



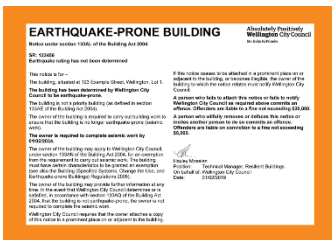
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SEISMIC UPDATE APRIL 2021

In August 2020, ICW and the Body Corporate Chairs' Group hosted a meeting of Wellington Central Candidates (Grant Robertson, Nicola Willis, James Shaw) to respond to set questions on three key issues affecting constituents: impact of seismic strengthening compliance burdens on apartment owners, impacts of unaffordable insurance premiums for apartment buildings, and the need for reform of the Unit Titles Act 2010. The meeting was well attended, despite being in Level 2, with several hundred people (including Tim Grafton, CEO of the Insurance Council of NZ) watching the live-streaming on ICW's Facebook page. A key outcome of the meeting was that all three candidates agreed to work collaboratively to progress issues of importance to Wellington Central candidates. Nearly a year has gone by and while the Unit Titles Act private member's bill was supported to allow Select Committee consideration, we are still waiting substantive progress to address impacts of seismic strengthening and the unaffordability of insurance premiums.

This meeting received good media coverage and helped to highlight these issues further. It also resulted in Tim Grafton, sending a 4-page letter to the candidates responding to their comments about the insurance market. The letter and ICW's response to it are available on ICW's website.

Seismic Strengthening Update



It's been another busy year in our advocacy work to address the impacts of the earthquake-prone legislation on multi-owner residential buildings (ie, apartment buildings).

Also in August 2020, we completed the analysis of a survey of owners in earthquake-prone apartment buildings with 99 responses from owners across 18 buildings, plus a separate survey answered by body corporate representatives in 17 buildings, with 11 buildings also being represented in the owners' survey. The results reinforce the 2019 owners' survey and continue to show that the average compliance costs are far in excess of the costs used in the MBIE cost-benefit analysis in 2012. The reports were provided to the Minister of Building and Construction and her officials, but there was no response.

In December 2020, ICW along with two owners in earthquake-prone buildings met with Hon Poto Williams, the new Minister for Building and Construction. This meeting was organised and attended by our local MP, Hon Grant Robertson, and was also attended by Hon Dr David Clark, Minister responsible for the EQC. We felt that Minister Williams listened – and particularly engaged with the owners. She indicated that she was keen to continue to talk but to date there has been no follow-up.

However, a recent media article in early 2021 highlighted that a proposed remediation service was being planned but is subject to Budget constraints. This service was in the Labour Party manifesto, but interestingly it was not raised at the December 2020 meeting. ICW has no details about the proposed service, but notes that it will 'help *some* apartment buildings be safer, faster' (emphasis added). This does not sound like the comprehensive support that ICW has been calling for.

ICW, along with owners who participated, has been waiting since February 2020 for the release of report on MBIE's Evaluation of the Earthquake Prone Buildings System. We have been advised by Minister Williams she has asked MBIE to give the report priority and 'expects to receive it soon'.

We know concerns were raised by owners in the interviews and are interested to see how these are represented in the final report.

Since the last annual report the Residential Earthquake Prone Building Financial Assistance Scheme (FAS) opened for applications in late September 2020. At the time of writing, ICW is not aware of any applications being submitted but we know that some owners have engaged with Mike Webber, Senior Product Manager at Kainga Ora, who is responsible for the Scheme. Concerns continue to be raised about the Scheme. For example, the eligibility criteria mean some owners, who cannot access funds through retail channels, are not eligible for the Scheme and makes it very difficult for projects to progress. The Scheme must be reviewed within 12 months, which will be late 2021.

As indicated in the last annual report, on the 24 June 2020, ICW, along with Mel Johnston as a body corporate chair and owner, made an oral submission to the Governance and Administration Select Committee in support of the two petitions presented in late 2019. Unfortunately the Committee was not able to complete the report before the House rose for the election. The petitions have been referred back to the new Governance and Administration Select Committee. We know there have been private sessions of the Committee on the petitions but we do not know when the report will be released.

ICW has recently started a series of case studies by owners who wish to tell their story about the journey through the earthquake-prone building compliance regime. The impacts on owners are life-changing with substantial financial, health and social impacts. It is unacceptable that despite the evidence of the real costs and impacts of the policy on owners the Government ploughs on.

We continue to call for a review of the earthquake-prone legislation as it relates to multi-owner residential buildings, and call for compensation and an effective support service for owners caught in the regime.

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