

Hon Maurice Williamson

**Minister for Building and
Construction**



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Media Statement

Embargoed until 4pm

Government announces leaky homes package

The Government has today announced its financial assistance package to help people get their leaky homes fixed faster.

The package centres on the Government and local authorities each contributing 25 per cent of agreed repair costs and affected homeowners funding the remaining 50 per cent backed by a government loan guarantee.

Building and Construction Minister Maurice Williamson says this is about the Government stepping up and tackling a significant issue.

"The Government wants to ensure we get a fair solution that will assist affected homeowners to move on with their lives," he says.

Mr Williamson says the scale of the leaky homes issue is equivalent to a natural disaster of huge proportions and it is having a considerable impact on the wealth and health of many thousands of New Zealanders and their families.

"Affected homeowners have been stuck in a complex and costly disputes process for too long with little prospect of being able to fix their leaky home," Mr Williamson says.

"Even though the Government has no legal liability, the magnitude of the issue means central government involvement is essential if we are going to find a way forward," he says.

"This package will assist affected homeowners to get access to money so they can get their homes fixed and move on with their lives," Mr Williamson says.

There are a large number of homes in New Zealand that are leaking, damp and mouldy, and are rotting over time.

In July 2009, a PricewaterhouseCoopers report estimated that between 22,000 and 89,000 homes were affected with a consensus forecast of 42,000 dwellings that were likely to be leaky homes. Only a minority – around 3,500 – have been repaired to date.

"There could be more than 80,000 people living in leaky homes, many of whom can't afford to sell or access money to get them fixed," Mr Williamson says.

The financial assistance package will see the Government meet 25 per cent of homeowners' agreed repair costs, local authorities contributing 25 per cent and homeowners funding the remaining 50 per cent, with a loan guarantee underwritten by the Government, provided applicants can meet bank lending criteria.

"The Government will also cover the administration cost of the new package. This means the Government's actual contribution is around 29 per cent of the total cost of the package," he says.

Mr Williamson says the package was today presented to Auckland Transition Agency Executive Chairman Mark Ford and Mayors Kerry Prendergast and John Banks as the key representatives of those local authorities most affected by the leaky homes issue.

"Local authorities have been invited to participate and asked to respond to the Government's offer by Monday 31 May 2010."

Mr Williamson says the eight major retail banks have been briefed about the financial assistance package and have indicated their willingness to work with the Government on the detail of the proposal.

"If, as officials forecast, 70 per cent of affected homeowners within the 10-year liability limit take up this package, the Government is anticipating its share will be around \$1 billion over the next five years," Mr Williamson says.

"Once the local authorities have responded, the Government will begin working through the complex details of how it will work with the parties involved. We are aiming to have the new package up and running early next year," he says.

Affected homeowners will need to make a claim under the Weathertight Homes Resolution Services Act to access the financial assistance package once it is launched.

"In the meantime, homeowners can apply to the Department of Building and Housing to make a weathertight claim. If their claim is accepted, that 'stops the clock' on the 10-year limitation for claims."

Mr Williamson says the financial assistance package will be voluntary and in addition to the current disputes and litigation process.

"Those homeowners who participate in the package would forgo the right to sue local authorities or the Crown in exchange for a combined government and local authority direct payment of 50 per cent of agreed repair costs."

Homeowners will still have the option to pursue other liable parties such as builders, developers and manufacturers of defective products.

The intention is that homeowners who currently have claims in the weathertight system yet to be resolved will be able to apply for the financial assistance package.

Owners of leaky homes who would like more information should visit www.dbh.govt.nz or phone 0800 116 926.

Media contact: Kelly McAra 04 817 9783 or 021 02119701