

28. GOVERNMENT PROPOSAL - FINANCIAL ASSISTANCE PACKAGE FOR LEAKY HOMES



General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8462
Officer responsible:	Environmental Policy and Approvals Manager Corporate Finance Manager
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PURPOSE OF REPORT

1. The purpose of this report is to present to the Council details currently available for the Government Financial Package for Leaky Homes, announced on 17 May (**Appendix 1**) and to seek Councils response to the Minister of Housing's request for Territorial Authorities to decide whether they will support the package and respond back to the Government by 31 May 2010.
2. This report seeks to further review the impact of the proposal on the Christchurch City Council in relation to the estimated cost, the assumptions made, our existing insurance cover, the numbers of current claims and the expected take up of the scheme.

EXECUTIVE SUMMARY

3. Leaky buildings is a national issue that arose principally as the result of a systemic failure in the building industry between 1992 and 2004. During this time a combination of new legislation, relaxed building controls, new and unproven building standards, materials and building designs and unskilled builders and industry players - all led to a scale of weathertightness problems in buildings which was unprecedented in New Zealand.
4. The Council and the Regulatory and Planning Committee have previously considered reports in March and April 2010 on Weathertight Homes Claims in Christchurch, which included the history of the problem, detail of the PricewaterhouseCoopers' report, the role of Council with weathertight claims, Council's weathertight insurance and Christchurch City Data. A subsequent report considered known aspects of the Government's proposal at that time to settle the matter of weathertight claims nationally.
5. In April 2010 Council resolved that in any negotiations with the Government on proposals to resolve weathertight home claims that the proposal reflects a level of contribution that is a fair and affordable contribution by all parties including the Government, Councils and the homeowner. Also, that the scale and nature of the issue in particular areas and exposure by individual Territorial Authorities is taken into account.
6. On 17 May the Government made an announcement on a proposed Financial Package for Leaky Homes, with 25% of the remediation cost met by each of the Government and Territorial Authorities, leaving homeowners to fund 50% of the remediation costs with access to loan funding and the ability to make further claims against builders, developers or other parties. The package was forecast to cost the Government \$1 billion over five years. In the proposal they asked territorial authorities to advise whether they would support the package and respond back to the Government by 31 May 2010.
7. The mechanics of the proposal are not yet fully defined and will be worked through if the Government gains the support of the Territorial Authorities and banks. However, we have had a letter from the Department of Building and Housing which outlines the key elements of the scheme, estimated costs to Council of the scheme and the assumptions used for modelling costs and take up by homeowners (**Appendix 2**). The scheme does address a number of concerns that LGNZ and the Council had previously raised, namely that the Government, will make a contribution that reflects their contribution to the problem, that Councils are asked to contribute a realistic amount and only to claims made in their districts and that a 10 year eligibility criteria is maintained.
8. Public interest in this matter is high. There has been a lot of discussion about whether the proposal is fair, with homeowners expected to fund 50% of the remediation costs or make further claims against builders, developers or other parties. There has also been debate and an informal poll by the Herald about whether taxpayers and ratepayers should be making any contribution at all.

9. This report makes recommendations on whether the Council should support or not support the Government's proposed Financial Package for Leaky Homes. The report also outlines the likely implications of the package for the Council and for weathertight homes claims in Christchurch.
10. Currently Christchurch has 100 active claims involving 180 properties (98 active claims on the Weathertight Homes Resolution Service (WHRS) website and two in the District Court). This represents about 4% of the claims nationally. We have previously resolved 143 claims. We are currently resolving approximately 20 claims per year with the average payout for our most recent claims (including legal costs) being \$50,494, which is 23.7% of the settlement.

FINANCIAL IMPLICATIONS

11. It has proven extremely hard to provide a reliable estimate of how much extra budget might be required if the Government's financial package for leaky homeowners were adopted. We have already provided \$7 million over the next seven years and with this included, the range is between \$15-35 million. The lower estimate is the Council officer projection based on our history and experience of resolving claims. The upper estimate is based on the Government's projections outlined below. Further analysis is provided in paragraphs 46-49.

The Draft 2010/11 Annual Plan proposes an increased budget to \$1 million and it was anticipated that this level of budget would be necessary for the next seven years. The Government proposal estimates that the Christchurch City Council will incur an extra \$20 million over the next five years if 50% of claimants take up the scheme. If 70% take up the scheme then the Council will incur an extra \$28 million over the next five years. The following is an extract from the Department of Building and Housing's guidance document:

Government Estimated cost to Christchurch per year \$m

Take up	2010/11	2011/12	2012/13	2013/14	2014/15	Sub-total	WHRS and District Court Claims	Total
50%	4	6	5	3	2	20	7 (budgeted)	27
70%	6	8	7	4	3	28	7 (budgeted)	35

Council officers have analysed the Government projections at paragraph numbers 41 to 49. Their estimates are that there will be between 20-30% take up of the Government scheme. This would require a Council contribution of between \$8-12 million in the next five years.

For the balance of the homeowners of 'at risk' homes, we do not expect to get any claim. The reasons are outlined in paragraph 43 and in summary are that owners are in denial, have already made or will make repairs or cannot afford to contribute themselves.

Officers Estimated cost to Christchurch per year \$m

Take up	2010/11	2011/12	2012/13	2013/14	2014/15	Sub-total	WHRS and District Court Claims	Total
20%	1.6	2.4	2	1.2	.8	8	7 (budgeted)	15
30%	2.4	3.6	3	1.8	1.2	12	7 (budgeted)	19

In addition, Council would have to continue to fund any other claims that go to the WHRS scheme or direct to the District Court. Funding for these WHRS and District Court claims is currently provided for in the 2010/11 to 2016/17 Annual Plans.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

12. No. The Government proposal, if adopted, would require Council to make some extra provision in its 2009-19 LTCCP and 2011/12 to 2014/15 Annual Plans for extra funding to meet an increased level of claims. The projections are uncertain as the majority of extra claims are presently unknown.

LEGAL CONSIDERATIONS

13. This matter will have to be considered as part of Council's LTCCP and Annual Plan process. Balancing the needs of claimants with the affordability of any solution and the ability of ratepayers to make a contribution would be important considerations for the Council.

Have you considered the legal implications of the issue under consideration?

14. The Local Government Act 2002 requires the Council to consider whether matters of this significance need to go through a public consultation process. Fortunately an increase in the budget to fund weathertight claims has been part of the Council's Annual Plan considerations this year so we have some indication of community views on this matter. The Government may also legislate to provide for Councils to commit to this proposal without the need to go through the Special Consultative Procedure prescribed in the Local Government Act 2002.
15. Given the 31 May 2010 deadline set by the Government it is not feasible to have any forms of meaningful consultation. This type of urgent situation is provided for in the Policy on Significance.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

16. Aligns with LTCCP page 89, administration of laws around building and development leading to safe buildings and reduction in environmental hazards plus page 187 LTCCP, developing our urban environment and sustainable use of buildings.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

17. Yes.

ALIGNMENT WITH STRATEGIES

18. The Council has historically provided for claims and has an ongoing legal responsibility imposed by the Weathertight Resolution Service Act 2006.

Do the recommendations align with the Council's strategies?

19. Yes.

CONSULTATION FULFILMENT

20. The requirement to consult fully with the community on a matter of this significance has not been possible given the two week timeframe provided by the Government for Councils to indicate their support or otherwise for the proposal.
21. The Metro Sector Mayors had previously agreed that the Mayors of Wellington and Auckland should continue negotiations with Hon Maurice Williamson, Minister of Building and Housing, regarding Government proposals. However, negotiations had stalled and the Minister of Building and Housing, Hon Maurice Williamson had indicated the Government was no longer considering this type of proposal.
22. A submission has previously been heard by the Regulatory and Planning Committee from a group representing some owners of homes with weathertightness issues. Their submission explained the effect owning a leaky home had on them and their families. They supported a Canadian solution very similar to the package presented by the Government.
23. There were seven submissions to our Annual Plan on the proposal to include \$1 million for Weathertight Homes claims. The submissions were mixed. Five submissions supported the inclusion of the funds but suggested the amount was too small. Two submissions opposed the Council and ratepayers having to make any contribution to weathertight homes claims.

24. A NZ Herald “on line” poll on whether ratepayers should contribute to the fixing of leaky homes had a result of 90% opposing and 10% supporting the contribution.

STAFF RECOMMENDATIONS

It is recommended that the Council:

1. Support the Government’s Financial Package for Leaky Homes noting the proposal:
 - (a) Reflects a level of contribution that is a fair and affordable contribution by parties including the Government, Councils and the homeowner.
 - (b) That the scale of the issue in particular areas and exposure by individual Territorial Authorities has been taken into account.
 - (c) That the proposal generally follows the position paper prepared by LGNZ and endorsed by a previous Council resolution on 22 April 2010.
2. Agree to advise the Government that the Christchurch City Council supports the financial assistance package subject to working with the Government and reaching agreement on the details of the package.
3. Agree to delegate the Chief Executive to work with the Government officials and the Local Government sector to agree the details of the financial assistance package for reporting to Council for final approval.
4. Further considers the necessary financial commitment to support the scheme in successive year’s Annual Plans once the demand is better known.

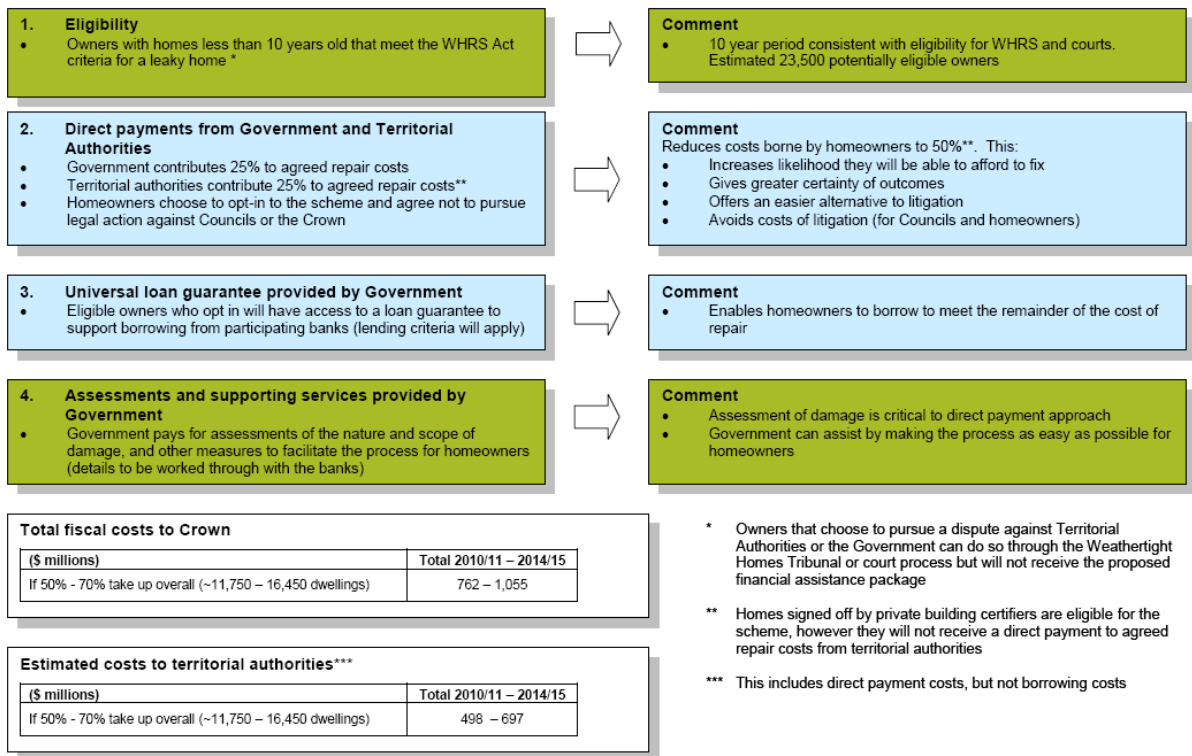
BACKGROUND (THE ISSUES)

Government Proposals

25. In April 2009, the Government engaged PricewaterhouseCoopers (PWC) to prepare a report on the Weathertightness Homes issue and to estimate the cost of resolving the issue. This Government initiative was designed to show the overall scale of the problem. The report was released in December 2009 and it calculated the scale of the problem at \$11.3 billion. The report estimated that of the houses built between 1992 and 2008, a range of between 22,000 and 89,000 homes, are affected and settled on 42,000 as a best estimate.
26. Following on from this the Government had been in consultation with Local Government New Zealand and the six Mayors of the major Metro Councils. The Government's initial offer was rejected by a negotiating party of the Mayors of Auckland and Wellington. This offer had the Government contributing 10% of the repair cost, Councils 26% and homeowners the remaining 64% (with homeowners having the ability to pursue other parties to contribute ie builders, developers and subcontractors).
27. The Government's new proposal has only just been released and Territorial Authorities have a very short timeframe (by 31 May) to make a decision on whether they would support or reject the offer. This timeframe precludes the Council including the proposal in the 2010/11 budget and undertaking consultation with the community. The financial assistance package offered by Government is dependent on local authorities and banks agreeing to be involved.
28. The Government's proposed financial assistance package is designed to help homeowners repair their leaky homes faster. This would see the Government meeting 25% of homeowners' agreed repair costs, local authorities contributing 25% and homeowners funding the remaining 50%, with a loan guarantee underwritten by the Government, provided claimants meet bank lending criteria.
29. The package will be voluntary and in addition to the current disputes and litigation process for owners of leaky homes. It is also conditional on homeowners foregoing the right to sue local authorities or the Crown in relation to the claim. Homeowners would still have the option to pursue other liable parties such as builders, developers and manufacturers of defective building products.

Key Elements and Mechanics of the Scheme (Refer Appendix 2 for further detail)

30. The key elements of the scheme are demonstrated in the diagram overleaf:



31. Local authorities have until 31 May 2010 to decide if they wish to participate in the financial assistance package. Subject to their decision, the Government would then work through the details of the final package with them. The Government will also discuss the details of the package with retail banks, who are an important part of the solution.
32. It is important to note that any contribution by Councils will only be applied to claims in their area of responsibility. The funding is applied only to individual claims agreed to by Government and Council. This addresses previous concerns that the scale and nature of the issue in particular areas and exposure by individual Territorial Authorities would not be taken into account. The concern was that Councils would be putting funding into a collective pool and subsidising other areas.
33. The key issues of concern identified in the previous reports to the Regulatory and Planning Committee and Council have been largely addressed in the Government's proposal. These issues were:
- Determining the scale of the issue in particular areas and exposure by individual Territorial Authorities.
 - Determining a fair and affordable contribution by parties including the Government, Councils and the homeowner.
 - Ability for the homeowners to claim against other parties including builders, developers and tradesmen.
 - Loans by Government for homeowners to undertake repairs.
 - Management of any scheme to address the problem.
 - Eligibility to participate in the scheme.
 - Assessment of the claim.
 - Approving actions in the repair process.
 - Administration of the loan scheme.

Government Projections and Assumptions for Christchurch

34. The approach taken by the Government and Treasury in predicting the number of houses involved nationally, was to use their PWC report "central figure" of 42,000 affected homes overall and determined that there would be 16,500 homes still within the 10-year limit.

35. Given the level of uncertainty around the number of houses affected, the costs are based on a higher estimate of 23,500. Department of Building and Housing (DBH) and Treasury then agreed the total demand would be 50-70% of eligible owners taking up the offer. In determining the demand over time, they have assumed a high level of entrants initially, dropping off progressively as the scheme draws to a close and affected homes are repaired.
36. The estimated cost to Christchurch per year has been assessed after first taking off the claimants with privately certified homes (Council not involved). They have then derived the total estimated cost by apportioning the number of claims per year to Territorial Authorities, based on homes that are the subject of WHRS claims in a Territorial Authorities area.
37. The critical factor for Christchurch is that we have 4% of the WHRS claims presently - 4% of 18,828 claims (23,500 minus private certifiers) is 753 eligible homes. The Government has assumed in their financial predictions that 50% (376) - 70% (527) of these eligible homeowners will "take up" the offer, with an average repair cost of \$212,000.
38. The approach taken by Council Officers in testing these assumptions has been to evaluate the number of Christchurch homes built in the "at risk" monolithic cladding style, between 2000-2004 (when the building code E2 weathertight requirements changed to require cavities and full window flashing systems to be installed). Between 2000-2004, there were 887 homes built with monolithic or part monolithic cladding systems. This roughly equates to the Government's estimate of 753.
39. Further, Council Officers have reviewed the last 44 settled claims (counting multi units as one claim) and determined the average claim at \$213,139.
40. We have also reviewed the proposed contribution by Council, of 25% of the settlement cost. The average cost of settlements for Council is currently 23.7% of the settlement and averages \$50,494 per claim. This figure includes legal fees which generally comprise 40% of the total cost to Council. The present contribution of 23.7% roughly equates to the proposed 25% contribution by Council.
41. The critical issue is the likely "take up" of the scheme by eligible homeowners. This is extremely hard to estimate as there is a wide margin between the numbers of claims presently received each year - 19 (after 11 months) in the 2009/10 year under WHRS and the projected 80-112 claims projected for the first three years under this financial package scheme. There is also the issue to consider that some of the 100 existing claimants under WHRS, might choose to switch to this scheme.
42. Number of claims received by Christchurch City Council (multi-unit counted as one claim):

The 2003/04 year was the first year the WHRS began operations.

Period	Number of Claims	Quantum /Year	Average value of claim
May 03 - June 04	30	\$1,732,114	\$78,732
July 04 - June 05	36	\$1,427,114	\$39,642
July 05 - June 06	19	\$2,410,822	\$133,934
July 06 - June 07	25 (3 claim amount unknown)	\$2,048,374	\$93,107
July 07 - June 08	56 (31 claim amount unknown)	\$4,825,569	\$193,023
July 08 - June 09	45 (41 claim amount unknown)	\$859,395	\$214,849
July 09 - Apr 10	19 (19 claim amount unknown)	\$0	\$0

Based on Government Projections in Proposal:

Financial Year	Government Projection
2010/11	80
2011/12	112
2012/13	89
2013/14	60
2014/15	38

43. Factors that have been considered in the compilation of the recommendations to this report are:
- (a) Not all of the 887 “at risk” monolithic homes leak. Many of these homes in Christchurch are of higher quality and are designed and built to a conservative, proven style, with eaves, pitched roofs, window flashings etc.
 - (b) There are many reasons why homeowners will not make a claim including they have already made the repair themselves, or their builder has; they are unaware of any problems or cannot be bothered to investigate or repair the problem, they do not want their house to be identified on records as being a leaky home as it affects resale values. Some owners will also have so little equity or are on such low incomes, that they will struggle to meet the 50% homeowner contribution and are likely to be ineligible for loan funding.
 - (c) Owners may choose to proceed under the WHRS Act 2006 provisions or pursue dispute or litigation themselves. They may feel they might obtain a significantly higher settlement, want their day in Court, an opportunity to claim for other damages or have the ability to share costs amongst a large number of litigants ie in multi-unit claims.
 - (d) Many of the more likely and serious claims are already represented in the WHRS process. These claims have already been provided for in the 2010/11 to 2016/17 Annual Plans with \$1 million pa. Presently we have 100 outstanding claims and expected new claims to diminish progressively to 2014/15 with some flow on effect to 2016/17.
44. There is however a “tip point”, where it becomes worthwhile for some owners to take up the scheme. Auckland City Council has done a review of this and believes that obtaining 40-50% of the cost makes it worthwhile for some parties to enter the scheme. This reveals a potential risk in that some investors may buy “leaky homes” at a discounted rate, in order to access Government and Council funding.
45. Based on the above factors, Council Officers expect that there would be a 20-30% “take up” of the Government scheme. This is an estimate and it will be important to work through the mechanics and key issues in the scheme if it proceeds. This estimate would be only able to be tested once the scheme is up and running.

Financial Implications

46. The proposal has significant and ongoing financial implications for the Council, who currently has \$1 million pa in its 2010/11 to 2016/17 budgets to meet weathertight homes claims. This figure of \$7 million overall has been based on our previous history of resolving claims under the WHRS Act 2006. The Council also has to consider providing for the existing and new claimants that do not take up the Government proposal and instead decide to utilise the existing WHRS service. These represent an additional contingent liability which has previously been factored into the LTCCP for seven years from 2010/11 to 2016/17.
47. The Government proposal estimates that the Council will incur \$20 million over the next five years if 50% of claimants take up the scheme. If 70% take up the scheme then the Council will incur \$28 million over the next five years. The following is an extract from the Department of Building and Housing’s guidance document:

Government Estimated cost to Christchurch per year \$m

Take up	2010/11	2011/12	2012/13	2013/14	2014/15	Sub-total	WHRs and District Court Claims	Total
50%	4	6	5	3	2	20	7 (budgeted)	27
70%	6	8	7	4	3	28	7 (budgeted)	35

48. However, as outlined above, Council Officers expect that there would only be a 20-30% “take up” of the Government scheme. If that were the case then the table would look like this:

Officers Estimated cost to Christchurch per year \$m

Take up	2010/11	2011/12	2012/13	2013/14	2014/15	Sub-total	WHRS and District Court Claims	Total
20%	1.6	2.4	2	1.2	.8	8	7 (budgeted)	15
30%	2.4	3.6	3	1.8	1.2	12	7 (budgeted)	19

49. With regard to the 2010/11 and future budgets, by the time the scheme commenced in 2011, there would be only a 6 month period for assessments of homes to be undertaken by the DBH weathertight homes assessors in 2010/11. Most impact will be where existing claimants who have already had assessments done opt for this scheme rather than the WHRS scheme. Accordingly we do not expect that the proposal, if implemented, would impact fully in the 2010/11 budget.

Council's Weathertight Insurance

50. The Council's insurer New Zealand Liability RiskPool has considered how the proposal might impact on their liability. They advise that in their view, the proposal might be attractive to those claimants with small claims of up to \$80,000 where the 50% to be met by the homeowner probably represents the costs of pursuing the claim. They do not believe claimants involved in large claims will abandon litigation for a 50% payment (from Government and Councils), but we may see some fracturing of multi-unit litigation.
51. If this is the case then RiskPool do not see this proposal as likely to affect their overall liability. However, if claimants for larger claims take up the scheme then they advise that this will have quite an effect on their liability. Being a Local Government Mutual Fund, they make a call on Councils if settlements exceed their premiums in any claim period.
52. Council has existing insurance against weathertight claims in respect of 81 of the remaining 100 claims. All claims have a \$50,000 excess. The insurance limit for multi-unit claims was set at \$500,000 in 2006 and from 2007, all Council weathertight claims have a limit collectively of \$500,000 per year. From 1 July 2009, all new claims for weathertightness are not covered by RiskPool and the Council is self insured. No insurance company today provides cover for Weathertight claims.
53. If this scheme is adopted then Councils will have to clarify the position between themselves and RiskPool for any existing claimants which are covered by insurance and opt into the scheme where the settlement exceeds the excess of \$50,000. Early indications from RiskPool (and their reinsurers) are that they would not cover us for payments made in the absence of liability at law. It will therefore be important for the mechanics of the scheme to include an early step where eligibility for Council funding is determined with this 'test' in place.

Support or Otherwise for the Financial Assistance Package for Leaky Homes

Council

54. For Council the decision to support or not support the Government's financial package needs to be considered with regard to both social and economic considerations. The underlying issue is to balance the needs of claimants with the affordability for ratepayers of any solution.
55. The advantages of the scheme for Council:
- Enables Council to assist homeowners with leaky homes to repair their homes.
 - Maintains our overall housing stock.
 - Limits Council liability to 25% of the agreed repair cost. This is important as the amount Council is required to contribute over time increases as other parties fail and Council becomes jointly and severally liable for faults that they would have been responsible for. The Government contribution of 25% also helps to meet the overall cost of the repair and further limits our liability.

- All of Council's contribution goes to the homeowner rather than be involved in lengthy and costly litigation. As noted in paragraph 40 at present 40% of settlements made by the Council go to lawyers, not homeowners.

56. The disadvantages for Council are:

- The existing WHRS scheme is relatively certain and we have only 100 claims still current, as indicated elsewhere in this report. There has also been a fall of in claims recently. The existing system is known and more certain than that proposed.
- This proposal is difficult to budget for and will likely lead to a significant escalation in the number of new claims and would cost the Council and the ratepayer an additional \$8-28 million over the next five years.
- The present WHRS scheme requires that claimants must prove that there is some sort of negligence on Council's behalf in either the consenting or inspection of affected buildings. It appears this proposal does not envisage this being part of the eligibility criteria and will need to be considered in the detail worked out if the proposal proceeds.
- Presently many homeowners with more minor leaks undertake repairs themselves. This proposal will make it more attractive for them not to do this and to claim from Council and the Government.

Homeowners

57. The psychological and economic consequences for owners of leaky buildings are high. They face a lengthy battle to obtain funds to commence repairs and invariably other parties - builders, tradesmen, developers and designers do not make any contribution to repairs. This leaves the homeowner facing a large bill and also wanting to better the property to present day standards to avoid any future problems. The advantages of this scheme if adopted, goes some way to helping these homeowners. It is a quicker solution and they incur no legal costs. The homeowner also receives the full benefit of any Council contribution. They also receive a guaranteed Government 25% contribution, access to loan funding at competitive rates and can separately pursue other parties - builders, tradesmen, developers and designers, if they choose.

58. The disadvantages are that they only get 50% of the repair cost guaranteed and have to pursue other parties to gain more than this. Their home is also recorded as having been a leaky home.

OPTIONS

59. Two options have been identified. The options are to either support the proposed Financial Assistance Package for Leaky Homes or not support the proposed Financial Assistance Package for Leaky Homes. A table summarising each option is attached to this report.

THE OBJECTIVES

60. To balance the needs of claimants with the affordability of any solution and the ability of ratepayers to make a contribution in a way that is acceptable in social and economic terms.

THE OPTIONS

Option 1

61. To support the proposed Financial Assistance Package for Leaky Homes.

Option 2

62. To not support the proposed Financial Assistance Package for Leaky Homes.

PREFERRED OPTION

Option 1

63. To support the proposed Financial Assistance Package for Leaky Homes. This option given owners of leaky homes the option to access 25% of the repair cost from Government, funding not currently available. The Council contribution of 25% is fixed and it all goes to the homeowner without any party incurring legal costs. Homeowners have access to loan funding at competitive rates. This option however will mean an escalation in claims and consequent cost, which is not currently included in the LTCCP or the 2010/11 Annual Plan.

ASSESSMENT OF OPTIONS

The Preferred Option

64. Option 1 - Support the Governments proposed Financial Assistance Package for Leaky Homes.

	Benefits (current and future)	Costs (current and future)
Social	Helps homeowners to repair unhealthy and unsafe leaky homes which has significant health benefits for all the occupants.	Financial hardship for owners better able to be managed.
Cultural	Improvement in amenity of houses and retention of housing stock.	Christchurch perceived as having a good housing stock and maintenance of values of properties overall.
Environmental	Homes fit for purpose and safe to live in.	Avoids need for Council intervention if homes become not habitable.
Economic	Enables homeowners of leaky homes to fund necessary repairs with a portion of the costs guaranteed and loan funding available for the remainder of the costs.	An extra \$8-28 million cost for Council over the next 5 years but access to Government funding for homeowners.
<p>Extent to which community outcomes are achieved: Primary alignment with Community Outcome A Safe City, particularly, <i>Risks from hazards are managed and mitigated</i> and <i>People feel safe at all times in Christchurch City</i>.</p> <p>Also contributes to An Attractive and Well-designed City, particularly, <i>Christchurch is attractive and well-maintained</i>.</p> <p>Impact on Council’s capacity and responsibilities: The Council already meets its legislative responsibilities in responding to WHRS claims. It is likely that claims resolution will require additional regulatory oversight to ensure repairs meet acceptable standards.</p> <p>Effects on Maori: None specific to this issue.</p> <p>Consistency with existing Council policies: This option is in line with the Council’s statutory responsibilities under the Weathertight Homes Resolution Services Act 2006 and is consistent with current approach for dangerous and insanitary buildings.</p> <p>Views and preferences of persons affected or likely to have an interest: Takes into account matters raised during consultation with some affected homeowners and a Christchurch Leaky Buildings Group. Submissions to the 2010/11 Annual Plan overall supported the increase of the budget to meet weathertightness claims. Some ratepayers submitted in opposition to ratepayers having to contribute anything to the repair costs for leaky buildings. This option likely to be less favoured by majority of ratepayers who do not want to see a rates rise.</p>		

Other Options

65. Option 2 - To not support the proposed Financial Assistance Package for Leaky Homes.

	Benefits (current and future)	Costs (current and future)
Social	Increased risk to health of occupants. Leaky homes either fixed by owners or not fixed and gradually deteriorate.	Psychological pressure on owners who have to litigate to secure financial help. Financial hardship for some owners.
Cultural	Less improvement in amenity of houses and maintenance of housing stock.	Christchurch not perceived as having a good housing stock and the values of some styles of homes diminish.
Environmental	A number of homes not fit for purpose and some become unsafe to live in.	The community becomes risk adverse and unwilling to buy some types of houses.
Economic	Some owners of leaky homes unable to fund necessary repairs without lengthy litigation and no guarantee of contribution from Council or Government. No Government loan funding available for the repairs.	Owners undertake repairs without Government or Council help. Existing Council budget provision meets WHRS claim costs.
<p>Extent to which community outcomes are achieved:</p> <p>There is less alignment with Community Outcome A Safe City, particularly, <i>Risks from hazards are managed and mitigated</i> and <i>People do not feel safe at all times in Christchurch City - when living in a leaky home</i>.</p> <p>Less aligned to contributing to An Attractive and Well-designed City, particularly, <i>Christchurch is attractive and well-maintained</i>.</p> <p>Impact on Council's capacity and responsibilities:</p> <p>The Council already meets its legislative responsibilities in responding to WHRS claims. This option does not change the existing situation.</p> <p>Effects on Maori:</p> <p>None specific to this policy.</p> <p>Consistency with existing Council policies:</p> <p>This option is in line with the Council's statutory responsibilities under the Weathertight Homes Resolution Services Act 2006 and is consistent with current approach for dangerous and insanitary buildings.</p> <p>Views and preferences of persons affected or likely to have an interest:</p> <p>Submissions to the 2010/11 Annual Plan overall supported the increase of the budget to \$1 million to meet weathertightness claims. Some ratepayers submitted in opposition to ratepayers having to contribute anything to the repair costs for leaky buildings. This option is likely to be the one most favoured by the majority of ratepayers who do not want to see rates rise.</p>		