



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



Substantial alterations regulations consultation

Threshold for substantial alterations for earthquake-prone buildings

January 2019

Questions

Please answer the following questions and give reasons for your views. MBIE is particularly interested in your view on the costs, benefits and risks of each proposal. Where possible and appropriate, please provide quantified estimates of the costs, benefits and risks.

1. Do you agree with the issue identified that the current regulations have a disproportionate impact on provincial and small towns compared to urban centres where the same alterations would not meet the substantial alterations threshold?

Yes. Smaller provincial towns have buildings of lower value which means that minor alterations requiring a building consent may trigger the substantial alterations provisions of the Building Act 2004. A one size fits all approach is not commensurate with the different circumstances in smaller centres. Owners of typical main street URMs frequently struggle to find tenants for the ground floor, let alone the upper floors. Rents are commensurately low. These towns currently face the very real prospect of owners electing to walk away or demolish rather than upgrade.

2. Do you have any additional information on the primary use(s) of the buildings that are affected by the EPB substantial alterations regulations in provincial and small towns?

No.

3. Do you think the proposal to add a minimum dollar value as a qualifier to the current threshold will address the issue identified? If you disagree with the proposal, please recommend an alternative approach to address the issue identified.

Engineering New Zealand is concerned that the proposal may delay seismic strengthening of earthquake prone buildings.

The substantial alterations provisions of the Building Act 2004 and its regulations are intended to promote progressive upgrades of earthquake-prone buildings but may be have the opposite impact and prevent incremental improvements. We suggest that if a minimum value is to be set, then it could be linked to strengthening work. If the Building

Consent Authority is satisfied that the improvements reduce life safety risk, at least in the part of the building being altered, then there is a case for consenting the work even if a building remains under 34% of NBS.

4. Which minimum value, \$100,000 or \$200,000, do you think would be the most appropriate value to mitigate any disproportionate impact of the regulations for provincial and small towns? And why?

The minimum values appear to be set high relative to the low market value of EQPB buildings in provincial and small towns.

Expenditure of up to or over \$100,000 is substantial and to invest that level of capital without strengthening may not be a prudent investment.

5. What types of building work do you think would fall under each minimum value, \$100,000 or \$200,000?

New facilities, such as toilets or kitchens.

Some incremental work to strengthen a building.

6. What do you think the impacts, benefits and costs of a \$100,000 minimum value would be? What do you think the impacts, benefits and costs of a \$200,000 minimum value would be?

We agree that some low value earthquake-prone buildings may remain earthquake-prone for longer and may be more likely to be occupied thereby increasing the risks to public safety.

7. Do you have any other comments on the proposal to amend the regulations?

We prefer a more planned and less ad hoc approach with a wider problem definition.