

## Frequently Asked Questions

### 1. How were the zone boundaries decided?

A number of factors were taken into account, including:

- The extent and severity of the land damage caused by the earthquakes in Canterbury, particularly where it affected properties over a wide area
- the risk of additional damage to the land and buildings from further aftershocks
- the extent of rebuilding required for infrastructure such as roads, water and sewers
- the economic feasibility of timely land repairs
- the possible extent of social disruption required to do any land repairs and the impact that would have on individuals and a community.

### 2. What do the different zones mean?

A range of criteria were used to help determine the areas for the different zones. The different zones are characterised by the following:

The **residential green zone** (the repair/rebuild process can begin)

- No significant land issues prevent rebuilding based on current adopted seismic standards
- Land damage may be present but this can be repaired on an individual basis as part of the normal insurance process
- Insurers can continue claim settlements on repairs and rebuilds on individual properties
- Department of Building and Housing is preparing engineering guidelines for repair/rebuild of houses in these areas
- Some properties may require specific engineering design to comply with Department of Building and Housing guidelines
- Decisions on when to start rebuild/repairs should take account of ongoing seismic activity and potential for significant aftershocks
- Some isolated properties that have severe land damage where repair costs exceed the EQC assessed land value may be reclassified as a hold (orange) zone once identified.

There are about 100,000 homes in this **residential green zone**.

The **residential orange zone** (hold, further assessment required)

- New damage following the 13 June 2011 event requires further assessment
- Generally the land damage ranges from moderate to very severe
- Many buildings are uneconomic to repair
- The extent of infrastructure damage is unclear
- Detailed assessment is required to determine whether land repair is practical

- Following further assessment and engineering work many of these areas are expected to be reclassified as suitable for rebuilding (ie. green go zone).

There are around 10,000 properties in the residential orange zone.

The **residential red zone** (where remediation would be prolonged and may be uneconomic)

- The land has suffered significant and extensive damage
- Most buildings are uneconomic to repair
- There is a high risk of further damage to land and buildings from low-levels of shaking (e.g. aftershocks)
- The infrastructure needs to be completely rebuilt
- Land repair solutions would be difficult to implement, prolonged and disruptive for landowners.

There are around 5000 homes in the residential red zone.

The **residential white zone** (unzoned, unmapped)

- The Port Hills: the 13 June 2011 aftershock caused further extensive damage. Mapping and assessment is underway.

### **3. Can people check anywhere to see what zone their property is in?**

People can enter their residential address into the special Canterbury Earthquake Recovery Authority (CERA) website [www.landcheck.org.nz](http://www.landcheck.org.nz). They will also be able to download a fact sheet on what the zoning means. This site will be live during the afternoon of 23 June 2011. This will indicate in what zone their property lies. Residents can also contact the Government helpline if they are unable to access the website (0800 779 997).

### **4. What is the Government offering home owners?**

The significant land damage in the residential red zone presents challenges that may take a long time to overcome, and so the Government is offering insured property owners two options that will enable them to choose how they go forward, based on their individual circumstances:

- the Crown makes an offer of purchase for the entire property at current rating value less any built property insurance payments already received, and assumes all the insurance claims other than contents; or
- the Crown makes an offer of purchase for the land only, and homeowners can continue to deal with their own insurer about their homes.

All insured home owners living in the residential red zone whose properties were damaged by the earthquakes in Canterbury since 4 September 2010 will be offered these options.

The varying degrees of damage to the houses and land in the residential red zone means it will take more time to develop these offers.

#### **5. What if a home owner doesn't agree with the current rating value?**

There will be a process through which any property owners who consider that there is a material discrepancy between the 2007 rating valuation and the market value of their property as at 3 September 2010 (e.g. because of significant subsequent improvements) can raise their concerns.

#### **6. How long will it take for the offers to come through?**

We anticipate we will be in a position to make an offer for purchase to home owners within eight weeks.

#### **7. Where can people check their current residential valuation?**

Christchurch residents can check their current rating valuation through the Christchurch City Council website <http://ratesinfo.ccc.govt.nz> and Waimakariri District Council residents through the [www.waimakariri.govt.nz](http://www.waimakariri.govt.nz) website.

These are 2007 valuations, which are the most up-to-date available, and what the Council's rates are currently based on.

#### **8. What can people in the residential red zone expect now?**

Every residential property owner in the residential red zone will receive information in the mail in the coming days and the Ministry of Social Development has started outbound calling to people in those areas to discuss the announcement. It will also outline where they can go for further information. Anyone in the residential red zone who does not receive a letter by the end of June should call the Government Earthquake Support Line 0800 779 997.

It will take a number of weeks (perhaps eight weeks) before we are in a position to provide the details around the individual packages being offered to all homeowners in the residential red zone with insurance. Firstly we need to conclude discussions with the insurers and other parties, and then we need to prepare an offer for each individual property owner, which is no small task.

Property owners will have up to nine months to accept any offer, and will be able to choose either an early or deferred settlement date. This should provide time for people to choose their next home.

#### **9. What about those living in the orange and white zones?**

Property owners in the orange (hold) zone will also be written to shortly, outlining the anticipated timing for the further assessment of their neighbourhood to be undertaken. We are working as fast as we can to gather sufficient information to provide more clarity.

For those in the white Port Hills zone an extensive geotechnical investigation is underway. However, rock fall issues are of a different nature to those on the plains. We are working hard in this area and no timeframe can yet be set.

The white zone includes rural areas outside Christchurch City or the Kaiapoi Ward and residents in those areas should continue the normal individual insurance process.

#### **10. Who decided where the different zones begin and end?**

The decisions were made by the Government based on technical advice from engineering consultancy Tonkin & Taylor and policy advice from the Canterbury Earthquake Recovery Authority.

#### **11. Can people living in the residential red zone continue living there?**

The land in the residential red zone is unlikely to be able to be rebuilt on for a considerable period of time. However, there is no immediate requirement for people to accept the offer being made by the Government.

#### **12. What does this mean for the uninsured?**

Our expectation is that the number of uninsured is low. As they self identify, consideration will be given to their situation. At this stage, our priority is working through the options with those who are insured.

#### **13. What is the situation for business owners in the residential red zone?**

We will be working through the options for businesses in the coming weeks and will get information to them as soon as possible.

#### **14. Do you expect any schools to have to close as a result of today's announcement?**

Many of the schools which draw students from these areas already face real problems and are operating at alternative sites because of the damage to their facilities. This is another challenge that we will have to work through with the Ministry of Education and the schools.

At the moment no schools are being closed. Decisions on the future of schools will be made in due course as the longer-term schooling needs of Christchurch become clear.

#### **15. What will happen to the land in the future?**

That is still to be determined. Any decisions in the future will be determined by detailed engineering investigations.

## **16. How much will this cost the Government?**

Based on conservative assumptions, Treasury has estimated the net costs to the Government if it were to purchase all of the around 5000 properties currently in the residential red zone to be between \$485 million and \$635 million.

The final costs are still to be determined. Factors that may alter the final costs include the take-up of the offer, government property valuations and proceeds from insurers.

The costs are expected to be met from the Government's \$5.5 billion Canterbury Earthquake Recovery Fund established by Budget 2011.

## **17. Why has this announcement taken so long?**

The Government is getting things right for the long-term interests of the people of Canterbury and this is a highly complex set of circumstances and discussions. The complex nature of engineering advice, legal and international insurance requirements have required careful discussions to ensure the best possible outcome for Canterbury people.

## **18. What options are available for temporary accommodation?**

Accommodation options include private rental accommodation and government supported portable homes in temporary villages. It may also be possible for some homeowners to have a portable home on a private site.

The Canterbury Earthquake Temporary Accommodation Service (CETAS) will work with households to assess their housing needs and will match and place them with what accommodation is available at that time. Homeowners are encouraged to contact CETAS to discuss their circumstances on 0800 67 32 27.

## **19. Why is the Government's offer to purchase only available to property owners who owned their property in the residential red zone prior to 4 September 2010?**

The Government's intention is to target those homeowners who have suffered through these events. For anyone who has purchased property in the residential red zone after 3 September 2010 they will need to discuss their position with the Canterbury Earthquake Recovery Authority (CERA).