

Egret Avenue / Te Mutu Crescent Land Categorisation

Draft Resolution Framework

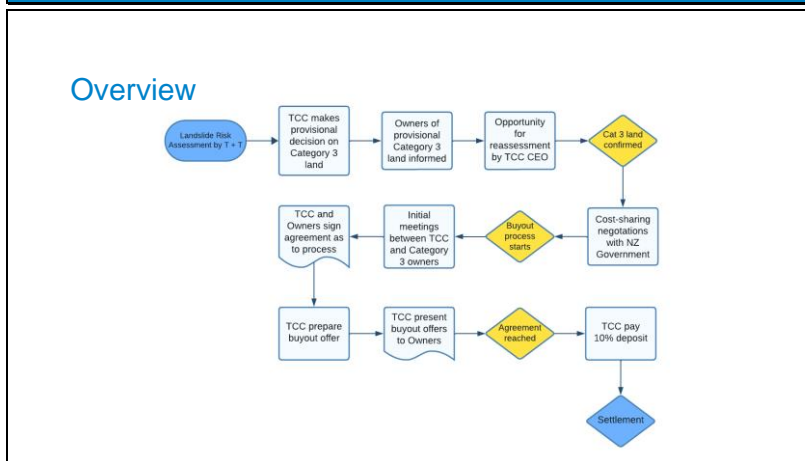
(as at 1 November 2023)

1.

Resolution Framework for Category 3 properties on Egret Avenue and Te Mutu Crescent, Maungatapu

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3.

Background

- Like many areas in Aotearoa, Tauranga is still working through the effects of the 2023 North Island Severe Weather Events (**NIWE**).
- Two landslides occurred behind 15 and 18 Egret Avenue in Maungatapu during heavy rainfall on 28 January 2023, causing damage to several properties.
- Geotechnical engineers continue to closely monitor the two landslides on Egret Avenue for any changes to the slip faces or surrounding land.
- The situation is complex, but TCC is conscious of the ongoing and severe impacts for affected residents, particularly those who have lost their home, or who cannot return.

Background (continued)

- Until recently, the New Zealand Government has been focussed on the significantly affected areas of Hawkes Bay, Tairāwhiti and Auckland.
- However, the Government has now reached out to lesser-impacted areas, including Tauranga, and signalled support including cost-sharing for any properties that need to be purchased.
- There must be compelling evidence that landslide risk cannot be sufficiently and cost effectively reduced to tolerable levels.
- Listening to affected owners, and now receiving the Government's signal of support, has led to the creation of this Resolution Framework.

4.

Objectives

- Removing risk to life for people living on Egret Avenue and Te Mutu Crescent where there is an intolerable risk of land instability.
- Providing certainty and a clear pathway for owners that were significantly affected by the 2023 NIWE.
- Being affordable for Tauranga ratepayers.
- Following the Government's recommendation that councils should consider buyouts where there is a compelling reason to do so.
- TCC recognises that there are likely to be events in future which will not be covered by this Framework. There are various statutory and planning provisions which will supersede this type of approach in the future, and this Framework will not be used for future events.

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Principles

- Being locally-led and government-supported.
- Acting in good faith.
- Treating people with respect.
- Working to achieve timely outcomes.
- Communicating clearly.

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6.

Eligibility for buyouts

- Only land on Egret Avenue and Te Mutu Crescent (shown in the blue polygon on the next slide) will be the subject of a detailed risk assessment.
- Of that land, only properties classified by TCC as Category 3 will be considered for buyouts.
- Buyouts will only be offered by TCC if it is able to negotiate a suitable cost-sharing approach (net of insurance and EQC proceeds) with the New Zealand Government. TCC expects a 50/50 approach like that offered in other areas of the Country.
- Owners must have signed and adhered to a preliminary agreement at or following an initial meeting with TCC. The preliminary agreement is detailed in later slides but records the agreed process and respective undertakings needed to finalise any buyout offers.

7.

Properties that may be considered for buyout



- Eligible properties are those within the blue polygon on this slide. The area covers the two landslides behind 15 and 18 Egret Avenue, Maungatapu (including those properties), and from the area of land between the two active landslide faces, as well as the immediately adjoining edges of the two active faces.
- In addition, the properties immediately above the two landslides being 19, 21, 23A and 23B Te Mutu Crescent.

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TCC's process for classifying Category 3 land

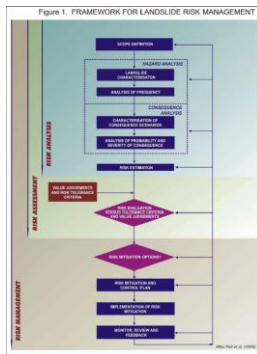
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Future severe weather event risk cannot be sufficiently mitigated. Some land uses may remain acceptable, but residential use carries an intolerable risk of injury or death.

In the face of enhanced climate risk to the property there is an unacceptable risk of future flooding or risk from land instability.

- Decisions on classifying Category 3 land are being made by TCC under a locally-led, centrally-supported approach.
- The assessment methods and approaches taken in Hawke's Bay, Tairāwhiti and Auckland have provided useful guidance for TCC, but our process is simpler, due to the smaller scale of impact from NIWE, the fact that no public consultation is needed, Long Term Plan Amendments aren't required and there being no consideration of mixed use properties.
- Where the future risk to residential properties from land instability is intolerably high and where that risk cannot be sufficiently mitigated, those properties will be classified as "Category 3". This is a technical question that is being considered by experts alone.

9.



Landslide Risk Management Framework (AGS, 2007)

- In August 2023 TCC commissioned Tonkin + Taylor to carry out a quantitative landslide risk assessment (QLRA).
- T + T has been asked to use the Australian Geomechanics Society Guidelines for Landslide Risk Management 2007, which is the same tool Auckland Council is using.
- T + T's work is well underway and is expected to be completed by early 2024.
- T + T's assessment will be peer reviewed by Professor Tim Davies at the University of Canterbury.
- Expert opinions will inform TCC's decision to classify land, if any, as Category 3.

10.

How Category 3 owners will be informed

- Once TCC has received and considered T + T's peer-reviewed risk assessment, it will make a provisional decision about Category 3 land (if any).
- Owners of provisional Category 3 land will be told at an in-person meeting with TCC, which will be followed up in writing.
- Category 3 Owners will have 14 days to request reassessment of their land.
- Reassessment will be considered by TCC Chief Executive, Marty Grenfell.
- A final decision on Category 3 land will be made within 14 days of any request for reassessment.

11.

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Cost-sharing negotiations between TCC and NZ Government

- Before considering cost-sharing proposals, the NZ Government requires Category 3 properties to be identified (see earlier slides for TCC's process).
- However, the Government has signalled that support and cost-sharing is available in appropriate situations.
- Given the limited number of affected properties, TCC doesn't expect cost-sharing negotiations with the Government to be complicated or drawn-out.
- TCC's expectation is a 50/50 cost-sharing approach (net of insurance and EQC proceeds) for the voluntary buyout of Category 3 residential properties.

12.

Initial meeting between TCC and individual Category 3 owners

- Once TCC and the Government have agreed a cost-sharing approach, TCC will invite individual Category 3 owners to an initial meeting.
- Owners may attend the meeting with a support person and/or professional advisor.
- TCC's valuer will likely attend the meeting.
- Owners will have the opportunity to indicate whether they wish to engage in buyout discussions.
- TCC will make a record of the meeting and a copy will be given to the Owners within 5 working days.
- If the Owners wish to receive an offer from TCC, they will be required to sign a preliminary agreement either at or following the initial meeting (see next slide for details).

13.

Preliminary agreement

- The preliminary agreement will record the agreed process and respective undertakings needed to finalise the offer.
- Owners will need to provide the Council with a copy of all relevant insurance claim settlement information, including the Scope of Works and the Insurance Settlement Sheet that the Owner's Insurer has provided.
- Where necessary, TCC's representative may require the Owners' permission to seek clarifying information from their insurer and provision of such information by the Owners' insurer may be a condition of TCC being required to proceed with an offer.
- The preliminary agreement will include and attach an Agreement for Sale and Purchase of Real Estate for use and include the details as to the Valuation Process and Standard Terms. Some, but not all, of this detail is summarised in the following slides.



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14.

Valuation process

- All buyout offers of Category 3 land by TCC will be made on the following prescribed basis (**Valuation Process**).
- The Valuation Process will involve TCC commissioning a valuation from a registered valuer, which takes into account (to the extent considered appropriate by the registered valuer) relevant information shared with TCC at the initial meeting and the Owners having the option to commission their own valuation from a registered valuer.
- All buyout offers made by TCC will be at a market valuation as at 27 January 2023 (i.e. the day before the landslides) and as if the landslides had not occurred. This provides a level of payment that fairly represents what Owners had prior to the event and will support them being able to relocate away from Category 3 land.
- Owners will be invited to get their own registered valuation, which will be paid for by TCC, on the standard terms outlined in the next slide. Owners will also be reimbursed for certain legal costs.

15.

Standard terms of buyout offer

- TCC will agree to reimburse the Owners, on receipt of appropriate invoices, for the reasonable costs of a valuation by a Registered Valuer and legal advice where those costs have been incurred prior to offer being presented to the Owners, up to a maximum of \$5,000 excluding GST. On the date of settlement, the Council will also pay all reasonable costs related to finalising the sale and purchase agreement and conveyancing costs up to a maximum of \$5,000 excluding GST.
- Following settlement, any Dwelling or Residential Improvements within Category 3 land will be removed from the land if reasonably practicable or otherwise demolished by TCC and the site appropriately reinstated.
- From the date of execution of the Sale and Purchase Agreement, the Owner agrees not to remove any part of the Dwelling or Residential Improvements from the site.
- TCC and the Owners shall agree a mutually acceptable settlement date.
- TCC reserves the right to have the purchase of the land declared a 'public work' for the purposes of the Public Works Act 1981.

16.

Standard terms of buyout offer (continued)

- Any payment made by TCC under the offer will be paid to the Owners' solicitor who will ^{INSO} attend to any payment owing to any security holder (e.g. the Owners' bank) where there is a mortgage or other equivalent encumbrance over the Property (except where the security holder agrees otherwise).
- Acceptance of the offer made by the Council is voluntary. TCC and the Owners acknowledge that the land is not being taken for a public work, and that the Owners waive any right to have the property offered back to it or its successor if TCC decides to dispose of it.
- The offer will include GST, if any.
- The offer will not extend to the purchase of chattels or home contents that could be subject to a contents insurance policy and any such items will be excluded in valuing the offer.
- Agreement to buyout will require an acknowledgement of full and final settlement of all and any claims (past, present or future) by the Owners against TCC in relation to the Property.

17.

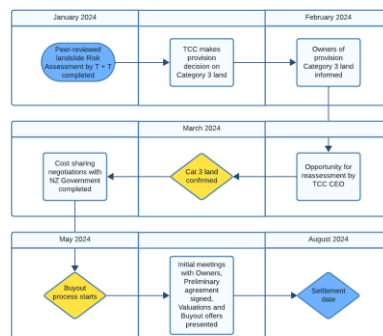
Settlement day

- Once TCC and Owners agree on the terms of the buyout, TCC will pay a 10% deposit.
- Settlement of the buyout will occur on the agreed settlement date.
- On settlement day, TCC will pay the balance of the agreed purchase price and settlement will occur.
- TCC hopes that owners of Category 3 land will then be in a position to move on with their lives.

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18.

Expected timeline



19.

*NB below

20.



*Timelines were noted as at 1 November 2023 when Draft Resolution Framework was initially prepared. There will be an alteration to the Expected timeline to account for delay in completion of Quantitative Landslide Risk Analysis.