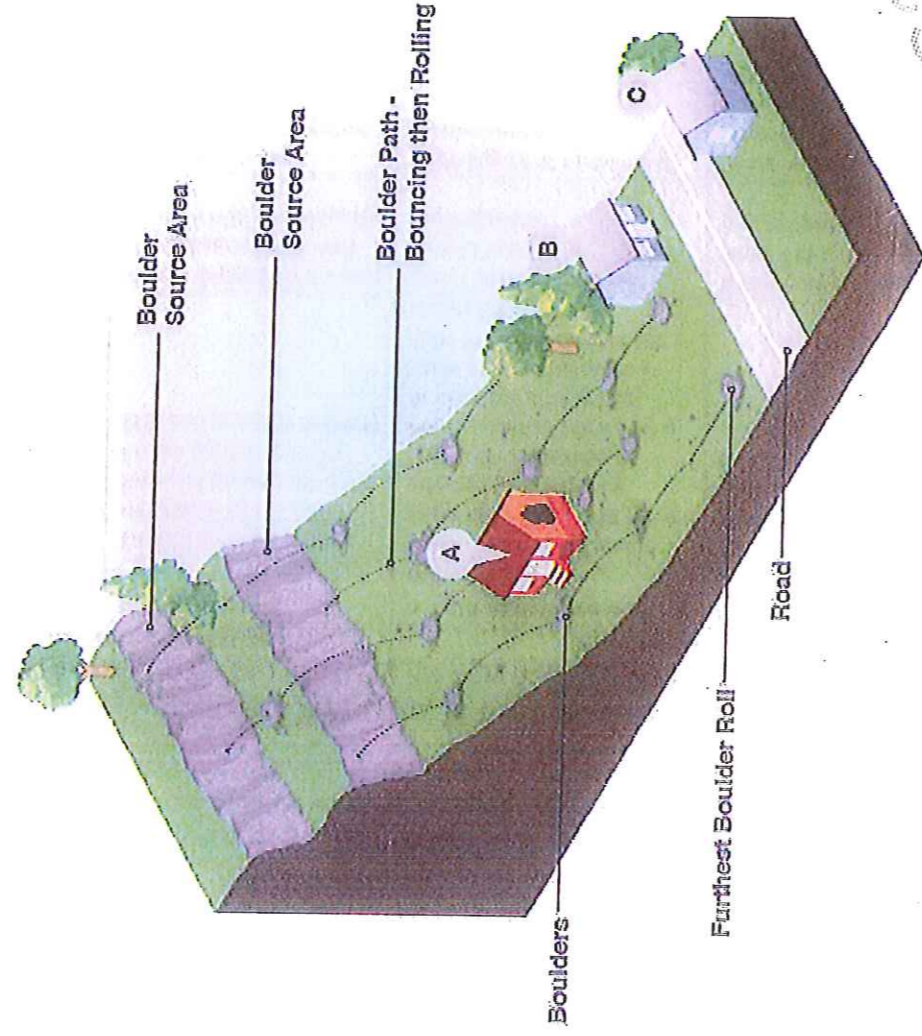


## Port Hills Policy Decision Framework- Rock Roll (No Land Damage)

### Key Characteristics of these areas:

- Land not damaged, but risk of rock roll has increased due to seismic activity.
- An estimated 450-700 properties are affected, 362 of which have s124 notices.
- CCC may add another 200 s124 property notices due to new information.
- CCC has existing natural hazard management processes.
- It may be possible to mitigate associated risks in some areas, although this may not be cost effective in all cases.



Number of Properties with S124 Notices due to Rock roll	362
Total CV (res)	\$218,000,000
Total LV (res)	\$95,000,000
Average CV (res)	\$602,000
Average LV (res)	\$263,000
Average damage (res)	Waiting for information from EQC
% of rebuilds (res)	Waiting for information from EQC



House	Description
A	<ul style="list-style-type: none"> <li>• Damage from rock roll sustained or highly likely</li> <li>• Risk to life at intolerable level</li> <li>• Mitigation protection unlikely to be effective due to boulder energy levels</li> </ul>
B	<ul style="list-style-type: none"> <li>• House can be protected by fence or bund</li> <li>• Elevated life risk without protection works</li> </ul>
C	<ul style="list-style-type: none"> <li>• Either protected from rock roll risks by Houses A, B and the road, or very remote from boulder source</li> <li>• Rock fall mitigation not necessary</li> </ul>

### Key Issues to Consider

#### Decision Making

- Red Zone criteria are not met, as land may not be damaged.
- Many property owners are unable to occupy their homes due to immediate risk, currently managed through Council's s124 notices.
- These properties are at heightened risk from further rock roll in subsequent seismic events.
- Mitigation will be possible in many cases, but for some properties, mitigation will not be practical or cost effective.

#### Assistance Package Options

- Address through a Green Zone approach, with Council's s124 notices still in force. Council would change the District Plan to constrain future consenting, and consider risk mitigation measures. However, this does not meet CERA's objectives of providing certainty, timely decisions, confidence, or protecting the health and wellbeing of residents. CCC may not have the resources to fund risk mitigation installation costs and facilitated exit.
- Address through support for mitigation measures where possible (either Council funded or through cost sharing) and support for assistance to facilitate exit where necessary (either full Crown funding or through cost sharing). Cost sharing options could include the EQC and property owners, as per precedents.

#### Relevant Considerations

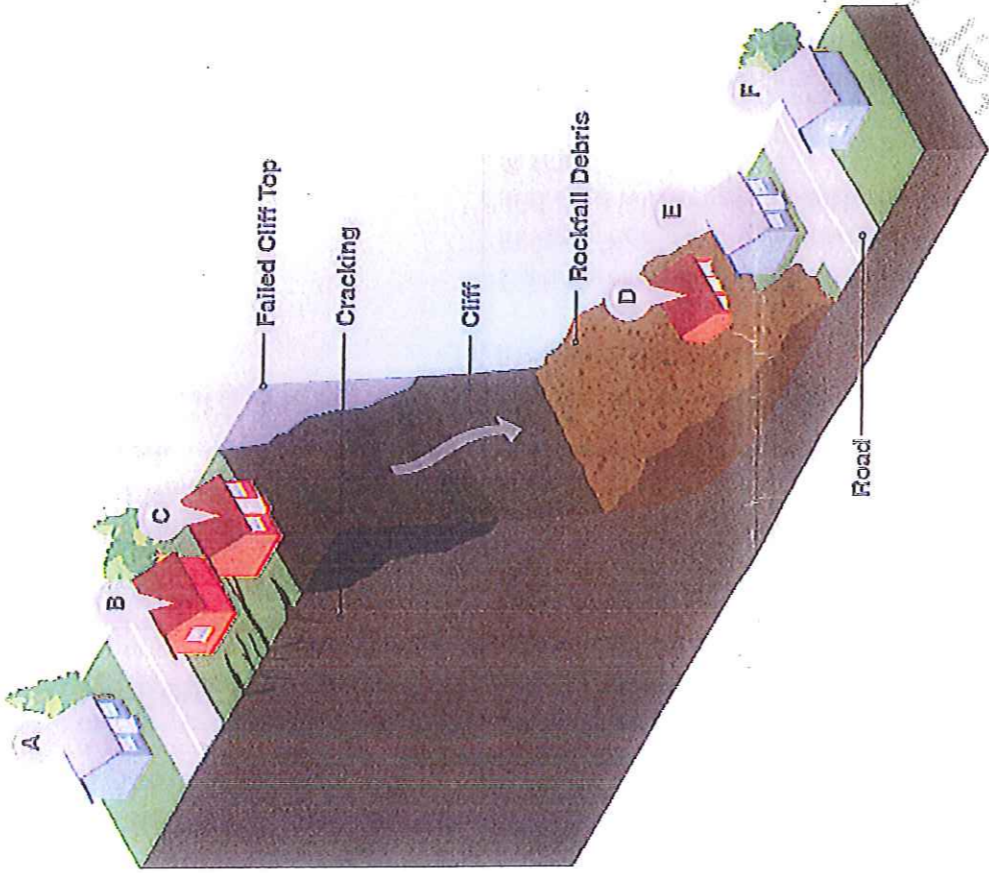
- There is a precedent risk for the Crown in providing 100% of funding associated with assistance/relocation and risk mitigation.
- Precedents already exist for cost sharing between Crown, Council, Property Owner and EQC.
- In the context of cost-sharing arrangements, CCC could be the decision-making body (with advice from Crown); in the context of full Crown funding, CERA should make decisions on mitigation measures and facilitated exit.
- Future insurability of properties at high risk from rock roll is unknown.
- In case of assistance, insurance proceeds may cover approximately 50% of Improvements Value.  
**Withheld under section 9(2)(h)**
- Some risks may be minimised through protection of lifelines (CCC).

Policy options for Properties in the Port Hills- Rock Roll						
Green Zone all properties in the Port Hills facing risk from rock fall and rock roll (450-700+ properties)						
Option	1. Regulatory - District plan changes	2. Mitigation (where practical)		3. Assistance (where mitigation not practical/cost effective)		
		a. Council funded	b. Cost sharing	a. Split assistance and relocation	b. Split assistance that includes property owner	c. Full assistance (voluntary or compulsory)
Description	Change District Plan to constrain future consenting in the Port Hills. Government could assist with District Plan changes under the CER Act powers	Council would lead and fund risk mitigation works in the Port Hills without any assistance from the Crown	Council would lead the mitigation works with financial support from the Crown (and potentially EQC and property owners)	Crown and Council would assist homeowners to leave affected properties by paying for relocation of house (relatively few cases) or assist in reimbursing value of improvements at 2007 CV (whichever of the values is lower)	Crown, council and homeowner share the cost of assistance based on 2007 CV	Crown purchases properties in Port Hills with s124 notices facing risk from rock fall and rock roll at 2007 CV
Fiscal Cost	None	No direct cost to the Crown, but may have costs associated with mitigating land it owns	Would depend on the cost sharing agreement with Council, EQC and property owners	Direct cost to the Crown limited to its share of CV or moving costs	Direct cost to the Crown limited to 1/3 (or some proportion) of 2007 CV	Assistance costs likely to be borne by the Crown, with insurance proceeds to offset
Certainty	S124 notices address immediate risks; Plan changes would provide certainty in future, but no mechanism for Council to mitigate risk or facilitate exit in short term	Uncertainty over timeframe for mitigation works or potential retreat decisions	Uncertainty over timeframe for mitigation works	High degree of certainty of homeowners	Some certainty for homeowners, as unclear how insurance proceeds would be divided	High degree of certainty for homeowners
Precedent Risk	No precedent risk for the Crown (District Plan changes development by Council)	No precedent risk to the Crown	Precedent exists for Crown, Council and landowners to share cost of mitigation	Precedent of Government assistance for large scale natural hazard mitigation	Precedent of Government assistance for large scale natural hazard mitigation	High level of precedent risk, given that responsibility for land management rests with local authorities
Conclusions	Amending the District Plan is necessary to manage future risks, but this approach would not provide a mechanism in the short term for the Council to mitigate risks or facilitate exit. Future insurability uncertain.	Due to fiscal limitations, Council is unlikely to be able to effectively mitigate hazards or potential retreat in a timely manner. Measures may help to support future insurability.	Provide certainty to property owners, and support Council and EQC in managing hazards. Measures may help to support future insurability.	High cost and precedent of Crown managing known natural hazards	Provides certainty to property owners, and supports Council in managing hazards. Possible inconsistency with Red Zone policy in terms of attributing liability and costs to property owners	High cost and precedent of Crown managing known natural hazards

## Port Hills Policy Decision Framework- Cliff Collapse, Inundation and Landslip

### Key Characteristics of these areas:

- Land has suffered damage or has been severely compromised.
- Approximately 158 properties affected, of which 98 have s124 notices.
- Risk of cliff collapse or landslides in subsequent seismic event.
- On top of cliffs, land cannot support building platforms.
- At bottom of cliffs, inundation can affect homes and critical infrastructure.
- Land repair solutions would be difficult to implement, prolonged and disruptive.



Estimated Number of Properties	158
Residential properties (incl. vacant lots)	158
Total CV (res) (Information available for 150 properties)	\$131,000,000
Total LV (res) (150 properties)	\$60,000,000
Average CV (res) (150 properties)	\$882,000
Average LV (res) (150 properties)	\$401,000
Average damage (res)	Waiting for information from EQC
% of rebuilds (res)	Waiting for information from EQC

House	Description
A	<ul style="list-style-type: none"> <li>• Some or minor land damage</li> <li>• Little risk of further land damage</li> </ul>
B and C	<ul style="list-style-type: none"> <li>• Significant land damage</li> <li>• High risk of further collapse</li> <li>• Not economically viable or practical to remediate</li> </ul>
D	<ul style="list-style-type: none"> <li>• Inundated by debris</li> <li>• Not economically viable or practical to remediate</li> </ul>
E	<ul style="list-style-type: none"> <li>• Little or no land damage now</li> <li>• High risk of inundation from further events</li> </ul>
F	<ul style="list-style-type: none"> <li>• No land damage and not at risk</li> </ul>

### Key Issues to Consider

#### Decision Making

- Red Zone criteria have been met for some properties - area-wide land damage that cannot be individually remediated.
- These areas are at risk from further cliff collapse or land movement in subsequent seismic events.
- Land remediation is not generally cost effective or practical for these properties.
- Many property owners are unable to occupy their homes due to immediate risk, currently managed through Council's s124 notices. Essentially, people will be required to leave their properties.

#### Assistance Package Options

- Address through a Green Zone, with Council's s124 notices still in force, and allow owners to pursue claims with EQC and insurers. However, this may not meet CERAs' objectives of providing certainty, timely decisions, confidence, or protecting the health and wellbeing of residents.
- Address through a Red Zone-style offer, through a capped or uncapped *voluntary* offer, or through a *compulsory* offer.

#### Relevant Considerations

- Future insurability of inhabitable properties is unknown.
- Insurance proceeds may cover approximately 50% of Improvements Value.
- EQC may pay out (either in part or in whole) for slightly more than 20 of these properties.
- Precedent risks for the Crown.
- Some properties on this land are considered to be too unstable for conventional demolitions.
- There is no precedent for a capped offer in the Red Zone, nor for compulsory offers.
- This is "core" business for EQC.

**Four Policy options for Properties in the Port Hills- Cliff Collapse, Inundation and Landslip**

Description	1. Green Zone all properties, allow insurance schemes/policies to play out.	2. Red Zone properties with s124 notices facing cliff collapse and subsidence		
		a. Capped, voluntary offer	b. Uncapped, voluntary offer	c. Compulsory offer
Fiscal Cost	No direct fiscal cost to the Crown	Net impact on Crown reduced by insurance proceeds  Partial purchase introduces complexity in apportioning any insurance recovery and who will negotiate with the insurer & EQC	Net impact on Crown reduced by insurance proceeds  Gross estimate is approximately \$131M	Net impact on Crown uncertain (lower if insurance paid out, higher if insurance policies cancelled)
Certainty	High degree of uncertainty for property owners, and potential future insurability issues	High degree of certainty, unless homeowners negotiate with EQC and insurers	High degree of certainty, unless homeowners choose to negotiate with EQC and insurers	High degree of certainty
Precedent Risk	No precedent risk for the Crown or Council	Risk of precedent with Crown intervening when EQC has paid out in similar situation elsewhere	Risk of precedent with Crown intervening when EQC has paid out in similar situations elsewhere	Risk of precedent with Crown intervening when EQC has paid out in similar situation elsewhere, and compulsory acquisition precedent for CERA
Equity with Flat-land	Inconsistent with Red Zone policy (assuming "bad land" supposition)	Capped offer is different to and invites comparisons with Red Zone offer	Consistent with Red Zone policy, but potentially higher compensation paid to high-value properties	Red Zone offers were not compulsory
Conclusions	High degree of uncertainty for property owners and inconsistent with Red Zone policy	High degree of certainty for owners, lower fiscal cost for the Crown but greater cost for residents relative to the flat land offer	Consistent with Red Zone policy	Not clear that compulsion is needed, s124 notices prevent occupation