

MEDIA RELEASE

From the Inner City Association & Body Corporate Chairs' Group
30 January 2017

EQ funding initiative is not enough

Comprehensive financial and advisory support required to achieve public safety outcomes

'Good start – but more is needed' say the Wellington Inner City Association (ICA) and the Body Corporates Chairs' Group (BCCG). The ICA and BCCG are calling for the government to establish a financial and advisory support infrastructure to support all owners faced with seismic strengthening.

'We welcome the recent news that shows the Government now recognises that public money should contribute towards public safety outcomes' says Geraldine Murphy, Chair of ICA. The financial package for owners required to strengthen facades and parapets of unreinforced masonry (URM) buildings is the first time the government has acknowledged this.

However, there are many other areas of concern for owners facing seismic strengthening which the government has yet to do anything about. 'There are apartment owners and small businesses who are unable to raise the sometimes significant amounts needed to strengthen' says Sue Glyde, Co-Chair Wellington BCCG.

The ICA and BCCG have jointly released a position paper that outlines what is required to help owners struggling to progress complex, expensive construction projects, particularly for those in multi-owner environments such as apartment buildings (bodies corporate).

The four key support mechanisms include:

- a 'lender of last resort' facility for those owners who can't raise funds through commercial channels
- a comprehensive technical advisory service that includes a 'toolkit' of plain English guidance
- access to a free/low cost mediation service to assist those bodies corporate struggling to get agreement among their owners or with their local Council, or when issues with technical professionals arise
- tax deductions and/or tax credits to compensate those private owners fully funding public good outcomes for both commercial and owners.

‘The lender of last resort mechanism isn’t another student loan scheme as the property can be used as security and repayment could be collected through rates’, says Geraldine Murphy.

Sue Glyde says ‘the numbers of owners who cannot afford to fund their share will be small, but the impact is huge, as it prevents the whole body corporate from being able to strengthen their building.’

Sue, who is also chair of her own building’s body corporate knows the challenges and delays that lack of funding for even one owner can place on a project. ‘Apartment owners do not want to force their neighbour of some years to sell, especially at basement prices, but at the same time, the other owners want to see the work completed and move on with their lives. If there isn’t a lender of last resort facility, then there will be significant consequences – either social through owners being forced to sell or by failing to achieve public safety as the building will remain earthquake-prone’.

Sue’s building has been strengthened and is now off the Council’s earthquake-prone building list, but it took seven years. ‘This was a continual process over that period. It is much harder in a multi-owner environment. Having an advisory service and tool kit, and mediation service available would have got us started quicker and provided a place to discuss the inevitable issues that arise in such stressful projects.’

Neil Cooper, National President BCCG stated ‘Many bodies corporate often don’t even know how to get started, let alone interpret the technical jargon coming at them from all sides. This markedly reduces the ability to improve the resilience of our buildings and public safety.’ Geraldine says ‘we support the Property Council’s call for tax deduction/credits to recognise that private owners are funding public benefits. This needs to go wider and apply to residential owners who are able to fund the strengthening and therefore wouldn’t be eligible for a ‘lender of last resort’ facility.’

‘Of course, private owners should pay for work to their building. But private owners should not bear the full costs of achieving public good outcomes’ say Geraldine.

For a copy of the position paper “Financial assistance and advisory support for owners undertaking seismic strengthening”, see www.ica.org.nz.

For further information:

Sue Glyde, Wellington Co-Chair, BCCG (wellington.chair@bccg.org.nz); 021 572909

Neil Cooper, National President, BCCG (national.president@bccg.org.nz); 021 354019

Geraldine Murphy, Chair, ICA (geraldine.murphy@xtra.co.nz); 0274 507804