

# Hon Grant Robertson

MP for Wellington Central

Minister of Finance

Minister for Sport and Recreation

Minister for Cyclone Recovery

Leader of the House



22 September 2023

Craig Jepson, Mayor, Kaipara District Council  
Moko Tepania, Mayor, Far North District Council  
Vince Cocurullo, Mayor, Whangarei District Council  
Tui Shortland, Chair, Northland Regional Council

Tēnā koutou katoa

## **Cost-sharing for Future of Severely Affected Location responses to the North Island Weather Events**

I am writing to you regarding your region's recovery from the severe North Island weather events earlier this year.

As you will be aware, central government has developed a Future of Severely Affected Locations (FOSAL) programme. FOSAL is a programme led by local government, supported by central government, to respond to intolerable risks to residential properties from future weather events. These are properties that:

- are residential (or the residential parts of mixed-use properties); and
- were significantly impacted by the North Island severe weather events earlier this year; and
- where people in those properties would face a risk to life from future severe weather events.

For FOSAL category 2 properties, intolerable risk can be mitigated by a community or property level intervention. For category 3 properties where there is no mitigation option, local authorities offer voluntary property buyouts. Category 1 properties do not require any intervention.

The Crown has agreed to provide financial support to local government for their FOSAL responses. You will have seen recent announcements about funding packages negotiated with councils in the three most severely affected regions of Hawke's Bay, Tairāwhiti and Auckland.

I want to provide you with clarity on central government's position, should you identify properties that may require a FOSAL policy response.

### *Category 3 buyouts*

Should you identify any properties where you wish to offer the owner a voluntary property buyout, the Crown would be prepared to share 50% of the buyout cost, less any private insurance or Earthquake Commission proceeds.

Following any buyout, the property would be owned by the local authority, which would be responsible for subsequent demolition or site remediation costs, as well as decisions on future land use.

Any buyout cost-sharing agreement would need to be subject to local authorities providing evidence of a robust risk assessment process and buyout methodology and would be formalised in a binding funding agreement with the Crown.

If you are considering a voluntary buyout process, please contact Anna Wilson-Farrell, Executive Director, Strategic Policy and Legislation in the Cyclone Recovery Unit to discuss your approach. Anna can be contacted at [Anna.WilsonFarrell@dpmc.govt.nz](mailto:Anna.WilsonFarrell@dpmc.govt.nz).

### *Category 2 risk mitigation projects*

If you identify properties where intolerable risks can be mitigated by community or property level interventions, you will be invited to provide information for specific projects that could be eligible to receive some funding from the Crown.

Any funding support for these projects would need to meet specific funding criteria and be subject to a contestable and prioritised process.

If you have projects that you consider may have a case for central government support, please also contact the Cyclone Recovery Unit to discuss and to receive further information on funding criteria and process.

Yours sincerely



Hon Grant Robertson  
**Minister for Cyclone Recovery**

cc Jason Marris, Chief Executive, Kaipara District Council  
Jill Coyle, Chief Executive, Far North District Council  
Jonathan Gibbard, Chief Executive, Northland Regional Council  
Simon Weston, Chief Executive, Whangarei District Council  
Katrina Casey, Chief Executive Cyclone Recovery

# Hon Mark Mitchell

Minister of Corrections  
Minister for Emergency Management and Recovery  
Minister of Police



26 March 2024

Vince Cocorullo, Mayor, Whangarei District Council  
Geoff Crawford, Chair, Northland Regional Council  
Craig Jepson, Mayor, Kaipara District Council  
Moko Tepania, Mayor, Far North District Council

Dear Mayors and Chair,

Since coming into office late last year, I have visited and spoken with the regions affected by the North Island Weather Events in early 2023 and have heard a range of issues and concerns that communities are facing. As I have spoken with affected homeowners, I have heard concerns about the uncertainty that some people are facing while they wait for categorisation of affected properties and potential property buyouts.

While I appreciate that not all regions were affected to the same degree, and not all councils are considering formal categorisation or buyouts, it is still vital that the most affected homeowners have certainty about their housing situations and are enabled to move on with their lives.

In September 2023, the then Minister for Cyclone Recovery wrote to you to extend an offer to share the cost of any voluntary Category 3 buyouts, should you choose to offer any. The terms of this offer were that the Crown would meet 50% of the buyout cost, less any insurance and EQC proceeds. This offer still stands.

There was no timeframe put on this offer when it was first made. However, now that we are more than a year on from the severe weather events, my expectation is that any cost-sharing and subsequent buyouts need to be completed as quickly as possible.

I would like to know your intentions and timeframes should you go down this path. If you intend to take up the Crown's offer, I request that you provide me with an indication of your plans and timeframes for categorisation and completing any buyouts, by the end of April.

I would invite you at the same time to identify any issues or barriers that may be preventing or delaying decisions that would provide resolution for affected homeowners, and any potential solutions. My expectation is that councils should be looking at every possible option to speed up these processes, and I would encourage you to discuss with me, or with my officials at the Cyclone Recovery Unit, any ideas or proposals that would help to provide resolution sooner and how we can work together to achieve these.

Finally, I would like to confirm that the scope of the categorisation framework and buyout process is unchanged. It is limited to properties impacted by three specific events – Cyclones Hale and Gabrielle, and the Auckland Anniversary floods. The government will not support any extension of this scope to damage caused, or exacerbated by, subsequent weather events.

We all share the same concerns about the impacts on your affected communities and understand the need to speed up the recovery. I look forward to working with you further to progress this.

Yours sincerely,



Hon Mark Mitchell  
Minister for Emergency Management and Recovery

cc Jonathan Gibbard, Chief Executive, Northland Regional Council  
Guy Holroyd, Chief Executive, Far North District Council  
Jason Marris, Chief Executive, Kaipara District Council  
Simon Weston, Chief Executive, Whangarei District Council  
Katrina Casey, Chief Executive, Cyclone Recovery

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# Hon Mark Mitchell

Minister of Corrections  
Minister for Emergency Management and Recovery  
Minister of Police



17 May 2024

Simon Weston  
Chair, Northland Chief Executive Forum  
[Simon.Weston@wdc.govt.nz](mailto:Simon.Weston@wdc.govt.nz)

Dear Simon

Thank you for your letter of 1 May 2024, responding to my letter of 26 March 2024 regarding property categorisation and property buyouts following the North Island Weather Events in 2023.

The intention of my letter was to make it clear that the Government's focus is on speeding up recovery processes and ensuring that your communities can have certainty about their housing situations. Your request for a further six months to make decisions on whether to categorise properties will not achieve this intent.

While I appreciate that these processes are complex and time consuming for councils, the original offer for the Crown to share the costs of any Category 3 buyouts was made by the Minister for Cyclone Recovery on 22 September 2023 (attached). This is more than seven months ago, and I do not consider that it is reasonable to require more time to consider the offer. Allowing further time to plan for the processes that you would need to follow would only draw out the recovery process further and not provide the certainty that homeowners need.

The focus of the Future of Severely Affected Locations (FOSAL) approach and purpose of Crown funding for voluntary buyouts is to respond to severely affected residential properties – those that were damaged as a direct result of the weather events and where there is an intolerable risk to life for people residing in those properties. I consider it is unlikely that there are properties in Northland which were so severely affected by the weather events that they would require buyouts, but that councils are not yet aware of.

You have also raised questions about the whenua Māori and marae pathway. As has been discussed with your officials, while the pathway is led by the Crown, its scope is limited to Category 3 properties. It therefore covers marae and whenua Māori properties that sustained significant damage during the severe weather events and where there is an intolerable risk to life from future events.

Marae and whenua Māori can only come into the pathway once they have been categorised and identified as Category 3, which is the responsibility of councils. This is not a new or changed policy position. It has been in place since the FOSAL approach was first developed and applies to all regions. As none of the councils in Northland have taken up the categorisation process and identified any Category 3 properties to date, the whenua Māori and marae pathway is not available.

The Chief Executive Cyclone Recovery will respond separately to some of the more detailed points you have raised in your letter.

Yours sincerely



Hon Mark Mitchell  
Minister for Emergency Management and Recovery

CC: Jonathan Gibbard – Chief Executive, Northland Regional Council  
Guy Holroyd – Chief Executive, Far North District Council  
Jason Maris – Chief Executive, Kaipara District Council  
Kelly Stratford – Chair, Northland Civil Defence Emergency Management Group  
Mark Trüdinger – Group Recovery Manager, Northland Civil Defence Emergency Management Group  
Katrina Casey – Chief Executive Cyclone Recovery

# Hon Mark Mitchell

Minister of Corrections  
Minister for Emergency Management and Recovery  
Minister of Police



8 August 2024

Guy Holdroyd,  
Chief Executive,  
Far North District Council

Dear Guy,

Thank you for your letter of 5 July 2024 regarding your intention to carry out Future of Severely Affected Locations (FOSAL) categorisation in the Far North District.

I support your efforts to provide solutions to property owners that may have experienced significant impacts from the North Island Weather Events (NIWE) and who face an intolerable risk to life from future events to relocate out of harm's way.

To reiterate the points, I made in my letters of 26 March and 17 May 2024, the government's focus is firmly on speeding up recovery processes and ensuring people have certainty. I would strongly urge you to explore all possible avenues to speed up the timelines that you have set out in your letter, and to work closely with my officials in the Cyclone Recovery Unit (CRU) to discuss how this might be achieved.

I acknowledge the points you have raised relating to whenua Māori in the Far North and the challenges that mean that categorisation may be ongoing into 2025.

As you are aware, the Whenua Māori and Marae pathway is a Crown-led process, and engagement with affected owners and residents is led by the CRU. The CRU is well configured to be able to deliver on the Crown's obligations in a credible way. The council's role is limited to the initial categorisation process. It is vital that this is carried out quickly and effectively, with a clear understanding of the scope, and the limitations, of the pathway to avoid raising unrealistic community expectations.

Given this, I ask that you work closely with the CRU to progress your approach to both the general FOSAL and the Whenua Māori and Marae pathways. I have asked CRU officials to visit you in the Far North as a matter of priority, to discuss next steps.

Finally, I am setting out some of the key parameters regarding the FOSAL approach, so that you have full clarity regarding the Crown's position and requirements for cost-sharing support.

### *Key FOSAL parameters for Crown cost-sharing funding*

For properties to be eligible for Crown FOSAL funding, they must meet all the following criteria. These are properties:

- that were in residential use at the time of the NIWE (or the residential parts of mixed-use properties – non-residential parts of a property are not eligible); and
- that were significantly impacted by the NIWE; and

- where people in those properties would face an intolerable risk to life from future severe weather events, which cannot feasibly be mitigated (Category 3).

There needs to be a robust categorisation methodology that underpins decisions on what properties meet those criteria. The Crown needs to review this methodology before finalising any cost-sharing agreement and may choose to commission expert advice to provide quality assurance.

For your district, given the significant time that has elapsed since the weather events, the Crown would require assurance that properties in question were significantly affected by those events themselves (rather than damaged by events since then, or by pre-existing or gradual damage over time).

You will also need to develop a FOSAL buyout policy, setting out the scope and processes for offering buyouts. While delivery of the FOSAL approach is a locally led process, and you are free to adopt a buyout policy that works best for your circumstances, the Crown's contribution is limited to what falls within a reasonable interpretation of FOSAL criteria. This means that not all aspects of a council's policy will necessarily be funded (or contributed to) by the Crown.

I would expect that any buyout policy approach is consistent with other affected regions that have already developed policies and are now implementing buyouts. This includes:

- limiting eligibility for buyouts to properties that are legally established and consented;
- ensuring that the size of properties being completely bought out is limited to what can reasonably be considered to be residential (other regions have applied 1 to 2 hectare limits, above which they are mixed-use and only the residential portion is bought out);
- providing clear time limits for property owners to engage in the buyout process and to consider and accept buyout offers;
- ensuring that the status of insurance and EQC cover is clear and that any relevant claims have been settled prior to a buyout; and
- having a dispute resolution process.

Aside from the Crown's 50% share of the buyout cost itself, and reasonable, capped contributions for property owners' legal or valuation costs (should the council decide to offer contributions), all other costs are the responsibility of the council. This includes the council's internal costs (including the costs of developing and administering a buyout scheme, and the council's own legal costs) and the costs of demolition or otherwise remediating a property that the council has purchased as well as the cost of a dispute resolution process.

The Crown's offer for cost-sharing relates only to Category 3 properties. Funding has been provided to the Far North for risk mitigation initiatives relating to other properties through the Local Government Flood Resilience Co-investment Fund, and I understand that these projects are now well underway.

Funding for the Crown's 50% cost share of buyouts will not be available after 30 June 2025. The costs of any buyouts after that time would need to be 100% met by the council.

#### *Whenua Māori and Marae*

If any of the Category 3 properties that you identify through categorisation are located on whenua Māori, or are Marae, then they may be eligible for the Crown-led Whenua Māori and



Marae pathway. In this case, you would need to notify the CRU that you have formally classified these properties as Category 3 – without this initial categorisation step by the council, properties are not able to be considered for the pathway.

The Whenua Māori and Marae pathway provides support to enable affected owners and residents to relocate out of harm's way. Under the pathway, ownership of the whenua is retained, but agreeing to relocate is a condition of any financial support. There is no funding for measures designed to increase resilience on the existing site.

The council would be responsible for communicating the categorisation to whenua Māori owners, iwi and Marae Trustees should it consider any of the Marae or whenua Māori to be Category 3. This will include advising that if such a categorisation is not successfully challenged, that whenua owners and Marae will not be able to reside on the properties and must relocate. The council would be responsible for managing and funding a dispute resolution process for any challenges to categorisation.

A number of Marae in Northland received funding through the Local Government Flood Resilience Co-investment Fund in September 2023, for initiatives to reduce future flood risk. As there has already been investment agreed for feasible risk mitigations for these Marae, they cannot be considered as Category 3 for the purposes of FOSAL categorisation and be in scope of the Whenua Māori and Marae pathway.

Anna Wilson-Farrell, Executive Director, Strategic Policy and Legislation, Cyclone Recovery Unit will be in contact to make arrangements for CRU officials to visit and discuss these matters further.

I look forward to further updates as you progress with your categorisation and once again urge you to proceed with speed given the time that has now elapsed since the events and since the first invitation for the council to opt into this process with the Crown.

Yours sincerely,



Hon Mark Mitchell  
Minister for Emergency Management and Recovery

CC: Moko Tepania, Mayor, Far North District Council  
Kelly Stratford, Deputy Mayor, Far North District Council  
Katrina Casey, Chief Executive, Cyclone Recovery