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‘IT IS NOT HOWEVER ENVISAGED THAT WE WILL REQUIRE A SECOND RUNWAY UNTIL BEYOND 2040.’
The purpose of this document

The UK Government White Paper, The Future of Air Transport (December 2003), asked airport operators to produce a non-statutory voluntary scheme to protect the properties located next to an airport against the potential reduction of property values arising from future airport development plans. Edinburgh Airport subsequently consulted on the provision of a scheme for Edinburgh Airport during 2004 and the Property Market Support Bond ("PMSB") was formally launched in July 2005.

Edinburgh Airport published a revised masterplan in 2011, the Edinburgh Airport Masterplan 2011 ("2011 Masterplan"), which contains an updated blueprint for the development of the airport and committed Edinburgh Airport to updating the PMSB. Edinburgh Airport subsequently consulted on a revised PMSB between November 2011 and February 2012. Only one comment was received on the draft PMSB and this related to the approach of the airport to purchasing a property. We have addressed the comment raised by adding some further clarification to the wording used in the consultation document. This new PMSB will ensure that the criteria for the scheme are up to date and clear, whilst also reflecting the current growth envisaged in the 2011 Masterplan.

At this point it is appropriate to note that the UK Government is consulting on new policy for aviation during 2012 and this may influence whether or not masterplans and PMSBs exist in the future and whether airport development will be constrained.

Until the results of the UK aviation policy consultation are published, we intend to retain a PMSB subject to the results of this consultation. It is important for communities around the airport to have clarity about how future airport expansion may affect them.
Objectives of the PSMB

Where land and properties need to be bought by a public body, statutory undertaker or infrastructure provider, the law allows that organisation to apply for a Compulsory Purchase Order during the planning application process or following the planning approval. In some cases, it can take many years for a development to progress from the initial submission of the planning application to planning approval being granted. If the Compulsory Purchase Order is granted, the land and property have to be purchased by the developer at a fair market price (i.e. as if no development had been proposed).

In certain circumstances property owners, or tenants, may also compel a developer to buy their property under statutory blight provisions. This right, however, only exists once the relevant statutory development plan has been revised to reflect the development proposals and other specific criteria have been met. The relevant provisions are set out in sections 100-122 of the Town and Country Planning (Scotland) Act 1997.

The PMSB offers support earlier than these statutory schemes require. As a responsible developer we are seeking to avoid the perception that the local property market is adversely affected by our proposals and that properties can continue to be bought and sold at normal market rates. The PMSB enables people to sell their property to Edinburgh Airport at an index-linked pre-airport expansion plan market value if we decide to apply for planning permission to extend our boundary and their property is within the planning application boundary. The PMSB also offers compensation to bondholders to cover reasonable expenses and, if we get planning consent, an additional property loss payment of 10% of the selling price. The statutory rates of compensation are capped. However, under the provisions of the non-statutory scheme we do not have a maximum cap.
Who is potentially eligible?

The PMSB is available for applicants that (i) have properties located inside the extended airport boundary detail on page 15 and (ii) meet the eligibility criteria stated below:

Criteria 1

Applicants for the PMSB must have a “qualifying interest” in the property at the time of applying to join the scheme. The following are “qualifying interests”:

- owner-occupiers of a residential property or an agricultural property; or
- owners of a residential property that is rented out, and it is the only property that the applicant owns in the UK. (Note that we will require a statutory declaration, witnessed by a solicitor, that this is your sole UK property. We may wish to see some evidence of tax status for those working abroad.); or
- rental leaseholders with at least three years left on the lease of a commercial property with a non-domestic rateable value of not more than £30,000 in the year 2010 Valuation Roll (or relevant figure in subsequent Valuation Rolls); or
- owners of a commercial property with a non-domestic rateable value of not more than £30,000 in the year 2010 Valuation Roll (or relevant figure in subsequent Valuation Rolls).

and

Criteria 2

Applicants must have:

- lived in the property for at least the six consecutive months immediately prior to the request for a bond; or
- for a residential property, rented out the property as a landlord for at least the six consecutive months immediately prior to the request for the bond; or
- for a commercial property, been trading from it or have rented it out as a landlord for at least the six consecutive months immediately prior to the request for the bond.

At the time of redemption the application is re-assessed against the criteria listed under Criteria 1 above. New owners or tenants of properties, for which a bond has been issued, that are sold or leased after the date Edinburgh Airport submits a planning application will not be eligible to redeem the bond.

How is a PMSB obtained?

Potentially eligible property owners should first make a written request to Edinburgh Airport, at the address to the rear of this document, for a PMSB to be prepared.

Once we have checked that the application meets the eligibility criteria set out above, we would arrange for a valuation to be undertaken.

For the avoidance of doubt properties outwith the proposed airport boundary on page 15 will not be eligible for the PMSB.

How will the scheme work?

The PMSB will be a transferable written bond from Edinburgh Airport stating that we will offer to purchase that property should any future planning application be submitted by Edinburgh Airport that includes the site in the application area. The bond will be valid for 25 years from the date of issue and will include a valuation of the property. The valuation is index-linked to the price of the property immediately before the Government’s 2003 consultation paper was published.

Once we have announced that we wish to apply for planning consent to extend the airport boundary we would consult with the bondholder on the timing of our purchase of their property. Depending on the nature of our planning application it may take months before any decision is taken. Also the process of land assembly may take time if several land and property owners are involved.
For properties choosing to redeem the bond we would, in addition to offering to purchase the property at an index-linked purchase price, offer:

1. a separate payment relating to the costs of moving. This cost would be agreed with the bondholder as part of a valuation and would include the following:
   a. Curtains, carpets and other fixtures and fittings remaining with the property being sold, if any.
   b. Reasonable disturbance costs associated with the move, for example removal costs, the cost of disconnecting and reconnecting services and utilities, and three months’ redirection of post. The cost of temporary accommodation will not be included.
   c. Reasonable legal costs associated with the sale of the property and purchase of an alternative property.
   d. Pay a lump-sum equivalent to the Stamp Duty Land Tax that would be payable for property the bondholder is selling to Edinburgh Airport provided they are purchasing a replacement or alternative property.

2. voluntary property loss payment, which is 10% of the final valuation of the bondholder’s property. This payment would be paid at the time that planning consent for the additional land is granted and would form part of the contract for the sale of the property to Edinburgh Airport.

In order to agree a price for the property we would use the Register of Scotland’s Executive Agency records of the local market in June 2002. The potential property value would be based upon the June 2002 prices because this is when the UK Government launched the consultation on airport expansion. This is therefore the last date we can reasonably assume that property values were not affected by airport expansion proposals. This figure would be indexed at the date of sale to Edinburgh Airport using the Register of Scotland’s Executive Agency records of comparable local property market unaffected by the airport expansion proposals i.e. adjusted up or down by the amount that the local property market values have moved since June 2002.

‘IN ORDER TO AGREE A PRICE FOR THE PROPERTY WE WOULD USE THE REGISTER OF SCOTLAND’S EXECUTIVE AGENCY RECORDS...’
Property owners do not need to undertake valuations or surveys. We will arrange for a property valuation once an applicant’s eligibility has been confirmed. The following steps outline the valuation process:

1. Edinburgh Airport’s RICS-qualified (Royal Institute of Chartered Surveyors, the chartered surveyors professional body) valuer will visit the property in order to assess what the value was in June 2002. The valuer will be an expert and experienced in valuing such types of property.

2. If the valuer thinks that a structural or other type of survey is needed before an accurate valuation can be given they will inform the applicant of this. The findings of any additional surveys may affect the valuation.

3. If the applicant wishes to, they can appoint their own RICS-qualified valuer. We will pay the valuer’s reasonable costs, but to qualify for this the valuer would need to carry out the valuation in accordance with our formal instructions.

4. The valuer will give a copy of the valuation to us and we will send a copy to the applicant.

5. If the valuation given by the applicant’s valuer is within 10% of our valuation, then the value will be an 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.

6. We will issue the applicant with a PMSB signed on behalf of Edinburgh Airport which includes the June 2002 valuation. The applicant should keep this bond with the title deeds for the property, and append a copy to any sales details and/or home reports in order to inform potential purchasers about the bond.

If a bondholder has undertaken improvements to their property after the bond is issued these may materially affect the value of the property over and above the June 2002 historical value. An applicant may request that improvements are taken into account when the bond is redeemed. Material improvements could include building an extension, refitting a kitchen or bathroom. Any revaluation would account for the nature and age of the improvement. Redecoration, such as painting or wallpapering, is not regarded as an improvement to a property.

Edinburgh Airport would undertake a visual inspection of the property following a request to exercise the bond. This would allow them to verify what improvements had been undertaken or to gauge if there had been any deterioration of the property. The valuation process undertaken in steps 1-5 of this section would be repeated to update and agree a final valuation.

What happens when you are selling your property?
Once signed the bond will be registered against the title for the property, if permitted in terms of legislation. This will allow the bond to be transferred with the property should it be sold to a third party. The rights that accompany the bond remain subject to the bondholder meeting the eligibility criteria detailed above on the date the bondholder approaches Edinburgh Airport to redeem the bond.

Where a bondholder is a tenant, Edinburgh Airport must be notified of any transfers of interest in the bond.

New owners or tenants of properties, for which a bond has been issued, that are sold or leased after the date Edinburgh Airport submits a planning application will not be eligible to redeem the bond.
‘WE INTEND TO PUBLISH THE REVISED PMSB BY MARCH 2012, FOLLOWING A REVIEW OF THE CONSULTATION RESPONSES, AND THE NEW CRITERIA WILL TAKE EFFECT FROM THEN.’
When is the bond redeemable?

The bond is redeemable at any time between the date Edinburgh Airport submits an application for planning consent to extend the airport boundary and when the application is granted.

The following summarises the steps that a bondholder would take if Edinburgh Airport applied for consent to extend their boundary where the bondholder’s property is within the planning application boundary.

1. Contact Edinburgh Airport and ask if Edinburgh Airport will consider buying their property under the scheme.
2. Edinburgh Airport will reverify the bondholder’s eligibility under the scheme as at the time of redemption. For commercial properties and residential leaseholders we would use the most up-to-date Valuation Roll figures in order to assess eligibility.
3. Edinburgh Airport will update the valuation of their property, based on the index-linked value for that type of property for the most recent quarterly report published by the Register of Scotland’s Executive Agency for the Lothian area. We will also need access to visit the property, to check whether there has been any deterioration since it was first valued. If that has happened, we reserve the right to revalue the property. Bondholders can ask us to take any substantial improvements they have made to the property into account (for example, an extension, or a fully refitted kitchen or bathroom, but not redecoration).
4. We will make the bondholder an offer, based on the final valuation.
5. If the bondholder accepts the offer, then they will instruct their solicitors to sell their property to Edinburgh Airport, and Edinburgh Airport will buy the property. If the bondholder does not accept the offer, then they do not have to take part in Edinburgh Airport’s PMSB scheme and can wait until any statutory scheme applies.
6. On completion of the sale, and once the property is vacated, Edinburgh Airport will pay the bondholder the agreed price, plus the value of fixtures and fittings, reasonable legal costs, disturbance costs and Stamp Duty Land Tax, as set out under “How will the scheme work?” (see page 7), within 28 days of settlement.
7. Once Edinburgh Airport is granted planning permission for the proposed airport expansion, we will pay the bondholder an additional 10% of the agreed value of their property as a property loss payment.

The PMSB scheme will not affect a property owner’s statutory rights providing they do not redeem the bond prior to exercising these rights.

How long does the scheme last for?

The bond is valid for 25 years from date of issue. Properties within the indicative boundary on page 15 that hold a bond and are not within any initial planning application boundary but are within any subsequent application boundaries will still retain right to redeem the bond.

Status of 2005 PMSB scheme

The 2005 PMSB is superseded by this document and no applications will be accepted under the 2005 PMSB criteria. The criteria for assessing whether an application is eligible for a bond and the terms of the PMSB scheme are set out in this document.

What happens if you are not a bondholder, but included in an application boundary?

Edinburgh Airport may seek to compulsorily purchase non-bondholder properties included within expansion land once planning consent was granted for their expansion proposal. We would speak to any non-bondholder property/land owners about the purchase of their property prior to beginning the compulsory purchase process. Any compensation would be based on the provisions within statutory compensation legislation.
Frequently asked questions

Q. What assistance is given to people who live outside the boundary, who do not qualify for the PMSB?

A. Edinburgh Airport has a second scheme – the Home Owner Support Scheme (HOSS). This scheme works to prevent perception of loss of property value in the area that would be newly exposed to medium-to-high levels of noise from a second parallel runway. The provisions of and criteria for the HOSS remain unchanged and it should be noted that the HOSS does not come into effect until Edinburgh Airport announces its intention to apply for planning permission for a second runway. The timeline for developing a second runway has been amended following the publication of our 2011 Masterplan. Details of the HOSS are available online at edinburghairport.com.

Q. I live in a semi-detached house situated on the boundary of land potentially required by the airport – are both properties potentially included in the PMSB?

A. If part of the building is inside the boundary, the whole property will be treated as being inside the boundary.

Q. Why doesn’t Edinburgh Airport just apply for planning permission now, and buy up local properties?

A. The 2011 Masterplan sets out our current airport expansion and development proposals for the next ten years in detail. Additional development and potential airport boundary expansion beyond this period is very much dependent on how air traffic grows over forthcoming years. Additionally, the cost of purchasing land before it is needed for development precludes this approach. In addition the UK Government is consulting on replacement aviation policy and this may result in Edinburgh Airport retaining the current airport boundary.

Q. Who decides what constitutes “reasonable” in relation to fixtures and fitting, disturbance and legal costs?

A. As the PMSB is a discretionary scheme, Edinburgh Airport will determine this. We hope that both parties will act reasonably in order to ensure those bondholders who do move are reasonably reimbursed for the normal expenses associated with that move.

Q. Can we trust Edinburgh Airport to honour their word?

A. As a result of the bond being registered against the title for the property, the bond would be a legal agreement between the owner of the property and Edinburgh Airport. The scheme itself is voluntary (we did not have to do this), but we will be bound to honouring the bond according to its terms if the owner of the property is eligible at the time they redeem the bond.

‘AS PART OF THIS CONSULTATION WE ARE CONTACTING ALL THOSE AFFECTED PROPERTIES IN THE POTENTIAL NEW AIRPORT BOUNDARY.’
Q. How many homes will be required inside the proposed expanded airport boundary?

A. We do not know how many homes would be required in a proposed expanded boundary. Potentially affected properties are within area shown on the map on page 15.

Q. What happens to commercial properties?

A. The PMSB also applies to commercial properties which have an annual value for rating purposes of no more than £30,000 (2010 Valuation Roll).

Q. What happens if the figure within the Valuation Roll changes?

A. We would honour the new figure produced in future Valuation Rolls.

Q. How does the sale of Edinburgh airport effect any bonds that are granted before the sale takes place?

A. As mentioned above, the bond will be registered against the title for the property and will therefore be enforceable against any successors to Edinburgh Airport. Where the bond cannot be registered, we will ensure that any purchaser of the airport is aware of its obligations under the bond.

Q. Will you publish a list of all those properties that may be affected?

A. We are not publishing the details of any individual property owner that may be affected by the scheme. This document is publically available on our website.
Applying for a PMSB

Applications for a PMSB should be sent to Edinburgh Airport, Planning and Development, Asset Team Office, Gogarbridge Road, Edinburgh, EH12 9DN and contain the following details:

- Who the applicant is;
- The applicants address and contact details;
- Confirmation of the property details;
- An agents name and contact details (if used);
- The date from which the applicant had an interest in the property;
- The type of interest in the property.

The process as set out in this document will then be followed.