

Media Release

Recovery Plan to allow new red zone offers

Release Date: 30 July 2015

A Recovery Plan has been approved that will enable new Crown offers to be made for vacant, insured commercial and uninsured properties in the Residential Red Zone.

The new offers, at 100 per cent of the 2007/08 rateable land value for all three property categories, are detailed in the Residential Red Zone Offer Recovery Plan, which is now available for viewing.

"Through the Recovery Plan process, all of the issues and public feedback have been carefully considered, and the final plan has been approved with new Crown offers," says Canterbury Earthquake Recovery Authority (CERA) Acting Chief Executive John Ombler.

"The offers proposed to this point had included a lesser offer for uninsured properties – this was taking into account things like the cost that may fall on taxpayers in future disasters. But the overwhelming feedback was that the offer to uninsured property owners for their land should be the same as that for vacant and insured commercial property owners."

The new offers outlined in the Recovery Plan are as follows:

- For vacant properties (sections with no buildings): a new Crown offer at 100 per cent of the 2007/08 rateable land value.
- For insured commercial properties: a new Crown offer at 100 per cent of the 2007/08 rateable land value and 100 per cent of the 2007/08 rateable improvements value for the insured improvements (such as buildings). Property owners may choose not to accept any payment for the improvements and keep the benefits of their insurance claims.
- For uninsured properties: a new Crown offer at 100 per cent of the 2007/08 rateable land value. No payment will be made for uninsured improvements (such as buildings). Property owners may choose to relocate, salvage or sell any uninsured improvements, or they could elect for the Crown to remove the improvements, with the Crown meeting the cost.

"The next step is making the offers to the eligible property owners, and we expect to be able to start this process within the next two weeks," Mr Ombler says.

"For those owners in these categories who accepted an earlier Crown offer, they will be eligible for a top-up to bring it in line with the new offer."

The potential total cost of the new offers, assuming all eligible property owners accept the offer or top-up, is \$58.6 million.

"We have also reached a decision through the Recovery Plan process to reopen the original Crown offer to insured red zone property owners who did not accept the offer last time around, but now wish to accept it," Mr Ombler says.

"The public has asked for this step, and CERA has had feedback from some that living in the red zone is not what they had expected, and they would like to have another opportunity to consider an offer from the Crown."

Reopening this offer comes with a maximum cost of \$53 million, assuming all eligible property owners wish to sell to the Crown.

The Residential Red Zone Offer Recovery Plan has been developed after the Supreme Court directed that the decision-making on the Crown offers for vacant, insured commercial and uninsured red zone properties should be revisited, and indicated that a recovery plan with input from the public was an appropriate approach.