

Land Information
New Zealand
Toitū te whenua

Valuation in Post Earthquake Christchurch

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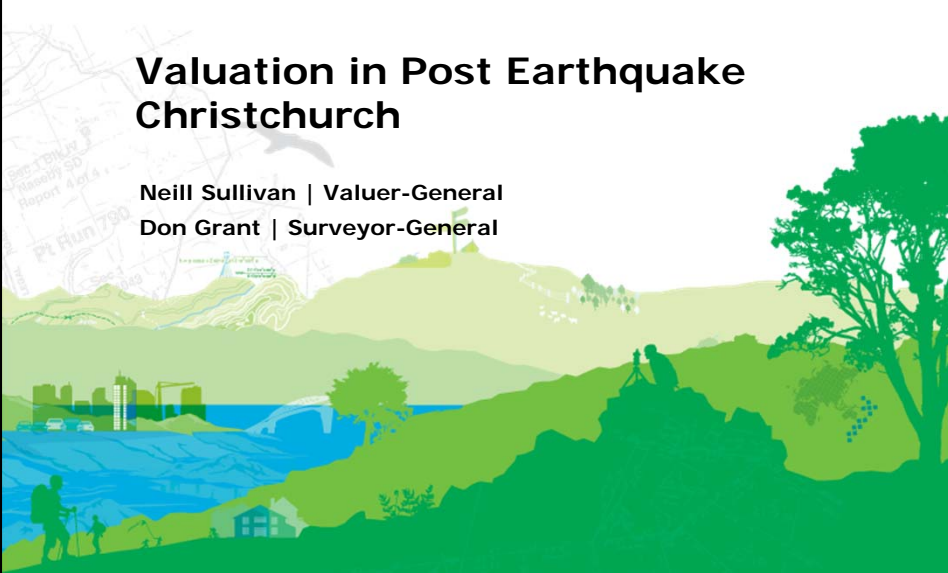





FIG Working Week 2012, Rome, 6-10 May 2012, Session TS06H newzealand.govt.nz

Introduction



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- The Christchurch earthquakes of 2010 and 2011 caused widespread property damage
- They were the worst liquefaction events ever recorded in the world for an urban area



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Introduction



- In excess of 120,000 insurance claims were made to the Earthquake Commission for significant damage



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Rating Valuations as Compensation



- Government designated “Red Zones” unfit for future habitation due to ongoing risks
- Applies where risks cannot be economically mitigated
 - Soil liquefaction
 - Rockfall & landslip
 - Unable to be serviced
 - Uninsurable

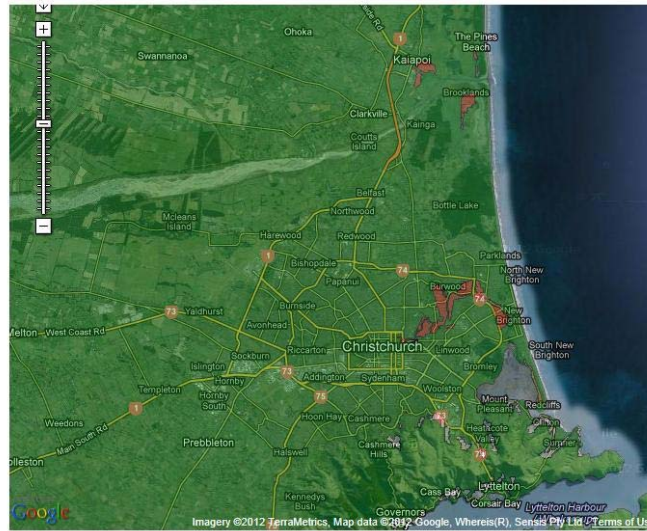


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Red-zoned land



Land Status Map

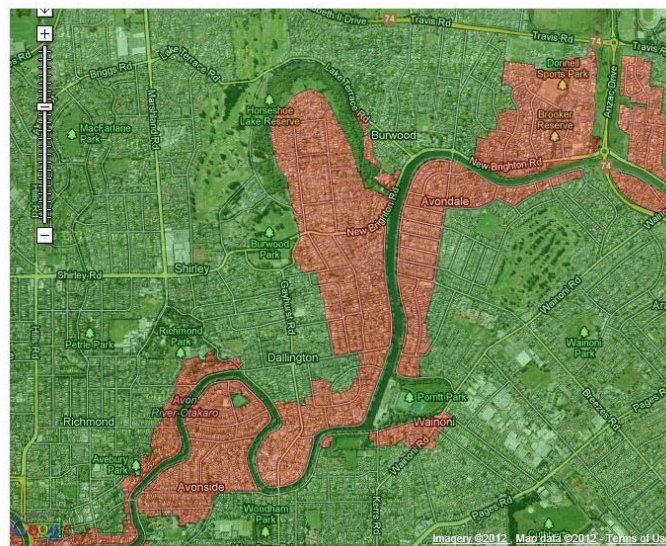


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Red-zoned land



Land Status Map



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Rating Valuations as Compensation Value



- In these zones, the government acquires the land from the landowners
- Compensation scheme announced that would be based on Christchurch mass appraisal Rating Valuations dated 1 August 2007

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Rating Valuations as Compensation Value



- NZ Rating Valuations are assessed using a market value definition for both Capital Value and Land Value
- NZ Government used rating valuations as post earthquake compensation for 7,000 property owners

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Rating Valuations as Compensation Value



- Two options for compensation based on 1 August 2007 Rating Valuations:
- Option A – take Capital Value OR;
- Option B – take Land Value + Private Insurance
- 2/3rds have taken Option B

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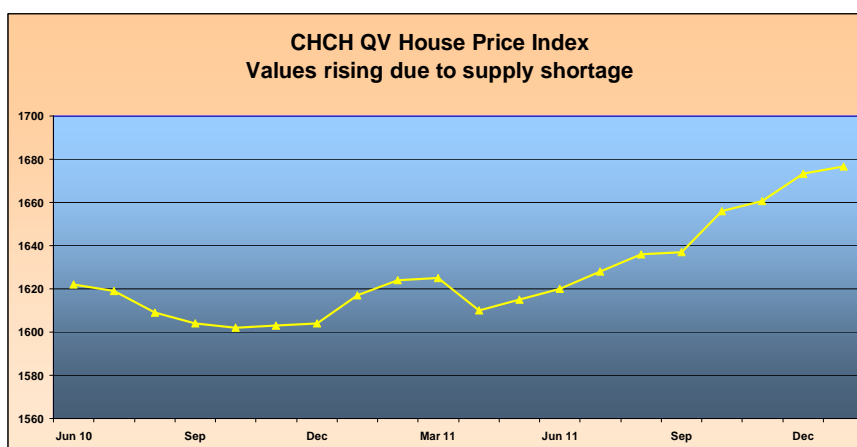
Modified Rating Valuations Act



- Orders in Council used to bypass normal law including:
- Christchurch revaluation delayed to December 2013 (6 year gap) - normally every 3 years
- Value changes to district valuation roll restricted to only demolitions & new buildings – impact of damaged properties not allowed in rating valuation

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Supply & Demand



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Insurance Costs



- Insurance costs have risen dramatically – often up to 300% increases – harder to obtain insurance
- Cost of demolitions have sky rocketed with average house demolition costing in excess of NZ\$20,000 = US\$16,000

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Red/Green Zone Impacts



- Valuation impact on green zone properties adjacent to red zone

Land Status Map



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Wider NZ Valuation Impacts



- Demand for unreinforced buildings has dropped dramatically in other NZ cities
- Tenants won't lease space in earthquake prone buildings
- Cost to strengthen often exceeds value = demolitions and new era of building



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Conclusion



- Government needs the ability to change established law quickly in the face of a disaster
- Benefit of having market assessed rating valuations for all properties in NZ
- Major negative impacts on property values for earthquake prone properties

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 **2016** 

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