

Nelson City Council - Eligibility Buy-out Principles

Guiding overarching principles

1. All negotiations between eligible landowners and Council to be:
 - (a) Undertaken in good faith and with respect and clear communication;
 - (b) Based on realistic expectations;
 - (c) Based on achieving timely outcomes;
 - (d) Fair and objective.
2. Council will work closely in good faith with EQC and private insurers.

Eligibility for buy-out offer

3. Applies only to:
 - (a) properties assessed by Council as meeting a Category 3 classification in accordance with the Central Government's Cyclone matrix criteria (CAT3) due to damage incurred as a result of the August 2022 weather event, and where there is an intolerable risk to life and it is not feasible to mitigate that risk.
 - (b) residential properties & properties used as a primary place of residence.
4. Where a property is mixed use (i.e. both residential and commercial) the buy-out will only apply to the residential portion.
5. Buy-outs do not apply to vacant land – i.e. land bare of a dwelling, except where either a current and authorised building or resource consent for a residential use has been issued.
6. Buy-outs will apply to both insured and uninsured properties as detailed in item 9 below.

Content of offer

7. Any offers will be subject to an overall cap of \$12M (being an overall contribution towards property purchases of \$6M from the Crown and \$6M from Nelson City Council).
8. Council's offer will be based on an independent pre-weather event valuation of the property (specifically as at 15 August 2022) subject to items 9 and 10 below.
9. Council's offer will be based on a maximum of 95% of the valuation for insured properties and a maximum of 80% of the valuation for uninsured properties (subject to the overall cap of \$12M for any buy-outs referred to in item 7 above).

10. Council will appoint a registered valuer, Duke and Cooke, to undertake the valuation of the property at its cost. If a property owner wishes to also seek their own valuation, this will be at their cost. Council will take into account any valuation provided by the property owner in making its offer.
11. Offers will become unconditional only once all EQC and insurance claims have been finalised. All final buy-out agreements will be less verified EQC and insurance final settlements.
12. Each party will pay their own legal costs.
13. No contribution to relocation costs will be payable by Council.
14. The actual and reasonable costs of any works already completed in good faith by landowners to be excluded from the purchase price.
15. Owners wishing to relocate any structures are free to do so, on the basis that any relocation is at the owner's sole cost and risk, within six months of settlement and with the site to be left reasonably clean, tidy and safe.
16. The landowner shall disclose any known issues of the land and structures such as HAIL & asbestos.

Process for offer

17. Council will assess properties for eligibility against these Eligibility Buy-out Principles.
18. Landowners within two months of receiving Council notification of eligibility, are to advise Council in writing of their willingness to participate in the buy-out support scheme. There will be no obligation to participate.
19. Settlement dates to be no more than three months, with the Chief Executive to have delegated authority to extend this to a maximum of six months.
20. All negotiations to be concluded within 12 months following which offer expires.
21. If Council and the landowner are unable to reach agreement under these principles within 12 months or landowner rejects the offer, the offer will be withdrawn.

Review process

22. If a property owner believes that the Eligibility Buy-out Principles have not been applied correctly or in accordance with the overarching principles set out in item 1, they may request a review of their case by the Council's Chief Executive or his or her delegate.
23. The review will be carried out and communicated to the property owner within four weeks of receipt of a written request. In all other respects, because acceptance of an offer under the Eligibility Buy-out Principles is voluntary, there is no appeal process.