

## Overview for candidates in the 2022 Wellington City Council local body elections

### *Impacts of the earthquake-prone legislation on Wellington apartment owners over the next triennium and beyond*

Inner City Wellington (ICW) has been lobbying WCC and the Government since 2010 to address the impacts of the earthquake-prone legislation on residential apartment owners. We have called on WCC to support our call to the Government for a review of the legislation with respect to residential buildings. To date, WCC has not publicly supported our call for this review.

The policy recommendation to the Government in 2013 stated the expectations were generally reasonable and affordable.<sup>1</sup> ICW has provided evidence to the Government and WCC with our 2020 survey of 99 owners that shows this statement is incorrect. The 2012 MBIE-commissioned cost-benefit analysis concluded that the costs substantively outweighed the benefits. This was known at the time, but ignored by the Government.<sup>2</sup> Now, costs have far exceeded those used in the cost-benefit analysis, along with the other cost drivers of demand and supply issues in the construction sector and for engineers, and price increases of materials.

The primary objective of the Government's policy is 'to promote life safety (in proportionate balance with costs), by improving the seismic performance of existing buildings in any future earthquakes in NZ'.<sup>3</sup> MBIE's [Early Insights interim evaluation](#) found that 'there is some evidence of potentially poor outcomes for some groups', but has decided to not undertake the five-year review that is due in 2022. MBIE's [review](#) into the Residential Earthquake-prone Buildings Financial Assistance Scheme found that for some buildings it may not be economically viable to remediate through seismic strengthening even to the minimum threshold of 34% New Building Standard, noting that the best outcome may be for the building to be demolished or sold for redevelopment. The officials simplify the decisions about their homes facing affected owners in multi-owner buildings. ICW does not consider these impacts to be proportionate, reasonable or affordable.

Some apartment owners have already had to sell their buildings due to the costs and risks for a group of home owners to undertake the work. The sale price for each owner was less than the rateable value of the apartments in what was an increasingly hot market. Other owners incur significant financial losses to savings, impacts on their financial security and their health in dealing with very risky, very expensive, very technical projects in a multi-owner environment.

This policy will continue to affect apartment owners in Wellington and more apartment buildings will be deemed earthquake-prone in the future. The 150 buildings mentioned in WCC's pre-election report (p33) will include residential buildings. In addition, there is a revised Building Code due to be issued in 2023, which will take into account the revised National Seismic Hazard Model. There will be impacts of this revision for existing buildings, including apartment buildings, creating more uncertainty for owners who have complied already or are in the process of complying.

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<sup>1</sup> CAB Min EGI (13) 17/6

<sup>2</sup> CAB Min (13) 26/8 3.2

<sup>3</sup> MBIE (2016) Regulatory Impact Statement: Regulations under the Building (Earthquake-prone Buildings) Amendment Act 2016.

Owners in around 45 residential buildings face expiry dates of the earthquake-prone notices on their buildings in 2025, 2026 with the bulk of these (40) in 2027.<sup>4</sup> The pre-election report says 228 owners have a deadline of 2027; this is incorrect. The 228 refers to buildings, and as 40 are residential with perhaps the majority as multi-owner buildings; there is an unknown number of owners. WCC can determine the number of apartments (ie, homes) but so far has not done so. We believe this data should be publicly available as politicians at the local and national level cannot make decisions unless they know how many people, and the types of people, who are impacted.

There is a further estimated 10 residential buildings with a deadline each year over 2028 – 2030, with more following in later years. The resources to complete this scale of work are simply not available: WCC building consents are taking months to process due to delays on the structural reviews and the high profile issue with precast floors will increase the demand on the sector. The 2027 deadline is unobtainable – and other deadlines must also be in question. How will WCC respond to this?

For more information: see <https://www.stuff.co.nz/opinion/129284947/earthquakeprone-legislation--it-is-time-for-a-rethink>, RNZ Nights [Residential Apartment owners and earthquake-prone legislation](#) and [ICW website](#):

- Submissions: *MBIE Review of Financial Assistance Scheme and non-financial barriers, Aug 2021; WCC Earthquake-prone buildings programme update, 9 December 2021*
- 2022 Resources: *Requests for grants for earthquake-strengthening of residential buildings, Feb 2022*
- 2020 Resources: *Survey of Apartment Owners in EPB, Part 1 and 2*

#### **Questions for all candidates standing for WCC**

1. If elected will you call for the mayor and other councillors, as the governance body for the city, to lobby the Government for a review of the earthquake-prone legislation with respect to residential apartment buildings?

Noting that those candidates elected this election will be responsible for approving the council's enforcement policy, and if they stand for re-election, responsible for ensuring officers carry out that policy, what is your position on the following questions.

2. Will you support the eviction of owners/tenants from apartment buildings where owners have not been able to comply by the deadline?
3. Will you support an enforcement policy that pursues prosecution or financial penalties being imposed on apartment owners who cannot comply by the deadline?

**Please provide your response by Wednesday 7 September 2022** so it can be circulated to ICW's members, made available to other residents associations, and published online for voters to see.

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<sup>4</sup> [WCC Infrastructure Committee paper 9 December 2021](#)