

Inner City Wellington Survey of owners of residential EQPBs, May 2019

Comments from respondents

In the survey, we gave owners the opportunity to “If you wish, tell us about your experience of the process the owners of the building have been going through since the building was found to be ‘earthquake-prone’, and about how the legislation has affected, or will affect owners/residents of the building.”

We have collated comments under common themes.

1. **Body corporate volunteers expected to run commercial scale, complex building projects in a hostile environment**

- Body Corporate Committee members thrust into governance role that is challenged beyond all expectations.
- In a nutshell, government are forcing apartment owners into committing to a large “construction” project for which the average person is not equipped.
- Nothing to date has been designed to help residents in multi-residential buildings – we’re not a commercial property owner with untold resources to access at or finger tips.
- There has been no funding and no advice (or advisory bodies) to aid us.
- I would say we do not have the tools or the skills to take this kind of job on.
- The WCC need to supply real, practical assistance for BC’s not just send letters to owners with unreasonable deadlines scaring the heck out of them.
- EPB remediation is a large, costly and highly complex process with many moving parts. It is in every respect at the limit of the capability of most if not all owners and thus highly stressful.
- The WCC need to acknowledge each building is unique and each timeline for repair will be unique, not some blanket date.
- Seeking resources at any level for a small block like ours is impossible. They are either unavailable (due to large and priority projects) or unaffordable.
- The WCC has a duty of care to help us get through this tough time and I don’t see or hear anything from our WCC managers making practical assistance available. It’s all self-help and we don’t know or have contacts within the engineering industry to make informed decisions our stakeholders can rely on. Blind leading the blind through a minefield really.
- There is a lot of work out there for structural engineers, etc, so we have had to wait our place in the queue. I anticipate this will also be the case with contractors.
- Professionals and contractors are in heavy demand (eg engineers and building contractors). There is competition not only from building renovations but also new builds (eg Kiwibuild, apartment construction, etc.)

- General delays with engineers, project managers and interactions with WCC due to high workloads.

2. Lack of confidence in the competence of professional and the quality of advice

- We started the process of initial assessment in 2010however after completing the assessment [the engineer] recommended a second assessment by another engineer. We undertook a second IEA, which confirmed the first We started the process to strengthen in 2011, however after preparing a proposal (\$600k estimate) the engineer recommended awaiting the outcome of the legislative changes in 2014 to avoid potential reword. Following legislative changes a project manager was retained – [name of project management company], which has since gone out of business. [Name of project management company], did prepare a strengthening scheme and an estimate (\$1.8m). We eventually started all over again with another PM, engineer and architect, meaning costs all over again and delays, while all the time the costs of the work increase significantly.
- We have had some very bad luck with our first engineer having a fatal accident part way into the design process. We approached other engineers but they will not pickup work started by another company due to risk. We have had to start all over again.
- An engineer did an assessment. The BC did not know whether we could trust that assessment and we wanted to be sure we really were under 34%. Also, at the time, WCC seemed keen on peer reviews. So we got another engineering company to do a second assessment. They confirmed the building was under 34% but they found errors in the first engineer’s assessment. They gave us new engineering proposals which were much more expensive than the first estimate. A couple of years later the same engineers reviewed their first proposal, with more information available, and the cost estimate increased dramatically. Owners have no way of knowing whether they are being taken advantage of.
- Our first engineers engaged in 2013 left us with no confirmed rating whilst doing their DSA over a period of a couple of years; principal died whilst under investigation (this was unknown to us, yet Wellington City Council were well aware) and firm was wound up leaving us with no recourse and no firm answers. Second engineer engaged in August 2017 to perform a new DSA; due to heavy workload with URM clients has had to delay work for us and we now expect a result in May 2019. In November 2016 we also ran an RFP to engage a specialised Project Manager to take on the EQ programme on behalf of the Body Corporate, due to our lack of capability. Response was poor due to a number of factors namely, a) We were too small; b) Couldn’t afford the “best”, c) Balance of respondents were tier 2 operators we had no confidence in.
- The next step from receiving the preliminary drawings was to have them costed the estimate has gone from \$500k to \$2.5m
- Also concerning is news coming out of MBIE that the approaches to assessment and strengthening are being revised all the time, with the potential that any strengthening done, may at some point be deemed insufficient and buildings require further strengthening. There’s only sector making money out of all this and that’s the sector that designed and built the buildings in the first place.

3. Stress and fear

- Massive shock for owners at the extent of the work required and costs involved.
-this subject is causing great stress to all the owners

- This situation as a whole is incredibly stressing on all owners and more so on the BC committee members. The level of uncertainty is just added to by the WCC's attitude to have random deadlines based on some unknown criteria. Highly charged BC meetings have erupted with members falling out and almost coming to blows.
- No trust or co-operation amongst owners.
- Initial shock of the building being earthquake prone given it was strengthened in the late 90s when it was developed into apartments.
- The stress is crippling for owners who cannot see an end to it. We are forced into a corner with no way out except to sell at a huge loss which many of our owners will not be able to recover from.
- Extremely stressful on owners.
- Seven years of stress so far and now we find there's no way to comply that won't ruin owners financially. And there is a terrible human cost. We are being penalised for just owning a home that happens to be in a shared building as opposed to being on its own plot. The winners are all the professionals we have already paid and WCC which wants to see higher density buildings in place of older buildings like ours.
- There is a large misconception across the board that we are all wealthy commercial property owners – we're not. A lot of us are simple home owners.

4. Financial viability

- There was a delay within the Body Corporate of several months while some owners debated the level to strengthen the building to – 33% or 67%. Eventually the high-level estimates of the costs of strengthening determined a 34% scheme was the only viable option. This was also confirmed by an assessment by a property consultant, which indicated that strengthening above 34% would not be viable economically.
- All of the owners are worried about resale value of their units and while we are classed as prone any sales are stalled or lost.
- Financial assistance is also required eg cheap loans for BC's to reduce the stress to owners and some kind of insurance reduction eg replacement cost is not really practical as we all know we probably won't be able to build in the same location anyway as per much of Christchurch.
- Our insurance has tripled due to estimations for rebuilding costs doubling. The annual insurance cost for our building is \$300k to insure \$20m.
- Even if we did strengthen, it's seems quite possible we won't be able to get full cover insurance.
- The insurance went from about \$7,000 PA to about \$130,000 PA and may not even be available next renewal if strengthening has not proceeded.
- As strengthening is clearly not economically viable owners are likely to decide to sell the building so we'll walk away with land value if we are lucky. Such huge losses just because WCC can use the legislation to open up opportunities for new developments where we used to live – that we won't have the money to buy homes in.