

Questions from the Avonside residential red zone workshop

29 March 2012

The Crown offer process

Answers provided by CERA

1. Under option 1 if I am paid out by EQC can I choose not to claim from insurance?

Under Option 1, the Crown takes over all insurance claims for damage to your land, buildings and fixtures from the date that the Agreement for Sale and Purchase for your property is signed by the Crown. This means that the Crown will receive all payments made under those claims.

Under Option 1 all insurance payments for damage to your property that have been paid directly to you by EQC or your insurer will be deducted from the purchase price unless you can provide evidence that you have spent those payments on repairing your property.

2. Under Option 2; when will I know how much EQC have assessed the value of damage to my land at?

CERA has not been advised of a timeframe for EQC land claim values.

3. Based on the Crown offer, are you able to negotiate to take chattels inside and outside? e.g. heatpump, glasshouse, bathroom heater, dishwasher

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 garden plants, structures and features. Where possible debris will be recovered for re-use and recycling.

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.

4. Is there any chance of having the April 2013 date extended due to the most recent announcement?

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.

5. What is the timeframe once the letter of offer is received?

On 20 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 remains at 30 April 2013.

6. What is the subsidy towards lawyer's fees and is it means tested?

When you accept the Crown offer, the Crown will pay 50 percent of your legal costs, up to a maximum contribution of \$750 plus GST for Option 1 or \$500 plus GST for Option 2. This amount will be paid directly to your lawyer on settlement. The Crown contribution towards legal fees is not means tested.

7. If you choose not to take either option, where do you stand?

If you decide that you do not want to accept the Crown offer, you should be aware that:

- The Council may 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 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.

8. Is the Crown offer set in concrete or are there grounds to negotiate?

The Crown offer is not negotiable.

9. If taking Option 1, what are my options if my driveway is broken in terms of a payout?

Under Option 1, the Crown takes over all insurance claims for damage to your land, buildings and fixtures from the date that the Agreement for Sale and Purchase for your property is signed by the Crown. This means that the Crown will receive all payments made under those claims.

10. How does the Christmas/New Year break impact on settlement?

The last date available in the settlement database in 2012 for settlement is 20 December and the first available date next year is 14 January 2013.

11. Under option 2, who owns the chattels and house?

You can take your chattels with you, but they must be removed by the settlement date. Anything that you leave behind will become the property of the Crown on settlement. Under option 2, any buildings and fixtures become the property of the Crown on settlement.

12. How do we dispute land size on a cross lease section?

You can seek a review of your purchase price if the area of land recorded in the most recent rating valuation for your property is understated.

It is important that you discuss the grounds on which you wish to seek a review of your purchase price with your lawyer. He or she will be able to confirm whether your property qualifies for a review. If it does and you wish to proceed with a review then your lawyer must confirm this in the settlement database. It is important to note that once your lawyer has confirmed in the database that you want to seek a review you cannot withdraw from the process and you will be charged a non-refundable fee of \$250. This fee will be deducted from the purchase price on settlement.

13. What is the availability of funds during the sale and purchase process and after?

If you require a deposit and have chosen a settlement date that is six weeks after the date that the Crown receives your agreement, a deposit can be paid. The deposit will be the lesser of:

- 50 percent of the purchase price recorded on the front page of the Agreement for Sale and Purchase; or
- \$50,000.

The deposit will be paid to your lawyers trust account as soon as possible after the Agreement for Sale and Purchase is signed by the Crown. The balance of your purchase price will be paid to you on your settlement date, which is the date you must be out of your property.

14. How can we stay in our house until our next house is ready?

The Crown offer required vacant possession by the settlement date under Option 1 or Option 2. You will need to have all arrangements in place to move out of your property by your chosen settlement date, including having alternative accommodation to move to if your new house is not yet complete.

15. How do we know the CCC improvement value is correct in terms of size and money value?

The Crown used rating valuations as the basis for the purchase price under the Crown offer. Rating valuations were selected because the values are clear and widely known, they determine the value for all properties in an area at the same point in time, they are updated regularly and property owners can seek a new valuation notice between the

general valuations when changes have been made to the property such as erecting new buildings, or adding, altering or demolishing existing buildings.

You can seek a review of your purchase price if the total floor area of the improvements recorded in the most recent rating valuation for your property is understated by more than five percent, or if you have undertaken consented building work on your property for which you hold a code compliance certificate, that has increased the floor area of the insured buildings but has not been taken into account in the most recent rating valuation.