



 **HOME OWNER
SUPPORT SCHEME**

BAA Stansted SEPTEMBER 2004





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Introduction



THE DEPARTMENT FOR TRANSPORT HAS CONFIRMED THAT THIS SCHEME IS CONSISTENT WITH THE GOVERNMENT'S POLICY ON VOLUNTARY BLIGHT SCHEMES, AS SET OUT IN THE GOVERNMENT'S WHITE PAPER, "THE FUTURE OF AIR TRANSPORT".

When the Government published the "Future of Air Transport" White Paper in December 2003, it identified Stansted as the preferred location for the first new runway in the South East for over 50 years. BAA Stansted has taken on the challenge of planning to have that runway in operation by 2011/2012.

As progress is made with the planning process, the Government has asked that we address the issue of 'generalised blight', and that is what the Home Owner Support Scheme is all about. It is a voluntary initiative that will be fully funded by BAA Stansted, and has been the subject of widespread consultation in recent months.

I would like to thank the many people, local councils and organisations who took part in the consultation process and who helped to shape the scheme that is outlined here. Along the way, we have received support as well as constructive criticism, and opportunities have not been lost to widen the debate to issues surrounding wider airport developments.

So, it is important, right from the start, to remind ourselves that this is a

local scheme, designed to help a specific group of people who own property in the area closest to the site of the proposed runway, and whose properties may be worst affected by it. Those who have expectations beyond that can be reassured that as the planning process moves forward, we will be discussing a whole range of further issues and initiatives such as how we might reduce the noise associated with the new runway or how we might further mitigate the noise from it.

Controversy will never be far from a development project on the scale of Stansted, but as long as the local community and the airport continue to talk to each other – as we have done during this consultation - we will achieve a fair balance between the demand for more air travel and the impact this has on those who live and work in the area.

The team here stands ready to answer your questions on any aspect of the scheme.

A handwritten signature in black ink that reads "Terry Morgan". The signature is fluid and cursive.

Terry Morgan
Managing Director
BAA Stansted





Background

BAA STANSTED HAS INTRODUCED TWO VOLUNTARY INITIATIVES IN ORDER TO OFFER SUPPORT TO THOSE WHO MAY BE WORST AFFECTED BY THE FUTURE OPERATION OF THE PROPOSED NEW RUNWAY.

The Government's "Future of Air Transport" White Paper published on 16 December 2003, looks ahead to a second runway at Stansted in operation by 2011/12. BAA Stansted expects to submit a planning application during the Spring of 2006.

In the UK, when major new infrastructure developments are proposed, people whose property values may be worst affected are not usually able to apply for compensation for the impacts of the development until after the date on which the new development opens. That is the time at which claimants then have a statutory right to seek compensation for loss in property value under the terms of the Land Compensation Act 1973.

BAA Stansted acknowledges that the prospect of future runway development at the airport can have an impact on property prices now, and that this can affect people's ability to move home, if they need or want to relocate before statutory compensation is available.

For this reason, BAA Stansted has introduced two voluntary initiatives in order to offer support to those who may be worst affected by the future operation of the proposed new runway. They are:

The Home Value Guarantee Scheme

- This was introduced in January 2004 to offer support to the owners of property that falls within the proposed expanded airport boundary as indicated in the White Paper, and would therefore have to be removed for a runway to be built; or whose communities would be physically divided by the position of the proposed new boundary. (The proposed boundary is shown in red on the map on the centre pages). To date, over a third of home owners qualifying for this Scheme have expressed a wish to sell their property to BAA Stansted.

The Home Owner Support Scheme (HOSS)

- This will be introduced in January 2005 and has been the subject of an extended public consultation with local residents, elected representatives and community organisations. (Details of those we consulted can be found in Appendix 2.) The aim of the Scheme is to enable those owners who qualify, and who live within the defined boundary, to sell their homes or commercial premises without financial penalty and to move, if they need or want to, before the new runway opens.



WE TAKE THIS OPPORTUNITY TO RE-STATE OUR COMMITMENT TO THE LOCAL COMMUNITY TO TALK, LISTEN TO AND CONSULT WITH ALL LOCAL PEOPLE IN ORDER TO UNDERSTAND PROBLEMS, AND RESOLVE THEM WHENEVER POSSIBLE.

We recognise that in some circumstances the terms and conditions of any voluntary scheme of this nature will not provide the right solution for every individual home owner, and we further recognise that the position of the boundary of the scheme will be acceptable to some people, but by no means all.

For those owners who do not fall within the defined boundary, the Land Compensation Act 1973 will provide them with the statutory right to seek compensation for any loss of property value once the proposed new runway is in operation. However, this may not offer financial protection if they wish to move before the proposed new runway opens.

As development plans for the new runway move forward, it is possible that the boundary of the noise area may change. In the longer term, if the area increases or decreases, or if the whole boundary area moves, we will include into the scheme all property that comes into the 'new' boundary area. At the same time, we will honour the commitment given to those who are within the boundary as it is being defined today.

While HOSS is a stand-alone scheme designed to address generalised blight, we will work to reduce the impacts of the new runway; we will explore mitigation measures (such as noise insulation); and we will investigate what restrictions or conditions might be placed on the operation of the new runway to minimise the effect on local properties.





What the HOSS consultation asked

1) When should we start the Scheme?

a) As soon as possible based upon the predicted 66 L_{eq} noise contour in 2030, defined within the blue line on the map (see centre pages);

or,

b) Once a formal planning application for the new runway is submitted, based upon a 66 L_{eq} noise contour to be determined when the mode of operation of the new runway and its air noise effects are clearer. “ L_{eq} ” is defined in Appendix 3.

2) What option would you prefer for the operation of the Scheme?

a) The Assisted Relocation Scheme which is a discretionary scheme, under which BAA Stansted would offer to buy properties within the defined boundary, whose value has fallen by more than 15% as a result of proposals to develop a new runway. The discretion to purchase would be conditional on the following:

- The property must have been bought prior to 16 December 2003 (the date of the publication of the Government’s “Future of Air Transport” White Paper.
- The owner must have marketed the

property for at least three months on the open market at a realistic asking price, and not have declined offers within 15% of that price.

- The owner must have a pressing reason to move.
- No additional payments such as Stamp Duty, solicitors fees or removal costs would be made by BAA Stansted.

or,

b) The Property Protection Scheme which would offer a fully-transferable, legally-binding guarantee that, following the granting of planning permission for the new runway, and at the owner’s time of choosing, the owner could require BAA Stansted to buy their property for the market value of that property as it would have been if no new runway had been proposed. This guarantee would seek to support property values within the defined boundary, and allow the property market to operate as normally as possible up to the opening of the proposed new runway. The scheme would be open to all property owners within the defined boundary. No additional payments such as Stamp Duty, solicitors fees or removal costs would be made by BAA Stansted.

What you said in response

WE CONSULTED EXTENSIVELY WITH LOCAL PEOPLE, ELECTED REPRESENTATIVES AND OTHER STAKEHOLDERS. THE SCHEME HAS BEEN DEVELOPED IN RESPONSE TO THE FEEDBACK THAT WE RECEIVED.

The extended consultation period lasted from February to the end of May 2004, during which a total of 292 responses were received, 274 from home owners, eight from Parish Councils, one from a County Council, one from a District Council, seven from independent organisations and one from an airline. Only 15% of those within the 66 L_{eq} defined boundary chose to respond, although as part of a poll conducted by MORI over 80% recall having received the consultation document.

commissioned independent pollsters, MORI, to ask a representative sample of local residents what they thought about the proposals in terms of the consultation process and the type of scheme they preferred.

We took careful note of all the views and comments expressed. Many have been incorporated into the chosen scheme.

The majority of responses came from the following areas:

Birchanger	Hatfield Broad Oak	Stansted Mountfitchet
Bishop's Stortford	Hatfield Heath	Takeley
Broxted	Henham	Thaxted
Elsenham	Lindsell	Tilty
Great Canfield	Little Bardfield	Ugley
Great Dunmow	Little Canfield	Widdington
Great Easton	Little Easton	Wimbish
Great Hallingbury	Little Hallingbury	

A summary of the main findings appears below.

In order to make sure that we canvassed as many people as possible, and to ensure that we had a thorough understanding of local opinion, we

The main points raised by those who contacted us direct included:

Timing. Nearly all respondents wanted the chosen scheme to start as soon as possible in order to let people know where they stand and to





What you said in response continued

remove uncertainty within the local property market.

TYPE OF SCHEME. A majority of respondents favoured the Property Protection Scheme, but a substantial minority preferred the terms of the Assisted Relocation Scheme, although there was some criticism of the pre-conditions required for eligibility. Many drew attention to the best features of both schemes.

CONSULTATION PERIOD. Some felt that the extended timescale for the consultation was too short.

BOUNDARY. There was criticism from some respondents that a noise boundary had been chosen to define an area of generalised blight, and that no account seemed to have been taken of other potential disturbance factors, such as the construction of new transport infrastructure.

However, it was generally recognised that a defined boundary would bring an end to uncertainty in the local area.

COMPENSATION CRITERIA. The exclusion of tenants was highlighted

as a concern by some respondents.

NOISE. Some respondents said that the 66 L_{eq} level was too high, and the majority of these recommended a lower level be adopted. A number of questions were asked about aircraft track keeping and noise monitoring, and as these matters were not part of the formal consultation they have been answered separately.

HOUSING MARKET CONDITIONS. A number of respondents commented that the announcement about the proposed second runway had resulted in uncertainty in the local housing market; and further, that lack of clarity in terms of the details of the scheme was causing additional uncertainty.

The main points raised by those who spoke to MORI included:

CONSULTATION PROCESS. The majority of homeowners interviewed within the 66 L_{eq} boundary had received literature on and were aware of the consultation process. The majority felt that they had been given the opportunity to voice their opinions on the consultation process.

TYPE OF SCHEME. The Property Protection Scheme received more support than the Assisted Relocation Scheme, although a significant proportion did not favour either option.

NOISE. Many homeowners said that the noise level boundary should be set lower than 66 L_{eq} . However, overall noise levels were considered to be a poor way to decide eligibility for the scheme.

Technical note from MORI: These findings are based on a survey conducted within the 66 L_{eq} boundary as defined by BAA. 267 interviews were conducted in total, interviews were conducted with the head of household, partner or spouse. All properties within the boundary were included in the initial sample from which a random selection of households was interviewed. Interviews were conducted between 8 June and 2 July 2004.



Our response – why we

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ADDRESSING GENERALISED BLIGHT

In the "Future of Air Transport" White Paper, the Government recognised that its policy on additional runway capacity at Stansted could have an impact on property values in the period before statutory protection is available. This is termed as 'generalised blight', and it also accepted that the people most directly affected by this should have access to some form of redress.

Taken together, BAA Stansted's two Schemes (the Home Value Guarantee Scheme and now the Home Owner Support Scheme) set out our response to the Government's request for us to address generalised blight and we explain here our reasons for the choice of scheme in the light of feedback from the consultation.

LEARNING FROM THE EXPERIENCE OF OTHERS

In formulating the terms and conditions of the Home Owner Support Scheme, we reviewed other voluntary support schemes which have been operating in England during the past five years.

Although there are relatively few of these, we looked in particular at the Discretionary Purchase Scheme introduced by Union Properties. This was introduced as a result of uncertainty for home owners over the impacts of the proposed new high-speed Channel Tunnel Rail Link (CTRL). The scheme closed in September 2003 following the opening of the rail line. It closely mirrors a scheme operated by the Highways Agency for new roads.

We also examined the Property Protection Scheme introduced by Central Railway in the 1990s. The company proposed to build a new rail line from Liverpool, through the Channel Tunnel to Lille in Northern France. Planning consent has not yet been obtained for the new line, so the support Scheme is still in operation.

In each case, we spoke directly to those involved in order to benefit from their practical experience and working knowledge.

DEFINING THE SCHEME

We pay special attention to local opinion too. That is why we have studied carefully the responses

have chosen this scheme

RESEARCH INTO OTHER SCHEMES DEMONSTRATES QUITE CLEARLY THAT IT IS DESIRABLE TO HAVE A DEFINITE BOUNDARY.

received to our own consultation programme; and as a result, we have adapted and improved our scheme in a number of ways.

Formulating the scheme has not been straightforward. Many views have been expressed, some of which are contradictory, all of which are strongly held. Inevitably, the outcome will not satisfy everyone.

In general, when defining this scheme, we have sought to address categories of property owners who can claim statutory blight under the Planning Act 1990 or compensation for loss of property value under Part 1 of the Land Compensation Act 1973.

In line with this legislation we are focussing on the following:

Owner occupiers of residential property;

Long leaseholders with an unexpired lease of three years or more;

Owner occupiers of smaller scale commercial properties with a rateable value of not more than £24,600 as at the year 2000 Rating List.

SCHEME BOUNDARY

Our research into other schemes demonstrates quite clearly that it is desirable to have a definite boundary to the scheme, and that this is one of the best means of providing clarity and certainty. Indeed, the need for a defined boundary, and an end to uncertainty, were two of the main requirements of respondents to our consultation.

We fully acknowledge that in defining a boundary, we draw a line between those who qualify and those who do not, some of whom will live close to each other and that there will be places where that line appears arbitrary. The boundary therefore (as with other schemes) can be no more than a proxy for where generalised blight might exist.

Our detailed research in the UK has also shown that it is normal to use a noise contour to determine the boundary of schemes that seek to address generalised blight. Questions have been raised about the appropriateness of using such a noise contour, while others suggested that a different noise contour should be chosen – or indeed that the noise contour should be adjusted in some





areas to suit particular local circumstances. This has been the most challenging aspect for us in deciding the best and most appropriate way forward.

On balance however, we have decided to retain the 66 L_{eq} noise contour to define the boundary of the scheme. This is the area that the Government predicts will be the extent of medium to high levels of aircraft noise in 2030. This is comparable to the boundary of other voluntary schemes such as CTRL's, and we have no better basis for judging the possible area over which generalised blight might apply in the medium to longer term.

It is important to make clear our intention not to deviate from this definition, because the experience of others suggests that to do so will create anomalies that cannot easily be remedied or defended.

NOISE

In confirming our intention to work on the basis of the 66 L_{eq} contour, it is important to emphasise that this scheme is about addressing generalised blight and not noise mitigation. However, we intend to introduce specific noise compensation and mitigation packages in the future, including noise insulation programmes.

Future consultation on these measures will be part of our regular discussions with local people and their representatives.



THE GOVERNMENT HAS ASKED THAT WE ADDRESS THE ISSUE OF “GENERALISED BLIGHT” – AND THAT IS WHAT THE HOMEOWNERS SUPPORT SCHEME IS ALL ABOUT.

TYPE OF SCHEME

The type of scheme that is proposed was one of the key questions on which we sought views. Of those who responded, the majority preferred the Property Protection Scheme. A significant minority, however, preferred the Assisted Relocation Scheme. We have, therefore, decided to adopt a scheme in which applicants who qualify can have the benefit of both Property Protection and Assisted Relocation. The qualifying conditions are different for both schemes, the details of which are outlined and fully explained in the next section.

TAKING NOTE OF COMMENTS RECEIVED

In direct response to comments received, we have improved in two specific areas, the terms offered as part of the new scheme:

- For those who qualify for Assisted Relocation, it was previously proposed that certain pre-conditions had to be met. These included having to demonstrate a pressing need to move. We have removed these pre-conditions for those who qualify.

- Long leaseholders would previously not have gained access to the scheme. They will now be able to apply.

In addition, we have decided to introduce a new element of the scheme for those who want to sell their property, but who do not qualify for Assisted Relocation because their property value has not reduced by more than 15% compared to the index value.

We call this the **Early Moving Contribution**. The details of this can be found on page 21.

PROPERTY VALUE THRESHOLD

For those eligible for Assisted Relocation, a 15% drop in value threshold has been chosen, as case law has shown that valuations can vary by more than 10%. The threshold of 15% has accordingly been defined as the level at which the difference in valuations is real and not merely a difference of professional opinion.



How the scheme will work

APPLICATIONS ARE INVITED FROM PROPERTY OWNERS OR LONG LEASEHOLDERS WHO QUALIFY FROM WITHIN THE DEFINED BOUNDARY.

OPTION AGREEMENTS WILL BE EXERCISABLE ONCE BAA STANSTED HAS ANNOUNCED ITS INTENTION TO CONSTRUCT THE NEW RUNWAY.

BAA Stansted will accept applications from those property owners or long leaseholders who qualify from within the defined boundary, to provide a legally binding fully transferable Option Agreement. So if you need or want to move, this will allow you to sell your property to a prospective buyer, to whom you will be able to transfer the benefit of the Option Agreement.

Alternatively, you can require BAA to buy your property once BAA Stansted has announced its intention to construct the new runway, which of course will be subject to the granting of planning permission.

The purpose of the Option Agreement is to help support the value of those properties within the defined boundary that might be worst affected by the prospect of the new runway. The Option Agreement will be valid for 15 years from the date the scheme is launched in January 2005, or until the new runway comes into operation, whichever date is the sooner.

It is hoped that the Option Agreement will allow owners of qualifying properties to sell in the normal way without financial loss.

If qualifying owners wish to sell their property before BAA Stansted announces its intention to construct the new runway, then the terms of Assisted Relocation will be available.

DO YOU QUALIFY FOR THE SCHEME?

To qualify for the Home Owner Support Scheme, your property, or any part of it, must fall within the defined area (see map on centre pages). You must also have a "qualifying interest" by being an owner-occupier of a residential property or small commercial property. The construction of the property must have been completed on or before 16 December 2003.

For new properties completed since 16 December 2003, the date of publication of the White Paper, please refer to page 21.



**FOR THOSE WHO QUALIFY
WITHIN THE DEFINED
BOUNDARY, AND WHO WISH TO
MOVE, HOSS WILL PROVIDE:**

- **A LEGALLY TRANSFERABLE OPTION AGREEMENT THAT WILL PROTECT THE VALUE OF YOUR PROPERTY.**
- **ASSISTED RELOCATION IF YOU NEED TO MOVE EARLY AND YOUR PROPERTY VALUE HAS REDUCED BY MORE THAN 15% COMPARED TO THE INDEX LINKED OPTION PRICE.**
- **HELP WITH MOVING COSTS IF YOU DO NOT QUALIFY FOR ASSISTED RELOCATION BECAUSE YOUR PROPERTY VALUE HAS NOT REDUCED BY MORE THAN 15% COMPARED TO THE INDEX LINKED OPTION PRICE. THIS IS CALLED THE EARLY MOVING CONTRIBUTION.**

**(TERMS AND CONDITIONS
APPLY TO EACH.)**

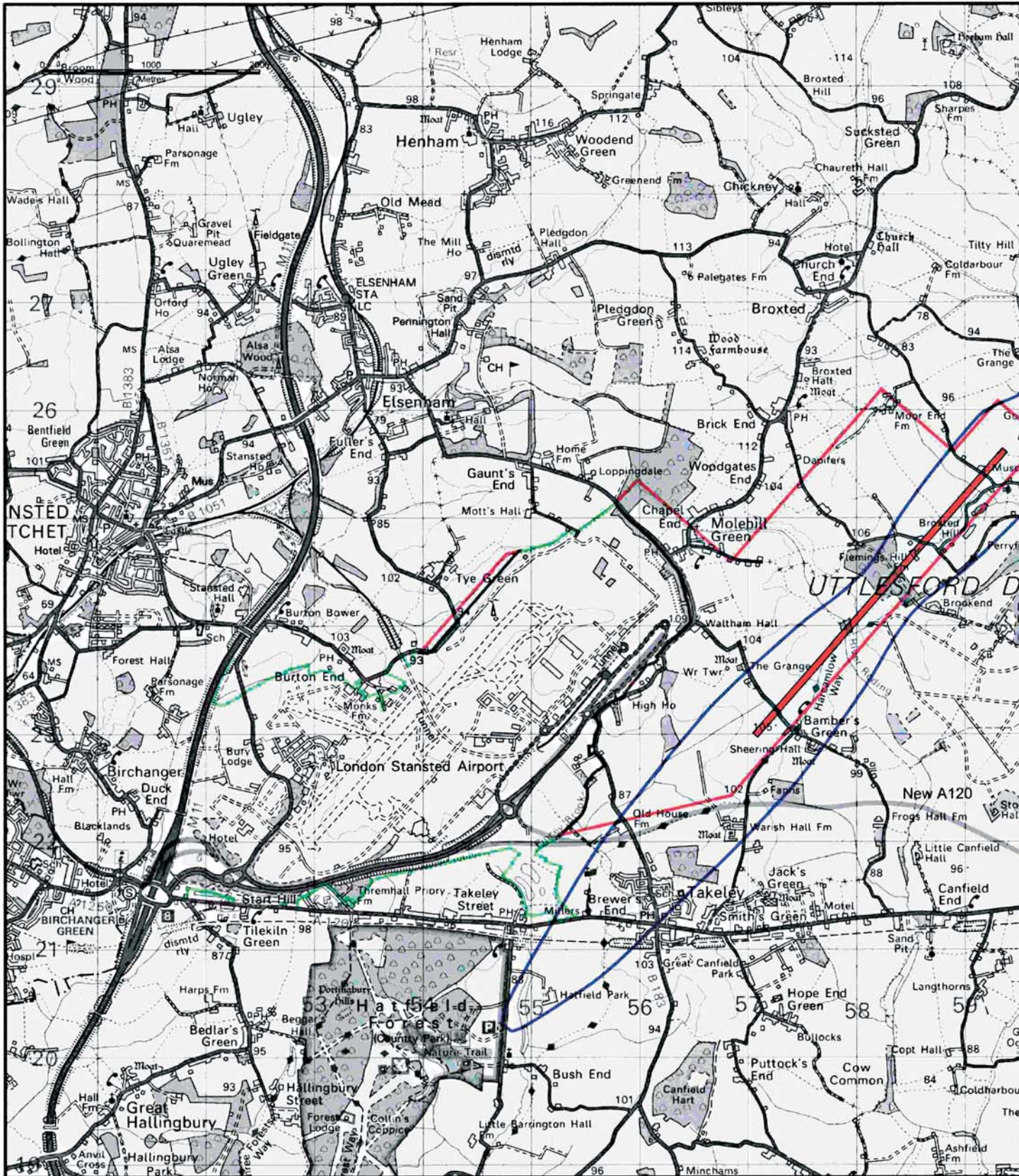
In the case of **residential property**, at the time that the Option Agreement becomes exercisable and BAA agrees to buy the property, you must:

- Be living in your property and have owned it and lived there for at least six months.
- If the property is empty, it must not have been empty for more than 12 months, and you must have lived there for the six month period prior to it becoming empty. You will not have a qualifying interest if the property is let by you.
- Be a long leaseholder with at least three years' unexpired lease at the date on which the Option Agreement is exercised.

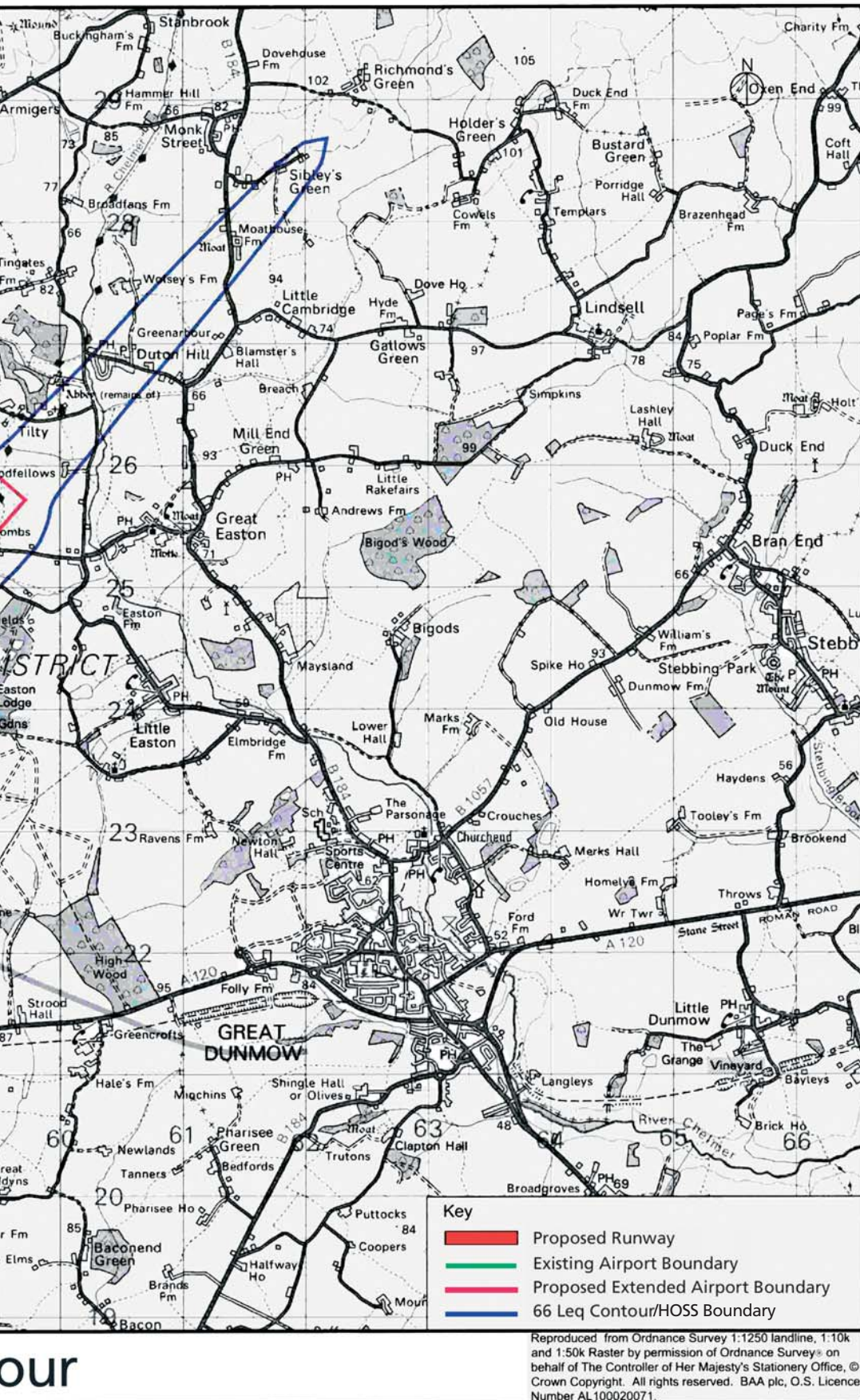
In the case of **commercial property**, the guidelines are similar to those for residential property. However, in order for you to be eligible, the property must have an annual value for rating purposes not exceeding £24,600 in the year 2000 Rating List.

All future references to property owners or long leaseholders in this section refer only to qualifying property owners and long leaseholders.





Proposed Stansted Runway – 2030 Noise Contours



PROPOSED STANSTED RUNWAY
– 2030 66 Leq NOISE CONTOUR
AND HOSS BOUNDARY



A step by step guide

THERE WILL BE NO OBLIGATION ON ANY PROPERTY OWNER, AT ANY TIME, TO SELL THEIR PROPERTY TO BAA STANSTED UNDER THIS SCHEME.

WE RECOMMEND THAT YOU TAKE LEGAL ADVICE WHEN APPLYING FOR THE SCHEME.

STEP 1 – APPLICATION

Those who are eligible are invited to complete and return Form 1B (see Appendix 4).

Further copies of the form are available by calling our dedicated freephone (0800 085 9918), or e-mailing hoss@baa.com.

Applications will be processed from 4th January 2005.

STEP 2 – VALUATION

On receipt of your application, BAA Stansted will instruct its valuer, Strutt and Parker, to make an appointment in order to assess the value of your property. This will value your property as it was in June 2002, that is before the publication of the Government's consultation paper that identified Stansted as an option for additional runway capacity in the South East.

The valuation will take account of the location of your property and immediate surroundings, its current condition, and the impact of the existing airport. It will remove any negative effect of the proposed new runway. An amount will be included for carpets, curtains and fittings that are in the property, but this will not be shown as a separate figure.

Strutt and Parker will advise both you and BAA Stansted if a structural or other survey of the property is required before a valuation can be calculated.

If you wish, you may also appoint a valuer, whose reasonable costs will be borne by BAA Stansted. Payment will be made on production of an official invoice once an Option Agreement has been issued. Your valuer must be a qualified member of the Royal Institute of Chartered Surveyors and will be required to carry out the valuation in accordance with the BAA Basis of Instructions – a copy of which is available on request.

Firms familiar with the property market in this area include (but are not limited to) :

FPD Savills 01279 756800
Gearing & Co 01279 758758
Lloyd Williams 01992 560561
Mullucks Wells 01279 755400
Snow Walker Assoc 01799 521761
Sworders 01279 815300

STEP 3 – OPTION PRICE

BAA Stansted will prepare an Option Agreement, which will be a standard legal document, and this will be sent to you as the property owner. The figure offered in the Option Agreement will be known as the Option Price.

If you have not chosen to have a valuation yourself, the Option Price will be based on the valuation figure quoted by Strutt and Parker.

If you have chosen to have a second valuation, the Option Price will be based on the mid-point of the two



valuations provided they are not more than 10% apart. If the valuations are more than 10% apart, then BAA Stansted will commission a third independent valuation from a firm other than the two already involved.

The average of the closest two of the three valuations will then be the Option Price.

STEP 4 – VALUATION REPORT(S)

A copy of the Valuation Report(s) will be sent to you as the property owner, and to BAA Stansted.

Your Option Agreement becomes exercisable only between the time when BAA Stansted announces its intention to proceed with construction of the new runway, (subject to planning permission), and the date on which the new runway comes into operation, at which time the provisions of the Land Compensation Act 1973 will apply.

If you wish to sell your property between these dates, please refer to Step 5.

If you want to sell your property before your Option Agreement becomes exercisable, then please refer to the section 'Assisted Relocation' on page 20.

STEP 5 – SELLING YOUR PROPERTY

Your Option Agreement will allow you to require BAA Stansted to buy your property for the Option Price.

The Option Price will be index-linked to the Land Registry published data of house price movements in the county of Essex for the three months which precede the date of the exercise of the Option Agreement, and will apply to the type of property being sold, (eg. detached, semi-detached, terraced, flat/maisonette).

For example, if an offer is made on a detached property in August 2009, the Option Price will be index-linked to the house price movements for detached properties in Essex for the quarter April – June 2009, compared to April – June 2002. This will be the figure that is offered for the sale of the property.

Should the Land Registry data show a reduction in house prices, to below that of June 2002, then BAA Stansted will guarantee to purchase the property at the Option Price, and will not apply any reduction in the index to this figure.

Further information about the Land Registry can be found on their website www.landreg.gov.uk





Where you think material changes have been made for the better.

You may have made improvements to your property after the Option Agreement was issued. Where substantial improvements have been made, they may materially affect the value of the property over and above the initial Option Price contained in the Agreement. You will be entitled to seek a revaluation at the time of the exercise of the Option Agreement. Improvements that could add value to your property may include building extensions that add at least 5 cubic metres to the floor area, or the installation of a new kitchen or bathroom. However, as in the case of all such works, the cost may, or may not, be fully reflected in the final valuation price of the property. That is a matter for the professional judgement of the valuer. For the purposes of revaluation, 'improvements' would not include redecoration such as painting or wallpapering.

Where BAA thinks that material changes have been made for the worse.

If BAA considers that the property may have fallen in value, we will be entitled to request a revaluation.

WHO PAYS FOR THE SECOND VALUATION?

If BAA requests a revaluation, we will appoint a valuer and bear all reasonable costs. If you wish to appoint your own valuer to obtain a revaluation, then the full cost of that must be borne by you as the property owner.

In either case, the revaluation figure will be compared with the figure in the initial valuation provided by the surveyor. The percentage difference between the first valuation and the revaluation will be identified and applied to the Option Price, either increasing or reducing it.

WHAT HAPPENS IF YOU WANT TO SELL YOUR PROPERTY AFTER THE OPTION AGREEMENT HAS BEEN ISSUED BUT BEFORE IT BECOMES EXERCISABLE?

If you want to sell your property in advance of BAA Stansted confirming that we intend to construct the new runway, you will be able to sell it with the benefit of the transferable Option Agreement. The Option Agreement gives your prospective buyer, and any subsequent purchasers, the right to require BAA Stansted to buy the property in the future at the time when the agreement is exercisable.



FOR HELP AND ADVICE ON ANY
ASPECT OF THIS SCHEME
PLEASE CALL OUR DEDICATED
FREEPHONE LINE 0800 085
9918

ASSISTED RELOCATION

We want to help those owners who wish to sell their property, **but will only be able to do so for 15% or more below the index-linked Option Price**. We can help you identify the index-linked amount for your Option Price. (Please see contact details on page 1.)

In these circumstances, we invite owners to apply for **Assisted Relocation**. This has different conditions that apply to property in three specific price bands. The conditions that apply reflect the characteristics and timescales of selling property within each of the particular price bands.

TERMS AND CONDITIONS

In order to qualify for Assisted Relocation, owners must have made every reasonable effort to sell their property, with the benefit of the Option Agreement, through a recognised local, regional or national estate agent before an application will be considered. You will be asked to produce documentary evidence to confirm that your property has been on the market for the required period.

You must also have bought the property on or before 16 December 2003, the date on which the

Government published the "Future of Air Transport" White Paper.

Applying for Assisted Relocation

We want to make the process as uncomplicated as possible, and have therefore removed from the terms of the original consultation, some of the conditions that might have applied in order to qualify. For example, we have decided to consider all applications whatever the reason for moving.

If you qualify for Assisted Relocation, BAA Stansted will allow you to exercise the Option Agreement early.

Please contact us for further information on this option.

PROPERTY PRICE BANDS EXPLAINED

If the Option Price of your property is less than £250,000 the property must have been actively marketed for at least six consecutive calendar months, with no offers received within 15% of the index-linked Option Price.





If the Option Price is between £250,000 and £750,000 the property must have been actively marketed for at least nine consecutive calendar months, with no offers received within 15% of the index-linked Option Price.

If the Option Price is in excess of £750,000 the property must have been actively marketed for at least 12 consecutive calendar months, with no offers received within 15% of the index-linked Option Price.

The active marketing periods must have taken place after the grant of the Option Agreement so that the property has been marketed with the benefit of the transferable Option Agreement in place.

EARLY MOVING CONTRIBUTION

We also want to help those owners who do not qualify for Assisted Relocation because they can sell their property within 15% of the index-linked option price. We can help you identify the index-linked amount for your Option Price. (Please see contact details on page 1.)

For these owners only, we will pay a contribution towards selling costs of 1% of the sale price, plus the equivalent of the stamp duty payable on the house being sold, up to an overall maximum of 5% of the sale price. This will be paid within 28 days

of receipt by BAA Stansted of a certified copy of the Transfer Document drawn up on the sale of the property.

Please contact us for further information on this option.

FOR NEW HOMES COMPLETED SINCE 16 DECEMBER 2003

The purpose of the Home Owner Support Scheme is to target help to home owners and long leaseholders living within the defined boundary of the scheme. There are also homes which have been built and occupied since 16 December 2003, and these home owners will also benefit from the Home Owner Support Scheme but with minor differences to their scheme.

Option Agreements will be granted for owners of new homes completed since 16 December 2003. The Option Price will be derived from the purchase price paid for the property, taking into account any special incentives provided by the developer/builder of the new property.

The Option Price will be index-linked to Land Registry published data of house price movements in the county of Essex for the three months which precede the date of the exercise of the Option Agreement, and will apply to the type of property being sold

(e.g. detached, semi-detached, terraced, maisonette, flat).

For example, a new detached property was bought in May 2004 and an Option Agreement granted in May 2005. If the Option Agreement is exercised in August 2009, the Option Price will be index-linked to the house price movements for detached properties in Essex for the quarter April – June 2009, compared with April – June 2004. This will be the figure that is offered for the sale of the property. Should the Land Registry data show a reduction in house prices, to below that of April – June 2002, BAA will guarantee to purchase the property at the Option Price index-linked to April – June 2002, and will not apply any reduction in the index below this figure.

Further information about the Land Registry can be found on their website: www.landreg.gov.uk

Applications

How to apply

Please detach and return Form 1B (Appendix 4). Once completed by you or your agent, please return to:
Stansted Generation 2
BAA Stansted
3rd Floor
Enterprise House
Stansted Airport
Essex
CM24 1QW

(Telephone: 0800 085 9918)

Extra copies of this booklet can be obtained by calling the above telephone number.

IF YOUR APPLICATION IS UNSUCCESSFUL

If your application is not successful we will write to you and explain why. But remember, you may still be entitled to make a claim under the terms of the Land Compensation Act 1973 after the proposed new runway opens.

IF YOU HAVE A COMPLAINT ABOUT HOW THE SCHEME IS BEING OPERATED

Our intention is to appoint an independent Commissioner, a public figure of stature, whose role will be to review individual complaints and decide whether BAA Stansted has correctly applied the terms and conditions of the scheme.

The Commissioner will be responsible for:

- Ensuring that BAA is being fair and consistent in applying the terms and conditions of the HOSS to eligible applicants.
- Monitoring clear communication of the HOSS by BAA Stansted.
- Checking that BAA Stansted makes timely responses to queries and complaints.
- Ensuring that BAA Stansted gives sufficient attention to individual cases, enquiries and complaints.

The remit of the independent Commissioner will not include:

- Resolving any issue regarding eligibility for the scheme. This will be the responsibility of BAA.
- Dealing with property blight or property purchase issues, or project details, which are subject to the approval of local planning authorities.
- Providing technical or legal support to complainants.

An announcement about the appointment of a Commissioner will be made as soon as possible, well in advance of January 2005 when the scheme is to be launched.

FREEPHONE HELPLINE AND FURTHER INFORMATION

helpline: 0800 085 9918

email: hoss@baa.com

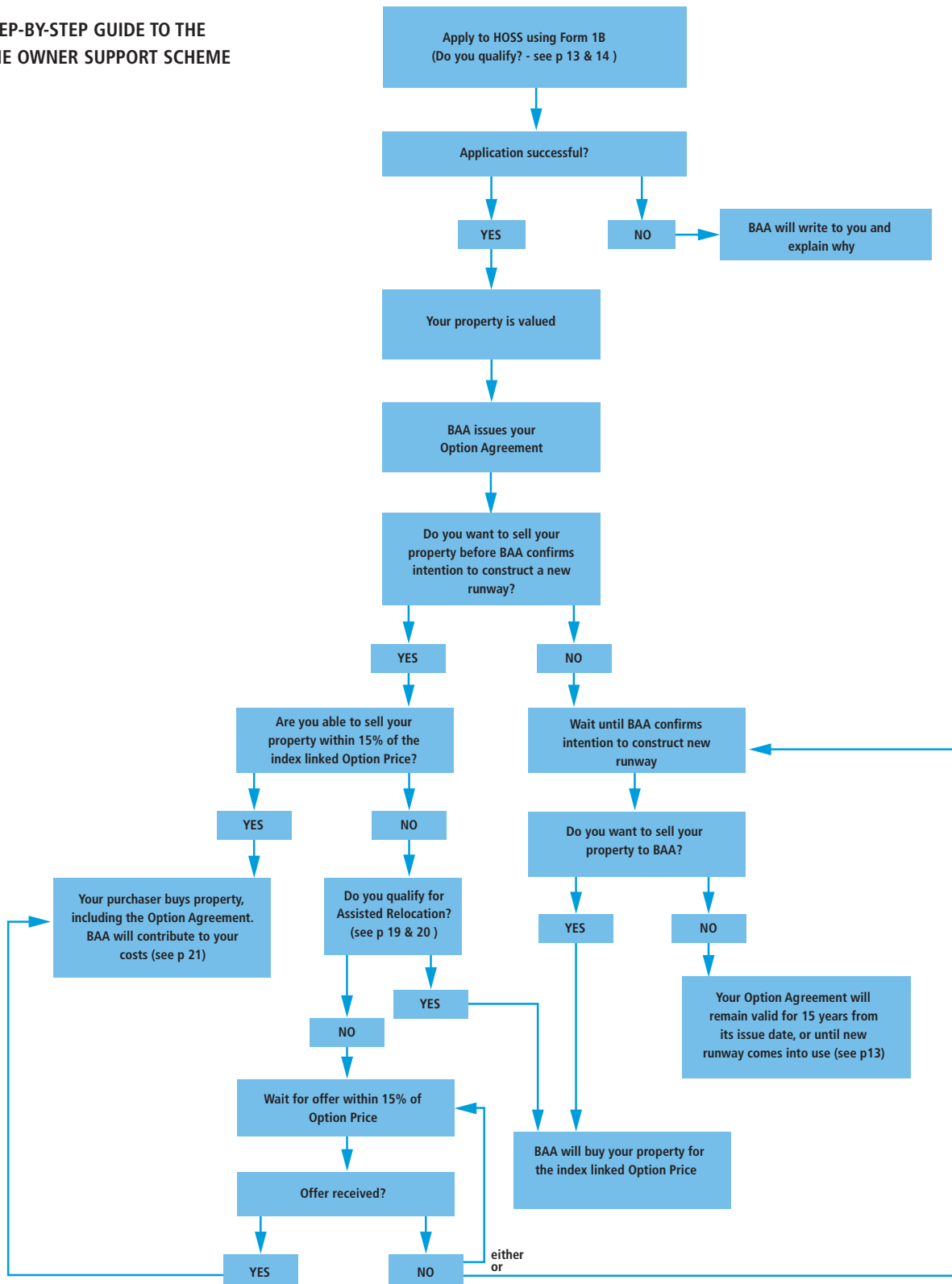
website:

www.baa.com/stanstedhomeowner



Appendix 1

A STEP-BY-STEP GUIDE TO THE HOME OWNER SUPPORT SCHEME



Appendix 2

CONSULTATION PROCESS

BAA Stansted sent consultation booklets and maps to local residents direct, as well as to their elected representatives and to local organisations. We published details in newspapers and on our website. We provided a call centre service, and sent out further booklets on request.

The period of consultation was from February to the end of May 2004.

DISTRIBUTION

Consultation booklets were sent to:

- All residents within the 66 L_{eq} contour
- Parish Councils of Takeley, Broxted, Elsenham, Stansted Mountfitchet, Birchanger, Great Hallingbury, Hatfield Broad Oak, Little Easton, Great Easton and Thaxted (50 booklets to each)
- Essex County Council (100 booklets)
- Uttlesford District Council (100 booklets)

Personal letters were sent to:

- All residents within the contour
- Parish clerks of Takeley, Broxted, Elsenham, Stansted Mountfitchet, Birchanger, Great Hallingbury, Hatfield Broad Oak, Little Easton, Great Easton, Thaxted and Tilty.
- Rt. Hon Sir Alan Haselhurst MP
- All Members of the Stansted Airport Consultative Committee
- Councillor Alan Dean (Leader), Brian Perkins (Corporate Director) and Alasdair Bovaird (Chief Executive) Uttlesford District Council

- Councillors Richard Harris, Jackie Cheetham, Cecile Down, Martin Foley, Keith Artus, Alan Row, Antoinette Wattebot, Uttlesford District Council
- Stewart Ashurst, Chief Executive of Essex County Council
- Essex County Councillors Susan Flack and John Whitehead
- Council for Mortgage Lenders
- Country Land and Business Association
- IATA
- Ryanair
- easyJet

Call Centre

A freephone call centre line was provided throughout the consultation period.

BAA Website

Full details of the consultation were posted on the BAA website.

Local Press

Advertorials were placed in Dunmow Broadcast, Herts Mercury, Essex Chronicle, Saffron Walden Reporter, Harlow & Bishop's Stortford Herald, Braintree & Witham Times (total readership estimated at 428,000).



Appendix 3

The 66 dBA L_{eq} contour

Our Scheme adopts a predicted contour of 66 dBA L_{eq} (representing medium to high noise annoyance as determined by the Government) as an approximation of the extent of potential blight that might occur due to the operation of the proposed second runway in the year 2030. We have selected the 66 dBA L_{eq} contour based on benchmarking with the Highways Agency and Union Railways (CTRL) discretionary purchase schemes. The 66 dBA L_{eq} contour for 2030 is used as this is the period specified in the White Paper in which peak capacity use of the runway is forecast. The Department for Transport has confirmed that the Home Owner Support Scheme is consistent with the Government's policy on voluntary blight schemes, as set out in the Government's White Paper, "The Future of Air Transport".

We will review the contour in the light of studies into the forecast use of airspace, the new runway and the taxiways. If in the light of these studies it is clear that the contour should be enlarged, we will include homes from the larger area in the Scheme. Noise mitigation and insulation schemes and consultations will continue as we endeavour to fulfil our obligations to the local community.

A definition of L_{eq}

L_{eq} (technically, L_{Aeq}) is a way of describing environmental noise and is in widespread use in the UK for describing aircraft noise.

L_{eq} is an equivalent continuous sound level, in other words the level of hypothetical steady sound, which over a measurement period contains the same sound energy as the fluctuating sound. L_{eq} is measured in A-weighted decibels, which means that it is weighted with a frequency that mimics the sensitivity of human hearing to different sound frequencies.

In the UK following the findings of studies into aircraft noise and public consultation, L_{eq} was formally adopted by the Government as an indicator of the likely degree of long-term average public annoyance.

When used as a measure of community annoyance from aircraft noise, L_{eq} contours are defined as the average over a 92-day summer period from mid-June to mid-September in the 16 hours between 07:00 and 23:00 hours. On this scale of aircraft noise exposure the Government considers 57 L_{eq} is linked with the approximate onset of community annoyance, 63 L_{eq} with medium community annoyance and 69 L_{eq} as

the approximate onset of high community annoyance, while on this scale 66 L_{eq} represents medium to high community annoyance.

There is no official L_{eq} night-time contour in the UK that is correlated with annoyance or sleep disturbance.



Reference (for office use only) _____

Appendix 4

Application for the Home Owner Support Scheme

This form may be completed by the applicant or by an agent on the applicant's behalf.

Name(s) of applicant(s): _____

Address: _____

Postcode: _____ Tel: _____

I/we acquired a qualifying interest in this property on the following date: _____

Date of expiry of lease, if leasehold: _____

For representatives of a deceased person to complete:

I am/we are the personal representative(s) of the deceased person _____ (name)
who, to the best of my/our knowledge, acquired a qualifying interest in this property on the following
date

The deceased owned the freehold/leasehold interest.

Date of expiry of lease if leasehold _____

NOTE:

To be eligible for the Home Owner Support Scheme, you must have a "qualifying interest" in the property. This means you must be an owner-occupier of a residential or small commercial property.

In the case of a residential property, at the time the option agreement becomes exercisable and BAA agrees to buy the property, you must:

- be living in your property and have owned it and lived there for at least six months. If the property is empty, it must not have been empty for more than 12 months and you must have lived there during the six months prior to it becoming empty. You will not have a qualifying interest if the property is let by you;
- be a long leaseholder with at least three years unexpired lease at the date on which BAA agrees to purchase the property. (Local Authority tenants and tenants on short-term tenancy agreements will not qualify.)

In the case of commercial property, the guidelines are similar to those for residential property, except that in order for you to be eligible, the property must have an annual value for rating purposes not exceeding £24,600 (in the year 2000 Rating List).

TO BE COMPLETED AND SIGNED OVERLEAF →



I/We therefore ask you to accept our application to the Home Owner Support Scheme.

Signed: _____

Name: _____
(Block capitals)

On behalf of: _____
(Where acting as Agent)

Date: _____

Please detach this form by cutting it along the dotted line and return it fully completed to:

Stansted Generation 2
BAA Stansted
3rd Floor
Enterprise House
Stansted Airport
Essex
CM24 1QW

Appendix 5

GLOSSARY

Assisted Relocation Scheme: Part of the Stansted Airport Home Owner Support Scheme which benefits home owners who wish to sell their property, but can only do so by a negative impact on their property price of more than 15%.

BAA Stansted: The wholly owned subsidiary of BAA plc that operates Stansted Airport.

CTRL Discretionary Purchase: This scheme was introduced by Union Properties as a result of uncertainty for home owners over the impacts for the proposed new high-speed Channel Tunnel Rail Link. The scheme closed in September 2003, following the opening of the new rail line. It closely mirrors a scheme operated by the Highways Agency for new roads.

Early Moving Contribution: Part of the Stansted Airport Home Owner Support Scheme, designed to help those property owners who do not qualify for Assisted Relocation because they can sell their property within 15% of the index-linked option price.

Land Compensation Act 1973: This Act gives a right to compensation where

land is depreciated by physical factors such as noise, vibration, smell, fumes and lighting caused by the use of public works. Any depreciation in value would be assessed with reference to prices current at a date 12 months after the proposed runway is first used.

L_{eq} : A way of describing all types of noise, also in widespread use for describing aircraft noise, it is an equivalent continuous sound level, in other words the level of hypothetical steady sound, which over a measurement period contains the same sound energy as the fluctuating sound. L_{eq} is measured in A-weighted decibels, which means that it is weighted with a frequency that mimics the sensitivity of human hearing to different sound frequencies. Please see Appendix 3 for further information.

Option Agreement: This agreement will enable home owners within the 66 L_{eq} contour to exercise the option, i.e. require BAA Stansted to buy their property once BAA Stansted has confirmed its intention to proceed with the construction of the proposed second runway, following the granting of planning permission. The Option Agreement will last for 15 years from

the date of its grant or until the proposed runway comes into use, whichever is sooner.

Option Price: This is the unaffected value of the property as at June 2002, determined by the valuations undertaken on the property.

Property Protection Scheme: This was introduced by Central Railways, which proposed in the 1990s to build a new rail line from Liverpool through the Channel Tunnel to Lille in Northern France. Planning consent has not yet been obtained for the new line; so the support scheme is still in operation.

"Future of Air Transport" White Paper: Published on 16 December 2003, this sets out the strategic framework for the air transport for the next 30 years.



