

Chair
Cabinet Economic Growth and Infrastructure Committee

RESIDENTIAL RED ZONES: FUTURE USE

Purpose

1. This paper seeks that the Cabinet Economic Growth and Infrastructure Committee note and agree to the proposed process by which decisions on the future use of red zone land in greater Christchurch will be made, starting with a public participation process for Waimakariri.

Executive Summary

2. The Canterbury earthquakes caused severe, area-wide damage to certain areas of greater Christchurch. Where engineering solutions to remediate damaged land were uncertain, disruptive, and neither timely nor cost effective, these areas were zoned red [CAB Min (11) 24/15 refers]. The Crown offered to purchase eligible properties in red zone areas, allowing owners to move on with certainty and confidence. The result of the Crown offer is that approximately 7,300 properties across the Christchurch and Waimakariri red zone areas are now Crown owned.
3. Given the extent of the Crown's property ownership in the red zones and in line with the Government's Recovery Strategy for Greater Christchurch, a process by which decisions on the future use of red zone areas can begin. I propose that the Government's key priorities for the recovery of the residential red zones be:
 - 3.1. That the Councils' preferred infrastructure requirements that would utilise red zone land are provided, and the Government is satisfied they are appropriately scoped and would integrate well with other potential future uses of the red zones;
 - 3.2. To enable and encourage public participation in determining the future use of red zone areas;
 - 3.3. To achieve a high amenity value; and
 - 3.4. To leave open some options for future uses that might offer a financial return for the Crown.
4. I propose that CERA engages the strategic partners and other key community representatives in a two phase process to guide the recovery of the residential red zones:
 - 4.1. Phase one: consultation with the strategic partners, participation of the public, collation of the results, and reporting back to the Minister for Canterbury Earthquake Recovery; and

- 4.2. Phase two: consideration of future use options, identifying appropriate legal mechanisms, making final decisions, and the planning and implementation of those final decisions;
5. Christchurch City Council is yet to confirm its preferred infrastructure requirements that would utilise red zone land. CERA officials are working with Christchurch City Council to obtain this and I understand that this information is at least eight to ten weeks away. I do not therefore intend to proceed with public participation for the future use of Christchurch red zone areas at this stage.
6. Waimakariri District Council has provided its preferred infrastructure requirements and I am satisfied that the public participation process for determining the future use of red zone areas in Waimakariri can proceed. I intend to make an announcement that this will begin in mid-July 2014.

Background

7. In response to the effects of the Canterbury earthquakes, Cabinet made decisions that resulted in six areas of land within Christchurch and Waimakariri being zoned red [CAB Min (11) 24/15 refers]. Decisions on zoning were guided by extensive geotechnical investigations, the risk of further damage caused by future seismic events and other hazards, and the uncertainty of engineering solutions.
8. The Government made an offer to purchase eligible properties located in red zone areas. This allowed property owners to move on with certainty and confidence [CAB Min (11) 27/12 refers]. The result of Crown's offer is that approximately 7,300 properties in red zone areas are now Crown-owned, representing a gross investment of approximately \$1.5 billion which is expected to be partially offset by insurance recoveries.
9. The table below shows the Crown's costs to date in maintaining and managing Crown-owned residential red zone land. On average 52% of costs have gone to paying rates to the local councils, 14% to property management, 11% to settlement agents, and 6% was spent on legal fees. The remaining 17% is made up of various other costs such as assessors, community security, and other miscellaneous services.

	Actual (\$m)	Actual (\$m)	Estimated (\$m)
	2011/12	2012/13	2013/14
Red Zone Management	8,763	11,343	11,936

10. The areas of residential red zone land in Christchurch are located in Brooklands, West Southshore, by the Avon River and in the Port Hills. In Waimakariri, red zone areas are located in parts of Kalapo, and Kalraki and Pines Beach. Maps, attached as Appendix A, show the location of the red zone areas in Christchurch and Waimakariri.
11. In addition to red zone land being so damaged that rebuilding is unlikely to be practicable over the short to medium term, different areas present different challenges in terms of its future use. For instance, the Port Hills red zone has on-going life safety issues that mean decisions on future use of this area could take longer.

A framework for future use decision-making

12. The Government's Recovery Strategy for Greater Christchurch states that the *future long-term use of red zone land will be considered once a substantial proportion of red zone land has been transferred to the Crown*. Given the extent of the Crown's property ownership in the red zones, and the fact that some 4,750 of these properties have now been cleared of dwellings, I am of the view that now is the time to put in place a process enabling us to consider the future of this land.
13. Beginning a process to determine the future use of the residential red zones is a significant milestone in the recovery of greater Christchurch. It represents an exciting and positive opportunity for the Government to engage productively with the strategic partners and community as they share their aspirations, priorities and ideas for the future of these areas.
14. I propose that the Government's key priorities for the recovery of the residential red zones be:
 - 14.1. That the Councils' preferred infrastructure requirements that would utilise red zone land are provided, and the Government is satisfied they are appropriately scoped and would integrate well with other potential future uses of the red zones;
 - 14.2. To enable and encourage public participation in determining the future use of red zone areas;
 - 14.3. To achieve a high amenity value; and
 - 14.4. To leave open some options for future uses that might offer a financial return for the Crown.
15. The environment in which decisions on the future use of the residential red zones will be made and implemented is dynamic. The following factors may limit the options available for red zone areas, and should be considered alongside and integrated into the decision-making, planning and implementation processes.

Infrastructure requirements and timing of public engagement

16. Some red zone land will need to be used for infrastructure servicing the adjacent green zones or the broader community. This includes the three waters network (consisting of waste water, storm water, and fresh water), and roading.
17. As part of CERA's engagement with strategic partners, the Christchurch City and Waimakariri District Councils have been asked to provide their preferred infrastructure requirements involving the use of red zone land before public participation begins. I have indicated to the Councils that infrastructure decisions are likely to be prioritised as future use proposals are considered.
18. The Christchurch City Council has not yet provided its infrastructure requirements and CERA officials are working closely with the Christchurch City Council to understand what these may be. It is estimated that it may be at least another eight to ten weeks before this is provided.
19. I propose that the public participation on the future use of the red zone areas located in Christchurch should not proceed until the infrastructure requirements of the

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Christchurch City Council have been provided, and the Government is satisfied they are appropriately scoped and would integrate well with other potential future uses of the red zones.

20. Waimakariri District Council has provided its preferred infrastructure requirements and I am satisfied that the public participation process for determining the future use of red zone areas in Waimakariri can proceed. On this basis, I propose that public participation for the future use of the residential red zones in Waimakariri can proceed, and intend to announce that public engagement on the future use of these areas will begin in mid-July 2014.

Geology

21. Land damage in red zone areas means there may be constraints as to what the land can support, and therefore what options may or may not be available for its future use. [REDACTED] withheld under section 9(2)(g)(i)

Hydrology

22. Red zone land provides an opportunity to manage flooding in some green zone areas. Conversely, the flood-prone nature of certain parts of the red zone may limit future use options in those areas. CERA and Christchurch City Council officials are working together to develop long-term flood management options for Christchurch City.
23. Waimakariri District Council has already provided CERA with its preferred infrastructure requirements for flood management.

Remaining property owners

24. There are currently 133 properties in Christchurch and Waimakariri flat land red zone areas where property owners have chosen not to accept the Crown offer, and that offer has now expired. [REDACTED] withheld under section 9(2)(g)(i)
25. In the Port Hills there are 146 property owners eligible for, but yet to accept, a Crown offer that is due to expire on 31 August 2014. Furthermore, there are 214 owners of vacant, commercial and known uninsured properties in the Port Hills who are yet to receive a Crown offer while the *Quake Outcasts* litigation is before the Courts. Communications to these property owners will be sensitive to their situation.

Quake Outcasts Supreme Court proceedings

26. A legal challenge to the lawfulness of the Government's zoning decisions and the offer to purchase vacant, commercial and uninsured properties in the red zones was heard by the High Court and Court of Appeal in 2013. The Supreme Court has granted leave for the litigants to appeal the Court of Appeal's decision, and has set the hearing down to take place between 29 to 30 July 2014.
27. [REDACTED] withheld under section 9(2)(h)

District Plan reviews

28. In the coming months, Christchurch City and Waimakariri District Councils will review parts of their respective District Plans. Existing district plan zoning and provisions will continue to apply to the residential red zones until replaced by new provisions. CERA will work with the Councils to ensure that any zoning changes as the result of the district plan reviews reflect the new uses of the residential red zone areas, once decisions on those uses have been made.

Proposed process for determining the future use of the residential red zones

29. The proposed high-level process, outlined below, provides for decisions to be made in a flexible, area-specific and phased manner. The two phases of the process are:

29.1. Phase One – Public Participation

- Consultation with strategic partners and key community leaders on the design of the public engagement strategy;
- Engage with the public, seeking input into options for the future use of the residential red zones;
- Collating and analysing public submissions and the Councils' preferred infrastructure requirements; and
- Reporting back to me on the results of the above.

29.2. Phase Two – Planning and Implementing

- Cabinet considers preliminary future use options informed by Government objectives, Councils' preferred infrastructure requirements, and engagement with the strategic partners and the public;
- Identifying suitable legal mechanisms to implement the proposed options, for example, a Recovery Programme or Recovery Plan;
- Developing "blueprints", or similar;
- Further engagement with the strategic partners and the public on draft plans;
- Final Cabinet decisions made on future use, and management and/or ownership; and
- Planning for the implementation of those decisions, noting that some may be implemented faster or slower than others depending on a number of factors.

Public participation on future use

30. Engagement with the public is vital to the decision-making process, and is intended to source a wide range of ideas and aspirations for the future of red zone land. It will

ascertain, as far as possible, how people, including those who live or previously lived in Christchurch and Waimakariri, visualise the future of the red zone areas for their own and future generations.

31. In addition to identifying the aspirations of the community for the future use of red zone land, it will also allow the Government's priorities to be communicated widely, and involve the public in a positive stage of the recovery process.

Engagement with strategic partners

32. I and my officials have recently begun engaging with the Christchurch City Council, Waimakariri District Council, Environment Canterbury and Te Rūnanga o Ngāi Tahu to outline that, while the strategic partners can expect to be involved with, and consulted throughout the process, the final decisions on the future use of the residential red zones will be made by Cabinet.

Next Steps

33. Public engagement on Christchurch red zone areas will not begin until the Council's infrastructure requirements are understood and the Government is satisfied they are appropriately scoped and would integrate well with other potential future uses of the red zones. Public participation for Christchurch City red zone areas is therefore unlikely to begin until sometime after the 2014 general election.
34. It is anticipated that public engagement for Waimakariri red zones will run from mid-July to late-August 2014. CERA will collate feedback and analyse submissions, and will report back to me by the end of 2014.
35. CERA officials will determine and advise me whether there are some infrastructure decisions that could be made earlier that would not compromise possible future uses of red zone land.
36. I have asked CERA officials to brief me on the following related issues over the next few months:
 - 36.1. Legal and policy advice regarding mechanisms for holding land and the transfer of land to the Crown;
 - 36.2. [REDACTED] withheld under section 9(2)(j)
 - 36.3. Any tools required in order to implement recovery options.
37. CERA officials will report back to me by the end of 2014 on the outcome of public engagement for Waimakariri red zones and will include:
 - 37.1. Preliminary options for future use of Waimakariri red zone areas;
 - 37.2. Options around recovery tools, such as the use of a Recovery Programme or Recovery Plan;
 - 37.3. Any legal mechanisms required to transfer land ownership, depending on future use decisions; and
 - 37.4. Options for residents who remain in the red zones.

Consultation

38. The Treasury and the State Services Commission were consulted during the preparation of this paper. The Department of the Prime Minister and Cabinet was informed.
39. CERA officials discussed the proposed high level future use process at the Recovery Strategy Advisory Committee on 9 May 2014 and its feedback has been incorporated into the paper where appropriate.
40. CERA has received advice from the State Services Commission on undertaking public engagement for Waimakariri during the pre-election period. This confirms public engagement on the future use of the residential red zone can proceed, provided there is a strong risk management plan in place. CERA has developed this framework.

Financial Implications

41. The costs of resourcing the first phase of the residential red zones recovery process, including public engagement on the future use of Waimakariri red zones will be met through CERA's operating budget.
42. [REDACTED] withheld under section 9(2)(g)(i)

Legislative Implications

43. This paper has no legislative implications.

Regulatory Impact Analysis

44. The regulatory impact analysis requirements do not apply to the proposals in this paper as at this stage there are no regulatory changes proposed. If this first phase of engagement on future use results in recommendations for a Recovery Plan or other intervention, then a Regulatory Impact Statement will be prepared.

Gender, Disability and Human Rights Implications

45. This paper has no gender, disability or human rights implications.

Publicity

46. In April 2014, the Prime Minister and I released media statements announcing the beginning of a process to determine the future use of the residential red zones. I intend to announce that the public engagement process for the future use of the red zone areas in Waimakariri is to begin in mid-July 2014.

Recommendations

47. I recommend that the Cabinet Economic Growth and Infrastructure Committee:

Background

1. note that in response to the effects of the Canterbury earthquakes, six areas of land in Christchurch and Waimakariri were zoned red and eligible properties in these areas received a Crown offer to purchase [CAB Min (11) 24/15 refers];
2. note that the Crown has purchased approximately 7,300 red zone properties in greater Christchurch, of which over 4,750 have been cleared of dwellings, and that it is timely that a process is developed by which the future use of this land can be determined;

A framework for future use decision-making

3. agree that the Government's key priorities for the recovery of the residential red zones be:
 - 3.1. That Christchurch City and Waimakariri District Councils' preferred infrastructure requirements that would utilise red zone land are provided and the Government is satisfied they are appropriately scoped and would integrate well with other potential future uses of the red zones;
 - 3.2. To enable public participation in determining the future use of the residential red zones;
 - 3.3. To achieve a high amenity value; and
 - 3.4. To leave open some options for future uses that might offer a financial return for the Crown.

4. [REDACTED] withheld under section 9(2)(g)(i)

5. note that final decisions on future use of red zone areas will be made by Cabinet;

Proposed process for determining the future use of the residential red zones

6. note that the Minister for Canterbury Earthquake Recovery intends to follow a two phase process, consisting of:
 - 6.1. Phase one: consultation with the strategic partners, participation of the public, collation of the results, and reporting back to the Minister for Canterbury Earthquake Recovery; and
 - 6.2. Phase two: consideration of future use options, identifying appropriate legal mechanisms, making final decisions, and the planning and implementation of those final decisions;

Public participation process

7. agree to a public participation process on the future use of the Christchurch and Waimakariri red zone areas, subject to the prerequisite that the respective Councils provide their preferred infrastructure requirements that would utilise red zone land and the Government is satisfied they are appropriately scoped and would integrate well with other potential future uses of the red zones;

8. note that:

8.1. Waimakariri District Council has provided its preferred infrastructure requirements that would utilise red zone land in Waimakariri and I am satisfied that the public participation process for determining the future use of red zone areas in Waimakariri can proceed; and

8.2. I intend to announce that the public participation process for Waimakariri red zones will commence in mid-July 2014;

9. note that I intend to defer the public participation process for the Christchurch red zone areas until its preferred infrastructure requirements that would utilise red zone land are received;

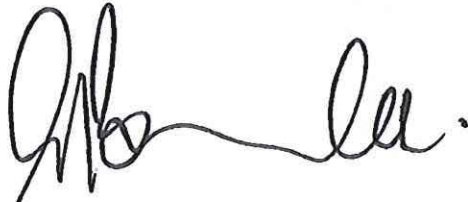
10. note that CERA officials will report back to the Minister for Canterbury Earthquake Recovery by the end of 2014 on:

10.1. Preliminary options for future use of Waimakariri red zone areas;

10.2. Options around recovery tools, such as the use of a Recovery Programme or Recovery Plan;

10.3. Any legal mechanisms required to transfer land ownership, depending on future use decisions; and

10.4. Options for residents who remain in the red zones.

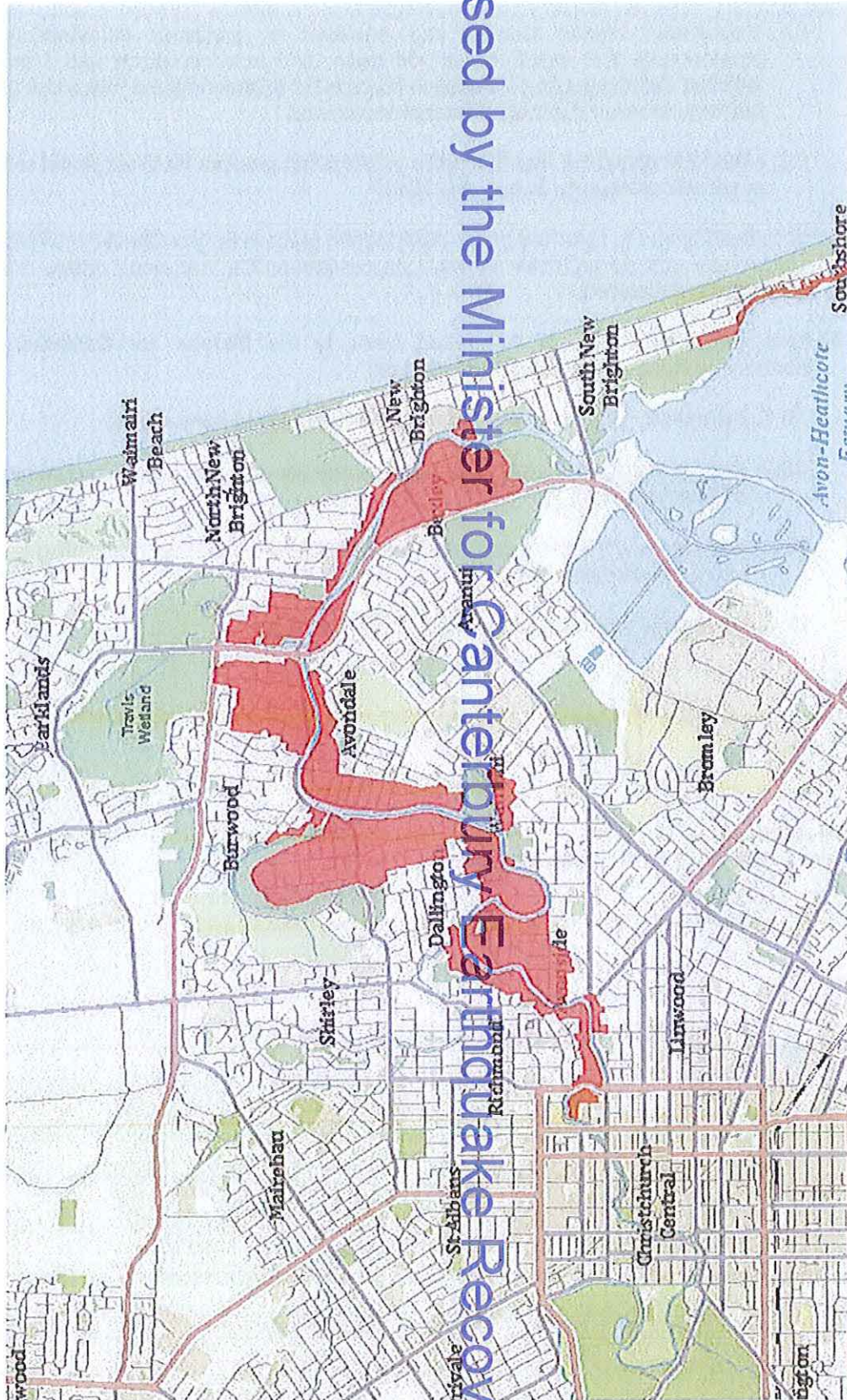


Hon Gerry Brownlee
Minister for Canterbury Earthquake Recovery

22, 7 2014

Released by the Minister for Canterbury Earthquake Recovery

Appendix 1: Maps of the Residential Red Zones

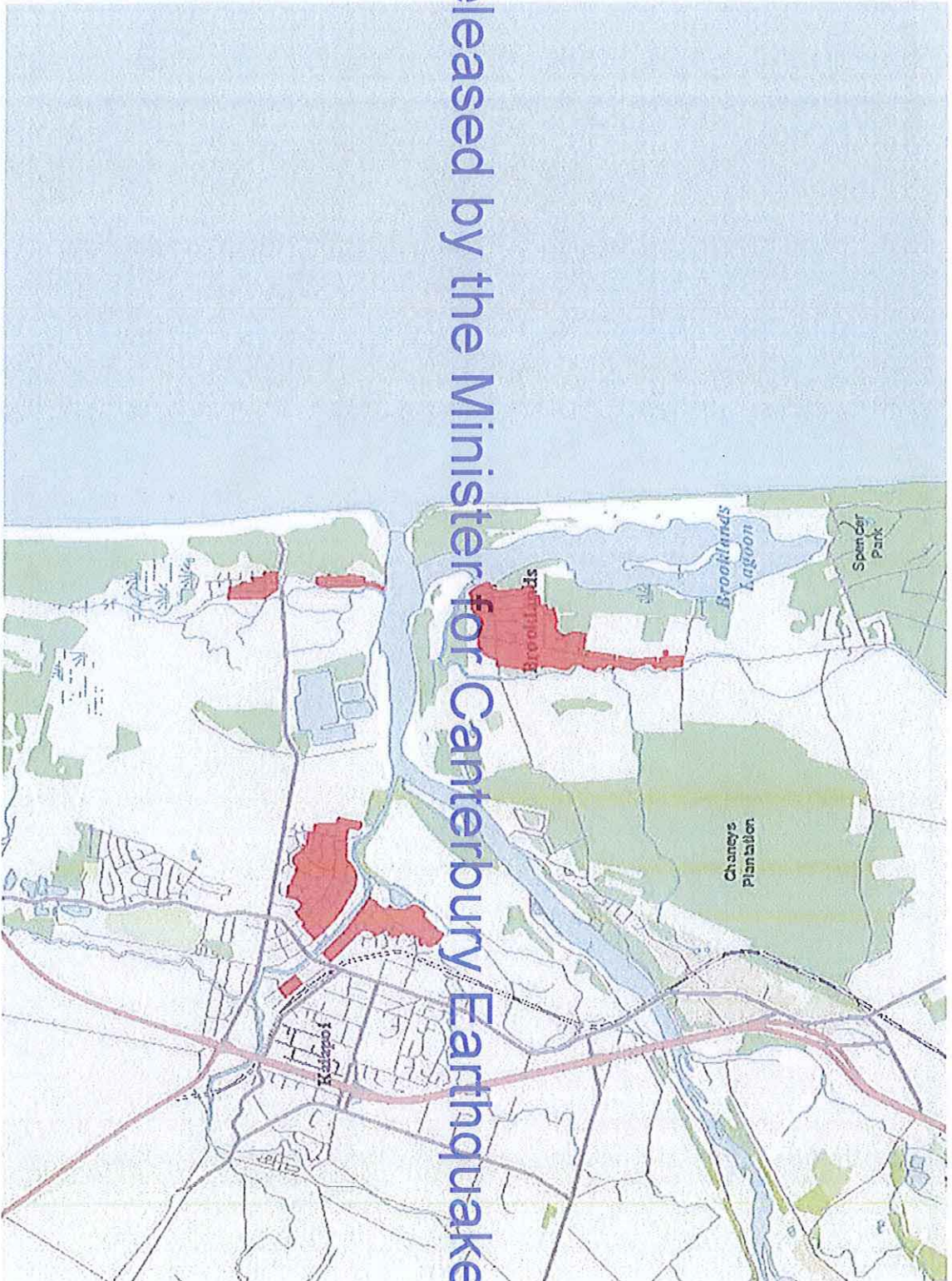


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