

Submission to MBIE on review of Financial Assistance Scheme and financial and non-financial barriers to compliance with earthquake-prone building system

Introduction

MBIE is undertaking a survey of owners in earthquake-prone buildings as part of its 12-month review of the Residential Earthquake-prone Building Financial Assistance Scheme. The survey is gathering feedback on the Scheme, and financial and non-financial barriers to compliance with the earthquake-prone building (EPB) system.

The survey is aimed at individuals and does not provide for responses from organisations engaged in these topics. Inner City Wellington (ICW) is submitting as a community group that has actively researched, engaged with residential owners and submitted to central and local government on the impacts of the EPB policy and legislation.

Scope of submission

The submission covers:

- Financial challenges facing owners
- Issues with the Residential Earthquake-prone Building Financial Assistance Scheme (the Financial Assistance Scheme)
- Non-financial barriers facing owners.

The submission is supported by two reports from the *ICW 2020 Survey of owners of apartments in 'earthquake prone' buildings in Wellington*¹ (the Survey), and key questions in the Survey are referenced in the submission. These reports contain analysis, quantitative and qualitative data on the barriers and the impacts of the EPB legislation on residential owners.

- [Part 1: analysis](#)
- [Part 2: survey data and comments](#)

The financial and non-financial barriers and the issues with the Financial Assistance Scheme cannot be fully understood and effectively addressed without:

- Considering the emerging issues in the wider building and construction sector environment
- Reassessing the cost-benefit analysis for the policy given the evidence of the full costs being imposed on owners.

Key points

The review of financial barriers, the Financial Assistance Scheme, and non-financial barriers cannot, and must not, be done in isolation to the impacts of the emerging issues from the wider

¹ Responses collected Mar-April 2020.

building and construction sector and revisiting the cost-benefit analysis based on actual and full costs. To do so, would continue to place vulnerable owners in earthquake-prone apartment buildings at substantial risk of financial losses and impacts on wellbeing.

The potential impacts of a revised National Seismic Hazard Model, a revised building standard, and a decision on precast floors on the building stock across New Zealand is significant. There is potential for more buildings, including apartment buildings, to be deemed earthquake-prone. The frequent references to 'when the building standards change' are very concerning when the intent was to give owners certainty and apartment owners are already spending hundreds of thousands of dollars to comply.

MBIE's Early Insights report repeatedly states that owners have always had this compliance burden. Yes, there was the compliance burden for unreinforced masonry and concrete buildings. But the substantive change made through the Building Act 2004 removed the constraint of the provision to unreinforced masonry and unreinforced concrete and applied it to all construction types. This change was made without any data presented to Cabinet on the number of buildings that would be brought into scope, the number and type of owners of those buildings, the costs or any estimates of the benefits.

In 2016, this policy process was compounded by officials, Ministers and Parliament ignoring the conclusion of the MBIE-commissioned cost-benefit analysis that costs substantially exceeded benefits due to society's aversion to large scale deaths in a single event.

Given the potential impacts of the emerging issues from the sector and the availability of data on actual and full costs of these projects and knowledge of the impacts on apartment owners, MBIE must reassess the cost-benefit-analysis. The Government has to be fully informed to be certain that this is the right policy.

The Early Insights evaluation report rated the policy as 'adequate' for balancing the 'complex trade-offs between life safety, heritage (culture and community identity) and remediation costs', and there are split views on whether the policy balances the costs of remediation and the benefits of public safety.² There is no 'fairness or proportionality' of this legislation. The rating of 'adequate' is sufficient to necessitate a rethink of the policy. Apartment owners are the group suffering the greatest harms, both financially and to their wellbeing

If the Government decides to continue with the policy, it must address and share the costs being borne by apartment owners in earthquake-prone buildings and the risks of complex, technical, expensive and high-risk projects.

Financial challenges facing owners

The overarching financial challenge facing apartment owners is that it is impossible for them to comply without incurring financial losses and exposing themselves to significant risk in doing so.

² MBIE. (2021) Early insights: initial evaluation of the Earthquake-prone Building System (p4).

Irrespective of whether owners are eligible for the Financial Assistance Scheme or not, the Survey shows that the vast majority of owners paying for mandatory seismic strengthening are facing significant financial challenges, and the impacts on them are life changing.

Throughout the Survey, and in various communications to ICW, owners reported the challenges as the:

- size of their share of the strengthening
- loss of savings, including retirement savings
- impacts on retirement plans
- having to pay for other accommodation and/or storage while the work is being done
- reality or risk of losing their homes due to the debt accumulated
- risk of not being able to sell for a price that would pay the debt or allow them to buy another home
- financial risks associated with strengthening projects if costs increase and more money has to be found
- financial risks to them if another owner defaulted on their share mid-project
- financial risks of the contractor failing.

Part 2 of the Survey covered these challenges in detail and included the comments provided by owners. In particular, see:

- The impact of 'earthquake-prone' status on selling apartments or using them to secure finance (#17, p9)
- Owners' own estimates of preliminary costs (#22, p15)
- Estimates owners have received for how much their contribution to strengthening costs could be, if strengthening were to go ahead (#23, p16)
- How long owners would have to be out of their apartments, if strengthening were to go ahead (#24, p16)
- Where owner-occupiers would stay if their apartments had to be vacated (#25, p18)
- Owners' own estimates of how much money they would have to spend, in total, if strengthening went ahead (#27, p20).

As an example of a key challenge 'How owners would fund the strengthening work (#28, p20) shows that the majority faced a range of challenges to fund their share of the strengthening. Being able to get a new mortgage or extend the current mortgage does not justify the imposed compliance costs. The comments provided by owners (see Appendix 1) show the financial impacts on owners.

- Out of 64 respondents,
 - 2 (3%) could fund the work
 - 32 (50%) are worried about the financial risks involved in proceeding with strengthening
 - 18 (28%) could not fund the work, but could get a new mortgage or extend a current mortgage

- 26 (40%) if borrowing from a bank, will have to sell the apartment after the work is completed to pay off the debt
- 1 (1.5%) could not fund themselves, but could borrow enough from family or friends
- 19 (27%) have no means of funding the work
- 3 (4.5%) have not thought about how work would be funded
- 0 said they were comfortable with the level of financial risk involved in proceeding with strengthening the building.

Issues with the Residential Earthquake-prone Building Financial Assistance Scheme

ICW, along with the Body Corporate Chairs' Group, started work on a proposed Lender of Last Resort in 2016 in response to feedback from building representatives that projects would not progress as some owners would not be able to fund their share. The proposal was based on reports of lower strengthening costs for these owners (the highest identified at that time was \$80,000 for one apartment) and an expectation of low interest rates to cover only administration costs. The costs being faced now for many owners are significantly higher than that.

The implementation of the Financial Assistance Scheme continues to create barriers:

- Interest rate is significantly higher than expected (which was to cover administration costs) as based on market rates, driven by a policy objective of avoiding wealth transfer to these owners.
 - No evidence has been provided that borrowers would obtain wealth transfer. Our research shows that values (and 'property asset wealth') drop when deemed earthquake-prone, and any strengthening may only recover that value, though in some cases, the strengthening is likely to be at a much higher cost for the owner than the recovered value.
 - The higher interest rate increases the debt for borrowers. This is particularly an issue for those who intend to stay in their apartments until it is time to move to residential care or other retirement options. The higher total cost of the strengthening project (since 2016 when the ICW lender of last resort proposal was drafted) means the principal borrowed is larger and therefore the interest debt, too. This higher level of debt will limit options for these owners who have no ability to recover savings.
- Low equity margin (LEM) is unreasonable, inequitable and further increases the level of debt.
 - The LEM in the retail sector is applied when the equity in the property is below a threshold (usually 20% of the value); some of the borrowers will be mortgage free and have no debt.
 - The LEM is applied for the life of the loan, when it is removed in the retail sector when the equity threshold is met.
 - The LEM is applied because these borrowers are considered high risk as their own banks would not lend to them; this ignores the fact that the debt is to meet government imposed compliance costs and it is this compliance burden that causes the bank to refuse a mortgage; the bank may not consider the borrower high risk without this compliance burden.

- Kainga Ora officials attempt to rename the LEM as ‘a risk margin’. This is unacceptable; there is no viable policy basis for a margin of any sort.
- Only owner-occupiers are eligible, which limits the potential applicants and will result in projects not proceeding.
 - There are owners, previously owner-occupiers, who are now renting their earthquake-prone apartments out as they couldn’t sell and have had to move out for various life and personal reasons, but cannot access funding.
 - In the Survey, 28 respondents who were investor-owners only owned the one earthquake-prone apartment. Property investment has been the primary means of saving for retirement for many New Zealanders, yet owners in earthquake-prone apartments, who cannot access funds, are further penalised by the expectation they will sell this apartment at heavily discounted prices.
- Scope of the loan is too narrow when owners are facing other costs directly related to the strengthening project (eg, relocation costs, storage costs, legal fees)
- Written off debt will still incur a tax bill for the borrower
 - This is unreasonable as the owners have incurred the debt due to a poorly developed and implemented government imposed compliance burden.
 - This appears as a footnote in the Cabinet paper without a supporting recommendation.
- Other matters:
 - The different ownership structures (unit title, company share, cross-lease) have not been adequately considered in the criteria and process.
 - An approval in principle application stage is required to enable owners to get some certainty as the investigation work progresses.
 - Clarity on the Chief Executive’s discretion is required.
 - Certainty that cost increases for the project will be covered; borrowers will be part of a collective decision-making process and, while they may not vote in favour, it may still proceed.

The difficulties of progressing strengthening projects in a multi-owner residential building are, in part, a factor in the lack of actual applications. Irrespective of those challenges, a number of owners have stated they do not want a debt for a government imposed compliance burden. The majority of owners that responded to the Survey consider there is a dual benefit from the strengthening (#34, p30) and the majority of respondents considered the costs should be shared 50/50 between Government/Council and owners (#35, p32).

A borrower with a \$200,000 loan, at the current interest rate of 3.28% pa, would virtually double the size of their debt over a 20 year period.³ This would take a large proportion of any sale price and creates a significant risk for the borrower. To avoid this, the borrower could sell immediately the strengthening is finished: effectively, having no choice to avoid a larger debt. The intention of the Financial Assistance Scheme was to avoid owners being forced to sell at the completion of the project.

³ Based on June 2021 B20 5 year rate, with two increases and a decrease at the 5-yearly reviews.

The financial impacts are life changing, and despite the best laid plans of many owners to position themselves well to have housing security, particularly in retirement. The Financial Assistance Scheme targeted a small group of owners, which was then reduced by the eligibility criteria, but still puts borrowers in a high-risk position.

The Government must consider compensation to recognise the financial contribution to Crown funds through GST and various taxes, and the public benefits that are being delivered through private funding. ICW has estimated the contribution to Crown funds from strengthening projects is around 23% of the total costs.

ICW acknowledges the efforts of Mike Webber, Senior Product Manager, Kainga Ora, by engaging with individual owners and with body corporate representatives to increase the understanding of the Scheme for owners and to facilitate applications. Many owners have provided positive feedback about Mike's engagement in listening to their stories.

Non-financial challenges faced by owners

Apartment owners in earthquake-prone buildings are home owners – just like owners of standalone homes in the suburbs or in townhouses and other complexes not subject to the earthquake-prone building provisions. Yet, since the Building Act 2004 first introduced the widened scope of the policy, these home owners have been expected to manage complex, technical, expensive and risky projects without the necessary skills and expertise. Without any reliable, accessible and authoritative support service.

The topics listed in your survey (Q14) are only a starter of what is required to address the challenges and barriers to progress a strengthening project. It is clear from one building owners' experience of the Wellington City Council (WCC) Advisory Service for earthquake-prone building owners, that those providing the advisory or remediation service must have the competency, expertise and experience to do so.

In early 2017, ICW and the Body Corporate Chairs' Group released a proposal for an advisory service to support owners in earthquake-prone buildings. In mid-2019, ICW discussed with Wellington Central MP and WCC a proposal for an advisory service that was independent of regulators such as MBIE and WCC, which was based on the model of the Greater Christchurch Claims Resolution Service, to provide an owner-centric advisory service to help owners determine the best option for them.

What was implemented by WCC was an advisory service that referred owners to seek their own legal advice or ask owners in another apartment building who had been through the process. These were questions that many owners in many buildings would have and should be able to be answered by an effective advisory service:

- Advice about the option of selling the building to a single buyer; best way to investigate
- Advice about the process for deciding between strengthening options, and support for that process
- Could they supply or recommend a facilitator for the discussion on options

- What are the complexities of decision making in the different ownership structures: unit title, company share, cross-lease.

An effective service would make available online all the resources (process guidance, templates, checklists, etc) and tools (eg, costing tool that identifies all potential items for full project costs) that owners could access to start, investigate, contract professionals, determine options, establish full costs, tender process, identify and consider legal issues, etc. This resource could be supplemented by technical and professional experts who can advise the owners' representative on specific questions. The service needs to be able to identify and highlight risks of options and contracts, and help owners come to their decisions.

A few buildings will have owners who have some of the necessary skills to understand the process and technical aspects. This is very beneficial for the other owners, but places extra pressure on the individual(s). The majority of owners, however, are reliant on the professional advisers they are paying, at great cost. There is no ability to have that advice validated, without paying yet another professional. Based on the experiences shared by owners, this legislation is putting owners in many multi-owner residential buildings, already in vulnerable positions from a technical understanding perspective, at significant risk and being forced to make decisions about technical options.

Wellington City Council's submission on the Unit Titles (Strengthening Body Corporate Governance and Other Matters) Amendment Bill acknowledged the burden of the seismic strengthening projects being borne by owners and that more support is needed. If MBIE is proposing to implement a remediation service it must share the risk by providing the right resources to assist owners through this process.

The Labour Party manifesto reference to the remediation service said it would 'help some apartment buildings be safer faster'. That is a concern. Already, the service is being selective in its approach when owners in all earthquake-prone buildings are facing the same compliance challenges. It is a matter of luck what competencies and networks the owners in the building may have.

The costs of addressing the non-financial barriers in an equitable, authoritative, reliable and consistent way as owners across the country begin their journeys in response to being deemed earthquake-prone will be significant. It will not be just Wellington. The Government needs to be certain that this is the right policy for New Zealand. The Government must revisit the cost-benefit-analysis.

Impacts on owners of these challenges

The financial challenges being faced by all apartment owners, coupled with the challenges of managing complex, costly and risky construction projects, requires a rethink of how the costs and 'benefits' are shared by the government and owners.

The Early Insights evaluation report rated the policy as 'adequate' for balancing the 'complex trade-offs between life safety, heritage (culture and community identity) and remediation costs', and there are split views on whether the policy balances the costs of remediation and the benefits of public safety.⁴ There is no 'fairness or proportionality' with this legislation. The adequacy finding is sufficient to necessitate a rethink of the policy. Apartment owners are the group suffering the greatest harms, both financially and in their wellbeing.

Appendix 2 contains the Survey responses from 99 owners to the question 'How being an owner of an apartment in an 'earthquake-prone' building is affecting owners' lives (#33, p28). It provides evidence of the impacts of the financial and non-financial compliance burdens with this policy.

Emerging issues in the wider building and construction sector environment must be considered in the review

The focus on financial and non-financial barriers that owners face to comply with the obligations imposed under the EPB legislation is a very narrow scope. The review needs to consider the wider building and construction sector environment that is and will continue to impact on the issues associated with financial and non-financial barriers.

The emerging issues in the wider environment that must be considered include:

- An imminent update of the Building Code to take into account the outcomes of the review of the National Seismic Hazard Model (NSHM); this work is already underway to 'improve the seismic requirements of buildings within the Building Code documents in light of reviewing the NSHM'⁵
 - There are already comments among engineers and the construction sector of an upgrade to the model for Wellington, and two other centres, with a consequential downgrade of the %NBS of buildings.
 - The intention of linking the definition of the moderate earthquake to the building standard in place at 1 July 2017 to provide certainty to owners is fast disappearing with regular references by engineers and council officers to 'when the regulations change'. The Minister has not provided any assurance that owners who have complied or are complying and completing strengthening will not be impacted again.
 - The Minister has said that in the event the current definition changed, there would be public consultation. Apartment home owners have no confidence that the issues specific to them will be given due consideration by officials or politicians. The use of the regulation mechanism was intended to make it easier to change the definition.
- Ongoing work by MBIE and Engineering NZ on low damage technologies and whether these technologies will be incorporated into the building standard to increase property resilience.
 - ICW does not disagree with a property resilience standard for new buildings; this seems a logical step. However, we disagree with a property resilience standard or a

⁴ MBIE. (2021) Early insights: initial evaluation of the Earthquake-prone Building System (p4)

⁵ MBIE briefing 2021-3096 NZ Society of Earthquake Engineering Conference 2021, 9 April 2021

requirement to use low damage technologies being applied to existing buildings deemed as earthquake-prone.

- It is much harder to retrofit these technologies into existing buildings.
- The completion of the review on precast floors and whether the Yellow Book will become part of the prescribed assessment methodology.
 - ICW has been advised that this will particularly be an issue for Wellington buildings, and likely to include buildings that are now used for residential purposes.
- The capacity constraints in the engineering, building and construction sector, with seismic upgrades being a major contributor to the growth in demand and consequential supply issues.
 - This has flow on impacts for owners of residential apartment buildings in terms of the quality and experience of the contractors available to them. At least one strengthening project for an earthquake-prone building has been delayed until they are able to run a viable tender process.

The issues identified in this section will:

- Increase the costs faced by apartment owners to strengthen their buildings and will exacerbate the non-financial barriers that are already evident.
- Lead to more buildings being identified as earthquake-prone.
- Potentially, result in owners who have already complied under the current standard, having their apartment buildings being subject to a new and tougher standard.

The review of financial and non-financial barriers must include the impact of these emerging issues.

Reassess the cost-benefit analysis for the policy based on actual and full cost data

There is sufficient evidence of actual and full costs of complying with this policy to necessitate a review of the cost-benefit analysis (CBA). There is evidence from the Kaikoura Earthquake where earthquake-prone buildings did not collapse, but newer buildings did collapse in part or were demolished, to necessitate a review of the benefits expected to be delivered through this policy.

Our analysis of the cost-benefit analysis and outlined in the Part 1 report of the Survey (p27-28) reinforces the conclusion of the CBA authors that the 'costs substantively exceeded the benefits'. Now, nearly 10 years since that report was released, MBIE must commission an independent review of the cost-benefit analysis.

The cost-benefit analysis must take into account the different owner groups that have to comply with the legislation:

- Commercial property owners, including investor-owners, can:
 - Claim GST paid on all costs against GST owed to the Crown
 - Now claim depreciation
 - Treat the investigation stage costs as operational costs – who is checking this?
 - Begin to recover some costs by increasing the lease fees for strengthened buildings at the next lease renewal following completion

- Residential owner-occupiers (including many 'mum and dad investor-owners') cannot:
 - Claim back GST paid; only a few body corporates are GST registered
 - Depreciate their apartment or buildings
 - Realise any 'financial benefit' unless they sell.

The cost-benefit analysis must use the full costs of strengthening. The costs must include GST as residential owner-occupiers have to pay that. The costs include:

- Investigation phase – to options identified: engineering assessments and drawings, geotechnical reports, architect fees, project managers)
- Option selection – building consent phase: engineering detailed specifications, architects, fire safety report, legal advice, peer review costs and further analysis required by councils, project managers, other building services advice, other technical advice, etc
- Construction phase: the actual costs of doing the work, variations and contingencies, contract works insurance, make good costs
- Owners' consequential costs: own legal advice on contracts, setting up entities to manage the project in the absence of a body corporate, relocation accommodation costs, storage costs.

The CBA will have to take account of the current building standard requirements and other costs driven by engineers' variable interpretations and councils variable additional requirements. The CBA will also have to consider the implications of a higher standard on the costs to strengthen existing buildings.

The CBA model is available to MBIE to re-use. There must be the competency within MBIE (or contracted) to ensure it takes account of the full costs. Using the time frame (eg, 15 years) to complete the strengthening or remove the building as a proxy for the non-construction costs, as was done in the 2012 analysis, hides the more accurate cost-benefit ratio and what happens in reality.

Appendix 1: Comments in ICW Survey responses to 'How owners would fund the strengthening work'

We have taken out an interest only mortgage against our family home and will have to sell both the apartment and our family home at the end of the build to cover costs

We are [x] owners and some people own more than one apartment. At the current cost quoted for the project banks won't lend to some owners and most can't save or borrow \$215k from friends and family. The project is not viable unless all have access to funding

This is a tough one to face up to. I can't see any good outcome for us at the end of this process. Wellington might have a safe building, but we will be forced to sell our unit at the end of the cross and likely at a huge loss that will deeply impact our family

If I borrow from the bank I would be unable to fund repayments and interest. I don't think the bank will lend to me as I am already paying off the loan obtained when the company bought the leasehold land

The building is nearing the end of its useful life and should be demolished and sold

I am a superannuitant and have no income other than National Superannuation. The apartment at [address] is my only asset. I am unable to raise a mortgage. I am unable to afford to live in my apartment because rates and body corporate fees, together with my ordinary living costs, are greater than my income

I will be unlikely to ever own another home. I'm mid 50s, single. Though owned by a trust, the apartment is its sole asset and me the primary beneficiary. Trust doesn't mean rich.

The building should be strengthened for safety's sake. The cost of strengthening is exorbitant. Some sort of public works programme to strengthen all buildings would be great!

No longer relevant as we have decided to sell as a collective because it would have been impossible to fund the work

Since I am on a benefit, it's already a challenge to service my existing mortgage, and it was a struggle to borrow the extra \$10,000 to get the engineering assessment and design work done. There's absolutely no way I would be able to service a mortgage for strengthening costs, even in the unlikely scenario of a bank offering me one. If I did get one, it would mean having to sell afterwards in order to pay back the loan. I feel the only way I will personally be able to get through this is with funding, not loans

As a retiree, funding the work creates risks for future independence and ability to meet health and housing needs in later life. It also incurs an opportunity cost with respect to being able to assist family members when they need it

Dependent on getting earthquake insurance for the building

Was not a cost effective solution

Our age reduces our chances of a second mortgage, the low percentage of strengthening has put us off considering to strengthen

I have organised over 50% of project costs as family money for up to three years and back up potential mortgage once apartment revalued at the end of the project if I wish to no longer having family money involved

It all depends on the ever escalating cost and the delay with the body corp

We have a number of cost estimates and are currently building a joint fund but it isn't going to be enough

I could partly fund the work through pension or retirement savings; but would be reluctant to do so. Also a reverse mortgage if approved, could assist, but this is not a palatable option. I could sell other assets which are effectively retirement savings; again a last resort only

I am scared my modest retirement savings will evaporate. I am scared of the 'black hole'. The government's loan scheme means taking on debt when I worked hard to be debt free. I have paid \$38k to date into a quake fund with nothing to show for it. How long can this go on? I do not believe the government knows what it asks of private citizens of ordinary means

The cost of earthquake-strengthening would likely obliterate my modest retirement savings. I am too close to retirement to consider taking on any new debt to fund the earthquake strengthening. I am hoping to clear my existing mortgage before I retire.

Because the building is not fully insured, I don't know how I will get funding to strengthen the apartment (or then sell it)

I will use all my savings and retirement funds and have to borrow on top plus work into my 70

Likely that costs would exceed added sale value

I would argue we are a 2 storey, 7 unit building and shouldn't require strengthening

Appendix 2: Responses from 99 owners to 'How being an owner of an apartment in an 'earthquake-prone' building is affecting owners' lives'

The requirement to comply with the legislation has not had, and is unlikely to have, an serious consequences for me	2	2%
I don't expect to lose anything financially in the end	4	4%
I expect significant losses to be the end result of strengthening, or selling to avoid compliance		59%
The situation now and thinking about what might happen in the future is having a negative effect on my mental and/or physical wellbeing	58	58%
I am exhausted with working on the committee/working group to try to find a way out of this nightmare for us all. It is a huge responsibility on top of everything else in my life. It is more than volunteers should have to do	30	30%
I was planning a life with a home of my own where I wanted to be, and the ability to sell and buy another home when I wanted to, but now I have to plan for a life with no home of my own, and debts	31	31%
I have had to move for work or another personal reason, but my capital is still tied up in a property that is going to cost me a fortune before I can sell it at some unknown date in the future	24	24%
I need to move to get work, to live near my children, or go into a retirement home, but I am stuck and have no idea when the situation will be resolved	4	4%
My savings have been or will be eaten up and I won't be able to rebuild them for my retirement	53	53%
I imagine bankruptcy and/or social housing will be where this will lead for me	8	8%
I was planning to retire but I will have to keep working indefinitely now	21	21%
I have a young family, a mortgage and I am uncertain about income in these times. This is no way I can afford to comply or take on the risks of strengthening the building that I am happy to live in as it is	7	7%
I live on a fixed income which was fine before all this came along. I cannot afford to do anything . So I will be facing \$200,000 fines and compulsory demolition of my home	10	10%

Comments

My life is on hold due to the uncertainty of the situation. I would like to get out of the city and retire in a community with a lower cost of living in order to survive on superannuation and I would have to sell the apartment for that. As it stands I fear that I will work until I die and my husband would not be able to afford to live in the apartment without me. He could not afford to pay mortgage and co-op fees monthly

This retrospective legislation is going to de-house, and impose poverty on owners of very modest apartments. In what society is this OK? The bar has been set too high, and the cost all imposed on private citizens. How about enforced retro-fitting of airbags to all cars (at say \$10k each car)?

Would that idea fly?

It is a difficult situation that is out of our hands. We are waiting to see what happens.

I may be forced to move out of Wellington regardless of whether we strengthen or not, having lived here all my life

We are hopefully going to sell as a collective so at least we will not be exposed to escalating costs and the risk associated with strengthening. But we expect to lose more than half the value of our home and what we get will probably not be enough to buy another one

I am on a benefit and have no way of increasing my income, so there is no way I will be able to borrow the money for strengthening. I am the only one in the body corp in this situation and worry that they may try to force me to sell, which is very stressful and causing me a lot of anxiety. I am wanting to take as much time as possible to seek funding/build savings whereas others want to do the work quickly since we are paying such high premiums for insurance right now. I feel that since we are likely to be eligible for heritage listing it is worth waiting and going through this process in order to apply for heritage funding, but the others are impatient and I don't know if they will have the right to force me out if they're all against me on this

The process requires those involved to invent their own procedures, find the right advisors and contractors, and oversee a highly complex and technical process for which they are untrained. They also have to manage the collection and stewardship of very large sums of money on behalf of fellow owners in a situation characterised by uncertainty. It all becomes the first thing to think about in the morning and the last thing at night.

The biggest risk is not being able to get all the owners in the complex to agree t the strengthening (either the approach, the cost or just because it doesn't suit them) as a result the buildings may simply have to be demolished. The increase in valuation from getting the building strengthened will more than cover the costs of the strengthening work so it seems rather short sighted but it is hard to get people out of the 'comfort' of being victims. Access to earthquake insurance is also a risk but this is more a reflection on the Wellington insurance market so may not be insurmountable

Having finally paid my mortgage I felt secure in the knowledge that I have a roof over my head no one can take away. How wrong I was! Having always been pretty frugal I was feeling happy that I would be able to live happily on the pension with the help of the small kiwisaver I had managed to salt away. That won't be happening now as entire Kiwisaver will need to be used for strengthening work and I believe the work will cost a lot more than we have been advised. I can't let myself think about it as I get too stressed and become 'stuck'. Talk about rug being pulled out from under me.

Not fair with one stroke of a pen, government can turn my \$550,000 asset into \$100,000 when nothing has actually changed. Clearly no members of parliament are in the same situation

Perhaps we will face bankruptcy?

I have since moved to a country with a far lower cost of living. While I have not been involved in the committee, those who have must be utterly exhausted by all this

I am stuck in a job I hate working harder than I need to desperately save and the result is impacting my mental health and my reputation as I take evil and impossible to deliver contracts to squeeze every cent out of every hour as the amount the banks are willing to lend never quite gets me there and the cost always goes up

My life was reasonably secure before this enormous demand came along. I had earned that security by hard work and careful management. Through no fault of my own, I face possible homelessness, possible inability to live near my only remaining child and his family, possible loss of my modest retirement savings, continuous deleterious effects on my health, physical and mental. In short, the loss of my freedom to enjoy a contented old age

We have worked hard to pay off our mortgage and now are faced with having to take out another sizeable loan not far from retirement