RESEARCH NOTE

DEADLY HERITAGE

THE NEW ZEALAND INITIATIVE

DELOITTE NEW ZEALAND

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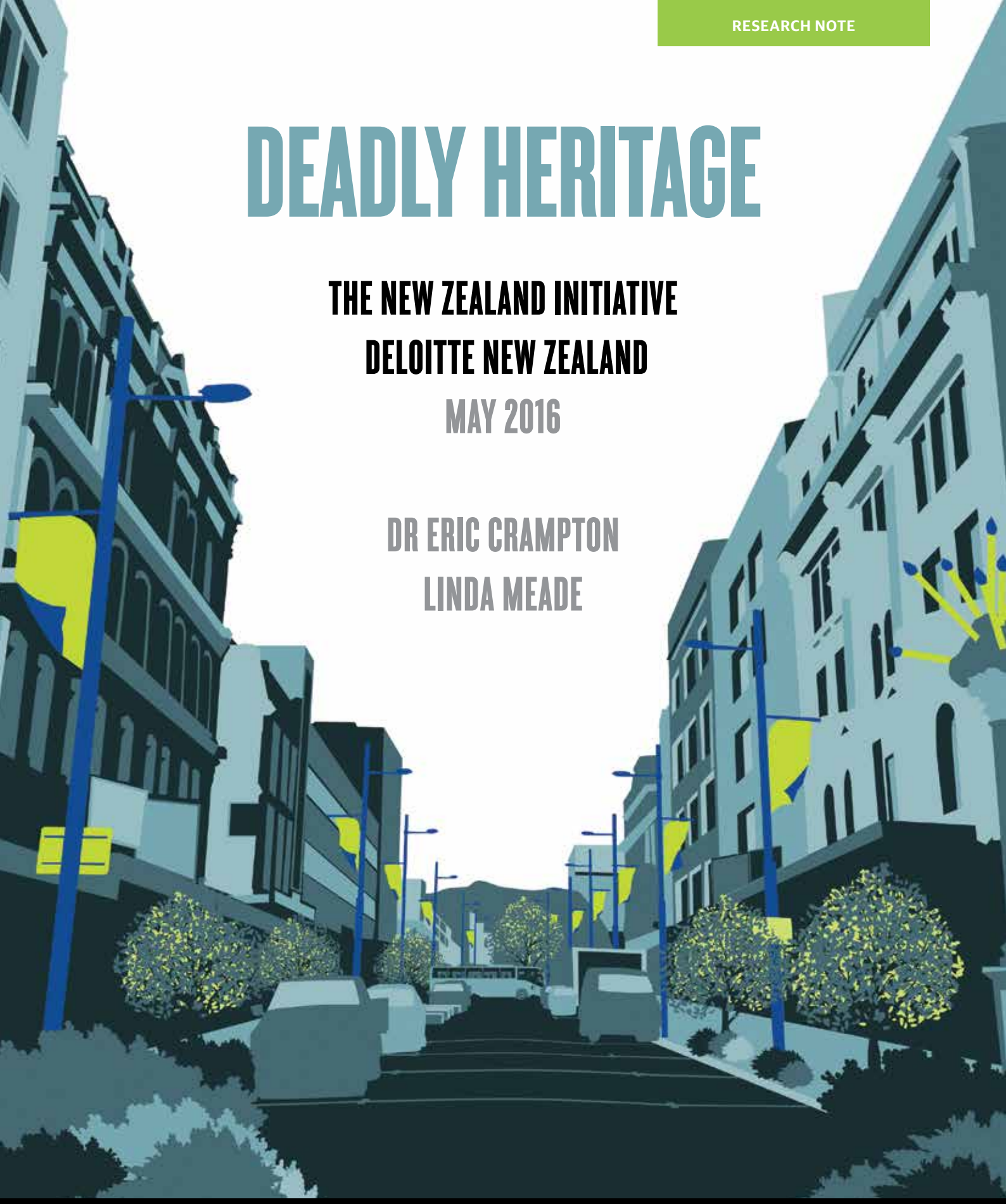

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FOREWORD

While most of the fatalities in the February 2011 earthquake in Christchurch occurred in two relatively modern buildings, collapsing facades on heritage buildings also contributed substantially to the death toll.

The most prominent example was the failure of a listed building at 605-613 Colombo Street, which fell on a transit bus, resulting in the loss of twelve lives and leaving one survivor. That building's owner had been served with notice under the Building Act that the building needed to be made safe. The owner found that the building could not be made safe at any reasonable cost and, in December 2010, consequently proposed demolition. Despite Christchurch Council's having been empowered by Parliament to allow speedy demolition of unsafe buildings, Council insisted on a resource consenting process that would take at least six months. The earthquake of 22 February 2011 intervened.[1]

Much of Wellington's streetscape, from the perspective of a recent migrant from Christchurch, looks like pre-quake Colombo Street, High Street, and Lichfield Lanes: blocks of older buildings with masonry facades overlooking busy pedestrian areas. History shows how it is important that these buildings can be made safe at reasonable cost.

The risks posed by the kinds of unreinforced masonry facades typical of many heritage buildings were also acknowledged by Building and Housing Minister Nick Smith in his proposed remediation of the proposed earthquake strengthening legislation. Facades and parapets will now have priority over other strengthening works.[2] But remediating many of these dangerous features is made more difficult by heritage listings.

Wellington's earthquake-prone stock of heritage buildings is a microcosm of a problem facing New Zealand more generally. In short, too few public resources are devoted to protecting too many heritage-designated buildings. While the public enjoys the benefits of a pleasant urban environment featuring many older buildings, those buildings' owners are left to bear the cost of owning listed buildings.

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[1] See survivor Dr Ann Brower's discussion in Harvey, Justine, 2012, "Colombo Street's lone survivor discusses reasons behind the building collapse", Architecture Now, March. Available at http://architecturenow.co.nz/articles/luck-played-no-part-in-this/

[2] Jenny Ruth, "Some critics of earthquake strengthening legislation win their arguments." *The National Business Review* 3 September 2015.

While heritage-listed buildings are hardly the only buildings at risk during earthquakes, their heritage designation makes the problems common to many other buildings more intractable.

Apart from anything else, listed buildings are more expensive to renovate or strengthen because works must be respectful of the building's heritage character. The nature of the space and their location can limit the rentals that are able to be achieved after the work is done. Challenges also arise when buildings are held under unit title which require consensus across multiple owners. Finally, where demolition is an available option to building owners where available repair strategies are uneconomical, that option is often unavailable for listed buildings.

People buying heritage-listed properties generally know, or ought to know, the responsibility that they are taking on with their purchase. If the designation is costly for building owners, it should be factored into their purchase offer for the building. Anecdotally, that is more happening now than happened before the devastation in Christchurch.

But even where risks are suitably factored in, owners face additional risk where earthquake strengthening regulations can change and can disproportionately affect the cost of owning heritage buildings.

The result of this, both in Wellington and increasingly in the rest of the country as new earthquake standards are promulgated, is a stock of buildings of relatively low heritage value but high earthquake risk that are difficult to make safe given the constraints placed on heritage buildings. And, even if they are made safe, the economics of it can be quite difficult. While there are many heritage buildings that are vital to save, available resources are spread too thinly.

Nowhere is this more clear than in Wellington, both because of the earthquake risk facing the city and because of the substantial stock of heritage-listed buildings.

We worked with Deloitte to investigate the barriers facing owners of heritage buildings in making their properties earthquake-safe. Our investigation was primarily undertaken in late 2014 and early 2015; we have seen little change since then. The report points to substantial problems if the government wishes to make progress on remediating unreinforced masonry facades on heritage buildings.

Deloitte's survey identified six primary issues hindering the timely remediation of earthquake-prone heritage buildings.

1. National Building Standard guidelines seem fundamentally arbitrary. Competent engineers looking at exactly the same data can come to different estimates of the building's rating relative to the current building code. This is especially true when assessing older buildings. Surveyed owners also had difficulty in finding competent engineers to inspect their buildings, and many did not know their building's current rating.

2. Building owners often have little information about the rules applying to their heritage buildings. Interpreting the set of regulations can be daunting. And while assistance is available, few owners know about it.

3. Both initial investigations and subsequent remediation are exceptionally costly. Financial constraints loom large, as do barriers to loan financing for difficult-to-insure buildings or those held under unit titles.

4. Earthquake repairs are unnecessarily expensive due to like-for-like heritage replacement specifications. Many owners are unable to find economically feasible repair strategies.

5. While commercial tenants avoid hazardous buildings, residential tenants are often even less willing to pay a premium for strengthened premises. Consequently, more expensive repair options in that context can become unviable.

6. Owners unable to find economically viable repair strategies for heritage buildings are also forbidden from tearing them down.

Deloitte explored some potential policy responses in their submission on Wellington's Long Term Plan (www.deloitte.com/nz/wcc-ltp).

While heritage buildings are a vitally important part of the city's landscape and culture, they often impose a large and uncompensated burden on their owners. Someone today buying a heritage building should understand the encumbrances posed by such ownership. But owners of newly listed buildings and long-time owners who have seen strong escalation in the costs of owning a heritage building provide a strong public benefit at often high personal cost.

Potentially the off-budget regulatory expense that councils impose on building owners through heritage listing should become an on-budget expense compensating owners of heritage buildings for the amenity that they provide. Councils would pay each building's owner for the building's being kept to an adequate standard rather than compelling such provision through regulatory mandates.

Under such an approach the public benefit derived from the heritage status is funded by the public. This ensures that rational decisions are made balancing heritage value against costs where there may exist other heritage buildings that can be improved more economically.

Switching heritage preservation to an annual budget item would also encourage Council to weigh carefully which buildings really provide the most heritage value, and how the city can provide the greatest amount of heritage preservation on a limited budget. It may be better to adequately fund the preservation and strengthening of a few dozen important buildings rather than attempt to preserve hundreds through regulatory fiat. Alternatively, central government could cap the proportion of each city's buildings that can fall under a heritage designation, again forcing consideration of which buildings are most important to preserve through listing on the district plan.

As a final complement to the above-proposed regime, central government could consider switching to a liability-based regime to ensure that the most important strengthening works are most quickly undertaken.

Barring those more systematic changes, there are other measures Council could undertake that would mitigate the burden it imposes on the owners of heritage buildings. We detail these at the end of this report.

The Final Report of the Canterbury Earthquakes Royal Commission argued that securing dangerous buildings "should not be impeded by the consent process and that life safety should be a paramount consideration for all buildings, regardless of heritage status."[3]

They recommended specifically that where demolition or protective works are needed to prevent injury or death, no consenting should be required to effect such works regardless of the building's listing under a council's district plan, or protection under the Historic Places Act 1993.

Where Council is unable to make the changes necessary to the District Plan to remove the least valuable earthquake-prone buildings from heritage designation, and to better facilitate the strengthening of particularly valuable heritage buildings, central government should consider following the Canterbury Earthquakes Royal Commission's recommendation.

Wellington is a great city. Its heritage districts help to make it the greatest little capital. But, in a severe earthquake, those same buildings could kill many of us unnecessarily. While central government mandates require that unreinforced masonry facades be strengthened, progress will be slow in many cases where heritage restrictions make repairs unviable for the buildings' current owners. Our proposals can help to preserve heritage while saving lives.

[3] Canterbury Earthquakes Royal Commission, Final Report, Part 2, Volume 4, p. 219. 2012.

ISSUES PAPER: IMPEDIMENTS TO EARTHQUAKE STRENGTHENING FOR WELLINGTON'S HERITAGE BUILDINGS (DELOITTE, FEBRUARY 2015)

Our Approach

In our independent approach we focussed on Wellington building owners and residents to understand the impediments keeping them from undertaking earthquake strengthening. We looked at a range of issues – including regulatory, financial and engineering – and we focused on the processes once a building is declared earthquake prone.

It is our understanding that the only publically available comprehensive official information and statistics on earthquake prone buildings is a register published monthly by Wellington City Council. As there is little official information, this report relies on reports, surveys and anecdotal information gained through interviews and consultation with various stakeholders.

ISSUE 1: DEFINITION OF EARTHQUAKE PRONE

One of the most common topics of discussion raised related to the new building standard (NBS) strength level of heritage buildings. We found this to be highly controversial. Not only was the accuracy of the standard itself questioned, but many respondents commented on the variability of such engineering assessments as well as the very definition of "earthquake prone."

As at 30 October 2014, when we began our enquiries, Wellington City Council had assessed a total 5260 buildings. These assessments were part of their initial evaluation procedure (IEP), which consists of desk-based research as opposed to a thorough engineering assessment. IEP assessments are not meant to provide an accurate picture of the structural health of a building; therefore owners of earthquake prone buildings must have their NBS strength assessed. This is a more thorough evaluation conducted at owners` expense, which provides further detail on how to strengthen the given structure.

Our research found that these issues were complicated by building owners' difficulty in finding the right engineer in a reasonable amount of time. The Christchurch earthquakes have increased demand for structural engineers, creating shortage across the country, with some building owners in Wellington reporting a 10-24 month wait for qualified engineers to begin their assessments. On the other hand, developers reported little difficulty in attracting engineers, suggesting that the problem may be due as much to willingness to pay as to the supply of qualified engineers.

Respondents were unanimous in their opinion that engineering assessments were markedly wide-ranging with an artificially low number of so-called 'safe-bet' low-NBS assessments. This may be due to conservatism among engineers due to the unprecedented level of scrutiny on the profession after the experience in Christchurch.

Anecdotally we understand that there have been a number of cases where different engineers came to varying conclusions about the same building's strength. Wellington City Council also reported to us that a survey of heritage building owners found that 73% were unsure of the NBS level of their buildings. In addition, owners pointed to the uncertainty around regulatory changes affecting the definition of, or threshold for, earthquake prone buildings as a reason for them to defer both strengthening and commissioning strength assessments.

In summary, heritage owners reported difficulties in commissioning building assessments and the standard of these assessments is widely believed to be inconsistent; their outcome highly dependent on the ability of the contracted engineer. This is believed to stem from a post-Christchurch uncertainty in the structural engineering profession leading to variable strength assessments. Finally, uncertainty around potential regulatory changes reinforces owners' wider stance towards heritage mandates.

ISSUE 2: INFORMATION ASYMMETRY

We found access to comprehensive information to be an overarching issue. While we found market players such as knowledgable investors and developers to be highly capable and aware of most, if not all, financial and regulatory implications in the heritage context, the same cannot be said for owners, tenants and body corporates. Knowledge of insurance premiums, strengthening costs and consenting procedures are all areas where some owners can find it hard to access and understand information. Another common misunderstanding is around resource management consents, which are believed to be required for all works on heritage buildings while in reality they are only needed in the case

of façade alterations. Strengthening plans which are later rejected by the council can also contribute to a lack of progress and thousands of dollars spent. There is general agreement that information asymmetry is a problem, with some pointing to better council coordination as a possible solution for owners in these circumstances.

A combination of the intractability of law and inconsistent building assessments discourages owners. For example, the planned work for one of our case study participants, a body corporate with a heritage building, was put on hold because of the lack of access to comprehensive information. This was a result of numerous misinterpretations of how Heritage New Zealand grants or vetoes consents.

An interesting comparison can be made to the situation in Dunedin which is home to 753 listed heritage buildings (compared to Wellington's 133 quake-prone heritage-listed buildings) and it has 3000 buildings requiring IEP assessment, half of which have some type of protection. Dunedin is early in this process and receives a high number of enquiries and requests. Accordingly, the city appointed a council-funded official to assist owners to get the right information and to facilitate between owners and relevant authorities and organisations including consenting authorities, heritage advocates and owners. These have proved to materially assist participants. Once the complex hurdles for owners become apparent to other stakeholders, more flexibility and concessions tend to follow. Free workshops with engineers are also provided to equip owners with knowledge on strengthening options.

Wellington City Council also provides pro-bono consultation services, both in support of the pre-application processes and independently, with the latter resembling the Dunedin practice. Nonetheless, the response of owners we spoke with demonstrates that awareness of such facilitation is limited.

In summary, a lack of centralised information, seemingly conflicting advice and difficulties with regulations can be major hindrances to strengthening efforts. Stakeholders unanimously agree that increased facilitation involving all parties, or a case management approach, is an effective first step to overcome the issues outlined in this document.

ISSUE 3: FINANCIAL CONSTRAINTS

The main barrier to the heritage remediation process is the tremendous cost of strengthening. This is exacerbated by limited access to capital from both public and private sources and the returns able to be achieved after the process has been completed.

Since heritage preservation is a shared objective, many argue that its costs should be shared. However, despite all agreeing that preserving heritage and maintaining public safety is a shared objective, we found differing views on financial responsibility, particularly as to the extent of burden distribution.

Wellington City Council provides some limited financial support with an annual fund of $400,000[4] for subsidising remediation efforts. The council also offers rates remission as well as consent fee reimbursements.

While burden sharing as an option is debated, none dispute the enormity of strengthening costs. Wellington City Council also reported to us that a survey of heritage owners found that 50% of respondents had investigation and reporting costs in excess of $30,000. Roughly 80% of this group had costs in excess of $60,000, with some reaching up to as much as $200,000. Our case study provides a good example of this pre-strengthening financial burden with reporting and assessment costs reaching $150,000.

The Council survey also found that only 25% of building owners had strengthening costs below $300,000 dollars, while research undertaken by the Inner City Residence Association indicated that 40% had individual strengthening costs of between $300,000 to $400,000. These numbers clearly illustrate how constrained public funds are in supporting the remediation of earthquake prone buildings and we understand that council and government are not likely to materially increase the amount of funds available. Therefore we also asked stakeholders about the availability of funds from private sources such as banks.

Even in the best of circumstances, such as sole ownership and stable financial backing, funding via banks is uncommon. It is rarer still once owners are part a body corporate, which introduces the added hurdles of the Unit Titles Act. According to the Inner City Residence Association, less than 10% of owners are looking to banks for a special purpose loans, with around a third planning to undertake strengthening from savings. The remainder are equally split between those choosing increased mortgages and those who are undecided. We understand that banks often refrain from lending because of high loan to value ratios as well as the inherent risks of these earthquake prone buildings.

[4] Since producing this issues paper, Wellington City Council's Long Term Plan has proposed increasing this to $1 million

We also note the difficulties caused by a lack of insurance coverage for buildings where owners are financially healthy but chose not to pay high insurance premiums. Our research showed that the absence of affordable insurance is a barrier preventing owners from turning to banks.

Building owners told us that insurance premiums rose steeply after the Canterbury earthquakes, and while they have now decreased they still remain higher than before. Along similar lines, building owners reported that getting information from insurance providers on what drives premiums can be difficult. Property developers reported the need to self-finance and commission reports, which in turn can be passed on to insurance providers as an argument against a high premium. This is an option that is out of reach for many owners.

In summary, we can conclude that public funds and support is not sufficient to effectively reduce the number of earthquake prone buildings by eliminating excessive financial burdens. Since the Christchurch earthquakes these financial burdens have only intensified with rising insurance premiums prompting discontinued coverage, which in turn inhibits banks' lending appetite and ultimately leaves owners with little support and towering strengthening invoices.

ISSUE 4: BURDENSOME SPECIFICATIONS

An often-cited reason for the prohibitively high cost of strengthening is the fact that regulations, especially like-for-like work specifications and miscellaneous rules, do not factor in economic viability to their equation in the context of strengthening.

This is perhaps most apparent in the case of resource management consent applications where the council has the power to rule on proposed strengthening or demolition plans. A number of owners we consulted feared this process as one of vaguely defined guidelines and perceived subjectivity, capable of rendering reports costing tens of thousands of dollars worthless.

From our discussions with various stakeholders we know that a sizeable majority of consent applications are processed without any issues. We also know that the council is relatively open to compromise, although not necessarily to a point that could materially reduce the capital intensity of certain strengthening projects as they must carefully weigh the benefits of strengthening to the loss of heritage integrity and authenticity.

We found that the primary barriers hindering owners are not the consenting process but rather the resource intensive nature of like-for-like strengthening. A council survey found that 50% of heritage owners find strengthening too expensive, making all of their options economically unviable.

While this fact seems to stem from actual strengthening costs, we found that like-for-like strengthening costs are comparable to reinstatement cost figures. High reinstatement costs are also clearly a major issue for most heritage buildings, as are constrained finances and the temporary suspension of rental incomes.

ISSUE 5: MARKET SENTIMENT: RETURN ON INVESTMENT

While earthquake prone buildings are clearly a major risk to public safety, and there are a number of other issues as we have discussed, our research found that the residential rental market has a considerable appetite for such buildings. We found that earthquake prone residential buildings and their apartments are receiving similar rents to their non-earthquake prone counterparts. As one stakeholder we spoke to explained, residents living in

earthquake prone units do not ascribe a risk factor to justify discounts. Our case study participants' buildings illustrate this fact with their rented units commanding no discount.

In the face of the previously discussed financial barriers, and taking into account the relative competitiveness of rental units, we understand how certain building owners are hesitant to undertake capital intensive strengthening. This work often means the temporary eviction of tenants which only serves to magnify their already considerable financial burden. Yet this issue is not mirrored in apartment sales. One report commissioned by Wellington City Council found the sale price for a 71 sqm earthquake prone apartment unit on Cuba Street to be at an average discount of 30% to similarly sized apartments with no seismic deficiency.

One commercial real estate valuer we spoke with noted that the commercial market is especially sensitive to earthquake prone units; buildings that are below the 67% NBS level are unlikely to be considered. Furthermore, developers and individuals would have already invested in such buildings if they were profitable. Some owners we spoke to believe that commercial heritage units can only be profitable, given the current regulatory regime and high cost of strengthening, when they are in a prime location. Another developer we spoke to echoed these sentiments, offering the opinion that non-prime heritage buildings with low square meterage will fail commercially since like-for-like strengthening and reinstatement cannot be rationalised through rental income.

Our Cuba district based case study building is in a similar situation with like-for-like strengthening unprofitable. The owners are in the process of negotiating with developers to overhaul the building, although they understand that partial façade alterations are inevitable. In this case, in the absence of market forces to rely on, they seem to be relying mainly on the grace of Wellington City Council.

ISSUE 6: ABSENCE OF LAST RESORT OPTIONS

When owners are unable to act, and neither the council nor banks can provide funds, it is usually the market that is most efficient in remediating or disposing of such buildings. However, as noted above, from a business perspective taking on excess burden is not an option for building owners under current circumstances.

In the case where certain buildings are deemed to be impossible to remediate due to engineering, financial constraints and/or a lack of market appetite, owners often need to turn to last resort options. The most widely-publicised of last resort options we know of is the case of the Harcourts Building demolition. The owner, Mark Dunajtschik, has offered to sell his building for a mere dollar. However, neither the council nor Heritage New Zealand could seriously consider such a deal given the strengthening costs involved.

In the absence of a response, Mr. Dunajtschik chose to pursue the option to demolish the building. This caused an unprecedented degree of opposition from heritage advocates and local authorities. The inherent struggle between the opposing sides was created by a conflict between the Resource Management Act and the Building Act. In this case, Mr. Dunajtschik was required by the Building Act to explore all strengthening options or demolish the building. However, his consent application was denied on the grounds of the Resource Management Act. While a High Court ruling offered resolution to the conflict in law, the subsequent decision of the Environment Court still ordered Mr. Dunajtschik to strengthen on the basis of claims that he did not explore strengthening options in their entirety.

Unfortunately, one of our case study buildings is in a similar position to the Harcourts Building, though in this case the building owners already explored all strengthening options. The like-for-like strengthening options are not commercially viable and the building's fate is swiftly heading down a similar path. Stakeholders agree that in cases like this the status quo is the only last resort option, which fundamentally contributes to greater risk to the public.

CASE STUDY

Our primary case study subject, a Cuba district based residential heritage building, embodies the complexity and financial burden to owners on the road to strengthening. After more than $150,000 spent on studies, reports and other administrative expenses, the building is still not in the phase of beginning works and its potential strengthening costs are close to ten million dollars.

Like many other heritage buildings in dense historic areas, the subject building shares a wall with another earthquake prone heritage building. The two body corporates joined forces to find an acceptable strengthening solution. Despite profitable demolition and development options, the owners choose to pursue the retention of their building.

The buildings are listed on Council's district plan and include 37 apartment units, which are equally owner-occupied and rented. The case study building is not insured, yet it still has active

mortgages on units. We understand that the banks are not willing to acknowledge the lack of coverage as this would result in an immediate loss of the mortgage vehicle since the underlying asset is unsecured and not marketable. Regardless of the building's earthquake prone designation and insurance coverage deficiencies, apartment owners rent their units at prices on par with other comparable sized apartments.

The building was declared earthquake prone in 2010 after a Council IEP assessment. Subsequently the owners were invited to provide a more detailed assessment at a cost of $50,000. This assessment found the building to be significantly stronger than the IEP assessment, yet still below the 34% NBS threshold. The commissioned engineer proved to be unreliable prompting the owners to contract another firm to develop an indicative strengthening scheme and provide a sense of expected costs. Since the new firm could not rely on the previous firm's NBS assessment, the process had to start all over again. During this time the Christchurch earthquakes occurred causing the firm to immediately walk away from the project and further delay strengthening efforts. After having already spent $75,000 the building still needed the required reports, therefore this time the owners commissioned a project management company to orchestrate the strengthening process, costing another $25,000 dollars. The latter evaluation estimated strengthening costs at $9.7 million, close to the building's value of $11 million.

The nature of the building's structure only allows for one strengthening option, costing approximately $400,000 per unit. This amount is roughly equivalent to the market value of each apartment in the buildings. As a consequence, the owners stepped back to re-consider their efforts. The body corporate had only $300,000 available meaning the owners would need more capital. The lack of insurance, after their premium ballooned from $25,000 to $160,000 per year, means they cannot access financial support from banks. Additionally, the building's payable rates did not decrease upon the designation. A prerequisite to a rate decrease is a valuation by a quantity surveyor. While a potential re-evaluation would lower rates payable, it would also impose complications on some highly levered mortgages in the building and potential re-financing for strengthening work, thus the owners are not interested in pursuing such an option.

Given the circumstances, owners explored the option of selling to a developer but found that any offers came with material discounts attached. Following consultation with the project managers, it was apparent that any development would have to be initiated by the owners themselves, only involving developers once sound plans are in place.

An option was presented which involves a 50 metre high tower built on the site. This was the only option providing a financially tolerable scenario, though still a lossmaking one.

Because of the Harcourts case, the owners were aware of the importance of heritage values. Accordingly they chose to pursue an alternative in which the new tower rises from the middle of the building, allowing at least a partial retention of the façade and the current premises. In early negotiations Wellington City Council were not supportive of the option due to the partial loss of the façade.

The case illustrates the countless efforts of the owners to strengthen, develop and rationalise the situation. Yet they are forced to embrace the status quo if the council does not agree on a compromise. In fact, the building owners are incentivised to do so, since rented units can sustain a stable source of cash flow and can defer potential strengthening costs. The owners expressed their commitment to retain the building yet the current strengthening scenario's costs are so large that even a lossmaking development is a more feasible option. They noted the absurdity that in the case of a council denial the only action left is the status-quo and awaiting court proceedings upon the expiry of the Building Act section 124 notice after 2020.

CONCLUSION

In conclusion, we can comfortably state that the issues surrounding heritage buildings are extremely complex and far-reaching and any solutions will need to reflect this – there is no one "magic" solution. We understand that remediation is challenged from the beginning when evaluation and the exact structural health of a building are disputed. Owners are left in doubt as to which path to follow since there are also regulatory uncertainties. Additionally, there is little awareness of the comparatively limited amount of council support available. On the financial side, the extreme costs of strengthening are driven by both strengthening and reinstating costs. Owners are hard pressed to access capital for such purposes from either public or private sources and banks often refrain from lending due to high risk and lack of insurance coverage. While the wider market is simply disinterested, a combination of burdensome specifications and a lack of compromise are the main reasons keeping owners from remediating these buildings through profitable strengthening plans. Despite these numerous complexities, the unanimous consensus points to a council facilitated strengthening process as an attainable low-hanging fruit on the road to reducing the risks associated with Wellington's bending moment.

A moment that is inevitable.

RECOMMENDATIONS

1. Central government should clarify the regulated definition of NBS.

2. Central and local governments should follow the recommendation of the Canterbury Earthquakes Royal Commission that securing dangerous buildings "should not be impeded by the consent process and that life safety should be a paramount consideration for all buildings, regardless of heritage status."

3. Council should weigh carefully which buildings really provide the most heritage value, and how the city can provide the greatest amount of heritage preservation on a limited budget.

4. Central government should consider capping the proportion of each city's buildings that can fall under a heritage designation.

5. Councils should reconsider the continued heritage status of buildings listed as earthquake-prone.

6. Councils should increase the pool of funding available to enable repair works or be more willing to compromise with owners in finding effective repair solutions. Central government could contribute to these funds as matching grants.

7. Council should better track the strengthening progress of heritage buildings. Our enquiries with Council as to the strengthening status of heritage buildings found no systematic records that could form the basis for assessing which kinds of buildings become stalled in the process.

8. Council could expand current pro-bono consultation services around earthquake prone heritage buildings.

   This could include things like:

   - taking a case management approach to facilitate early stage joint discussions between consenting authorities, heritage advocates and owners
   - co-ordinating free workshops to equip owners with knowledge of strengthening options
   - providing a council-employed engineer specialising in heritage buildings to provide assessments
   - producing simplified how-to guides for building owners
   - facilitating peer-to-peer lending to enable current building owners access to non-traditional sources of capital

9. Central government should consider switching to a liability-based regime to ensure that the most important strengthening works are most quickly undertaken.

ABOUT DELOITTE

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ABOUT THE NEW ZEALAND INITIATIVE

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Our mission is to help build a better, stronger New Zealand. We are taking the initiative to promote a prosperous, free and fair society with a competitive, open and dynamic economy. We develop and contribute bold ideas that will have a profound, positive, long-term impact.

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