply to properties which would fall within a 66 decibel Leq noise contour for a new runway and are not currently within a 66 decibel Leq noise contour for the existing airport.

A map of the area is enclosed in this booklet.

The area is defined by where a new runway would be sited. The Government asked us to develop the map of this area as part of our Outline Airport Master Plan, which was published in May 2005. It is not necessary to read it to understand this scheme. **Everything you need is in this booklet.**

We recognise that when we finalise the details of the new runway, the 66 decibel Leq contour could change. If this happens we will extend the scheme to include any properties which fall inside the revised contour. We will also honour inclusion in the scheme for any properties that were inside but then fall outside the boundary.

Non-BAA schemes

It is possible that at a later date development would be proposed by other developers, such as by the Scottish Executive for new transport infrastructure. Any scheme to address the impact on properties by such additional development would be the responsibility of the appropriate developer, and would not be covered by BAA Edinburgh's voluntary scheme. However, BAA Edinburgh will make sure that the local community is kept fully up to date with any such proposals.

4. Who is eligible for the scheme?

You will need to meet some qualifying criteria in order to be eligible for the scheme. The list of criteria below helps to explain who is eligible. The overarching principle is that the scheme is only open to **one property per eligible applicant.**

The criteria are designed to ensure that there is no manipulation of the property market, and to ensure that the scheme works fairly for everybody.

Your eligibility only applies at the point when you ask BAA Edinburgh for assistance to move early, or when you ask us to buy your property, not when you apply for a HOSS Option Agreement.

There are two main criteria: the type of property and your "interest" in it (whether you own it, rent it out or are a tenant); and how long you have lived there.

i. Type of property and your "interest" in it

You are eligible for the scheme if, on the date when the HOSS Option is exercised:

- you are the owner-occupier of a residential home or an agricultural property
- or**
- you are the owner of a house and renting out your property, and this is the **only** property that you own in the UK. (Note that we will require a statutory declaration, witnessed by a solicitor, that this is your sole UK property. We may also wish to see some evidence of tax status for those working abroad.)
- or**
- you are a long-term rental leaseholder with at least three years left on your lease
- or**
- you are the owner of a commercial property with a non-domestic rateable value of not more than £24,725 in the 2000 Valuation Roll.

and

ii. Length of time you have owned or lived in the property

You are eligible for the scheme if, on the date when the HOSS Option is exercised:

- you have lived in the property for at least six consecutive months
- or**
- you have rented out the property as a landlord for at least six consecutive months
- or**
- the property has not been empty for more than 12 months and was lived in for at least six consecutive months before it became empty.

If you have bought your property after the launch of this scheme, you will not be eligible for the early movers' schemes.

iii. Additional criteria for the Early Movers' Home Purchase scheme

For those HOSS Option Agreement holders who wish to take advantage of the Early Movers' Home Purchase scheme, some additional criteria will apply.

- The vendor must have been unable to sell the property for a price within 15% of the prevailing market value, (ie the index-linked valuation price shown in the HOSS Option Agreement). We have selected a reduction in value threshold of 15%, since property valuations can vary by more than 10%. We see 15% as the level at which a difference in valuation is actual, and not just a difference of professional opinion.
and
- The property must also have been actively marketed through a recognised local estate agent who is a member of the Ombudsman for Estate Agents at the indexed-linked valuation price shown in the HOSS Option Agreement for a specified period of time, with no offers having been received within 15% of this price.
and
- The period of time during which the property must have been actively marketed depends on its price, as stated on the Option Agreement. This is because properties at higher prices generally take longer to sell than properties at lower prices. We have therefore set the following minimum periods of marketing for the various price bands:

Property value	Minimum period of marketing
Less than £250,000	6 consecutive calendar months
£250,000-£750,000	9 consecutive calendar months
Over £750,000	12 consecutive calendar months

Owners will be asked to produce documentary evidence to confirm that their property has been on the market for the requisite period.

Properties built after the White Paper was published

If your property was built after the Government's White Paper was published (16 December 2003), the initial valuation of your property will be its initial price. These properties are not eligible for the early movers' schemes.

5. What you will get from the Home Owner Support Scheme, and when

The Home Owner Support Scheme comes into effect if and when BAA Edinburgh announces its intention to apply for planning permission for a new runway, and runs until 15 years from the start of scheme or when statutory provisions come into play, whichever is the earlier.

i. Letter of undertaking

The Home Owner Support Scheme will go live when BAA Edinburgh announces that it is applying for planning permission.

In the meantime, however, to provide assurance that local property prices will be protected, we are sending a **letter of undertaking** with this booklet to all properties in the affected area.

We will also discuss with the Registers of Scotland Executive Agency whether they will put a notice on the Land Register, to the effect that the affected area falls under the BAA Edinburgh Home Owner Support Scheme, so that BAA's commitment to implementing the Home Owner Support Scheme will be included in the results of any search undertaken on behalf of a potential purchaser.

ii. Home Owner Support Scheme Option Agreement

If and when BAA Edinburgh announces that we intend to apply for planning permission for a new runway development, you can then apply for a Home Owner Support Scheme (HOSS) Option Agreement.

The HOSS Option Agreement is a fully-transferable Option that will allow eligible property owners to require BAA Edinburgh to purchase their property for its agreed unblighted market value (as if no runway development had been proposed and no blight had occurred) if and when BAA Edinburgh (having received planning permission) announces the intention to proceed with construction.

Property values will be calculated using a starting benchmark of June 2002 prices (before the proposals for a new runway were first suggested by the Government) and index-linked to the movement of property prices for similar properties in a comparable local property market (i.e. Lothian area) unaffected by the new runway proposal, to make sure that your property keeps up with changes in property prices since June 2002.

The aim of the HOSS Option Agreement in the years before any development takes place is to provide confidence in the local property market, so that properties can be bought and sold at market rates.

The HOSS Option can only be exercised once BAA Edinburgh receives planning permission and if and when we announce our intention to build a new runway. This will still be many years away. Sections iii and iv below explain how the HOSS Option Agreement works.

iii. Assistance for people who want to move early

We have introduced two additional elements to the scheme to provide assistance for eligible property owners with HOSS Option Agreements who want to move before the HOSS Option can be exercised. These schemes are:

- **Early Movers' Home Purchase** scheme
- **Early Movers' Contribution to Sales Costs** scheme

a) Early Movers' Home Purchase

This allows property owners who hold HOSS Option Agreements and who have tried and have been unable to sell their property on the market to sell their property to BAA Edinburgh. This only applies once BAA Edinburgh announces its intention to apply for planning permission. As explained in the section on eligibility above, this is available to property owners who wish to move, but have been unable to sell the property for a price within 15% of the prevailing market value (the index-linked price shown in the HOSS Option Agreement).

The threshold has been set at 15% of the market value of the property. We see 15% as the level at which a difference in valuation is actual, and not just a difference of professional opinion.

If you meet the eligibility criteria, BAA Edinburgh will offer to buy your property for the price stated in the HOSS Option Agreement, index-linked to the Register of Scotland's Executive Agency published index of house prices for similar properties in a comparable local property market unaffected by the new runway proposal.

Offers would be subject to contract and to surveys and searches being satisfactory. BAA Edinburgh will also expect any property bought under this scheme to be in at least as good condition at the time of sale as at the time of initial valuation. We would reserve the right to obtain a revaluation if we consider that any substantial deterioration has occurred. However, where substantial improvements have been made (for example, an extension or a refitted kitchen, but not redecoration) between the initial valuation of the property and the exercising of the HOSS Option, you will be able to ask for these to be taken into account.

This scheme will close once BAA Edinburgh announces that it will proceed with construction.

b) Early Movers' Contribution to Sale Costs

This allows property owners who hold HOSS Option Agreements and who have tried and have been unable to sell their property on the market to receive financial assistance with moving. This only applies once BAA Edinburgh announces its intention to apply for planning permission. This is available to eligible property owners who can sell their properties for a price within 15% of the index-linked price shown in the HOSS Option Agreement.

The threshold has been set at 15% of the index-linked Option Agreement price. We see 15% as the level at which a difference in valuation is actual, and not just a difference of professional opinion.

If you can sell your property for a price within 15% of the index-linked option price, we will **not** offer to buy it, but instead will offer you a contribution to your moving costs. Our offer will be:

- a contribution towards selling costs of 1% of the sale price

plus the equivalent of Stamp Duty payable on the house being sold

up to a maximum total of 5% of the sale price of the property.

This will be paid within 28 days of receipt by BAA Edinburgh of a certified copy of the Transfer Document drawn up on the sale of the property.

iv. Selling your property once BAA Edinburgh announces that it will proceed with construction

If and when BAA Edinburgh receives planning permission, and if we announce that we intend to construct a new runway, you will be able to exercise your HOSS Option and ask BAA Edinburgh to buy your property. See the following section for the steps you will need to take.

Once you sell your property to BAA Edinburgh and vacate it, BAA Edinburgh will pay you:

- an unblighted price for the property (which includes curtains, carpets, fixtures and fittings)
- calculated by index-linking the value since June 2002
- including any allowance for substantial home improvements you have made since June 2002 (not including decorating).

6. How the scheme works

There are five main stages to the process:

- Stage 1** Receiving a letter of undertaking with this booklet that your property is in the area covered by the Home Owner Support Scheme
- Stage 2** Applying for a HOSS Option Agreement and valuing your property
- Stage 3** Applying for a contribution to sale costs
- Stage 4** Asking BAA Edinburgh to buy your property early
- Stage 5** Requiring BAA Edinburgh to buy your property if we announce our intention to build a new runway.

The diagram on page 13 will help you to understand this process.

Stage 1

Letter of undertaking

BAA Edinburgh is issuing all properties in the affected area with a **letter of undertaking** with this booklet, which you should keep with your Deeds, which states our commitment to implementing the scheme.

We will also discuss with the Registers of Scotland Executive Agency whether they will put a notice on the Land Register, to the effect that the affected area falls under the BAA Edinburgh Home Owner Support Scheme, so that BAA's commitment to implementing the Home Owner Support Scheme will be included in the results of any search undertaken on behalf of a potential purchaser.

Stage 2

Applying for a HOSS Option Agreement and valuing your property

The following steps explain the process for applying for a HOSS Option Agreement and for valuing your property. The diagram on page 13 will help you to understand this process.

- Step 1** Once BAA Edinburgh announces its intention to apply for planning permission for a new runway, you can apply for a HOSS Option Agreement. We will **not** check your eligibility at this stage. Eligibility will **only** be verified when you exercise the HOSS Option, or when you ask for assistance to move early.
- Step 2** BAA Edinburgh's RICS-qualified (Royal Institute of Chartered Surveyors, the chartered surveyors' professional body) valuer will visit your property in order to assess what its value was in June 2002, before the Government made any proposals for development in the area. The valuer will be an expert and very experienced in property valuation.

- Step 3** If our valuer thinks that a structural or other type of survey is needed before an accurate valuation can be given, then the valuer will tell both you and us.

- Step 4** If you want to, you can appoint your own RICS-qualified valuer. We will pay your valuer's reasonable costs, but to qualify for this your valuer would need to carry out the valuation in accordance with BAA Edinburgh's formal instructions.

- Step 5** The valuer will give the valuation to us.

- Step 6** If your valuer's valuation is within 10% of our valuer's calculation, then the value will be the average of the two valuations. If the difference between them is more than 10%, we will arrange a third valuation, and the value will be the average of the closest two.

- Step 7** We will issue you with a signed HOSS Option Agreement, which has a price based on the valuation for June 2002. You should keep the HOSS Option Agreement with your Deeds, and append a copy to sales details and homebuyers packs (if applicable).

Stage 3

Applying for Early Movers' Contribution to Sales Costs

If you want to move early (once BAA Edinburgh has announced its intention to apply for planning permission, but before you can exercise your HOSS Option) and you can sell your property for a price within 15% of the index-linked option price, you can apply for a contribution to your sales costs.

- Step 1** Contact BAA Edinburgh and ask for a contribution to your sales costs under the scheme.
- Step 2** BAA Edinburgh will verify your eligibility (see the section "Who is eligible for the scheme?" on page 8).
- Step 3** If you are eligible, BAA Edinburgh will agree to pay you 1% of the sale price of your property, plus the equivalent of Stamp Duty payable on the house being sold, subject to a maximum of 5% of the sale price of the property.
- Step 4** BAA Edinburgh will pay you the agreed Early Movers' Contribution to Sales Costs within 28 days of BAA Edinburgh receiving a certified copy of the Transfer Document drawn up on the sale of the property.

Stage 4**Asking BAA Edinburgh to buy your property early – the Early Movers’ Home Purchase scheme**

If you want to move early (once BAA Edinburgh has announced its intention to apply for planning permission, but before you can exercise your HOSS Option) and your property value has fallen by 15% or more, you can ask BAA Edinburgh to buy your property at an unblighted market price.

- Step 1** Contact BAA Edinburgh and ask us to buy your property under the Early Movers’ Home Purchase scheme.
- Step 2** BAA Edinburgh will verify your eligibility (see the section “Who is eligible for the scheme?” on page 8). In addition to meeting occupancy and ownership criteria, you will also be required to provide documentary evidence that your property has been actively marketed for the required period and that you have not received an offer within 15% of the market value.
- Step 3** If you are eligible, BAA Edinburgh will update the valuation of your property, based on the index-linked value for that type of property for the most recent quarterly index published by the Register of Scotland’s Executive Agency. We may ask to see the property, to check whether there has been any deterioration since we first valued it. If that has happened, we reserve the right to get a revaluation. You can ask us to take any substantial improvements you have made to the property into account (for example, an extension, or a fully refitted kitchen or bathroom, but not redecoration).
- Step 4** We will make you an offer, based on the valuation.
- Step 5** If you accept the offer, then you will instruct your solicitors to sell your property to BAA Edinburgh, and BAA Edinburgh will buy the property.

If you do not accept the offer, then you do not have to sell your property to BAA Edinburgh, and can wait for any statutory blight compensation to apply.

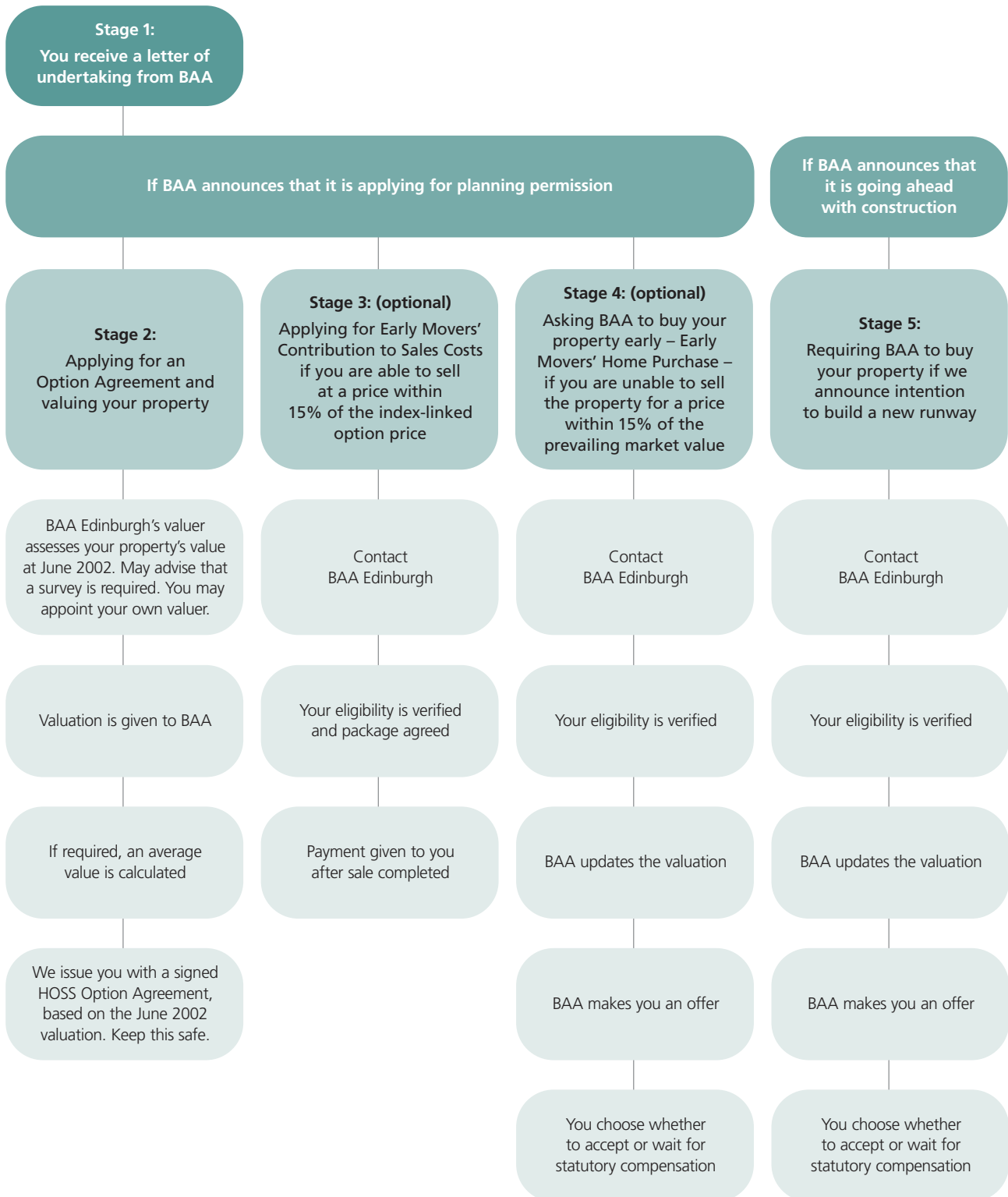
Stage 5**Requiring BAA Edinburgh to buy your property if we announce our intention to build a new runway**

If BAA Edinburgh is granted planning permission for a new runway, and we announce our intention to build it, then you can exercise your HOSS Option, and require us to buy your property, at an unblighted market price. There is no requirement to have actively marketed your property and there is no threshold for the loss in value of your property.

- Step 1** Contact BAA Edinburgh and ask us to buy your property.
- Step 2** BAA Edinburgh will verify your eligibility (see the section “Who is eligible for the scheme?” on page 8).
- Step 3** If you are eligible, BAA Edinburgh will update the valuation of your property, based on the index-linked value for that type of property for the most recent quarterly index published by the Register of Scotland’s Executive Agency. We may ask to see the property, to check whether there has been any deterioration since we first valued it. If that has happened, we reserve the right to get a revaluation. You can ask us to take any substantial improvements you have made to the property into account (for example, an extension, or a fully refitted kitchen or bathroom, but not redecoration).
- Step 4** We will make you an offer, based on the valuation.
- Step 5** If you accept the offer, then you will instruct your solicitors to sell your property to BAA Edinburgh, and BAA Edinburgh will buy the property.

If you do not accept the offer, then you do not have to sell your property to BAA Edinburgh, and can wait for any statutory blight compensation to apply.

Home Owner Support Scheme process



7. What you need to do next

At this stage, you do not need to do anything. BAA Edinburgh is sending you a letter of undertaking with this booklet, which states our commitment to implementing the scheme, which you should keep with your Deeds.

We will also discuss with the Registers of Scotland Executive Agency whether they will put a notice on the Land Charges Register, to the effect that the affected area falls under the BAA Edinburgh Home Owner Support Scheme, so that BAA's commitment to implementing the Home Owner Support Scheme will be included in the results of any search undertaken on behalf of a potential purchaser.

If and when BAA Edinburgh announces its intention to apply for planning permission, we will send you an application form which you will use to apply for the HOSS Option Agreement.

If you have any questions, you can call 0131 344 3343 or email edinburghhoss@baa.com for further information.

You can also ask for extra copies of this booklet from this number, or download a copy from the internet at www.edinburghairport.com/hoss.

Frequently asked questions

Here are the answers to questions that you might ask. We hope you find them helpful. If you cannot find the answer you are looking for here, please call 0131 344 3343.

What about people who live inside the boundary, where land would be required for runway development?

BAA Edinburgh is also introducing a second scheme – the Property Market Support Bond – for those people. This will work to prevent property blight in the area where land would be required for development. We consulted on this at the same time as we consulted on the Home Owner Support Scheme. Details of the Property Market Support Bond are available by calling 0131 344 3343 or online at www.edinburghairport.com/bond.

Why don't you just apply for planning permission now, and buy up local properties?

The Government has said that it is too early to know whether a second parallel runway at Edinburgh is required. A decision on this development could be many years away and is very much dependant on how air traffic grows over the forthcoming years.

When will you be able to confirm the flight paths?

As we say earlier in this booklet, a planning application would be many years away from now, and we cannot know all the details of it, including flight paths, at this stage.

Can we trust you to honour your word?

The HOSS Option Agreement is an agreement between you and BAA Edinburgh. The scheme itself is voluntary (we did not have to do this), but we will be completely bound to honouring the HOSS Option Agreement with you if you are eligible.

What happens to commercial properties?

The guidelines also apply to commercial properties which have an annual value for rating purposes of no more than £24,725 (2000 Valuation Roll).

Will you publish a list of all those properties that will be affected?

We are writing directly to all those affected properties in the potential new airport boundary. Affected properties are identified by the map in this document.







Edinburgh Airport
Blight Scheme
Home Owner Support Scheme

This drawing is for Planning purposes only. All dimensions are subject to confirmation and approval by Group Airside Operations and local Airfield Operations.

The information contained in this drawing has been provided in an electronic format on the understanding that the data will only be used in relation to BAA plc business. The data must not be passed to any third parties, nor any amendments undertaken, without the prior approval of BAA plc Planning and Surface Access (PSA). If the data is altered in any way then the drawing frame must be deleted and all references to PSA removed.

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Legend

- Home Owner Support Scheme

Edinburgh Airport
Blight Scheme
Home Owner Support Scheme

If you would like this document in an alternative format or another community language, please call us on 0800 731 4247. Alternatively, a fully accessible version of this document can be found on our website  www.edinburghairport.com/hoss



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