



Future of Severely Affected Locations
(FOSAL)

Voluntary Buy-out & Relocation Programme

Guide



Kia ora – Welcome

This guide outlines how the Future of Severely Affected Locations (FOSAL) Voluntary Buy-out and Relocation Programme will be undertaken in the Masterton district.

The guide is designed to assist Category 3 landowners in the Masterton district to make decisions about the future use of their properties.

Additional information is available from the Wairarapa Recovery Office:
recovery@mstn.govt.nz

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About the programme

The FOSAL Voluntary Buy-out and Relocation Programme was established to support owners of land assessed as being no longer safe to live on due to the risk to life from future flooding.

The programme applies to properties damaged in the North Island Weather Events (NIWE) of early 2023. These events included Cyclones Hale and Gabrielle, which caused significant damage to coastal and eastern areas of Wairarapa.

Under the funding programme, the Government will contribute 50 per cent of the cost of buying out these properties (deemed Category 3) with councils funding the other 50 per cent, after insurance, EQC, and any other payments have been deducted.

Some landowners also have the option of relocating their residential dwellings to another part of their property that is not Category 3 land.

As well as assisting impacted landowners, the programme aims to ensure residential dwellings are not built on this land in the future, to remove any further risk to life during severe weather events.

Masterton District Council (MDC) voted to join the FOSAL programme to provide local landowners with funded options for the future use of their properties.

The programme is part of a wider recovery effort by MDC and other district councils and organisations in the Wairarapa region.

Eligibility

To be eligible for the FOSAL Voluntary Buy-out and Relocation Programme, you must own land that had one or more residential dwellings on it as at 13 February 2023 and has been categorised as Category 3 by Greater Wellington Regional Council.

How we will work with you

When working with you MDC will:

- be fair and objective
- act in good faith and with respect for all the people and parties involved
- provide clear, accurate information
- be available to assist with queries or requests for additional information.

As part of the buy-out and relocation programme MDC will:

- provide the services of an independent insurance advisor to ensure that relevant claim settlements for you are fair and reasonable
- establish a panel of independent local valuers for landowners to select from for the valuation process, to provide you with choices in this process and ensure it is done in an objective way
- contribute to the cost of legal services to ensure you can access legal advice and support.

The buy-out and relocation programme is voluntary. You can decide to withdraw from the programme at any stage until an agreement or purchase offer is agreed and signed by both you and MDC.

Options

There are three options available to eligible landowners under the FOSAL Voluntary Buy-out and Relocation Programme.

1. Property Purchase Offer

This offer applies to properties that are less than 3 hectares in size.

This buy-out offer is to purchase the land and 'improvements', which includes any residential dwellings (e.g. houses or other buildings that could be lived in).

The land would transfer to MDC, with a covenant placed on it to prevent it from being used for residential purposes in the future.

The purchase price would represent the market value of the land and improvements as at 13 February 2023, less any payments from insurance and EQC claim settlements, including for the cost of demolition or removal.

Insurance and EQC payments that have already been spent in good faith on repairing NIWE damage to the land or any dwellings would not be deducted from the offer price.

2. Residential Purchase Offer

This offer applies to properties that are 3 hectares or larger in size.

This buy-out offer is to purchase the dwellings and residential improvements, and the rights to demolish these.

The purchase price would represent the market value of the dwellings and residential improvements plus the equivalent value of 800m² of land around the dwelling as at 13 February 2023, less any payments from insurance and EQC claim settlements, including for the cost of demolition or removal.

Insurance that has already been spent in good faith on repairing NIWE damage to the dwellings would not be deducted from the offer price.

Under this offer, you would retain ownership of the land. A covenant would be placed on any Category 3 land on your property, which would prohibit this land from being used for residential use in the future.



3. Residential Relocation Offer

This offer applies to properties that are 3 hectares or larger in size.

This offer is a contribution towards the cost of relocating any dwelling on Category 3 land to another part of the property that is not Category 3 land.

The contribution would be based on the market value of the dwelling plus the equivalent value of 800m² of land around the dwelling as at 13 February 2023, up to a maximum of \$400,000 (excluding GST).

The offer would include a funding schedule linked to milestones in the relocation process.

Under this offer, you would retain ownership of the land. A covenant would be placed on any land designated as Category 3 to prevent it from being used for residential use in the future.

If a dwelling or proposed relocation site is assessed as not being suitable for relocation following the feasibility stage, you have the option to apply for the Residential Purchase Offer.

Uninsured landowners

If you own Category 3 land and do not have residential home insurance, you are still eligible for the buy-out and relocation programme.

The following adjustment would apply to the Property Purchase Offer (option one outlined above):

1. Property Purchase Offer

The offer would be for the market value of the land and improvements (including dwellings) as at 13 February 2023, less a deduction for damage to the land based on what would have been covered by EQC had the property been insured. This is designed to ensure equity between owners who were insured and those who were uninsured.

Process

The following are the key steps for each stage of the buy-out and relocation processes.

Step 1. Information phase

- MDC or our representative will meet with you to discuss the buy-out and relocation processes and the options available to you. This meeting will provide an opportunity for you to ask any questions you may have, request additional information, and provide key information for the insurance review and valuation processes.
- You are welcome to bring a professional advisor (e.g. a lawyer) or other support people to the meeting.
- You can indicate which option you would like to pursue at the meeting, or within 20 working days of the meeting.
- MDC will record minutes from the meeting, including confirmation of the available offer options and any decisions or requests for additional information you may have. The meeting minutes will also record the information you provided for the insurance review and valuation processes.
- A copy of the meeting minutes will be provided to you within seven working days of the meeting, along with an outline of the next steps in the process.

- If you are interested in a relocation offer, the following are some key steps you will need to undertake:
 - assessing whether a dwelling can be moved to another location on the property that is not Category 3 land
 - obtaining a geotechnical report to assess the suitability of the land the dwelling would be relocated to
 - investigating whether services (i.e. power, water, sewerage) can be installed
 - understanding what building and resource consents would be required and the timeframe and costs for these.

Step 2. Valuation and insurance phase

Valuation and insurance review processes will need to be completed before a voluntary buy-out or relocation offer can be made.

Valuation process

- A valuation panel will be established that has a Valuation Manager and at least three locally-based independent and experienced registered valuers.
- If you choose to go ahead with a buy-out or relocation option, you can select one of the valuers from the panel to undertake a valuation. The cost of the valuation will be met by MDC.

- MDC will compile an information pack to assist with the valuation process. This will include details of any residential improvements as at 13 February 2023, and any information (e.g. photographs) you can provide that shows the pre-cyclone condition of the property. A copy of the information pack will be provided to you.
- The voluntary buy-out or relocation offer made by MDC will be based on the independent registered valuer's valuation, which will be peer-reviewed by the Valuation Manager.
- A copy of the valuation report will be provided to you and MDC. If you have any queries about the valuation, you can raise this with the Valuation Manager.

Insurance review process

- As part of the voluntary buy-out and relocation programme, MDC will provide an independent insurance advisor to review participating landowners' insurance claim settlement offers. This is to ensure the insurance settlement is fair and reasonable, in the interests of both you and MDC.
- If you choose to participate in the programme, you will need to provide MDC with documents associated with your insurance claim(s).
- If required, the independent insurance advisor will work with you and your insurer to clarify information about your claim. This includes claims that have already been settled along with any claims that are outstanding.
- Your insurance claim settlement(s) will need to be completed before a voluntary buy-out offer can be made.

Step 3. Offer for purchase/agreement phase

- MDC will present you with an offer relating to the buy-out and/or relocation option you have selected.
- The offer will remain open for three months after you receive it. A request for a time extension will be considered where, in MDC's opinion, good progress is being made towards an agreement.
- If you accept the offer, the settlement details will be included in the agreement document.
- If at any stage before the acceptance of an offer you decline the offer or advise MDC in writing that you want to end the process, the offer will be treated as having been withdrawn. MDC has complete discretion as to whether to recommence the process if you advise you want to do so.
- You can advise MDC in writing at any stage before accepting an offer that you want to pause the process. A mutually agreed extension of time may be agreed to by MDC where there is a good reason, and progress towards an agreement is still being made in good faith.

Step 4. Completion phase

The completion phase includes:

- the settlement process
- transfer of funds
- the transfer of property ownership (under the Property Purchase Offer).

Terms & conditions

Sale and purchase offers


- Offers will only be made once all EQC and insurance claims have been finalised. The final agreements will factor in verified EQC and insurance settlements.
- Offers to purchase will be based on an independent valuation of the property as at 13 February 2023, provided by a valuer from the valuation panel.
- Offers will not be made where the ownership of a property changed after 13 February 2023.
- The actual and reasonable cost of any work already completed in good faith by landowners from insurance payments will not be deducted from the purchase price.
- The offer will include GST, if any.
- MDC and the landowner will agree a mutually acceptable settlement date.
- The standard settlement date will be up to three months from the date of the agreement. MDC's Chief Executive has the authority to extend this to six months, where required and both parties agree.
- If MDC and the owner are unable to reach agreement under these terms within six months, or the owner rejects the offer, the offer will be withdrawn.
- From the date of signing the agreement, the landowner agrees not to remove any part of the dwelling or residential improvements from the site, unless this has been agreed and the details are included in the offer agreement.
- Owners who want to relocate any structures (e.g. garages) from their land before an agreement has been finalised and signed are able to do so, on the basis that the value (as at 13 February 2023) of the structures will be deducted from the purchase price.

Owners will be responsible for the cost of relocating these structures, which must be completed by the settlement date and with the site left reasonably clean, tidy and safe.

- Under the Property or Residential Purchase Offers, the cost of demolishing a dwelling or residential improvement will be met by MDC. Where an owner has settled an insurance claim that includes a specific sum for demolition, this amount will be deducted from the offer made by MDC under the agreement.
- Acceptance of the offer made by MDC is voluntary. MDC and the landowner acknowledge that the land is not being taken for a public work. Where a property has been purchased under this programme, the landowner does not have the right to have the property offered back to it or its successor if MDC decides to sell or dispose of the property in the future.
- The offer will not extend to the purchase of chattels or home contents that could be covered by a contents insurance policy. Chattels and home contents items will not be included in the property valuation.

Settlement process

- The landowner is responsible for the cost of moving household items.
- Any payment made by MDC under the offer, except reimbursement of legal costs, will be paid to the landowner's solicitor who will be responsible for making any payments owing to any security holders (e.g. owner's bank) where there is a mortgage or other equivalent encumbrance over the property (except where the security holder agrees otherwise).
- Following a Property or Residential Purchase settlement, any dwelling and residential improvements on Category 3 land will be removed from the site if reasonably



practicable or demolished by MDC, and the site appropriately reinstated. Reinstatement does not include the removal of silt or full site clearance for any non-residential use.

- The landowner will disclose any known issues associated with the land and structures, such as asbestos or substances or hazards listed on the Hazardous Activities and Industries List (visit www.environment.govt.nz for details). This is to ensure the health and safety of those working on the demolition, removal, and reinstatement processes.

Residential Relocation Offer agreements

MDC will contribute an agreed sum towards the relocation of each dwelling to another location on the property that is not Category 3 land. This sum will be the market value of the dwelling plus the equivalent value of 800m² of land around the dwelling as at 13 February 2023, up to a maximum of \$400,000 (excluding GST).

Payments towards this sum will be provided at the following stages in the relocation process.

Stage one: Feasibility & consenting stage.

An initial grant of up to \$20,000 (excluding GST) will be contributed to cover the costs for this stage. This funding will be provided in two parts.

- Part one: Feasibility

Funding will be contributed to support landowners to engage independent experts to deliver the following feasibility requirements:

- Building and site report – to confirm the entire dwelling is sound and able to be relocated, including transportable, and site suitability.
- Geotechnical report – to confirm the planned relocation site is suitable to relocate the dwelling to, including a disposal field for a septic tank.

- Utility and services report – to confirm utilities and services can be installed on the relocated site.
- Project plan – confirming indicative timeframes and costs.
- Financial viability – confirmation that owners have the financial means to complete relocation, where the cost is estimated to be over the total grant contribution.

- Part two: Consents

On completion of part one, funding will be contributed to support landowners to obtain the following:

- building design plans for the relocation
- building consent
- resource consents.

If the relocation is approved to progress to the next stage, any reasonable costs above the initial grant of \$20,000 (excluding GST) will be reimbursed to the landowner.

If the dwelling or proposed relocation site is assessed as not being suitable for relocation, landowners have the option to apply for the Residential Purchase Offer.

Stage two: Relocation stage.

On completion of stage one, MDC will contribute funding towards the following costs to physically relocate the dwelling:

- confirmed cost of relocating the dwelling
- cost of installing services
- any other approved costs associated with relocation.

Stage three: Completion.

Any final funding will be contributed on submission of a Code Compliance Certificate and confirmation that resource consent conditions have been met.

Other details

- Owners will need to provide invoices for costs associated with each stage of the relocation process.
- The standard completion dates under the Residential Relocation Offer are:
 - Stage one: three months from the date the Residential Relocation Grant agreement is signed by both parties.
 - Stages two and three:
 - 31 March 2025 to physically relocate the dwelling(s)
 - 31 May 2025 to complete the relocation.
- Owners can request an extension of these timeframes, which will be reviewed by MDC's Chief Executive or their delegate.

Legal costs

- MDC will reimburse the landowner for the reasonable costs of legal advice related to the FOSAL buy-out or relocation offer up to a maximum of \$4,000 (excluding GST). The owner will need to provide invoices for these costs.

Timeframes

- Timeframes for key activities, milestones and agreements are outlined in the relevant sections of this guide.
- The overall deadline for completing all voluntary buy-out and relocation agreements under the FOSAL funding arrangement is 30 June 2025.

Special circumstances

- At the request of a landowner, a change to an item outlined in this guide may be considered at the discretion of MDC's Chief Executive or their delegate.
- Any decision to change a particular process or outcome will consider:
 - the overarching objective of removing the risk to life associated with residential activity within Category 3 land areas
 - the reasons for, and potential implications of, any departure from the guide
 - whether the departure involves any increased cost to MDC.
- Any decision to depart from the process set out in the guide will be made by the Chief Executive of MDC and recorded in writing. Any decision will be at the Chief Executive's sole discretion.

Disputes and appeal process

- If a landowner believes the guide and/or process is not being applied correctly, or in line with the principles set out in it, they may request a review of their case by MDC's Chief Executive or their delegate.
- The review will be carried out within four weeks of receiving a written submission. The outcome of the review will be provided in writing to the landowner.

Definitions

The following definitions apply to the wording in this guide.

Category 3 land means land which has been identified and confirmed as Category 3 land by Greater Wellington Regional Council.

Chief Executive means the Chief Executive or their representative of the Masterton District Council (MDC).

Dwelling means a building or part of a building (including decks, patios and pergolas) that was, as at 13 February 2023, lawfully established and is self-contained with facilities used for residential use (including somewhere to cook, sleep, live, wash, and use a toilet) and could be used by one or more persons to live in as their home.

EQC means the Earthquake Commission.

Insurance payments means any payment related to claims for NIWE damage to residential dwellings and improvements of the property from an insurer, and includes any relevant payments made under the Earthquake Commission Act 1993.

Landowner/owner means the legal owner of the Category 3 property as at 13 February 2023. For the purpose of the document, 'landowner' or 'owner' can apply to properties with more than one legal owner.

MDC means Masterton District Council.

MDC's representative means a person that MDC has delegated authority to undertake certain actions on its behalf.

NIWE means the North Island Weather Events of January-February 2023. These included the Auckland Anniversary weekend floods and Cyclones Hale and Gabrielle.

Property Purchase Offer means an offer to purchase the land, dwelling and improvements for properties that are less than 3 hectares in size.

Residential improvements means lawfully established improvements related to the residential use of the dwelling, used by the owners or occupiers of the dwelling for household purposes. This includes for parking and residential recreation facilities, access to the dwelling, to store infrastructure for the dwelling (such as a shed housing a pump that supplies drinking water to the dwelling), and includes pathways, driveways, fences and gates.

Residential Purchase Offer means an offer to purchase the dwelling and improvements for properties that are 3 hectares or larger in size.

Residential Relocation Offer means an offer to contribute towards the cost of relocating any dwelling on Category 3 land to another part of the property that is not Category 3 land on properties that are 3 hectares or larger in size.

Settlement date means the date on which:

- MDC will make the final payment to the owner for the property or residential improvements
- MDC will become the owner of the property or dwelling (depending on the type of agreement)
- owners or tenants must no longer be living on the property.



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