

Questions from Avon Loop, Richmond and Linwood residential red zone workshop

27 June 2012

Crown Offer – answered by CERA

When does the crown offer expire?

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.

What pressure / priority can CERA apply to Insurance Companies to allow homeowners to make an informed decision? Will CERA intervene in insurance offer to repair, rather than rebuild?

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.

Are legal fees tax deductible?

This depends on your individual circumstances – you should discuss this with your accountant.

How can a red zone property be repairable?

Insurance assessments are made based on the state of your house not your land, therefore an insurer may consider the house to be repairable even if the land has been red zoned.

Can I be rezoned – red to green?

The zoning review process has closed for flat land properties in the residential red zone. For more information visit the CERA website using the following link <http://cera.govt.nz/zoning-review>

Why can't CERA accept different options from body corporates?

Where the principal insurance policy is held by the body corporate, Cabinet has agreed to allow individual unit owners to accept Option 1 of the Crown offer, but to only allow Option 2 if all owners agree. Unanimous consent is required as it is not possible to assign part of the insurance benefits to the Crown.

The rationale behind allowing individual unit owners to accept Option 1 of the Crown's offer without reference to the other members of the development is to enable unit owners to move on with their lives and provide them with some certainty.

What happens if I can't make an informed decision within offer timeframe?

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.

What is CERA's view on insurers basing offer on basis that land is good?

In all red zone areas, areawide damage has occurred.

Is there a dispensation to stay past April 2013 if house undamaged?

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

If new property is of lesser value than the CERA offer, can I keep the balance?

Yes, subject to any interests over your property, it is up to you how you use the proceeds of the sale of your property.

Can I rent my property back from CERA?

You cannot rent your home from the Crown. Once the Crown has become the owner of your property no one will be permitted to live there.

Option 2 – protracted insurance agreement. Can the offer be extended?

In April 2012, the Canterbury Earthquake Recovery Minister announced a one-off three month extension to the time available for insured residential red zoned property owners to choose an option. 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 (for all areas except for Southshore) remains at 30 April 2013.

Is there a recommendation to the crown to extend the offer timeframe?

No advice has been provided to the Minister to extend these timeframes further.

What is the zoning review process?

An Advisory Group was established comprising three CERA officials with expertise in public policy, law and geotechnical engineering and an independent chair, Dr Keith Turner.

Their mandate was to review the geotechnical data and to check that the criteria agreed by Cabinet to determine green and red zones have been consistently applied and that boundary lines have been drawn sensibly.

Final decisions and announcements were made in August and property owners have been notified.

For more information visit the CERA website using the following link
<http://cera.govt.nz/zoning-review>

Can we settle with CERA under option 2 and then negotiate with insurance / EQC on the house?

Yes, however before deciding which option to accept it is important that you know what your insurer will agree to pay for the damage to your buildings and fixtures. You should discuss your options with your solicitor.

Can I sign for both offers and decide once all the information is received?

No, in order to accept the Crown's offer you must decide whether you want to accept Option 1 or Option 2.

What are the temporary housing options via insurance while waiting to make a decision?

You will need to discuss this with your private insurer as this will depend on the terms of your policy.

Clean Heat Loan – what happens to the balance owing (included in rates?)

You must keep paying the rates and any other charges for your property until the settlement date. On settlement, the balance owing under a Clean Heat Loan will be deducted from the final settlement amount.

What can we take from the house under option 1 and 2?

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 any remaining garden plants, structures and features. Where possible, debris will be reused and recycled.

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.

Underinsured – option 1 or 2?

If your property is underinsured by more than 20 per cent (for example, because it is insured for a fixed sum which is less than the rating valuation or its size is under-declared on the policy), the Crown's offer to pay the most recent rating valuation will be reduced by the percentage that you are underinsured. The Crown will work out whether you are underinsured by talking to your insurer and looking at information about your property. No underinsurance adjustment is made under Option 2.

Why does section need to be fully cleared (including trees)

For security and safety reasons, clearing of a property will begin as soon as possible after the Crown becomes the owner and anything (including any buildings) that remains on the property will be cleared.

Why doesn't CERA look after our vacant sections?

Once a property transfers into Crown ownership, the Crown is responsible for looking after the property. The Crown undertakes both a proactive and reactive property management programme to mitigate any hazards on Crown-owned property in the residential red zone.

Why isn't CERA renting out Red Zone properties?

The Crown requires vacant possession so that the clearing of the properties can be undertaken.

How am I compensated for a shared driveway?

The value of any interest in shared driveways or areas is included in the rateable value.

Is there an Option 3? Keep the land and deal with the insurer for the dwelling.

If you decide not to accept the Crown offer, you are entitled to pursue all your insurance claims and any rights that you may have under those claims.

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 in 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.

Can you determine who demolishes your home and who pays for it?

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

Does the demolishing responsibility vary between option 1 and option 2 and can it fall onto the claimant?

Once a property is owned by the Crown, CERA will work with insurers regarding clearance. The Crown will not seek to recover any costs associated with the removal of buildings and the clearing of properties from owners directly but, where appropriate, will look to recover these costs directly from your insurer or EQC.

Will CERA compulsorily acquire my property if I do not choose an option by the required time?

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.

Can the settlement date be extended? Is it consistent with other red zone areas?

30 April 2013 is the final date for settlement except for Southshore and Port Hills properties.

Can I stay in my home? Do I have to accept the government options, and if I do not, will services be withdrawn?

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.
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If I find a replacement house of lesser value than the CERA offer, do I keep the balance? Is this the same for both offers?

Yes, subject to any interests over your property, it is up to you how you use the proceeds of the sale of your property.

If the government receives more value for my land than it has paid to me on settlement, does the government need to give that money to me?

Under Option 2, if EQC's eventual payout to the Crown for the damage to your land is more than the rateable value for the land, the Crown will pay you the difference.

If you have 2 properties in the red zone, can I combine payouts under option2?

The settlement process will need to be undertaken for each property. You can choose to settle both properties on the same day if required.

What happens if infrastructure services are turned off before the red zone date?

The Council is aware of the timeframes under the Crown offer and will continually review as appropriate.