EXPLANATORY MEMORANDUM TO

THE HOME LOSS PAYMENTS (PRESCRIBED AMOUNTS) (ENGLAND) REGULATIONS 2022

2022 No. 793

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Levelling Up, Housing and Communities and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 These regulations prescribe the maximum and minimum amount of home loss payments payable under section 30(1) of the Land Compensation Act 1973 (c.26) ("the Act") and the amount payable under section 30(2) of the Act when a person is displaced from a dwelling on any land by compulsory purchase or other circumstances specified in section 29 of the Act.

2.2 Home loss payments are an additional sum paid to owner-occupiers and tenants of dwellings displaced by compulsory purchase or public redevelopment (on top of compensation based on the market value of the land or property which is taken) which are reviewed annually. These regulations increase the maximum and minimum to £78,000 and £7,800 respectively for owner-occupiers and increase the flat rate for tenants to £7,800.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is England and Wales.

4.2 The territorial application of this instrument is England only because it applied in relation to cases of displacement from dwellings on any land in England only (see Regulation 1(2) of the instrument).

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 These Regulations prescribe increased maximum and minimum amounts of home loss payments under section 30(1) of the Act, and an increased flat rate home loss payment under section 30(2) of the Act. This effects an annual uprating of these amounts in line with house price inflation.

6.2 The current home loss payment minimum and maximum amounts, and flat rate amounts, are set out in the Home Loss Payments (Prescribed Amounts) (England) Regulations 2021 (S.I. 2021/841).

7. Policy background

What is being done and why?

7.1 Home loss payments are payable under the Act to owner-occupiers and tenants of dwellings displaced by compulsory purchase or public redevelopment. They are intended to compensate people for the distress and inconvenience of having to move home at a time not of their choosing, in addition to compensation based on the market value of the land or property.

7.2 They are paid:

(a) to an owner-occupier at a rate of 10% of the market value of their interest in a dwelling, subject to maximum and minimum thresholds: and

(b) to a tenant at a flat rate which has historically been equal to the minimum payments to an owner-occupier.

7.3 The thresholds are reviewed annually. The new threshold has been calculated according to the Office of National Statistics' UK House Price Index. This showed an increase in house prices since 2021.

7.4 The Government has therefore decided to increase the maximum and minimum thresholds to £78,000 and £7,800 respectively and the flat rate to £7,800.

7.5 These Regulations implement this change.

7.6 The previous thresholds and flat rate will however continue to apply in relation to an owner-occupier or tenant displaced before 1st October 2022.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 No consolidation is required as these Regulations replace the 2021 Regulations.

10. Consultation outcome

10.1 Consultation is not normally undertaken in relation to prescribing the thresholds and flat rate for home loss payments.

11. Guidance

11.1 The Department for Levelling Up, Housing and Communities will inform local authorities and private registered providers of social housing of the increased thresholds and flat rate.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 The impact on the public sector is that acquiring authorities will need to pay more compensation where qualifying tenants are displaced or where owner-occupied properties affected by the new thresholds are acquired. It is not possible to quantify this as the number and value of dwellings taken by compulsory purchase or other circumstances specified in section 29 of the Act in any year is unknown.

12.3 A full Impact Assessment has not been prepared for this instrument because it brings into effect an uprating in line with house price inflation following an annual review.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 The approach to monitoring of this legislation is to review the home loss payment thresholds and flat rate annually.

14.2 The instrument does not include a statutory review clause.

15. Contact

15.1 Stuart Moseley at the Department for Levelling Up, Housing and Communities. Email: stuart.moseley@levellingup.gov.uk can be contacted with any queries regarding the instrument.

15.2 Lucy Hargreaves, Deputy Director for Planning Development Management, at the Department for Levelling Up, Housing and Communities can confirm that this Explanatory Memorandum meets the required standard.

15.3 The Rt Hon Eddie Hughes MP, Parliamentary Under Secretary of State for Rough Sleeping and Housing at the Department for Levelling Up, Housing and Communities can confirm that this Explanatory Memorandum meets the required standard.