

# Media Release

## Three weeks until final settlement day for properties in Red Zone's flat land

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With the final settlement date for properties in the Residential Red Zone flat land area now just three weeks away, the Canterbury Earthquake Recovery Authority is continuing to assist homeowners with their move out of the earthquake damaged areas.

A property broker and a case manager have been in place since September last year to hunt out appropriate accommodation solutions for those in need, assisting numerous Red Zone home owners into new homes or temporary accommodation.

CERA chief executive Roger Sutton says 157 homeowners chose dates in the final week of January 2014 to settle with the Crown on the sale of their property and move to their new homes. Most have either moved earlier than expected or are on track with their move.

"But we have had around 20 calls from people asking what will happen if they can't quite move as planned and my staff are explaining the process around penalty interest charges. This is the normal situation if anyone defaults on a legal agreement in the sale and purchase of a house," Mr Sutton says.

"We are able to give 14-days grace but anyone who has not moved out after that will be charged daily penalty interest and that amount of money will be deducted from the final settlement payment. This is exactly the same as any other legal home purchase process anywhere else in New Zealand, however using powers under the CER Act 2011, I can make exceptions in some instances."

Mr Sutton says he will consider waiving the penalty interest charges on a case-by-case basis looking at the specific constraints faced by the home owners.

"This is not going to apply to many people as most home owners have temporary accommodation payment provisions through their insurers. However in extreme circumstances I will consider waiving the penalty fees and my staff will be helping me assess those particular cases."

Since the Red Zone process was announced in June 2011 there have been several extensions of the final settlement date to ensure home owners have had as much time as possible to find a new home.

The original settlement dates were in April 2013, or June 2013 for Southshore and South New Brighton. At the end of 2012 a blanket extension was announced meaning flat land homeowners could stay until July 2013 (or August for Southshore and South New Brighton) and subsequently case-by- case extensions were granted in extenuating circumstances up until 31 January this year.

Mr Sutton says the cost to the Government and the Christchurch City Council of maintaining the infrastructure in the Red Zone for a very small number of homes is not viable in the long term.

The cost of keeping services running to homes is approximately \$500 per week per occupied house, and at present the estimated upkeep will cost just under \$1 million each month. That will reduce as homes are vacated. "And that's just looking at it from a numbers perspective. The Council also has to take into account issues like water quality," Mr Sutton says.

"With such a massive decline in the demand for running water, there is less of it moving through the damaged pipes, so a greater chance of water stagnating."

Owners of 132 properties across the Red Zone areas in Christchurch City and the Waimakariri District chose not to accept a Crown offer and of those around 100 properties are residential.

CERA staff have been routinely contacting Red Zone home owners as settlement dates approach, but anyone with any subsequent questions about their settlement process should call 0800 RING CERA as soon as possible.