

To: Minister for Canterbury Earthquake Recovery


In Confidence

RRZ Case-by-Case Extensions: Proposed Approach

Date	24 May 2013	Priority	URGENT
Report No	M/12-13/483	File Reference	

Action Sought	Deadline
Hon Gerry Brownlee <i>Minister for Canterbury Earthquake Authority</i>	Agree to the recommendations in this briefing As soon as possible in order that, if you agree, the identified criteria are published

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Benesia Smith	Chief Executive (Acting)		<input checked="" type="checkbox"/>
Diane Turner	Deputy Chief Executive, Recovery Strategy, Planning and Policy		
Lydia Bloy	Senior Policy Advisor, Recovery Strategy, Planning and Policy		

withheld under section 9(2)(a)

Minister's office comments

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Withdrawn <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Referred to _____

Comments

RRZ Case-by-Case Extensions: Approach

Purpose

1. This paper seeks your approval for the approach CERA will take for considering case-by-case extensions to the agreed settlement dates for property owners in the flat land residential red zone (RRZ). You will receive further advice on the Port Hills RRZ following the completion of the zoning review that is underway.

Background

2. In late 2012 you agreed in principle to case-by-case extensions to the final settlement date, based on the agreed Vulnerability Criteria [M/12-13/211 refers]. We broadly outlined our approach to you in a further briefing dated 19 April 2013 [M/12-13/341 refers]. The key points were:
 - A small minority of property owners may have specific vulnerabilities impeding their ability to vacate by their agreed settlement date. CERA will consider limited extensions, on request.
 - The Chief Executive of CERA has the Power to Act [CBC Minute (12) 3/12 refers] to take decisions to vary or waive transaction design rules in order to facilitate the purchase of a red zone property. He would use this Cabinet authorisation and the agreed Vulnerability Criteria to determine whether each application for an extension will be approved.

Comment / Discussion

3. Approximately 750 property owners have yet to settle, and of these 726 have selected settlement dates in the last days of July. Around 420 property owners attended RRZ workshops this week to discuss settlement. We estimate less than 1% of these 420 participants will be able to settle by their agreed settlement date. Of those who cannot settle, approximately two-thirds indicated they would need an extension of at least three months or more. The primary reasons were
 - Vulnerabilities: elderly, disabilities, health and wellbeing (e.g. depression, stress) – 13%
 - Insurance: delays beyond their control in settling claims – 15%
 - New house not ready: 22%
 - Unable to find accommodation (including temporary housing and land availability issues) in an already tight housing market: 9%
 - Other: including financial constraints (including the financial pressure of moving twice – and the increasing gap between the Temporary Accommodation Allowance and market rents) and legal issues – 41%
4. Reports from CETAS indicate that a total of 722 rentals in Christchurch and 43 in the Waimakariri District are currently available. With 750 RRZ property owners who may need temporary accommodation, this adds pressure to an already heated temporary accommodation market – especially in the middle to low-end rental market.
5. We need to provide RRZ property owners with certainty to move on and vacate areas which have been badly damaged by the earthquakes – and are considered unfit for continued occupation. RRZ property owners are increasingly living in a bleak and potentially risky environment, surrounded by deconstruction and demolition of neighbouring properties and

vacant sites. Prolonging settlement for an indefinite period could exacerbate these issues, particularly for the highly vulnerable RRZ residents who need access to community support/services.

6. If the settlement timeframes are extended for more than a small minority of RRZ property owners, and beyond a few months, the cost and uncertainty around infrastructure provision may escalate. The cost of maintaining infrastructure might be minor or negligible for Kairaki/Pines Beach and Southshore West, but it is a significant cost to councils to maintain infrastructure in the Avon River, Brooklands and Kaiapoi RRZ areas.

Criteria

7. We propose that applicants would need to meet all of the following criteria:
 - (1) The property owner or dependants have vulnerabilities: which could include age, health and wellbeing or medical/disability issues, based on the agreed Vulnerability Criteria [M/12 13/211]; *and*
 - (2) The property owner faces barriers or obstacles in settling that are beyond their control; *and*
 - (3) The property owner has exhausted all other reasonable options.
8. All applications would need to include details of the vulnerabilities, the reasons why the owner could not settle by the agreed settlement date, and why an extension was required. Any relevant supporting documentation from the property owner's building contractor, insurer, legal representative, medical practitioner and/or counsellor would need to be enclosed.

Timeframe

9. You have given us direction that the final settlement dates of 31 July and 31 August 2013 will not change, and you have communicated this publicly. You have also been clear that:
 - (1) Clearances must be expedited;
 - (2) The insurance settlement process needs to be progressed; and
 - (3) Planning for long-term future use of the RRZ can only begin in earnest when the two above preconditions have been completed.
10. We need to find a balance between maintaining the momentum of the recovery, and allowing people facing exceptional difficulties some more time to settle. We have previously discussed 30 November 2013 as the maximum extension timeframe. Following information received at the RRZ workshops this may not be sufficient. We suggest instead a timeframe of 31 January 2014. By then some of the immediate pressure on the housing market should have eased, and the winter will have passed. Six months is also the average build time for most new houses. December and January are months when many services close down over Christmas, and extensions over this period would unlikely have much impact on the RRZ clearance programme.
11. The extension dates will be assigned according to need on a case-by-case basis, with some property owners requiring only a few weeks and others requiring the maximum six months. The amount of time given will need to reflect both the level of vulnerability and where property owners are at with their settlement process – e.g. if the consent and title have been issued for their new house, and building is already underway, the full six months will not be required.
12. We recognise that individual's vulnerabilities are unlikely to be resolved over a short period. The extension would be in recognition of the difficult circumstances beyond the property

owner's control, and would enable more time for them to settle, with appropriate assistance from CERA, the government's social sector and non-government agencies.

Support for RRZ Property Owners

13. CERA is working closely with organisations such as CETAS, Earthquake Support Coordinators, Red Cross and others to ensure all RRZ property owners have the full range of existing support they need to settle. In addition:

- CERA will undertake intensive case management to assist property owners through the settlement process. This is a high priority in the period leading up to 31 July and 31 August and CERA's resourcing will reflect that.
- CERA will continue to engage closely with EQC and private insurers to escalate any outstanding issues that are preventing property owners from settling.
- CERA will continue to work with councils and developers to speed up the consenting and issuing of titles process (for example the Prestons subdivision which has been delayed).

Publicity

14. If you agree with the proposals set out in this paper we will prepare a media statement and collateral (including an application form and details about the criteria) which can be published on the CERA website, as soon as possible.

Recommendations

15. It is recommended that you:

1 **Agree** that the criteria for considering case-by-case extensions for property owners in the flat land residential red zone (RRZ) are:

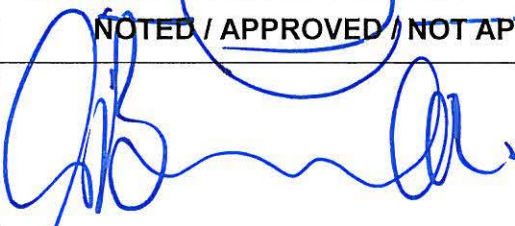
- (1) The property owner or dependants have vulnerabilities, which could include age, health and wellbeing or medical/disability issues, based on the agreed Vulnerability Criteria; *and*
- (2) The property owner faces barriers or obstacles in settling that are beyond their control; *and*
- (3) The property owner has exhausted all other reasonable options.

2 **Agree** that the maximum time for an extension be set at 31 January 2014, recognising that the extension time will be assigned on a case by case basis and the amount of time required will be dependent on the level of vulnerability and where the property owner is at with the settlement process.

YES / NO

YES / NO

Benesia Smith
Chief Executive (Acting)

NOTED / APPROVED / NOT APPROVED

Hon Gerry Brownlee Minister for Canterbury Earthquake Recovery
Date: 27 / 05 / 2013