

Hon Poto Williams

MP for Christchurch East

Minister for Building and Construction

Minister of Police

Associate Minister for Children

Associate Minister of Housing (Public Housing)



31 MAR 2022

Geraldine Murphy and Craig Sengelow
Macalister Heights
Inner City Wellington
icwseismicproject@gmail.com

Tēnā korua Ms Murphy and Mr Sengelow,

Thank you for your email and attached letter dated 22 February 2022, sent on behalf of 51 owners and representatives of residential earthquake-prone buildings (REPBs), regarding the Government providing grants to support strengthening of REPBs.

I appreciate that there are many difficult decisions to make when planning how to remediate earthquake-prone buildings and acknowledge your concerns about the need to engage with experienced professionals to complete remediation work.

The Government considered potential implications of non-repayable grants for REPB owners before the current Residential Earthquake-prone Building Financial Assistance Scheme was introduced. Several limitations were identified with a grant system when compared to the Financial Assistance Scheme, such as:

- Grants would be a lower financial level of support compared to a loan, not adequately addressing the affordability issues facing affected unit owners.
- A small grant would be unlikely to create further incentives to strengthen REPBs or improve a borrower's capacity to repay a commercial loan for remediation.
- A grant involves a transfer of taxpayer funded wealth to private property owners.
- A grant scheme would also be inequitable for those who have already strengthened their buildings.

I consider that these limitations remain relevant under the current policy context, and the Financial Assistance Scheme remains the primary pathway for REPB owners to access remediation financial support as a lender of last resort.

I understand that Inner City Wellington, unit owners and ownership groups were consulted by MBIE through the recent 12-month review process of the Financial Assistance Scheme. I have also provided responses to prior Inner City Wellington queries related to the fundamental principles of the earthquake-prone building system, which remain unchanged.

As you may be aware, subsequent to the 12-month review, any recommendations to change the Financial Assistance Scheme's settings must be considered by and agreed to by Cabinet. I expect to take my recommendations to Cabinet in April 2022. Following this, I would be happy to meet with Inner City Wellington representatives to discuss the Financial Assistance Scheme, and any changes to the settings that have been agreed to by Cabinet.

Thank you again for participating in the review process. I look forward to meeting with Inner City Wellington members on Monday 4 April.

Nāku noa, nā



Hon Poto Williams
Minister for Building and Construction