

Earthquake prone building legislation based on flawed policy analysis: apartment owners bear the financial consequences

Report on ICW 2020 survey of owners of apartments in ‘earthquake prone’ buildings in Wellington: Part 2: Survey data and comments

“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.”

Owner of an apartment in an ‘earthquake prone’ building in Wellington



August 2020

Contents

Introduction.....	2
Survey results – Part 1 - Individual owners	3
Survey Results Part 2 – Building represenatives	43

Introduction

At the end of July 2020, there were 561 Wellington buildings on MBIE's Earthquake-prone Buildings Register. Around 40 of those are multi-owner residential buildings (MORBs). Based on information for 17 buildings in our survey, MORBs have an average of 16.7 apartments each, and each apartment has an average of 1.6 owners. So we estimate the 40 MORB EPBs in Wellington contain around 668 apartments, and those 668 homes have in total around 1,068 owners.

The EPB legislation makes these 1,068 private individuals personally responsible for ensuring that the buildings their homes are in are strengthened to 34% of the national building standard, (NBS), no matter what the cost and risk of doing so. They and their families are all victims of the earthquake prone provisions of the Building Act 2004 (the Act) that we contend are unreasonable, unfair, harmful and morally indefensible.

This report follows Inner City Wellington's (ICW) written submission to the Governance and Administration Parliamentary Select Committee in 2019 and an oral submission to the Committee in June 2020, on two petitions presented to Parliament. The submissions asked that the Government address our concerns by commissioning an independent review of the EPB legislation, exempting MORBs from the EPB provisions in the Act, and taking other measures to assist and compensate apartment owners caught up in the EPB regime. The Select Committee did not report back before Parliament rose on 6 August 2020. ICW will be asking candidates in the Wellington Central electorate to progress the recommendations made in the submission in the next term.

ICW has recently undertaken a survey in two parts - Part 1: individual owners, and Part 2: representatives of all owners in individual buildings. 116 respondents from 24 MORB EPBs responded from a personal perspective or as a building representative, providing a wealth of up-to-date data and personal commentary which, along with additional analysis we have done, clearly shows that the Government's current position is untenable and that as it affects apartment owners, the EPB legislation is seriously flawed.

This report presents a compelling case for the exemption of multi-owner residential buildings from the EPB regime because, whilst theoretically possible, compliance is in practice impossible for apartment owners to achieve without exposing themselves to financial, legal, housing, wellbeing and health risks so enormous that they are likely to suffer short term and lifetime consequences out of all proportion to any benefits their sacrifices might achieve. We urge readers of this report to read owners' comments in the separate document, to fully understand the impact them.

ICW greatly appreciates the input from owners and building representatives in response to our survey.

For further detail on anything in this report, contact:

Geraldine Murphy
Spokesperson on Seismic Matters
Inner City Wellington
innercitywellington@gmail.com
0274 507 804

Survey results – Part 1 - Individual owners

Note: there are discrepancies between the results of Part 1 – individual owners, and the results of Part 2 - building representatives who are responding on behalf of all owners in their buildings.

Target audience	Individual owners in any MORB EPB
Survey respondents - unique apartments	99
Respondents come from	18 buildings
Buildings also in Representatives survey	11
60 questions	

1. Ownership structure of owners' buildings (Q7)

Unit title	73	73%
Cross lease	17 (16 from one building)	17%
Company share	9 (all from 1 building)	9%

2. Ownership of apartments (Q5)

98 owners responded

Owned by 1 person	43	43%	43
Owned by 2 people	33	33%	66
Owned by trust or more than 2 people	23	23%	Min 46
			155+ total
			1.6 average

Total owners of 98 apartments is at least **155**
Average number of owners per apartment **1.6**

3. Age of the oldest owner of each apartment (Q6)

89 owners responded

Aged 18-40	7	8%
Aged 41-64	40	45%

Aged 65-79	39	44%
Aged 80+	3	3%

4. When apartments were bought (Q3)

97 owners responded

1970s	1	1%
1980s	2	2%
1990s	10	10%
2000-2004	12	12%
2005-2016	66	66%
2017 or later	6	6%

5. How much owners paid for their apartments (Q4)

90 owners responded

Purchase price range **\$100,000 to over \$1,000,000**

Average purchase price **\$233,884**

6. 'Earthquake prone' buildings status at the time owners bought their apartment (Q31)

99 owners responded

The building did NOT have an s124 or EPB notice (when I bought)	62	62%
I was not aware that building could be earthquake prone (when I bought)	23	23%
I was aware that the building could be earthquake prone (when I bought)	7	7%
I was aware the building had an s124 or EPB notice (when I bought)	7	7%
The building had an s124 or EPB notice, but I was not aware of that (when I bought)	0	

The building was up to code until the law change

The building was considered to have 30+% of the standard and was ok

I was told by the real estate agent that remedial work would cost under \$20k. We are now looking at over \$200k

Aware of potential issues with changes to code, but building had been strengthened in mid 1990s when it was converted to apartments

Having lived through a "leaky home" saga (the first home my wife and I purchased), we were explicitly only looking for property that had zero issues. WCC paperwork, and engineering assessments at the time of purchase confirmed the building had been already strengthened and there was zero risk

I was unaware that the building was earthquake prone and it was not stickered

Was not aware of any earthquake problem

I was aware that it would require strengthening within the next 15 years when I bought, but since then the timeframe has been halved, and we had to start displaying the EPB notices since last year

I was not aware of any earthquake risk

The building had been strengthened and converted into apartments in the 1990s

The building had recently been strengthened, and we were assured that we were well above the required minimum standards for earthquake resistance

I asked Wellington City Council about earthquake proneness because it was a major concern of mine, but they misled me by saying the apartment complex was too new to be assessed

Cost at the time was estimated at 30k

I was told the building had been strengthened to the applicable level hen converted to apartments

NBS rating system changed

It was presented as an earthquake strengthened building

I have a notice from the WCC that specifically said my building was not earthquake prone

7. Size of apartments

Floor area in square metres (Q10)

91 owners responded

Less than 50	4	4%
--------------	---	----

50-99	47	52%
100-149	23	25%
150-100	9	10%
200-250	8	9%

The average size of 91 apartments is approximately **100 square metres**

Number of bedrooms (Q11)

98 owners responded

One bedroom	19	19%
Two bedrooms	55	56%
Three bedrooms	19	19%
More than three bedrooms	5	5%

Number of garages or car park spaces (Q12)

76 owners responded

None	32	42%
One	43	57%
Three	1	1%

8. QV rating valuation of apartments (Q13)

69 owners of unit title* apartments

300,000 or less	16	23%
301,000 to 399,000	24	35%
400,000 to 499,000	5	7%
500,000 to 599,000	12	17%
600,000 to 699,000	6	9%
700,000 to 799,000	3	4%
800,000 to 899,000	1	1%
900,000 to 1m	2	3%

Average capital value

From individual valuation information provided by 53 of the owners of unit title apartments, we can estimate that the average capital value of 53 apartments is **\$489,000**.

NOTE

Not included in this analysis:

- Buildings where owners have had their valuations reduced on objection, on the grounds of EPB status
- Cross lease and company share apartments are not included in this analysis as capital values for those apartments are difficult to quantify

9. QV land value of apartments (Q14)

Average land value

47 of the 53 owners who provided capital values, 47 provided values, from which we can estimate that the average land value of those apartments is **\$152,170**, approximately 31% of the average capital value.

NOTE

Not included in this analysis:

- Buildings where owners have had their valuations reduced on objection, on the grounds of EPB status
- Cross lease and company share apartments are not included in this analysis as capital values for those apartments are difficult to quantify

How owners use their apartments (Q8)

99 owners responded

Owner occupier	39	39%
Owner occupier renting out a room or rooms	4	4%
I do not live there but members of my family do	5	5%
Was an owner occupier but now renting the apartment out	35	35%
Total who are or have been owner occupiers		83%

Investor owners	14	14%
Other circumstances	2	2%

10.Reasons former owner occupiers (44 respondents) now rent their apartments out (Q9)

44 owners responded

Needed to move but could not sell my apartment	17	39%
Moved, but wanted to keep my apartment to generate income	11	25%

Moved, but with the intention of living in the apartment in the future	8	18%
Moved out specifically to general some income to fund the strengthening work	8	18%

11. Number of people living in owner occupied apartments as their primary home (Q15)

47 owners responded

Around **88** people live in owner occupied apartments as their primary home

Average no of residents in owner occupied apartments is **2**

12. Ages of people living in owner occupied apartments as their primary home (Q16- Q20)

28 owners responded

Aged 18 or less	12
Aged 19 to 40	17
Aged 41 to 64	28
Aged 65 to 79	29
Aged 80 or more	2

13. Occupation status of people living in owner occupied apartments as their primary home (Q21-Q27)

	Apts	Residents
Employed full time	30	45
Employed part time	3	3
Casually employed	2	2
Self-employed or sole operator	10	14
Own business (that employs staff)	7	8
Unemployed looking for work	0	0
Not employed, not looking for work (eg retired)	11	19

Some respondents selected more than one option

14. People living in owner occupied apartments as their primary home who have disabilities (Q28)

4 owner occupiers or people living with them, have mobility or other disabilities that would make it difficult to rent alternative accommodation if required to move out during strengthening

15. Number of apartments owned by investor owners (Q29)

34 owners responded to this question

Own just this one apartment	28	82%
Own 2 apartments	5	15%
Own 3 apartments	1	3%
Own more than 3 apartments	0	

16. Impact of 'earthquake prone' building status on rental income (Q30)

30 owners responded

It makes no difference	12	40%
I have had to reduce the rent to get tenants willing to rent in an 'earthquake prone' building	18	60%

17. The impact of 'earthquake prone' status on selling apartments or using them to secure finance (Q33)

26 (26%) of the owners in the survey have tried but to sell their apartments or tried to use them to raise finance. None has been successful.

I have tried to sell the apartment but received no offers	15	58%
I have tried to sell the apartment and received an offer, but did not accept it as the sale proceeds would not have bought a similar property in Wellington	2	8%
I wanted to borrow money, but lenders would not accept the apartment as security	9	35%

39 owners made comments

I have had to borrow just under \$300,000 to pay for earthquake strengthening. I have not wanted to see a reduced price since 2010, due to not being able to cover existing mortgage

Owners can't sell flats because the banks won't lend on EQ prone buildings. Owners have been

told by their banks that they can't get finance for strengthening under 67% NBS. The cost we have been quoted for this is too high (over \$200k). So we are stuck with flats that we can't sell and can't strengthen

I have tried to sell the apartment but couldn't find an agent who is interested, also I can't get finance to buy a new place to live as the bank won't lend me money due to the high body corp fees I'm currently paying. So a bit stuck really.

We're explored selling the unit with agents, however, the feedback is that the sale price we are likely to get would be so significantly below costs, it would decimate our family's finances so it's not an option

I haven't tried to sell the apartment as I think it would be a pointless exercise, given no sane person would buy an 'EQP' building under the current regime

I have not tried to sell my apartment as there were no potential buyers

I have had to borrow money with the apartment as security when we bought the land that was leasehold

I have not tried to sell the property, as the market value is significantly affected with EPB status

We were going to try and sell but due to the huge increase to the EQ strengthening we would be giving away our home

It is effectively unsaleable

I know I cannot sell so I haven't tried. I have watched others in the building try and fail

I have not tried to sell the apartment but others have tried and have not been successful. My view it is unlikely to be able to be sold for anything but a very low price

I have had real estate agents in to assess it for sale and likelihood, but they are pessimistic about the likelihood of selling it due to the earthquake status. I'm therefore stuck with a property that I can't sell

I have not tried to sell the property as I know that others have struggled to do so for a reasonable price. I did manage to successfully secure finance against it to effect a land purchase – this was mainly possible due to the equity I had in it, which had largely been gained by increases in property prices in Wellington

I have not yet been faced with being forced to sell but am very worried that this might happen as I know I will not be able to borrow the money for strengthening as a beneficiary. I don't want to have to sell because I know there's no way I'll be able to get back onto the property ladder again. I really want to be able to try to get funding so I can stay in my home.

We are trying to sell and have interested buyers however they cannot get lending without the strengthening cost which we've been waiting almost a year for. We have also had 2 offers which we are willing to accept. We're currently trying to renovate our current home but cannot do this

with such a liability on our shoulders.

But I suspect I will have trouble finding potential buyers in the event I do decide to sell

I can't sell the apartment because no one would buy it with the strengthening work yet to be done. I am stuck with it and all the mounting costs

I would have sold but realise there is no point while notice is in place

BC are making us sell, basically for land only price with us all losing hundreds of thousands each

It is our understanding that no real estate agent would be interested in representing us in an onsale of the unit. Additionally, we doubt that we could cover the heightened costs associated with the strengthening requirements

I have borrowed money to have it repaired. You cannot sell these apartments without compliance

I have used the apartment as security for business fit out in 2015

Received an offer, but it fell through due to earthquake prone status

Moved into a hovel to rent and save

Have not tried to sell as it was almost impossible, would have lost a vast amount of money as its rv is below when bought 15 years ago and any new purchaser would have had to deal with the same eqb problem and huge costs associated with fixing

I have tried to sell and got close but buyers have always pulled out at last minute given large uncertainty over cost of strengthening

We have not bothered trying to sell the apartment for obvious reasons, but would dearly like to do so. I very much doubt whether any lending institution would consider lending using the apartment as security

Can't see we can sell it until repairs are done – it is a noose

I would be happy to sell (if I can live permanently in UK) but am aware that no flats are selling in [address] at present because of its EPB status and the lack of insurance cover for earthquake peril

Big issue with selling it (it is still on the market now) is that it is not insured for earthquakes so any possible purchases needs 100% finance

Interested parties could not get finance as banks want strengthening to go above 75%

I have not tried to sell the apartment even though I wat to as we are no longer able to live there, because I know I will either not get any buyers, or I will have to sell it for a lot under its value. This advice came from a real estate agent

I wanted to sell the apartment years ago as it is unsuitable for us but unable to because of the ongoing situation. We still need somewhere to live

I refinanced with another lender and the fact there was damage from big quakes being remediated, plus the general fact it's an apartment in Wellington, made the process harder

18. Owners' involvement in trying to solve the problem of the building being 'earthquake prone' (Q50-Q52)

Involvement (Q50)

99 owners responded. Respondents could select more than one statement

I have never been directly involved	19	19%
I was directly involved for a while, but not any longer	11	11%
I am directly involved as the leader of a committee or working group	13	13%
I am directly involved as a member of a committee or working group	35	35%
I get regular updates from those directly involved	43	43%
I attend owners meetings (including online)	41	43%
I do not go to owners meetings	1	1%
I do not feel I know what is going on	3	3%

13 owners made comments

It is exhausting – we are working hard but making little progress

Our board has worked diligently and kept us informed

Attending meetings, even online, is difficult for those of us now living overseas

I can't help but feel there is a lot of discussion on that I'm not included in, since it's a very me vs them scenario with the rest of them having money and wanting to speed things along, and me having none and trying desperately to get some funding sorted before being forced out of my home

I was directly involved for 11 years, but it became too stressful as it became impossible to move forward with financial burden placed on owners

It's a confusing nightmare, all based on volunteers and angry people

We are given poor access to information from everyone, had no response from letters to council

to our MP. Engineers etc are very vague. The whole business feels like big experiment at our cost

Time investment (Q51, Q52)

47 owners responded

Working on their projects for between 5 and 9 years	21	
Working on their projects for between 10 and 15 years	10	
Been working between 10 and 29 hours per month	Most	
Been working almost full time	2	

19.Owner satisfaction with the way their committee or group is working on the problem and communicating with and involvement owners (Q53)

92 owners responded

Very satisfied	30	33%
Satisfied	51	55%
Not satisfied	11	10%

We have an excellent committee looking after owners' interests

I am not satisfied because of the lack of progress we are making. If I wasn't involved in the working group I would think nothing was happening, but in fact we are meeting engineers, project managers etc., but not yet able to get the project to a point where it's viable

Though I believe we should challenge the whole premise of strengthening now. It may be a luxury we cannot afford post Covid 19

Extremely satisfied. We have a hard working body corp of able people

We cannot expect the committee to do more than it is doing as they are volunteers without the right experience or expertise and their lives have been taken over by this problem, for years

I don't feel that others really understand how different my financial situation is from theirs, and that I really can't afford to keep up with them

I was very satisfied – our Body Corporate has been very proactive and diligent. At considerable time and cost, we have obtained the necessary engineering and Geotech reports, sought the best professional and expert advice (eg architects, quantity surveyors, commercial property strategists, lawyers, and valuers, and investigated all potential solutions and options to comply with the legislation

The lack of financial literacy among some owners and the lack of engagement has made it difficult to make progress. There has been a definite “head in the sand” approach coupled with a strong grievance mentality encapsulated in the oft repeated phrase, “it isn’t fair”.

Satisfied in general, but disappointed with the meek acceptance of totally unfair government policy

The [name of building] body corporate has been a real model for other Body Corporates to follow. I am so grateful to them.

20. The people owners have contacted to seek advice and to express their concerns about the impact of the legislation on apartment owners (Q56)

63 owners responded. Respondents could select multiple options

Minister of Building and Construction	18	29%
Local Member of Parliament	31	49%
Ward councillor	17	27%
Council consultation process	33	52%
The media	14	22%

Owners in the building have spoken with our MP and to the Council

None. Frankly, it’s so overwhelmingly bad it’s hard to face up to it with family, let along externals

The board has contacted all of the above on our behalf

Other body corp members have contacted council and MPs

The board has contacted the media

All of the above via the media

I did write to Iona Pannett But she never replied to that email. I feel that there should have been more opportunities for people to be heard

I purchase the building fully aware of my obligations as an owner which includes ensure it is safe for the general public and those who occupy it – the Government’s funding for owner occupiers who cannot get funding for the strengthening is a great outcome

Council is following the law without consideration on impacts of their ratepayers. We bought the apartment in good faith with expectation to be able to sell when we reached retirement.

Waste of time.

All pointless.

Only received a form letter from the minister for housing

21. Current state of owners' EPB projects (Q54)

99 owners responded. Respondents could select any number of statements

We are still investigating options	44	44%
We are in the process of seeking tenders for the strengthening work	12	12%
We have already signed the contract(s) for the strengthening work to go ahead soon	2	2%
Strengthening work has already started	11	11%

Currently, there is no option with a good outcome. I will be de-housed and lose much of my life savings

We have started the design phase, but I think there are still things to work out before it goes to tender. We are also unclear about how to split the costs, because our body corp comprise two separate apartment buildings, and the other one, which doesn't require strengthening, doesn't want to contribute anything towards this despite being part of the body corp. It's very confusing and is a point of tension between us all

We have chosen an option and employed a professional project manager

We are in the process of drawing up a sale agreement

Awaiting new EQ rating from engineers due this month which will hopefully mean the building is not EQ prone

A minority of owners did not have the money and are unwilling to borrow, so it cannot go ahead

Have consents in place and design is been drawn up for going to be costed and then tendered

We are going ahead with strengthening work because we have no other choice

22. Owners' own estimates of preliminary costs (Q37)

71 owners provided reliable estimates for how much money they estimated they had spent so far on fees for engineers, quantity surveyors, lawyers. For example, for DSAs, geotech testing, and researching solution options.

Less than 10,000	23	32%
10,000 to 19,999	20	28%

20,000 to 29,999	9	12%
30,000 to 39,999	11	15%
40,000 to 89,999	8	10%

Figures include GST

From individual information provided by 71 owners, we can estimate that the average spend per apartment to date on preliminary costs is **\$20,000**.

23. Estimates owners have received for how much their contribution to strengthening costs (building contract) could be, if strengthening were to go ahead (Q38)

76 owners provided estimates

100,000 to 199,000	18	24%
200,000 to 299,000	32	42%
300,000 to 399,000	6	8%
400,000 to 499,000	5	6.5%
500,000 to 599,000	5	6.5%
600,000 to 699,000	3	4%
700,000 to 799,000	3	4%
800,000 to 899,000	4	5%

Figures include GST

Most estimates have been received in the last two years (Q39)

Average estimate for strengthening costs (building contract)

From individual information provided by 76 owners, we can estimate that the average estimate for strengthening costs per apartment is **\$302,137**.

24. How long owners would have to be out of their apartments, if strengthening were to go ahead (Q40)

95 owners responded

We have been told the work can happen without anyone moving out	15	16%
Up to 6 months	8	8%
Between 6 and 12 months	19	20%

Between 12 and 18 months	23	24%
More than 18 months	1	1%
Don't know	26	27%

The building [work] has stretched out due to COVID-19 so could take longer

Not only do we have to find money we don't have, we also have to pay for accommodation. This is for a home the council said was ok when we bought it

It's already underway, so cost of \$200,000 reflects the total cost so far, it may be more depending on findings from ground anchors

There seems not to be any firm information about when the work can happen. Until recently we were told that all people would have to be out of the building for the entire time of strengthening but recently I believe we may be able to stay for the work

As the works would not have to be done inside my apartment, and is limited to certain parts of the building, I might contest having to move out

At least 12 months. Which means 12 months with no rental income and paying 2 mortgages

I'd expect the work would take up to a year. Unknown whether it would be habitable though

We haven't got a solution so we don't have this information. We are in the process of getting a solution but work has been held up by the Covid-10 crisis

Not confident about the advice in particular as my unit is at south end of building where all the work will be happening including removal of my staircase (only access)

We are waiting to complete the Detailed Seismic Assessment which should be done by August/September. We will then know the updated costs and how long we would be out of our apartments

This means a reduction in my household income of \$40,000 pa

With the Covid Pandemic and unbelievable delays in approvals what was meant to be a 9 month project looks like it will be nearly 24 months

Our original brief was work to be done with residents in situ

We have various scenarios on the table; but yet to decide on the final option

Our building is large. Our building is old. I have no idea what work would be required even apart from the strengthening. Things left alone can be fine; things monkeyed with can be a problem. Perhaps the building cannot be 'fixed'

We will likely have to vacate the building for a length of time, but how long will depend on

whatever the strengthening solution is and how quickly we want to have it fully implemented

Still working out a solution, previous solution identified now not feasible as proper investigative work was never done

But people might need to move out when the actual drilling is happening in their apartment

25. Where owner occupiers would stay if their apartments had to be vacated (Q41)

84 owners responded

Rent an alternative home locally	28	33%
Stay in another family home	18	21%
Move in with friends and family	14	13%
Don't know. Can't afford market rents	11	33%

We are unable to rent it out or sell so at present we are paying 3 mortgages on a reduced income. HELP! We are going broke slowly. My wife and I will have to sell the apartment and the family home to clear debt at the end of the build. This is not a good place to be at retirement age. It is hard to write this and face the truth we will retire very poor

Rent of live on the streets, not much choice as I'm 54 and would not cope well on the streets

Living in house bus (actually happening)

I would have to end tenancy and pay mortgage and costs without any income coming in

We could probably couch surf with friends but it could be difficult as many of our friends live outside of Wellington and still work fulltime

If/when tenants are required to vacate the property, I will struggle to cover the mortgage in addition to that my own house

I am unsure if I can pay the market rent

Rents very high. Few properties available. I provide housing for 3 others

I currently live elsewhere so this would mean I lose my tenants and their rental income which is paying for most of my mortgage payments

I will still be paying a mortgage in a place I can't live in. It's already a huge stretch to pay these living costs as a beneficiary, so there's no way I could rent anywhere else on top of that. My only option would be to possibly house-sit

We currently have another home (currently live there) but the loss of the rental income to pay

the mortgage for the apartment for 12 months as well as paying our own mortgage and the top up required for the strengthening – we wouldn't be able to afford this

I definitely could not live the way I currently live, and will need to return to 'flatting', and will stay with friends and family a bit – not a long term solution

As an investor I wouldn't have to do anything. My tenants though would have to find alternative accommodation or remain there (if possible) on drastically reduced rent

My tenants would have to move out – depending on how long this is for would depend on the level of financial impact

I would lose my tenants which means I have no income to pay the loan, rates, body corp fees

We are already renting our apartment and trying locally, the apartment rent is \$600, only covers the mortgage costs, not BC fees, up to \$1,000 per month to be able to afford engineers costs to date or rates

I can't afford to rent an apartment. I got a \$18 reduction in Council rates!

Can't afford to miss the rent

We do have alternative family accommodation but this is some distance from Wellington and I need to be in Wellington for my business

Today, I have an unencumbered home. Today, I have no debts. I have never had to contemplate paying rent since 1987 when I secured a home of my own. I have no close family I NZ. I have one property only, my home which I live in. Today, I have reasonable security. It seems the government is removing this security from me and throwing me into a precarious and possibly homeless old age

I don't know how I will afford to cover my mortgage if I don't have tenants. A mortgage holiday?

Would lose the ability to cover the mortgage which in turn would affect any ability to raise funding for strengthening work

We don't live in our apartment as we moved cities, but the rent we receive contributes to the rent we pay as we can't sell the apartment and purchase a new home

26. Owners' own estimates for what their share of additional costs would be, above and beyond strengthening costs (building contract). For example, the cost of renting another home if their apartments had to be vacated, storage costs, or loss of rent (Q42)

33 owners responded

Up to 10,000	3	9%
--------------	---	----

10,000 to 19,999	7	21%
20,000 to 29,999	7	21%
30,000 to 39,999	7	21%
40,000 to 49,999	1	3%
50,000 to 59,999	5	15%
60,000 to 69,999	3	6%
70,000 to 79,999	1	3%

Figures include GST

Average additional costs

From individual information provided by 33 owners, we can estimate that the average additional costs is **\$31,000**

27. Owners' own estimates of how much money they would have to spend, in total, if strengthening went ahead (Q45)

64 owners responded

Individual estimates range from \$100,000 to \$1,400,000

Average estimate for total strengthening costs per apartment

From individual information provided by 64 owners, and with one extreme outlier removed, we can estimate that the average amount of money owners' think they would have to spend in total, if their buildings were strengthened is **\$367,517**

Verification

<i>Average strengthening costs (building contract) estimate</i>	302,000	See 23
<i>Average additional cost estimate</i>	31,000	See 26
Sub total	332,000	
<i>Interest @ 5% pa for 2 years</i>	33,200	
Total spend	365,000*	

**Does not include preliminary costs*

28. How owners would fund the strengthening work (Q46)

64 owners responded. Respondents could select any number of statements

I could fund the work myself, without borrowing or using my savings	2	3%
---	---	----

I could fund the work myself, but that would mean using up savings and/or pension money	27	42%
I am comfortable with the level of financial risk involved in proceeding with strengthening the building	0	0%
I am worried about the financial risks involved in proceeding with strengthening the building	32	50%
I could not fund the work myself, but I could get a new mortgage or extend my current mortgage	18	28%
If I borrow from a bank, I will have to sell the apartment after the work is completed, to pay off the debt	26	40%
I could not fund the work myself, but I could borrow enough from my family or friends	1	1.5%
I have no means of funding the work	19	27%
I have not thought about how I would fund the work	3	4.5%

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

29. Seeking loans from banks to do the work (Q47)

22 owners responded

I have found a bank that will lend without special conditions	7	31%
I have found a bank that will lend on condition the apartment is sold on completion of the strengthening work, to repay the loan	4	18%
The banks I have approached so far have not been willing to lend	11	50%

29 owners made comments

It was difficult to get a mortgage as we were one of the first buildings to apply for finance. I have to sell on completion

I was told I could borrow money at a maximum 65% loan to value ratio, as I'm currently not living there

I'm 70 years old and the apartment is mortgage free so I don't think I could get a mortgage even if I wanted to

We were approved for 70,000 loan to buy the land which we did – and then approved for a further 70,000 for the strengthening. I refuse to take out any more in mortgage because I am 66 (and would love to retire one day) and my husband is 67 and we would never be able to pay it off

Our body corp has worked closely with several banks to set up potential individual finance, on behalf of owners

TSB will lend up to \$100,000

At this point the building doesn't have earthquake insurance so banks won't lend

Not approached a bank, cannot see any way of being affordable

The bank was willing to lend us the money but we chose not to proceed until after completion

There are special conditions around the work but equally it was not confirmed. This is my fear with every delay that the bank will eventually say no

I have not yet approached my bank to discuss the possibility of a loan because I have no idea how much money I would be needing to borrow

Our bank who holds the mortgage on our apartment felt a moral obligation to lend us the money. 12 months of negotiation and many special terms and conditions though

Strengthening must be above 76% NBS which isn't a feasible requirement given the cost to achieve this. It would also mean work is invasive and apartment would have to be vacated and therefore loss of income

Not interested in borrowing money

Banks are confused about company share apartments. They want every owner to have their mortgages with the same bank

I have talked with my bank and in principle they will lend

30. Owners' responses to Government's Residential Earthquake Prone Buildings Financial Assistance Schemed (Q48)

94 owners responded

I do not know anything about the scheme	18	19%
I know about the scheme but do not think I would qualify	42	45%
The size of loan the scheme offers is not enough to cover the gap between the cost and what I can afford	12	13%
I am not prepared to take on debt even on preferential terms	7	7%
I have submitted an expression of interest	9	10%
I do not need the scheme	6	6%

17 owners made comments

I do not qualify, and the loans were not available when the project required funding

I found out about the scheme when it was too late, and we were already committed to the project with funding secured

I would be unable to afford repayments including interest rate

I am not an occupier so do not qualify. I cannot afford to live in my apartment as I'm on a benefit

I understand it is for owner occupiers?

Not relevant now as we've decided to sell as a collective

I think I am ineligible because I bought in November 2017, whereas the cutoff is for July 2017. It seems brutally unfair that this deadline is in place, when these few months could mean the difference between me losing my house and not

I am not an owner occupier so the scheme doesn't apply to me but it is a fantastic option and a great initiative from the Government

This is a good scheme for those that do not have means to finance the strengthening work themselves

I have submitted an expression of interest but I do not meet all the criteria

As the cost of strengthening would be greater than the resale value of my property, and I would still need to pay back the loan anyway, this scheme is of no use to me

I hate the thought of taking on debt for something I do not want, something I believe is unnecessary. My life is on hold – and I have not that much life left – as I struggle to find some way out of this nightmare. I have found dealing with the relevant Minister frustrating. I cannot get answers to my questions. When I am responded to, I am told things I already know. I do not believe the government appreciates that they are dealing with the very lives of citizens, their homes, their health, their wellbeing, their freedom, their life.

I would definitely accept a suspensory loan through this scheme, if I was eligible. I have not submitted an expression of interest because I have not yet approached my bank to confirm whether or not they would lend me the money for earthquake strengthening (because I have no idea how much my share of the earthquake strengthening cost might be).

We don't meet the terms of this loan as we have secured a bank loan. Even if we did meet the conditions the value of the loan would not meet the cost of the work

Is this the one that came along well after we'd started investigating which means we can no longer apply for it?

Have no idea how much money they are prepared to give they are very vague

31. What owners think they would do after strengthening was completed, if their building was strengthened (Q55)

99 owners responded

I would live in my apartment	36	36%
I would not live in my apartment, but members of my family would live there	5	5%
I would rent out my apartment	22	28%
I would sell my apartment	50	50%

20 owners made comments

I have to sell to cover the debt incurred by earthquake strengthening – I could have been planning a retirement with small income

I expect the bank will force the sale via mortgage once we're done

I would like to live in it. But I might have to sell it to get out from under the debt of strengthening (if I can get a loan in the first place)

Want the building to be demolished

I absolutely want to remain in my home. Current possibilities are all too expensive – I will have no option but to sell

I just don't know or have enough firm information to decide

Although I would like to sell after strengthening, I now can't afford to buy or rent anywhere else in Wellington. I may move elsewhere after almost 50 years in my home town

We are selling

I would ideally like to keep living in my apartment if I could afford to. But that will depend entirely on what financial assistance I may get. If I do have to get a loan, it will likely only be offered on the proviso that I sell immediately afterwards to pay it back

Depends on the eventual financial outcome. We and/or other family members will continue to use the apartment if we can afford to do that, if not, may have to sell or rent it out

It is my home when I move back to Wellington I will live there until then it will be rented

Would prefer to sell but to who? We are in a no win situation, facing retirement with no savings or so called safe house to live in

Sell when the pent up demand from other owners to sell has subsided

If I can't sell my apartment post re-strengthening I will rent it out

Strengthening costs will determine if I am able to live in the apartment or need to sell, to cover costs

If I can go to UK I would sell. If I stay in NZ, I would live in my flat

If I can afford to keep it

Depends what is possible financially at that stage

32. Apartment owners' feelings about strengthening their buildings (Q54)

99 owners responded. Respondents could select any number of statements

I want the strengthening work to go ahead as soon as possible	16	16%
I am nervous about agreeing to strengthening because of the risks eg cost increases, contractor goes bust, an earthquake happens while the work is going on	43	43%
I am nervous about agreeing to strengthening because I don't know whether it will be possible to get earthquake insurance for the building even when it is strengthened	39	30%
I am nervous about agreeing to strengthen because if my financial situation changes, I may not be able to meet the stage payments or service a loan	29	29%
I don't want to agree to strengthening because the cost is out of all proportion to any possible benefits	29	29%
I don't want to agree to strengthening because I would have to spend more than my apartment is likely to be worth after the work is finished	22	22%
I don't want to agree to strengthening because I don't see how I will ever get my money back	22	22%
Strengthening is just not viable, so I want all the owners to agree to selling as a collective to the same buyer	21	21%
Strengthening is just not viable so I want to try selling my apartment individually	6	6%

We are strengthening so that those who need to will be able to sell

For me it comes down to viability. I am nervous that individual owners won't be able to get finance and agree on a scheme

I'm in denial about strengthening because I simply can't afford it. I have about \$8,000 total in savings. I have only \$10,000 in Kiwisaver for my retirement. I was earning just under \$30,000 gross per-covid, and I will probably earn about a third of that post-covid. Also, as part of our investigation we have sought and received quote to demolish the building (approx. \$450,000), with a view to demolishing and selling the land. I really don't want to demolish the building – it's a beautiful heritage building that adds much-needed character to [name of street]. And it's my home - had planned on living her for many decades and have poured several years of effort into a on-woman renovation of my apartment. But the costs of strengthening are so far beyond what most of us owners might be able to afford, so demolition is a real option

The cost is out of proportion to the benefit but we have 12 years before we must strengthen or demolish. Given the housing shortage in Wellington, and my wish to recoup some of the purchase price before I have to sell it for land value only, I want to rent out my apartment for as long as possible

We hope there will be an option to sell the apartment individually once there is an EQ plan in place. When we bought, in 2005, we did so knowing there would be an additional cost of \$50,000 for windows to be replaced. If the amount we have to borrow is too great we would have to sell

The vast majority of owners have already signed the collective agreement to sell their units on the same day to the same person. We expect to be ready to start the sale process soon.

I want to run out the clock but was advised I was about the only one, so signed agreement to sell. Then just last week find out there are several others who felt the same and have not signed

We are waiting for the DSA to be completed and then hold an SGM of all owners

The cost of strengthening to 34% is \$5.1m across 16 owners. To strengthen to 70-80% will cost \$14.5m – not feasible

Want the work done ASAP – it won't get any cheaper and we want options for future re-sale

I want to continue to live in my home here I want the Government to revoke the legislation and to make ALL homes exempt from strengthening requirements. I want all home owners in NZ to be treated equally.

33.How being an owner of an apartment in a 'earthquake prone' building is affecting owners' lives (Q58)

99 owners selected the statements that most closely described their own situation. They could selection any number of statements

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	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, buy 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 image 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%

16 owners made 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

34. Owners' perceptions of the policy objectives of the EPB legislation (Q34)

91 owners responded

The legislation is intended to deliver safety benefits to the public	22	24%
The legislation is intended to deliver safety benefits for building occupants	10	11%
The legislation is intended to deliver safety benefits for the public and building occupants	59	65%

18 owners made comments

I believe the building is underrated as it has survived earthquake in Wellington since it was constructed in the 1800s without loss of life or any property damage

Our building has been focused on as it's on both high traffic routes for both traffic and pedestrians. The 'historic' nature of the building which limits options for how we can repair is also for public benefit

The legislation is designed to be seen to be doing the right thing

Believe legislation had lack of thought and subsequent consequences

The building strengthening is to allow the occupants to safely evacuate the building. Not to ensure the building remains viable

The legislation is vastly over specified. The benefits are theoretical

The legislation is not based on science, but emotion, and building owners have to pay a huge amount for something that legislators have decided because there was an earthquake. It's not fair to us, we're just normal people trying to get ahead and that has become impossible due to the serious money we're expected to come up with

It also imposes a significant stress on those who have to now devote large parts of income to prepare for strengthening

It introduces min seismic building standards for new and some existing buildings. Public buildings, with exceptions, should meet these codes, however existing buildings in private ownership should not have to retrofit to meet these codes

I understand that strengthening EQP buildings is a concern for the public so that buildings are not going to topple over onto people in the street. However if the legislation was really about protecting building occupants too, it would also be doing a lot more to financially assist those who are being crippled by the halving of the timeframe to get the work done, and who are risking losing their homes. I don't feel that this is delivering any safety benefits to me as one of those at-risk owner occupiers

We feel the council is moving the goal post. Prior to 2018 our building was compliant. We understand that this is for the safety of all however, we are worried in 5 years time they'll decide there is a new standard and more strengthening is required. Our building is also heritage and have been informed by our engineers that we were unable to recreate the façade using a more innovative lightweight, safer and cheaper material – which would leave the façade looking exactly the same – because of the heritage stature of the building. We think this is completely unfair given the cost that has been put into the home owners to foot the bill.

Although obviously strengthening would also afford reduced risk of significant damage or collapse due to a strong EQ

Who knows. Typical government kneejerk reaction. Even Japan still have problem with a stronger than estimated earthquake. From memory about 1 week before the Chch earthquake, I received a letter saying my apartment complied. A week later with an earthquake hundreds of km/s away and in a completely different island, suddenly a building which was ok, was not. This old building has been there for years and solid as, unlike new buildings in Wellington which were not safe

The legislation is a backlash to what happened to buildings in other major earthquakes, such as the CT Building in Christchurch in 2011

But buildings that were built post the new building code were more affected post Kaikoura earthquake and in spite of meeting the code were damaged. This was no impact to our building.

Outsource cost from a stretched public budget to a small group of individuals who cannot fight back and won't upset the next vote

But it does not consider what is really high pedestrian or a residential vs commercial building, and lumps unfairly the buildings in one classification causing major stress and burden to residential owners

Most owners feel secure in the building as is. Most owners believe that quake-strengthening is unnecessary. Most owners believe the public are as safe from our building as from any other mad made structure in Wellington

35.Owners' thoughts on who should pay (Q35)

95 owners made a selection

It is fair and reasonable that apartment owners pay all the costs and bear all the risk of strengthening (or demolishing) their buildings	3	3%
It would be fair and reasonable if Government or Council contributed 25% of the costs (this would be similar to Weathertight Homes financial support), and bore 25% of the risk	15	16%
I would be fair and reasonable if Government or Council contributed 33% of costs and bore 33% of the risk	11	12%
It would be fair and reasonable if Government or Council contributed 50% of the costs and bore 50% of the risk	35	37%
It would be fair and reasonable if Government or Council contributed 75% of the costs and bore 75% of the risk	14	15%
It would be fair and reasonable if Government or Council contributed 100% of the costs and bore 100% of the risk	17	18%

35 owners made comments

There is no fair and reasonable way to describe the financial ruin that has been placed on individual owners of apartments in our building. I am near retirement and will never recover from the costs imposed on my wife and I. We are not in a position to keep paying a double mortgage on what was to be a small retirement income. I will need to keep working into my 70s to repay the money we have had to borrow against the apartment and our family home. We plan to sell the apartment when the build is finished with at best estimate a \$200,000 loss. We should be enjoying life but have to watch every penny. I don't know how we will pay the next car bill. This is not fair. We bought an apartment that was up to code at time of purchase. We did due diligence and checked before purchasing. There are any number of hidden costs that we will never recoup. Paying for evaluation, engineers reports etc

It is for the public good. It is not like we purchased a gun that is now considered dangerous. We

purchased a home that according to the council met regulations. Now they have decided it does not! If we had a gun that was now considered dangerous the government would buy it back at market value. Why can't the government do that for our homes?

EQ strengthening should be supported by government because it is mandated by government. At the very least there should be guidance about how to manage the project and approved suppliers, and the cost of the project should be tax deductible, with other support for people who are not earning

Owners have to strengthen their apartments because government/council changed the regulations so it's only fair that the costs and risks to be paid by the government/council if it's for the sake of public safety

We're already underway. It's a heritage building so have no choice but to strengthen and yet we're proceeding at 100% of the cost to us

When buying a unit we are totally dependent on the advice of experts. We were totally fundamentally misled in this regard

It is not about fairness but about achieving a policy objective on safer buildings. The cost of strengthening is so high that my building will not be strengthened and will eventually be demolished even though it has already stood for 125 years (thru' many earthquakes) and an interesting piece of Wellington architectural history will be gone

We had to buy the land from Wellington Tenth's Trust for about \$70,000 (which we borrowed) before we could get finance for strengthening and then we were approved for a further \$70,000 for the strengthening as our first quote for strengthening came to roughly \$70,000 per unit

Responsibility (and costs contribution) should be similar to buildings that had weathertight issues

The govt set the policies. What they didn't consider was the huge financial impact that apartment owners under their legislation had to endure. Contractors, architects, engineers etc would increase costs to cover their own. The govt own the legislation they need to cover the costs 100%

This is retrospective application of a new safety standard, primarily for public good though fully at private cost. There is no opt-out available. Compare this to gun buy back where those affected were full compensated by govt. Imposes a retrospective standard, society should carry the cost

When we bought into the apartment in 2005 we understood windows would be replaced throughout the building at a cost of \$50,000 to each owners. This was a safety issue since some of the windows were in danger of falling out. There was absolutely no talk of earthquake proofing. Whether any of it is fair and reasonable the issue is being able to afford EQ proofing at all. Of course we want to have a safe apartment for current tenants (family) and in the future for ourselves. Any contribution would be appreciated. Initially the cost of EQ proofing was to be around \$60,000 and we have borrowed that amount in anticipation. The projected cost is now \$240,000. Well beyond us.

Our building is only two storeys high but has one end as a carport which means it is classified as three. Due to Covid and a number of other personal circumstances I believe it would be reasonable to expect either a reclassification to help to the value of more than was paid to the weathertight home issue

The earthquake risks are theoretical and the financial risks to owners are real. The government should at least contribute to meeting the costs of its theories

I am still bemused that my home is being charged against me as an earthquake risk but the apartment is

Govt Bldgs will be strengthened at the tax payers cost to protect the public. Private bldgs/dwellings are not accessible public places and were compliant with the building codes when constructed. Govt should pay/compensate for backdating legislation esp on no public buildings

I think a minimum contribution would be 50% with a much higher contribution going towards those whose timeframes for completing the work have been halved. I also really feel that owner-occupiers, people on low incomes/those with CSC deserve much greater protection than landlords. I think there should be tiered levels of support to equalise the financial burden. If it can be determined that there are very few owners occupiers such as myself then I feel we should really be getting at least 50-75%

Not sure if the heritage association is included under 'council' but they should be

This may need to be more nuanced based on the case – buildings are different and complex. A sliding scale might be more appropriate as there may be instance where EQ strengthening is not cost effective at all. It would be helpful to have a greater logistic support from Govt and/or Council. I note that the Council has some funds to support DSAs and Geotech surveys, however there is much more help needed on the project and navigating the strengthening process

It would also be fair for the Government and Council to reduce strengthening costs by forgoing revenue from tax (including GST) and fees (including building consents)

Consistency is the key, regardless of the work required to be undertaken. A contribution would seem fair.

When I bought the building I was aware that at some point in the future the council would review it's earthquake status – I requested and received a cost estimate from the quantity surveyor as to what the cost could be to strengthen the building and it seemed reasonable. 15 years later (now) that estimate is in line with what we have been advised that cost of strengthening will probably be

If I believe that our building would be stronger and that we really need to have our building strengthened, which neither of these I do believe, as over 20 years that I've lived in this building I've not once had anything fall off shelves, walls etc, I feel very secure here and I'm very doubtful that our building will be better off after the so called fix.

The Government/Council have retrospectively applied new standards without any consideration to personal situations. Given these older buildings have complied with building codes previously Govt/Council should bear some responsibility in assisting in making the properties safer. The obvious approach would be rate relief.

Government changed the rules after we purchased a perfectly good building. They change the rules, they can pay to comply retrospectively

We have legalised into the proverbial corner. Essentially, the rules were altered mid-match.

Or perhaps we should be entitled to receive the purchase price of the property adjusted for inflation (not house price inflation, just general CPI inflation)

Govt and Council should contribute 25% each

More risk to others compared to weathertightness. There should be significant tax benefits to owners

For heritage buildings it should be at least 75%. It would be easier to tear them down and rebuild, but as they are 'heritage' its almost impossible to do anything. If the council wants heritage buildings to remain, they should do far more to help

Insurance costs have escalated making it impossible to save for earthquake strengthening

The government is asking for something that some of us consider unnecessary. If it wants to reassure the public, even though the public faces little risk, the government should fund all/most of that reassurance

Fair, that an owner pays their costs – just as you would have to pay to replace your own roof if you lived in a house. What I object to is that it is being forced on us ie plenty of people would only replace their roof when THEY decided it needed doing/could afford it etc

This is because the govt brought in the legislation with no thought to the consequences. The council were too stringent in applying the NBC as our apartments were just short of retirement

36. What owners would do if strengthening was NOT a legal obligation (Q36)

99 owners responded

I am comfortable with the risk, so I would not want to strengthen	34	34%
I would want to strengthen, but I could not afford to do so	13	13%
I would want to strengthen, if the costs did not exceed \$35,000 including GST	26	26%
I would want to strengthen, if the costs did not exceed, \$100,000 including GST	21	21%
I would want to strengthen regardless of the cost	3	3%

27 owners made comments

It's already been strengthened in the 1990s

Frustrations about our situation aside, if buildings are not safe, they need to be fixed – I want our city to be full of safe, resilient buildings. I would be happy to pay the difference between the RV of the building at the time of purchase vs its RV after being strengthened. Beyond that (and the costs will be far more than the capital gain), I think that is on the government to pick up the tab

I would strengthen if it were affordable because a higher EQ NBS rating is what tenants are wanting these days. Public risk matters but I think the risks are overstated. This building was built in 1895 and it has suffered only minor cracks at the joins in the walls and ceilings in the recent earthquakes (Seddon, Kaikoura)

The building withstood the Wellington Quake and the Kaikoura Quake with very little damage. (Our hot water heater pipe shifted and leaked.) We lost nothing from the shelves. I would be comfortable not strengthening it at all but know we can't sell because it is stickered

Prefer building to be demolished.

This building has demonstrated, through exposure to numerous actual moderate earthquakes that it's structure and design is more than capable of withstanding the associated loads.

The building has come through 2 major earthquakes with only superficial damage

The building has withstood the test of time. It is safe and sturdy. I am happy not to strengthen but I know we as owners would look at making the building safe.

The building has been here over 109 years. There have been countless earthquakes and no major insurance claims therefore no major damage. The risk is greatly exaggerated. The government should pay for its over stated risk assessment.

[Name of building] has withstood every earthquake that's been thrown at it since it was built almost 100 years ago. If it collapses in an earthquake, the whole city will collapse and no amount of strengthening will change that.

Cost matters!

I would want it strengthened to a reasonable amount discussed and agreed on by the Bodycorp

I would be open to others concerns/opinions in the BC and would agree to \$100,000 to help strengthen. Even up to \$150,000.

I would want to strengthen providing costs were affordable in order to improve resilience, preserve a heritage building and maintain market value. Obviously this is not regardless of cost.

The strengthening costs are becoming ever more prohibitive as each year ticks by. Likely to be nearer \$150,000 when the work actually commences

it was common knowledge that Wellington was earthquake prone and that owners are responsible for the safety of their buildings - prior to buying my apartment I investigated the potential cost of this work and it was still a good purchase.

Quotes obtained by BC make it clear restrengthening is not a cost effective solution. Cheaper to bulldoze and rebuild

The building has already been strengthened to the previous standard, and nothing happened to the building in the recent quakes. Still, earthquakes have a habit of overpowering mere human creations.

You have given two dollar values (\$35k and \$100k). My limit would probably be somewhere in between, and would depend on how much strengthening I received for my money.

WE need government assistance.

This building was strengthened to code in 1999 and has survived all earthquakes for nearly 100 years.

I am comfortable with the current risk but would spend for improved public safety if those cost were reasonable

New buildings in Wellington built to the latest earthquake requirements were damaged and unable to be occupied after the Kaikoura earthquake yet older buildings received minor damage.

Our building has proved resilient to date. It is no more prone to earthquake peril than most other buildings in Wellington

I don't think strengthening requirements sufficiently consider area as well as building. Fore example the stats and BNZ buildings which were new builds and over or close to 100% NBS had to be demolished after the last quake as they were on the waterfront, my building which is close to 100 years old bore minimal damage

Given our building is on Greywacke, doesn't move in anything under 5 on richter scale, suffered no damage in Kaikoura earthquake etc whilst other buildings in Wellington at 100% of code have been torn down...

The only reason we have chosen this over being comfortable with the risk is the negative impact for selling even though the building is in good state

37. Where owners have sought advice (Q49)

Of 99 owners

Accountant, financial advisor, budget advice centre	24	24%
Lawyer or community law centre	31	31%
Property valuer	39	39%

Other	39	39%
-------	----	-----

38. How owners think the COVID-19 crisis will affect their situation (Q59, Q60)

Ability or willingness to fund strengthening costs

87 owners responded. Respondents could select any number of statements

Cannot commit the funds due to employment uncertainty or reduced earnings, or reduced interest on savings	17	19.5%
Not willing to take on debt in this environment	25	29%
Priority to use own funds for things that will provide greater security for me and my family	20	23%
Not willing to sign anything that may mean I have to find more money later if the cost blows out.	31	37%
Would be foolish to risk losing the roof over my head by committing to strengthening costs that could mean I have to sell to repay debt, and may not be able to sell if the property market is adversely affected	28	34%
It will be difficult enough to find money for rates, body corporate fees, and massive increases in insurance premiums.	38	46%
Other	25	29%

Owner comments

COVID-19 will likely be trotted out as an excuse for everything from non-communicating officialdom to even higher costs for all services and materials.

Lockdown has increased the project timeline by at least 6 weeks which means additional costs that I'm unsure I can fund

What I'm most uncertain about is potentially starting the work, and then the country moving back to level 4 or 3 and construction firms not being able to complete the work for months on end with spiralling costs - or worse, going bust themselves and leaving us in plastic wrapped doom

Fortunately I have a secure government job so I don't see a direct impact

Risks of progressing with strengthening at the moment (Q60)

94 owners responded. Respondents could select any number of statements

Government-funded building projects are likely to take priority	43	49%
Economic stimulus measures may drive up building costs	51	54%

Construction companies may go out of business	59	63%
Cost of building materials may rise	67	71%
Some building materials and skills may be in short supply	51	54%
Owners can't have confidence in their ability to service loans as their financial circumstances may change without notice eg employers closing, redundancy, cut in hours	59	63%
Now is not a good time to be making big financial commitments – default would affect all the other owners	55	58.5%
Other	20	21%

20 owners made comments

We have started. We have to roll with the punches. This is a financial nightmare

I don't know enough to comment. We have project managers to advise on contracting.

The current uncertainty in this Covid environment makes committing to a major building project risky at best and positively foolhardy at worst. The duty of care the committee owes to owners requires us to advise against such a commitment.

All or none of these may happen

I simply cannot pay for strengthening.

We don't think the building is worth the cost of repair

I fear there is a real risk of over-engineering resulting in unnecessary costs. If each party adds a margin for more safety (seismologist, geologist, bureaucrats / legislation, soil engineers, structural investigators, structural engineers, council inspectors, etc), the end results can be ludicrously overly cautious.

I feel that by acting quickly we will lose out on all of the potential funding options we just have to be patient with (ie. heritage funding) and wonder whether the government might be more willing to help the closer we get to our deadline

Most of these risk factors also apply to delaying strengthening projects. Failure to strengthen also means that buildings will not meet market expectations and will lose value. Post Covid-19 recovery measures could be used as an opportunity to promote public/private sector cooperative strengthening initiatives to benefit urban resilience, maintain housing stocks and support climate change goals (the carbon footprint of a renovated building being lower than that of a new build).

We have already started and are very exposed to any of the above risks until we have completed the project. So far the main risk is delay and increased cost.

I'm concerned that not all of the 10 owners will be able to fund the works so what happens then? do we force them to sell?

If we strengthen what's to say legislation changes and we are no longer at that rated NBS. So say we strengthen to 72% and another engineer comes along and says oh its actually 54%

39.Owner's final comments (Q70)

Owners need real support and the only thing I have read in this survey would be the Government buying our apartment its real value.

It seems so unfair that a small group of individuals should be so financially disadvantaged for buying a home that the council said was ok. Where is the justice?

Without strengthening, apartments won't sell and won't be insured. It would be great if the law changed and we were exempt from strengthening, but only if banks and insurance companies also recognise the change and lend/insure on these properties.

I want to live in a safe city, so I want to see work done. I also expect that my taxes pay enable that - not me personally.

The idea that people living in this building could afford \$240,000 per unit is absurd. People in council flats were not asked to foot the bill (and they shouldn't be) yet we would be in similar income brackets.

It's either buy the Council buy the building or demolish it.

What I do support is direct financial assistance (a grant) for owners who need to strengthen over a minimum (say \$100k). This would be based on a % of the costs and reflect the GST and income benefits to the crown of this work. I suggest a 25% grant is reasonable on that basis.

Please consider the impacts of this legislation on ordinary tax and rate payers. We're not rich and this is a hugely stressful situation that has caused significant mental health issues.

Thanks - very stressful time and covid19 has added to that uncertainty. Be important to pause on this and reconsider the legislation given financial hardships and uncertainty for many apartment owners

Having the assistance scheme only available to those who purchased before July 2017 is unfair. Anybody who is faced with financial hardship due to these strengthening costs should be given this loan assistance, and even then, it should be a last resort, as actual FUNDING should come first. Also, allowing us more time to complete the strengthening work isn't really all that helpful either. If people can't afford to pay for strengthening costs, the way to help is with financial contributions, not more time to stress about being unable to afford it.

Failure to maintain seismic standards as technical knowledge evolves will impact on urban resilience and result in a growing stock of devalued, degrading and deteriorating buildings with compromised market value. Maintenance is in the collective interests of central and local government as well as of building owners but achieving it requires an equitable sharing of costs and risks and ready access to relevant expertise. Current legislation and regulatory structures do not provide for this.

I just want to see consistency in treatment of apartment owners required to strengthen with those of weather related issues. Certainly some form of contribution to aid with the escalating costs would seem reasonable

It would be helpful if some investigation of insurance premiums could be undertaken. Because of the quasi commercial nature of the Body Corporate Insurance the premiums are ~8-9x that charged for a similarly valued residential property. The brokers state that insurers would prefer not to insure yet lenders require it. A catch 22 situation where Insurers and Brokers are fleecing owners.

This legislation is ex post facto. It negatively changes the rules of the game after apartment owners made a good faith purchase. It falsely assumes that apartment owners are wealthy.

The cost benefit analysis of saving 173.25 lives over 75 years is morally wrong. Hundreds of lives have been impacted With this legislation Causing mental health issues, financial risks reducing savings, loss of retirement years, loss of enjoyment. I thought Wellington was the best city in the world, now it is depressing to see the damage this legislation has caused so many people lives.

We are being asked to strengthen our buildings when there is no actual certainty that the big earthquake will actually ever occur or that the strengthening will actually save any lives

*I want to provide a safe environment for my Tennent, and accept that work must proceed. However the costs of the work, the tight time line, and the fact that the property will be unoccupied for a year has been financially ruinous. I support the Governments initiatives to improve safety, but the mum and dad land lords whom have saved to purchase modest investments to provide some cash flow in the future have been destroyed by this process. This cost has been imposed by Government. It should be shared by Government
Should consider when owners can afford to fund the strengthening cost
The new(ish) body corporate laws further add to complexity and make resolving this so complex and legally expensive. We are forced to engage in planning and engineering projects many of us really do not understand.*

We should not have to rates for buildings that are not able to be occupied while they are being strengthened.

I feel anger that we are required to do this when the engineering principles appear up for debate. Eg why did 100% rated buildings fail the Kaikoura earthquake, and ours didn't?

If we extend the period for strengthening works to comply it will only mean we are still stuck with apartments we cannot sell!!

The government should be concern about public buildings ONLY.! Privately owned buildings are the concern of the owners and, if they wish to take the risk of an earthquake Destroying it, so be it. We live in a capitalist society where each citizen should be able to take its safety in its own hands, not being looked after by a government, which is not prepared to cover all the costs of strengthening.!!

Govt needs to sort the banks out. The ideal funding solution for a company share apartment is

that the banks lend the strengthening funds to the 'company' in the way of a mortgage - that way the body corp can include the mortgage repayments in the annual levy which can be paid back over 30 years rather than the current owners having to foot the bill.

I think the heritage trust needs to be more pragmatic and not be so restrictive on what building owners can do with property

One of the main issues we have as a body corporate is agreeing what proportion each apartment should pay, given there is a section of the building that has been judged as not earthquake prone. Those owners do not wish to financially contribute, even though they will gain a benefit from the remainder of the building being strengthened. Coming to agreement of timing of the strengthening is also problematic, especially as each owner has very different means to fund the work. I think there should be a funded independent specialist to assist in the negotiation of issues such as these.

Survey Results Part 2 – Building representatives

Note: there are discrepancies between the results of Part 1 – individual owners, and the results of Part 2 - building representatives who are responding on behalf of all owners in their buildings

Target audience	Representatives of MORB EPBs
Survey respondents	Representatives of owners in 17 buildings
Total apartments in those buildings	284
Questions	42

1. Age of the buildings (Q7)

17 buildings

Built between 1900 and 1950	10	59%
Built between 1950 and 1980	7	41%

8 of the buildings were converted to apartments in the 1990s (Q8)

2. Building materials (Q9)

17 buildings

Unreinforced masonry	5	29%
Concrete / steel	8	47%
Mixed materials	4	24%

3. Earthquake risk insurance cover (Q15)

17 buildings

Full cover	10	59%
Indemnity	5	29%
None	1	6%
Other "EQC only"	1	6%

4. Number of apartments in the buildings (Q10)

17 buildings

17 buildings	284 apartments
Average number of apartments per buildings	16.7

Range	4 to 34
-------	---------

In addition to apartments, 8 of the buildings have between 1 and 4 non residential units (Q11)

5. Size of apartments (Q12)

17 buildings

Based on representatives' approximate estimates of the average size of apartments in their buildings, the average size of apartments in this group of buildings is **87 square metres**

6. Ownership structure of the buildings (Q6)

17 buildings

Unit title	12	71%
Cross lease	3	12%
Company share	2	18%

7. Average rating valuation of apartments in the buildings (Q13)

11 buildings

Average capital value

From information provided by representatives of 11 unit title buildings, we can estimate that the average approximate capital value of the 162 apartments in them is \$384,796

NOTE

Not included in analysis for this question:

- Cross lease and company share buildings as capital values for these apartments are difficult to quantify
- Unit title buildings where owners had their rating valuations reduced by QV after objection on the grounds of EPB status

8. Revised rating valuations (Q14)

17 buildings

Some or all owners of apartments in 5 of the buildings had objected to the latest QV rating valuation (September 2018) on the grounds of EPB status not having been taking into account.

9. How apartment owners use their apartments (Q16, Q17, Q18)

17 buildings – 284 apartments

Owner occupier	110	39%
Was an owner occupier but now renting the apartment out	99	35%
Investor owner	75	26%
	284	

10.Younger and older people living in owner occupied apartments (Q19, Q20)

17 buildings – 269 apartments

Owner occupied apartments with people aged 18 or less living there	11	4%
Owner occupied apartments with people aged 65 or more living there	40	15%

11.People with disabilities living in owner occupied apartments (Q21)

17 buildings

Residents with disabilities

3% of owner occupiers or people living with them, have mobility or other disabilities that would make it difficult to rent alternative accommodation if required to move out during strengthening

12.Detailed Seismic Assessments (DSAs) (Q23)

13 buildings

Had 1 DSA done	5	38%
Had 2 DSAs done	5	38%
Had 3 or more DSAs done	3	23%

13.Dates of EPB (s124) notices (Q24), priority building designation (Q25), and compliance deadlines

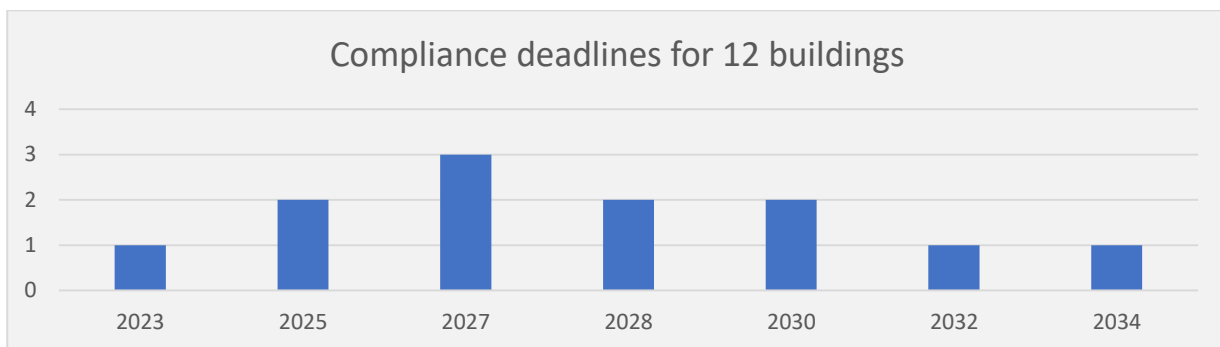
12 buildings

Year of EPB (s124) notice	Original compliance deadline* (15 years)	Priority building designation**	Current compliance deadline*
2007	2023	Yes	2023
2010	2025 (2030?)	No	2030
2010	2025	Yes	2025
2010	2025	No	2025
2011	2027	No	2027

2012	2027	No	2027
2012	2027	Yes	2027
2012	2027?	No	2032
2013	2028	No	2028
2013	2028	No	2028
2016	2030	No	2030
2019	2034	No	2034
12		3	

*Where the compliance deadline information provided was unclear, we have estimated

** All priority buildings must comply within 7.5 years of receiving their priority building notice. For some buildings this reduces the time to the compliance deadline.



14. The owners taking lead responsibility for trying to solve the problem of their buildings being 'earthquake prone' (Q4)

17 buildings

Body corporate committee taking the lead	11	65%
Company board taking the lead	1	6%
Group of owners set up specially to take the lead	2	12%
All owners working together	3	18%

15. Current state of progress with EPB projects (Q5)

17 buildings

Respondents could select any number of statements

We haven't done anything since we had the EPB (or s124) notice from Wellington City Council	0	
We are still at the investigation stage. Considering options. Haven't made any decisions	2	12%
We have an estimated cost for strengthening and owners are discussing what to do next	7	41%
We have decided to strengthen but we are stuck because not everyone can	1	6%

secure the money they need		
We have decided to strengthen and have engaged an engineer for the preliminary design stage	4	23%
We are in contract negotiations with a building company and have a provisional date for the strengthening work to start	2	12%
Strengthening is not financially and/or practically feasible so we have decided to sell the whole property	2	12%
We have decided to do nothing for the time being	1	6%
We are stuck and cannot decided what to do	1	6%

11 respondents made comments

We made the decision, based on high level estimates and property advice that strengthening beyond 34% was not economically viable - if it was actually feasible. We also made the decision around five years ago to defer some exterior maintenance on the building until the time of the strengthening project. We have now completed detailed design and have a pre-tender estimate of costs of the strengthening and the deferred maintenance. The cost of strengthening is significantly higher than anticipated. We are now looking at the full range of options open to us, including selling the property

Struggling with getting good consistent advice both for the work to be done and financing options

All apartment owners have consented to sale; however having issues with single unit owner who only has a "double garage" in the property who has not come to the table, despite holding

We have had three seismic reports from engineers and are currently all in agreement to opt for basement isolation. We have had estimates of costs from quantity surveyors, but not formalised instructions at this point. The 5 owners are loosely in agreement to delay strengthening at this time on the following grounds; 1. base isolation technology is advancing with time, 2. the technology may have a downward effect on prices, 3. due date of required strengthening is 2027, 4. the professional and construction groups do not have capacity in todays market which is causing irregularities in advice and cost increases

Our building has three sections, two of which we are doing remediation work on for the cladding and we are taking the opportunity to strengthen at the same time.

the rules keep changing and we - a bunch of amateurs at this - keep trying to keep up. (For example, a preliminary design [1st engineer] is delivered some years back, but the designer exits from the project and / or the design becomes inadequate because the criteria demanded by the authorities change.) An AGM decision was made for strengthening to 34%. Some owners are now agitating for 67%, but this has not yet been addressed by an AGM (or SGM I suppose) as is required for such a change. We DID have a design, but NOW we are back to the investigation stage all over again. We have engaged [2nd engineer] to complete a (second) DSA and then expect to get two strengthening design options. In a sense the relatively simple statements above cannot effectively address the complicated process that quake strengthening is proving to be.

The cost to strengthen is based on a detailed design. The cost is much more than we expected.

We had planned to strengthen but have not put this as a decision to owners as yet. We are looking at other options right now, such as staggering the work to break the timing of costs down a bit, developing the property to add value to it, and also selling the whole thing.

Our own QS has done costing . We are waiting (imminent) for cost estimate from Construction Co . Two things could yet cause us to delay/ abandon - an unpalatable Cost estimate and Risks associated with Covid 19 fallout

Strengthening work commenced on 21 January 2020 but was suspended when NZ moved to Covid 19 Level 4 at midnight on Wednesday 25 March 2020.

16. Percentage NBS intentions (Q30)

15 buildings

Strengthening cost (building contract) estimate includes work to strengthen to between 34% and 66%	3	20%
Strengthening cost (building contract) estimate includes work to strengthen to between 67% and 100%	12	80%

Discretionary upgrade of ramp and entranceway to building, enabling work to allow piling rig to access parts of the property, relocation of services, retaining wall remediation due to earthworks needed

17. Estimates of preliminary costs, per apartment (Q27)

15 buildings

From the information provided for 15 buildings (260 apartments), we can estimate that the average spend so far per apartment for fees to structural engineers, other engineers, quantity surveyors, architects, project managers, lawyers and other advisers is \$16,162 including GST.

18. Estimates for strengthening costs (building contract), per apartment (Q28)

14 buildings

From the information provided for 14 buildings (219 apartments), we can estimate that the average cost per apartment for strengthening costs (building contract) is \$186,223, or \$214,157 when GST is added.

This group of 14 buildings does not include one extreme outlier, where the strengthening cost (building contract) estimate is more than \$800,000 excluding GST, per apartment.

19. Price increases since strengthening cost (building contract) estimate was received (Q29)

Most buildings have received estimates in the last two years (Q29)

20. Important items not included in estimates for strengthening costs (building contract) (Q30)

15 buildings

From information provided by respondents who have received estimates for strengthening costs (building contract), we can see that many estimates do not include important line items that are likely to include the strengthening costs.

	Estimates DO NOT include these items	
Upgrade of fire protection to the current Building Code	11	73%
Upgrade of disabled access to the current Building Code	15	100%
Upgrade of electrics to the current Building Code	13	86%
Unavoidable work to remediate non structural elements that may be damaged by strengthening work	11	73%
Removal and disposal of waste	11	73%
Construction insurance	10	66%
Fees for structural engineers	9	60%
Fees for geotechnical engineers	12	80%
Fees for fire engineer	13	86%
Fees for architect	10	66%
Fees for project manager	9	60%
Fees for lawyer	14	93%
Building consent fees	10	66%
Contingency for dealing with asbestos or other problems discovered after building work starts	13	86%
Contingency for building cost overrun	6	50%

21. Buildings that have put together an estimate of the costs of items not included in the strengthening cost (building contract) estimate (Q32)

16 respondents

Yes, has put together an estimate of additional costs	2	12.5%
No, has not put together an estimate of additional costs	14	87.5%

22. Items included in strengthening cost (building contract) estimates that are not directly related to compliance (Q30)

Just 5 buildings are including long term maintenance plan costs in the building contract estimate. This is wise because long term maintenance may have been delayed due to funding preliminary project work and wanting to save money by including maintenance in the strengthening contract. We do not have any information about these costs.

Tasks from the long term maintenance plan included	4	25%
Discretionary work to upgrade insulation eg double glazing, included	1	6%
Discretionary work to modernize apartments eg new kitchens and bathrooms, included	0	

23. Costs estimates for full share per apartment of total strengthening costs (building contract), additional fees and contingencies (Q33)

This question differs from Q28 as it asks respondents to provide estimate of the 'full share' of total costs including strengthening costs, additional fees and contingencies.

The 14 respondents for Q28 also responded to this question.

Gave an estimate the same or almost the same as the GST exclusive estimate for Q28	7	50%
Gave an estimate high enough to cover 15% GST on Q28 estimate	4	29%
Gave an estimate high enough to cover 15% GST on Q28 estimate, and some additional costs	3	21%

24. Length of time apartments will have to be vacated, if strengthening were to go ahead (Q34)

16 buildings

We have been told the work can happen without anyone moving out	0	
Up to 6 months	4	25%
Between 6 and 12 months	3	19%
Between 12 and 18 months	3	19%
More than 18 months	0	
Don't know	6	38%

25. Apartment owners' personal costs for moving, storage and alternative accommodation if they have to move out during strengthening (Q35)

16 buildings

Owners in the building have estimated their personal costs	1	6%
Owners in the building have not estimated their personal costs	11	69%
Don't know whether owners in the building have estimated their personal costs	4	25%

26. Number of owners who have submitted an expression of interest in the Government's Residential Earthquake Prone Building Financial Assistance Scheme (Q38)

16 buildings

No respondents know how many if any owners have submitted expressions of interest in the FAS.

27. Selling as an alternative option to compliance (Q39, Q40, Q41)

17 buildings

Owners have considered selling the whole property	10	59%
Advice has been sought from a lawyer about how the whole property could be sold	5	29%
Advice has been sought from a valuer about the market value of the whole property while it has an EPB notice on it	6	35%

One person has sold due to financial stress

We have a couple of owners who will not discuss the idea

We've got two estimates from agents working in this field in Wellington. The suggested price that could be achieved was not inspiring - \$130-180k per apartment. They said it was hard to know without testing the market, which we may do once we finish understanding some other ideas we have.

The process could get challenging if there is any disagreement among owners. Depending on numbers we could risk going ahead with a sale anyway. The onus would be on an owner objecting and starting high court proceedings

\$130-150k per apartment. This price would leave most current owners with severely limited options for moving on. As owners, we have spent \$100k + each in the past 10 years (we ran a project to replace all the windows in the building, and we purchased the land it is on.) As a result, most owners have significant home lending already. An owner recently approached an agent to list their apartment as they want to call it quits and the agent politely declined to list it, saying it was virtually unsaleable.

Always been regarded as an option - still waiting for Contractors cost estimate . We have our own one from QS . Owners have differing views on this depending on Cv's of their own apartments V's projected costs ...

We have been told that determining a value is difficult.

Marketing initiative conducted to enable consideration of selling option but not successful

The committee has been working with owners and lawyers on a collective agreement to sell. We are currently unclear on how Covid-19 will impact the property market. In the impending post Covid-19 recession, the likelihood of selling to a developer has greatly diminished.

Final Comments Q42

Now that we have received the advice from the consultant, which compares a range of potential options - selling the property, strengthening, options to sell off part of the property to defray costs, etc., owners will need to seek their own advice before we can make a decision. At the moment we have some owners in favour of sale, some of proceeding with strengthening and some who wish that the whole thing would go away. We were due to meet at the end of April to discuss our next steps, however COVID-19 will delay that meeting

I think some of our owners have not yet appreciated the seriousness of the situation. Insurance companies are refusing to commit no matter what the strengthening value is. So presumably banks won't lend. So presumably the flats cannot be sold (except for cash). The fact that an older building will likely reveal grave problems if mucked about with, has not been factored into our costs. Along with other contingencies that have not been. The COVID-19 catastrophe was not on the horizon when we set out in 2011/2012 to try to meet the government's demands. I, and one or two others here, believe we are being asked the impossible.

Ours is a unique complex with more than one building, built and altered at different times. We have struggled with the Unit Titles act (2010) in terms of owners' obligations to contribute to the costs of obtaining professional advice and engineering/architecture reports related to one building but not another. The UTA needs to be updated to provide unequivocal guidance on how costs related some but not all of the units in a BC should be treated. Our insurers will only provide indemnity cover which is less than half the cover that we were receiving up to 2 years ago. We have been advised that unless we have a strengthening plan by the next renewal (1.4.21) we will no longer be able to get indemnity cover. Current cover would not enable us to rebuild half the complex.