

Questions from Brooklands residential red zone workshop

1 March 2012

The Crown offer process

Answers provided by CERA

1. Will I receive anything for a section with no dwelling?

The Crown offer currently only applies to insured residential properties in the residential red zones. The Crown offer is not available to properties that consist of bare land.

2. What happens if you are not happy with either option after 12 months?

If you decide that you do not want to accept the Crown's offer, you should be aware that:

- The Council will not be installing new services in the residential red zone.
- If only a few people remain in a street and/or area, the Council and other utility providers may reach the view that it is no longer feasible or practical to continue to maintain services to the remaining properties.
- Insurers may cancel or refuse to renew insurance policies for properties in the residential red zones.
- While no decisions have been made on the ultimate future of the land in the residential red zones, CERA does have powers under the Canterbury Earthquake Recovery Act 2011 to require you to sell your property to CERA for its market value at that time. If a decision is made in the future to use these powers to acquire your property, the market value could be substantially lower than the amount that you would receive under the Crown's offer.

3. Who is responsible for demolition?

The Crown will not seek to recover any costs associated with the demolition of your house and the clearing of your property from owners directly but, where appropriate, will look to recover these costs from the insurer or EQC .

4. Who pays for shifting if the CERA offer is taken?

You will be responsible for your own moving costs.

5. Why is the deadline of April 2013 so definite? Will it be extended?

CERA is satisfied that April 2013 is a realistic date. We are, however, aware of concerns about land availability and affordability issues. These issues are being actively addressed to help resolve those concerns.

6. After accepting the offer, can we stay longer?

You must be out of the property by the settlement date under Option 1 or Option 2.

You will need to have all arrangements in place to move out of your property by your chosen settlement date, including having alternative accommodation to move to if your new house is not yet complete.

7. Does the Government offer include GST?

Yes. The Government offer includes GST.

8. Why haven't we heard back from CERA about our offer?

Without further information, it is not possible to answer this question. Please contact CERA on 0800 RING CERA (0800 7464 2372) or email info@cera.govt.nz to discuss your specific circumstances.

9. Is there any help from CERA in negotiating with insurance companies?

You need to continue to work with your insurance company to resolve any dispute or follow the complaints procedure outlined in your insurance contract. If you feel you are being unfairly treated by your private insurer, you can take the matter to the Insurance and Savings Ombudsman.

10. Can I relocate my house and will land be made available on which to relocate to within reasonable commuting distance to the city?

It may be possible to relocate your house. If you would like to relocate your house, please contact:

- CERA if you are planning to accept Option 1 of the Crown's offer; or
- Your insurer if you are planning to accept Option 2 of the Crown's offer.

CERA or your insurer (as the case may be), will consider your request and advise whether or not the requested building can be removed. CERA is working with key stakeholders including REINZ to increase the visibility of sections suitable for relocated houses.

11. Relocation – I want to buy back the house, is this possible?

It may be possible to relocate your house. If you would like to relocate your house, please contact:

- CERA if you are planning to accept Option 1 of the Crown's offer; or
- Your insurer if you are planning to accept Option 2 of the Crown's offer.

CERA or your insurer (as the case may be), will consider your request and advise whether or not the requested building can be removed.

12. If I refuse to leave, what will happen?

If you decide that you do not want to accept the Crown's offer, you should be aware that:

- The Council may not be installing new services in the residential red zone.
- If only a few people remain in a street and/or area, the Council and other utility providers may reach the view that it is no longer feasible or practical to continue to maintain services to the remaining properties.
- Insurers may cancel or refuse to renew insurance policies for properties in the residential red zones.
- While no decisions have been made on the ultimate future of the land in the residential red zones, CERA does have powers under the Canterbury Earthquake Recovery Act 2011 to require you to sell your property to CERA for its market value at that time. If a decision is made in the future to use these powers to acquire your property, the market value could be substantially lower than the amount that you would receive under the Crown's offer.

13. For rural zoning, are sections offered an amount in relation to the size of the lot?

The Government offer is not available to vacant land.

14. How can we make decisions when we can't get decisions from insurance/EQC on our properties?

On 20 April 2012 Canterbury Earthquake Recovery Minister Gerry Brownlee announced a one-off three month extension to the time available for insured residential red zoned property owners to choose a settlement option. These owners now have 12 months from the date of the Crown offer letter, or until 31 March 2013, whichever comes first, to accept the offer. The final settlement date remains 30 April 2013.

We have been assured by insurance companies that they are progressing their part quickly. CERA is keeping an eye on this and will follow up with insurance sector leaders if delays become a significant problem

15. When do we get the \$50,000 deposit if we are building elsewhere?

If you require a deposit and have chosen a settlement date that is six weeks after the date that the Crown receives your agreement, a deposit can be paid. The deposit will be the lesser of:

- 50 percent of the purchase price recorded on the front page of the Agreement for Sale and Purchase; or
- \$50,000.

The deposit will be paid to your lawyers trust account as soon as possible after the Agreement for Sale and Purchase is signed by the Crown.

16. How long does it take for full payment to be made?

The balance of your purchase price will be paid to your lawyers trust account on your chosen settlement date, which is the date you must be out of your property.

17. How long does it take for CERA to release funds?

Where appropriate a deposit will be paid to your lawyers trust account as soon as possible after the Agreement for Sale and Purchase is signed by the Crown.

The balance of your purchase price will be paid to your lawyers trust account on your settlement date, which is the date you must be out of your property.

18. Under Option 2, do we have to vacate to receive remaining funds (after deposit is received)?

The balance of your purchase price will be paid to your lawyers trust account on your chosen settlement date, which is the date you must be out of your property.

19. Once I have received pay out, can I stay in my house?

No. The Crown requires vacant possession. If you decide to rebuild elsewhere, and require help with temporary accommodation the Canterbury Earthquake Temporary Accommodation Service (CETAS) may be able to assist.

20. If you accept a CERA offer, what are you entitled to take from the house?

You can take your personal possessions and chattels. Once the property is owned by the Crown you won't be able to return and the property will soon become a worksite. Eventually these worksites will be cleared – this includes garden plants, structures and features. Where possible debris will be recovered for re-use and recycling.

Chattels are items that are not attached to your land or the buildings on your land and can be removed without causing damage to your property. They include:

- Blinds, curtains and drapes.
- Unfixed carpets and rugs.
- Ovens and stoves that are soft wired or plugged in to the wall.
- Light shades and light fittings.
- Household furniture.
- Garden plants, plant pots, raised beds, and ornaments.

If you would like to remove anything else from your property or want to confirm whether a particular item is a chattel please make contact with one of the following no later than 10 working days before your settlement date:

- CERA on 0800 7464 2372 or info@cera.govt.nz if you are planning to accept Option 1 of the Crown's offer.
- Your insurer if you are planning to accept Option 2 of the Crown's offer.

When doing so we recommend that you provide a list of the items that you would like to take with you. CERA or your insurer (as the case may be) will consider your request and advise whether or not the requested items can be removed from your property. If they can be removed, you may be asked to sign a simple document to record any agreed arrangements, including any amounts that you will need to pay to CERA or your insurer for the those items. These amounts will be deducted from the purchase price for your property under Option 1.

21. Where do we stand if we need longer to rebuild before the settlement date?

The Crown offer required vacant possession by the settlement date under Option 1 or Option 2.

You will need to have all arrangements in place to move out of your property by your chosen settlement date, including having alternative accommodation to move to if your new house is not yet complete.

22. Is CERA doing anything to move the settlement process along?

CERA is actively monitoring the progress of insurance companies in making offers. You need to continue to work with your insurance company to resolve any dispute or follow the complaints procedure outlined in your insurance contract. If you feel you are being unfairly treated by your private insurer, you can take the matter to the Insurance and Savings Ombudsman.

23. Can you change your settlement date i.e. move it forward after signing?

The Crown and your lawyer can negotiate a change of date, but this will take some time and may result in additional legal costs. It is best to take the time you need initially to figure out what date will work best for you.

24. Is there any review process re the land value?

You can seek a review of your purchase price if the area of the land recorded in the most recent rating valuation for your property is understated.

You can seek a review of your purchase price if:

- The area of the land recorded in the most recent rating valuation for your property is understated (this is the only ground on which you can seek a review of the purchase price paid under Option 2);
- The total floor area of the improvements recorded in the most recent rating valuation for your property is understated by more than five per cent; or
- You have undertaken consented building work on your property for which you hold a code compliance certificate that has increased the floor area of the insured buildings but has not been taken into account in the most recent rating valuation. You should check with your Council to confirm the area of the buildings that have been included in your rating valuation as in some cases the valuation has been adjusted to reflect changes in floor area but the floor area recorded in the rating valuation has not been updated.

It is important that you discuss the grounds on which you wish to seek a review of your purchase price with your lawyer. He or she will be able to confirm whether your property qualifies for a review. If it does and you wish to proceed with a review then your lawyer must confirm this in the settlement database. It is important to note that once your lawyer has confirmed in the database that you want to seek a review you cannot withdraw from the process and you will be charged a non-refundable fee of \$250. This fee will be deducted from the purchase price on settlement.

25. Why are the 'repairs' so badly disadvantaged compared to 'rebuilt's? RV has nothing to do with insurable value.

The Crown has used rating valuations as the basis for the purchase price under the Crown offer. Rating valuations were selected because the values are clear and widely known, they determine the value for all properties in an area at the same point of time, they are updated regularly, and property owners can seek a new valuation notice between the general valuations when changes are made to the property such as erecting new buildings, or adding, altering or demolishing existing buildings.

26. EQC has said there is no land damage, why is the zoning red?

Zones were established based on the severity and extent of land damage, the cost-effectiveness and social impacts of land remediation. Red Zones have been declared in areas where there is area-wide damage and an engineering solution to remediate the land damage would be uncertain, disruptive, not timely, nor cost effective and the health and well-being of residents would be at risk from remaining in the area for prolonged periods.

27. Would CERA be open to changing categories for specific properties to green in the red zone? E.g. create a new TC4 category within red zones?

Any change in zoning decisions would need to be agreed to by Cabinet. There are currently no policy settings whereby CERA can change the zoning decisions on any properties.

28. Why didn't the lifestyle blocks in Brooklands red zone go green like other surrounding lifestyle blocks?

Decisions have been made on the basis of area-wide land damage rather than property type. Residential red zones have been declared in areas where there is area-wide damage (implying an area-wide solution) and an engineering solution to remediate the land damage would be uncertain, disruptive, not timely, nor cost effective.

Green zones have been declared in areas where there are no significant issues which prevent rebuilding and properties are generally able to be repaired on an individual basis through the normal insurance process. In some green zone cases, land may be assessed as uneconomic to repair through the insurance process and such properties will receive a payment in lieu of repair.

29. Will any TC2 or TC3 properties go red?

Any change in zoning decisions would need to be agreed to by Cabinet. There are currently no policy settings whereby CERA can change the zoning decisions on any properties.

30. Why is my land red? Will I get specific testing of my section?

Red zones have been declared in areas where there is area-wide damage and an engineering solution to remediate the land damage would be uncertain, disruptive, not timely, nor cost effective and the health and wellbeing of residents is at risk.

31. Why are homes in Brooklands, now that it is zoned red, changed from 'rebuilt' to 'repairs'?

This is determined by insurance companies.

32. Will CERA assist in making DBH guidelines clearer?

CERA is working closely with DBH to ensure that guidelines for repair and rebuilds are clear for engineers, builders and property owners. These were released in late April 2012.

33. Why isn't there ongoing communications from CERA about what is happening locally? E.g. Styx River bank work at Spencerville.

Spencerville is a pilot programme which is being managed by EQC.

34. What is CERA's plan for Brooklands in the long term? Are they going to redevelop?

A policy for the future use of red zone land has yet to be developed. Once zoning decisions have been completed, this will be a priority for the Government.

35. Why can't we stay in our home until our new house is ready?

The requirement for vacant possession has already been carefully considered and is a standard approach in a sale and purchase agreement.

36. Can I use money from the Government pay out to pay for a section (already put an offer in subject to payment coming)?

Like any property sale and purchase, once the property is sold to the Crown, the seller can choose what they do with the proceeds of the sale