

He Kaupapa Arataki Hokohoko Tūao

Guide to the Voluntary Buyout Policy

Prepared for: Confirmed Category 3 property owners



NOVEMBER 2023



Ngā Ihirangi

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Te Pānui a Te Koromatua Message from the Mayor



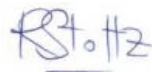
Now that we have completed the Category 3 Voluntary Buyout Policy, this represents a crucial milestone in our efforts to provide viable choices and a path forward to Tairāwhiti property owners who have been most severely impacted by Cyclone Gabrielle and subsequent weather events.

The policy framework acknowledges the significant impact of the cyclone on people's lives, the ongoing risks associated with residing in a Category 3 property, and the need to assist people in relocating to safer locations.

To those Category 3 property owners, I'd like to express my gratitude for your patience and resilience during these exceptionally challenging circumstances. I am keenly aware of the hardships you are enduring, and I hope that the implementation of this policy will enable you to move onward with your life with a degree of certainty and help facilitate your future planning.

Together with the policy itself, this guide contains a lot of information for your consideration. Please take your time to review and seek advice before making decisions that are in the best interest of you and your family/whānau. We encourage you to also consult with your trusted advisors to determine the most suitable course of action.

Remember, you're not alone in this. Our dedicated voluntary buyout team and Council case coordinators will be by your side every step of the way. We are here to help - don't hesitate to reach out.

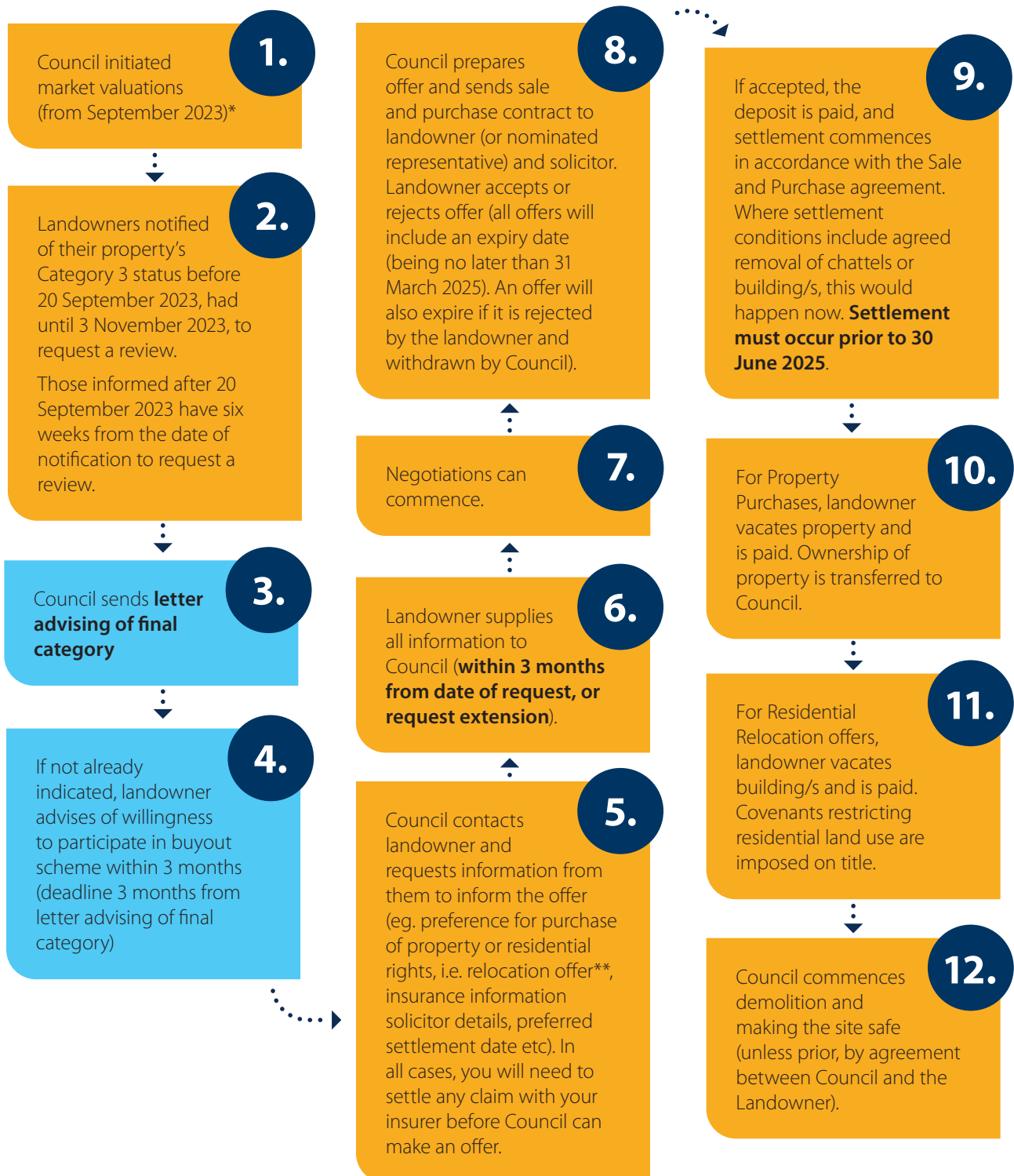


Rehette Stoltz
Mayor



Ngā aratakinga me ngā angawā

Key steps and timeframes

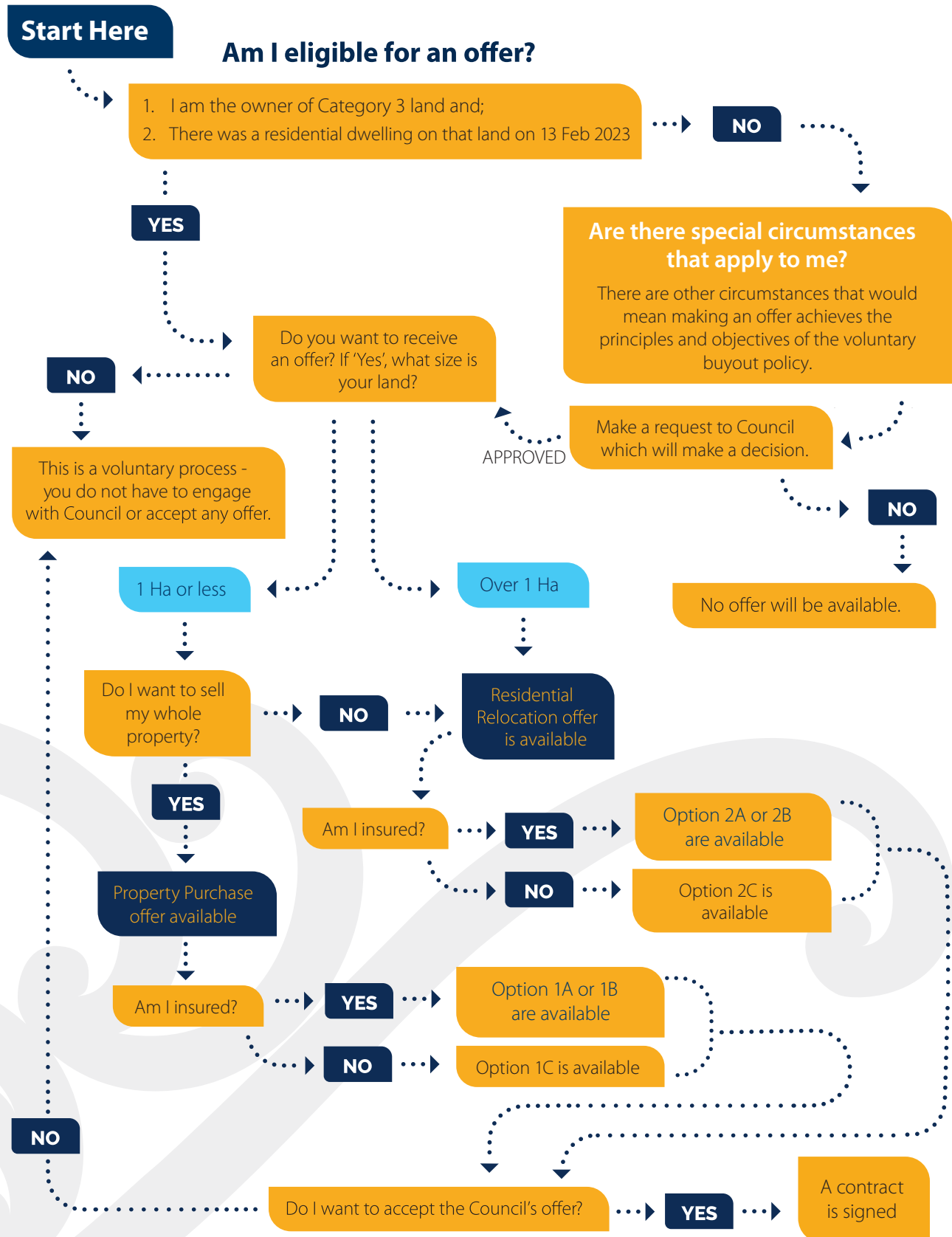


*A copy of the market valuation will be sent to the landowner prior to the negotiation phase.

** Please see subsequent pages of this document for more information about the Residential Property Purchase and Relocation offers.

Council may shorten any of these timeframes for landowners whose properties became Category 3 after 1st December 2023 in order to ensure settlement ahead of Government's funding cut-off date of 30 June 2025

He aha te tuku e tika ana mōku? What offer am I eligible for?





Kōwhiringa 1 - Tuku Hokohoko Whenua

Option 1 – Property Purchase Offer

Available to: Owners of Properties 1ha or less in size, with a lawfully established residential dwelling ("Residential Properties")

	Option 1A (insured)	Option 1B (Insured)	Option 1C (Uninsured)
What is the Council offer for?	Your whole property - i.e. your land, your house and residential improvements		
What option can I choose?	This option may be best suited to owners who are insured but will not receive full replacement value for the house (either because the house was not sufficiently damaged or it was underinsured).	If you had total loss of your dwelling and have full replacement insurance cover, Option 1B may be the best financial option for you.	If your property was not insured, this is the only option available.
What will the Council pay for my property?	Market value for your land. Your house and residential improvements as at 12 February 2023, less any insurance payments paid directly to you for your land, house and residential improvements that you have not spent in good faith on repairing your land, house and residential improvements. If you have made repairs or reinstated your dwelling you will need to provide evidence of the amounts paid and the reasons for undertaking repairs.	Market value for your land as at 12 February 2023, less any payment by EQC for damage to the land that has not been spent, in good faith, on repairs to the land. Under this option you keep any insurance payments for your house and residential improvements.	Market value for your land, your house and related improvements as at 12 February 2023.
What is the difference between the options?	Under this option, you receive all insurance payments owing, plus Council will 'top up' that amount so you receive what your property was worth immediately before Cyclone Gabrielle.	Under this option, you keep all insurance payments for your house and Council will 'top up' any amount you have received from EQC for damage to the land so you receive the market value for the land.	You will receive what your property was worth immediately before Cyclone Gabrielle.

Kōwhiringa 2 - Tuku Nekehanga Kāinga Noho

Option 2 – Residential Relocation Offer

A residential relocation offer involves the purchase of residential rights to the Category 3 affected part of your land. It does not include relocation of your buildings, unless this is negotiated in the settlement process.

Available to: Owners of properties 1ha and under, with a dwelling, who wish to retain ownership of the land; and Owners of properties over 1ha with a dwelling ("mixed use properties")

	Option 2A (insured)	Option 2B (Insured)	Option 2C (Uninsured)
What is the Council offer for?	Your house and residential improvements. You retain ownership of your land, Council will also pay you a relocation grant in recognition that your land can no longer be used for residential activities. If you choose this option, your title will be updated to record that the affected land cannot be utilised for residential activities in the future.		
What option can I choose?	Option 2A may be suited to owners who are insured but will not receive full replacement value for the house (either because the house was not sufficiently damaged or it was underinsured)	If you have had total loss of your dwelling and have full replacement insurance option 2B may be the best financial option for you.	If your property was not insured, this is the only option available.
What will the Council pay for my property?	Market value of your house and residential improvements as at 12 February 2023, less any insurance payments paid directly to you for your house and residential improvements that you have not spent on repairs in good faith. If you have made repairs or reinstated your dwelling, you will need to provide evidence of the amounts paid. AND A relocation grant, which is an amount equivalent to the difference in market value of your land with and without the right to use it for residential activity.	A relocation grant, which is an amount equivalent to the difference in market value of your land with and without the right to use it for residential activity. Under this option, you keep any insurance payments for your house and residential improvements.	Market value of your house and residential improvements as at 12 February 2023. AND A relocation grant, which is an amount equivalent to the difference in market value of your land with and without the right to use it for residential activity.
What is the difference between the options?	Under this option, you receive all insurance payments owing, plus Council will 'top up' that amount so you receive what your house and residential improvements were worth immediately before Cyclone Gabrielle. You also receive the relocation grant.	Under this option, you keep all insurance payments for your house and residential improvements. Council will only pay the relocation grant.	This is the only option available where the property is uninsured and you elect a relocation offer. You will receive what your house and residential property were worth immediately before Cyclone Gabrielle, plus the relocation grant.



Ngā Pātai me ngā Whakautu

Q & A

What do I need to know about the options?

When do I need to decide which option I would like to take?

Our negotiation team will work through the options available to you. You then need to make a choice of option before an offer can be made to you. You have 3 months to make this decision from the date the Council sends you the request for information (Step 5).

If you change your mind about your preferred option, you can contact our representatives and request a change at any time prior to a final offer being presented to you.

What is a relocation grant?

A relocation grant is a payment which, in combination with the amount received from Council and/or your insurer for your house, is intended to enable you to move to a safer area to live. As part of accepting the offer, a covenant will be registered on the title to your land which prevents it (or for larger properties, the affected residential part of the land) being used for residential activity in the future. The amount of the grant will be calculated by a registered valuer as being how much your land was worth prior to Cyclone Gabrielle (i.e. with your right to live on it) minus how much it is worth with the covenant on it (i.e. without the right to live on it). The difference in value is the amount of the grant.

If I take the Residential Relocation Offer (option 2A, 2B or 2C) and retain my land, what can I do with it?

If you accept Council's offer, any dwelling and residential improvements will be removed from the land, and a covenant or legal instrument will be registered on the title to the land, which prevents it (or for larger properties, the affected residential part of the land) from being used for residential activity.

While you will not be able to use the covenanted land for residential activity, you will still be able to use it for any other purpose (in accordance with the District Plan or a resource consent).

Will Council apply any covenants to my land?

If you accept a Residential Relocation Offer (Option 2A, 2B, or 2C), you continue to own the land. To ensure that the land is not used for residential activities (either by the current or any future owners) a term of the offer will be that a covenant in gross or similar legal instrument is registered on the title of the property. This covenant

reflects the fact that Council is paying you the value of being able to use your land for residential purposes. It gives notice to all owners that the land cannot be used for those purposes and means that you cannot later argue that you should be allowed to do so.

The Council encourages you to seek your own legal advice to understand how a covenant works and what it means for your property.

Who does not receive a Council offer?

The Council's Voluntary Buyout policy only applies to properties which have been confirmed as being in Category 3, which contained a lawfully established dwelling, and have advised Council that they would like to participate in the Buyout programme.

Council's offer is not available to:

- Properties used for commercial or industrial activities
- Bare land with no clear evidence of advanced plans to build a residential dwelling
- Category 2 or 1 properties.

What if I don't fit into any of the options?

Council recognises that there may be special circumstances which mean the situations anticipated by the Policy don't apply in all cases. The Policy allows for the Council to make an offer in such circumstance where it considers doing so will meet the objectives of the Policy, particularly helping people get out of harm's way when there is a risk to life.

If you think special circumstances may apply to your property please contact Council. We will discuss your situation with you and if you want to proceed, then you will need to apply for an offer. You will need to explain why your case requires consideration of special circumstances. Council will have regard to:

- a. The overarching objective of removing risk-to-life associated with residential activity within Category 3 areas and other objectives and principles of the Policy;
- b. The reasons for, extent of, and implications of any departure from the Policy; and
- c. Whether the departure involves any increased cost to the Council.

Te tuku

The offer

How will offers be made?

Council is engaging a dedicated team of representatives who will be handling the offers and settlements.

If you are eligible for an offer – which includes advising us that you want to participate in the Buyout programme – one of the team will contact you to outline the key steps and information that we will need in order to progress the offer. You will have an opportunity to ask questions about the options and process.

In particular, we will need to know what option you prefer, as this affects the type of offer we will make. We will also need information about such things as who is representing you (e.g. your solicitor), your insurance details, preferred settlement date, any requests to retain and move a building etc.

All insurance claims will need to be settled with your insurer before Council can make an offer, so you will need to provide a copy of any insurance information which might be relevant to calculating your offer. Sometimes Council may need additional information from your insurer and the representative will ask for your permission to access that.

Council will organise for a valuation of your property to be obtained. Council has asked for your permission for independent valuers to access your property. If such permission has not been granted Council cannot make an offer, as we need a valuation to calculate how much the offer will be.

We will compile the offer, which will be calculated depending on the Option you chose. An expiry date will be specified in the offer.

You can accept, negotiate or decline the offer.

Can I use a representative or lawyer?

You are welcome and encouraged to bring along a support person and or professional advisor, such as your lawyer. You will need to advise us in writing if you ask another person to formally represent you. Your representative, instead of you, will then receive all correspondence and any meeting invites (if necessary).

How will the Council know how much my property is worth?

Council has commissioned independent registered valuers, Lewis and Wright Valuation and Consultancy Ltd to prepare a market valuation for each property. You have been previously asked to supply them with any relevant information about your property to help establish the pre-storm value.

The valuation date is 12 February 2023. For those properties damaged by the earlier North Island Severe Weather Events of 2023 the property will be valued as if the damage had not occurred.

What are the North Island Severe Weather Events of 2023?

The North Island Severe Weather Events are defined in the Severe Weather Emergency Response Legislation Act 2023, and means any of the following weather events:

- Cyclone Hale, which crossed the North Island during the period commencing on 8 January 2023 and ending on 12 January 2023;
- Heavy rainfall commencing on 26 January 2023 and ending on 3 February 2023 in the Northland, Auckland, Waikato, and Bay of Plenty regions;
- Cyclone Gabrielle, which crossed the North Island during the period commencing on 12 February 2023 and ending on 16 February 2023.



Will the Council decide what the valuation of my property will be?

No, the valuations are not decided by Council. The valuers will independently assess the market value of the property.

The valuations will be completed in accordance with most of the International Valuation Standards (IVS - effective 31 January 2022) and Australia and New Zealand Guidance Papers for Valuers & Property Professionals (various effective dates). However, we note that the format of the report will depart from some parts, mainly due to the limited inspection and relying on third party information (if applicable) as to the condition of the property one day prior to the loss.

Market value is defined as "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

You may obtain your own valuation, and if you wish to contest the valuation, we will ask the valuers to meet and agree on a value. Where this cannot be achieved a third valuer will be appointed by the Council to make a final decision. The final decision will determine the value used in the offer.

If I consent to 'participating in the programme' or getting a valuation does that mean I must accept an offer?

No. You can choose to opt-out at any time during the process until you sign a Sale and Purchase Agreement.

When will I receive my offer from Council?

There are a few things that need to happen before you can receive an offer:

- If you are insured, your insurance claim needs to have been settled with your insurer
- The valuation process has been completed
- You have confirmed with Council that you want to participate in this Buyout programme
- You have supplied the requested information

Will Council help with any other costs?

At the time of settlement, Council will contribute \$1500 (excluding GST) towards your legal costs associated with transferring the property. You do not need to supply an invoice for this contribution – it will be included in your settlement.

Do all Category 3 property owners have to opt into the Buyout scheme for it to be implemented, or begin?

No. The process is voluntary and offers will be made on an individual basis.

How long can I stay in my home if I accept Council's offer

Council will work with you to agree on a mutually acceptable settlement date. You or any tenants must be out of your home by your agreed settlement date.

What do I do if I want to accept the offer?

If you decide to accept the offer, you should carefully check any of the terms and conditions of sale, sign the Sale and Purchase Agreement and advise Council's representative. It is likely you will have engaged a lawyer by this time so they can assist you.

Where possible, Council will pay a 10% deposit or \$50,000 (whichever is the higher amount) as soon as practical after the offer is accepted, and the rest will be paid on the settlement date.

In some cases, banks may not allow for deposits to be released to you – you should discuss this with your bank.

If I have a mortgage on my property, will Council pay me or my bank?

It is important you talk to your bank (or financial institution) to understand what is required under your mortgage agreement. As is typical for the sale of the property, Council will make its payment to your solicitor who will make any payment owing to a security holder (e.g. your bank if you have a mortgage) before paying any remaining amount to you.

What do I do if I don't want to accept the offer?

This is a voluntary process, and you do not need to accept the offer or participate in the process. You are free to reject Council's offer, or exit the process, at any time up until you have accepted the offer by signing the Sale and Purchase Agreement.

If you decide not to accept the offer or withdraw from the process, then change your mind, it is up to Council whether to recommence the process.

What will happen to my property if I decide I do not want to accept Council's offer?

The offer is voluntary, however, if you decide that you do not want to accept the Crown's offer, you should be aware that:

- If a consent for a new dwelling or major residential work is applied for, Council will process the application, but is required to take into account known information about the property's exposure to natural hazard risk. This means applications for building consent and/or resource consent on Category 3 land are likely to face significant hurdles to be granted or may be declined
- The Insurance Council has indicated that Insurers may cancel or refuse to renew insurance policies for properties in the Category 3 areas.

Council encourages you to seek independent advice as to your future options for your property should you decide not to accept the offer.

How will GST be treated if my property is part of my GST registered business?

If relevant, offers will include GST. GST will not be paid on relocation grants as the grant reflects a loss in value of your property and is therefore akin to a compensation payment.

If your land is part of your GST registered business, the transaction can be either standard rated (GST at 15%), zero-rated (GST at 0%), or exempt from GST depending on your use of the land and/or dwelling. Please get in touch with us if you are GST registered and we can work with our tax advisors to determine the correct GST treatment.

How is a valuation undertaken for mixed use properties?

A registered valuer will visit your property to determine the market value of your house and residential improvements and provide a valuation. They will also advise on the amount for the relocation grant - which is the difference in the market value of the land with and without the right to rebuild a dwelling.



Kaupapa Whakamaru Insurance

What will happen to my insurance claim?

In all cases, you will need to settle any claim with your insurer before Council can make an offer. Council will not “take over” any insurance claims. We strongly encourage you to seek the best settlement offer you can to reduce the financial impact from this buyout scheme on our wider community, and under Options 1B and 2B may increase your total payment. The NZ Claims Resolution Service is available to help you with your settlement.

What if I have already spent some of my insurance claim on repairs?

If you have already undertaken repairs using proceeds from your insurance, Council will not deduct these from the purchase price. This is particularly important for Option 1A and 2A, where usually any insurance proceeds are deducted from the assessed market value. However, you will need to provide evidence of those works that have been undertaken, such as receipts, for all repairs or reinstatement to your dwelling to show these were undertaken in good faith.

What happens if I have already settled all my claims for damage to my property as a total loss?

Settling all your claims for damage to your property as a total loss (e.g. beyond economic repair) does not limit what option you can choose. In many cases a total loss will see you paid for the cost of rebuilding a house. Provided you were fully insured, this amount may exceed the market value for the house, and Option 1B or 2B may result in a better outcome for you.

Will I be eligible for the offer if I did not have insurance on 12 February 2023?

Yes. Uninsured properties are eligible for options 1C and 2C.

What will happen to the insurance payments I have already received?

Property purchase: Under Options 1A and 2A, all insurance payments for damage to your property that have been paid directly to you by your insurer will be retained by you and deducted from the purchase price. This means you receive the market value of your property partly from your insurer and partly from Council.

Relocation Offer: Under Options 1B and 2B, you keep the insurance payment for your house and residential improvements, except Option 1B, will include a deduction of the EQC payment. Council will have to cover the costs for any repairs to land damage, so therefore it is appropriate for that amount to be deducted. Under Option 2B, the owner retains the land and can use the EQC payment for land repairs

Tae te wā kia tika hei neke

When it's time to move

Can I keep my house?

If you would like to relocate or remove your house, garage or any other buildings on your property, you should discuss this early with the Council representative – before an offer is made.

Council will consider your request and advise whether the requested buildings can be moved. If they can be moved, any agreed arrangements for the removal of those buildings, including any amounts that you will need to pay to Council for the buildings you are removing, will be recorded in the offer. These amounts will be deducted from the purchase price for your property. The cost of shifting any buildings will be yours.

When do I have to move out of my home?

You must be out of your home by the settlement date. The mutually agreed settlement date will be recorded in your Agreement for Sale and Purchase and is the date that Council will pay for and become the owner of your property. You will need to have all arrangements in place to move out of your property by the agreed settlement date including:

- Having your alternative accommodation arranged
- Organising a moving company or assistance to remove all your belongings and chattels. You will be responsible for your own moving costs
- Arranging for a final electricity reading and the disconnection of your phone and internet.
- You are responsible for paying any unpaid bills relating to the property (e.g. rates). Rates incurred after the settlement date will be Council's responsibility.

When do my tenants need to move out?

If your property is tenanted you need to arrange for your tenants to be out of your property by the settlement date. You will need to give the required notice under the Residential Tenancies Act 1986 to end the tenancy. We recommend that you discuss this with your lawyer so that the necessary arrangements can be made.

Can I rent my home from Council?

You cannot rent your home from the Council. Once the Council has become the owner of your property (or has imposed a covenant restricting residential use on a portion of the property), no one will be permitted to live there.

What can I take with me?

You can take all your personal possessions and chattels – any access to the building will need to be approved by Council where the building has restricted access notices (e.g. Red Stickered).

Council's offer includes the dwelling and all residential improvements, and these may not be removed unless it is agreed as part of the agreement between you and Council. For instance, you may not remove any part of your kitchen, bathroom, or wardrobes where these are attached to the dwelling.

What are chattels?

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, sheds and ornaments.



How long will I have to remove my possessions and chattels?

You must remove any chattels and possessions, and any other items that Council or your insurer has agreed to let you take, by the settlement date. Anything that you leave behind will become the property of Council.

How long will I have to relocate any buildings?

If Council agrees that you can relocate your dwelling or other buildings, the timeframe for undertaking the relocation will be recorded in the agreement. It will be important that the relocation occurs in a timely manner and there may be requirements in the agreement to ensure this happens.

What if I have already spent insurance proceeds repairing my property?

If you have spent insurance proceeds repairing your house or land, Council will ask for invoices or evidence and account for these costs in your offer. Your offer should reflect what you would have been paid, if you had not undertaken the repairs.

What will happen to my property after settlement?

Where Council is buying the whole property (Options 1A, 1B or 1C), clearing of a property will begin as soon as possible after Council becomes the owner. This is important for safety and security reasons. This means the dwelling and any residential improvements will be relocated or demolished, and the site made safe.

Where Council is purchasing the house and paying a relocation grant, the house will be relocated or demolished as soon as possible, and the site made safe. Making a site safe does not mean removing all silt from a property or making it suitable for non-residential purposes. This remains the responsibility of the owner of the land.

Who will pay for the costs of clearing my property and removing any buildings?

The Council will cover the costs of demolishing buildings and making the site safe. If you want to keep a building and move it, then the costs for that will be yours.

Te tautoko me te awhi

Support and assistance

What support will the Council provide to help me navigate this process?

The Council representative who is assigned to your property is your first port of call – they will be able to answer most of your questions about the process. The representatives will be working as part of Council's Recovery Office.

You can also continue to receive support from our Case Coordinators – they are here to help you navigate information, or help access health and wellbeing support. This support is available through all stages of the process.

We are also contributing \$1500 (excl GST) to your legal costs associated with transferring the property.

Is there a dispute and appeal process?

Yes. If you believe the policy is not applied correctly and/or in good faith you can request a review of your case by the Council's Chief Executive or their delegate. A review will be completed within four weeks of Council receiving the request, and the outcome will be communicated to you.

In all other respects, because acceptance of the offer under the Policy is voluntary, there is no appeal process provided under the Policy.

Important Phone Numbers

Gisborne District Council Case Coordinators
06 869 2869 or 06 869 2499

NZ Claims Resolution Services
0508 624 327

GDC Customer Services (to access Recovery Office staff)
0800 653 800 or (+64) 06 867 2049

Category 3 Wellbeing Support
0800 115 080

Takatu Hub Health & Wellness
0800 825 288



Kupu whakamārama

Glossary

Category 3 Land	means land which has been identified by and confirmed as Category 3 land by Gisborne District Council.
Council's Representative	is a person to whom the Council has delegated authority to undertake certain actions on the Council's behalf.
Dwelling	means a building, or part of a building (including decks, patios and pergolas) that was, as at 12 February 2023, lawfully established, and was self-contained with the facilities necessary for day-to-day living on an indefinite basis (including somewhere to cook, sleep, live, wash, and use a toilet) and was or could be used by 1 or more persons to live in as their home.
Insurance proceeds	includes any sums paid or to be paid to the Owner or their mortgagee related to the repair or replacement of the Dwelling and Residential Improvements of the property by an insurer, and includes any such relevant payments under the Earthquake Commission Act 1993.
Mixed-Use Property	means land on which one or more Dwelling(s) was located as at 12 February 2023 and which is greater than 1 ha in size, regardless of whether activities other than residential activities were occurring on the land at that date.
Owner	means the legal owner of the Residential Property or Mixed-Use Property.
Related Party	means for the purpose of this policy, a party who the council is satisfied is closely connected to the landowner, including by family, marriage, adoption or whangai, or a person that has inherited a property through a deceased estate.
Relocation Grant	means a payment to the Owner of an amount that represents the difference in the market value of the land with and without the right to rebuild a Dwelling on the Category 3 Land.
Residential Improvements	means lawfully established improvements ancillary to the residential use of the Dwelling, used by the owners or occupiers of the Dwelling for household purposes (such as for parking or storage, and residential recreation facilities) or for access to the Dwelling or to house infrastructure for the Dwelling (such as a shed housing a pump that supplies drinking water to the Dwelling) and includes pathways, driveways, landscaping, fences and gates associated with the Dwelling.
Residential Property	means land on which one or more Dwelling(s) was located as at 12 February 2023 and which is 1 ha or less in size.
Settlement Date	means the date on which: <ul style="list-style-type: none">• You or your tenants must no longer be living on the property.• Council will make the final payment to you for your property• Council will become the owner of your property or dwelling (depending on the type of agreement).





Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL