

Residential Earthquake Prone Building Financial Assistance Scheme

Last updated: 30 June 2020

The application criteria have been established for the Residential Earthquake-Prone Building Financial Assistance Scheme.

The loan scheme, which was announced in Budget 2019, will help unit owner-occupiers in REPBs facing hardship over earthquake strengthening costs – particularly those in areas of high seismic risk.

The Scheme will be delivered and managed by Kāinga Ora – Homes and Communities on behalf of the Crown, with applications to open late-2020.



Applicant eligibility

Applicants must:

- Be a New Zealand citizen, or ordinarily resident in New Zealand, or overseas persons allowed under the Overseas Investment Act 2005;
- Be an owner-occupier of that household unit for the duration of the loan;
- Demonstrate:
 - the inability to obtain finance for EPB seismic retrofit from a Reserve Bank of New Zealand registered bank or non-bank deposit taker; or
 - where finance from one of the above entities can be obtained it is conditional upon the unit being sold when the building is no longer earthquake prone; or
 - where finance from one of the above entities can be obtained, but would cause the owner significant financial hardship;
- Have an adequate credit history

If you're a home owner who receives a loan under this scheme from Kāinga Ora, you cannot get an Accommodation Supplement from Work and Income. If you're already getting an Accommodation Supplement, this will stop from the date you get the loan from Kāinga Ora. You won't be able to get an Accommodation Supplement until you've repaid the loan and the mortgage obligation is discharged.

Unit and building eligibility

- The Scheme will be limited to units purchased before 1 July 2017;
- The unit must be within a building in an area of high seismic risk and which is two or more storeys and contains three or more household units (or is a household unit within a mixed use building);
- The unit must be within a building where the relevant territorial authority has issued a earthquake-prone building notice.

Loans

- Loans are only for seismic retrofit to achieve seismic performance *up to* 100% NBS - i.e. no more than 100% NBS;
- The maximum loan secured against any one unit will not exceed \$250,000 (but with limited discretion for the Chief Executive of Kāinga Ora to approve amounts above this level on a case-by-case basis);
- Loans will become repayable on the unit's sale, 12 months after the last owner's death, if the owner is no longer an owner-occupier or if the borrower defaults. Borrower default refers to a situation where there is another mortgage on the property and the borrower defaults on that loan and/or they become personally insolvent or obtain a loan by deception;
- The loan provides for voluntary loan repayments (with no early repayment fees);
- Loans will be secured by a mortgage, charge, or another security against the unit's record of title (or equivalent);
- Applications to the Scheme will close on 30 June 2027;
- Successful applicants will be required to pay half of the actual costs of establishing the loan (establishment fee) to a maximum of \$500;
- The Scheme settings will be reviewed 12 months after becoming operative

Interest rate settings for the Scheme

- The below market interest rate for the Scheme will be set at 60 percent of the sum of the Reserve Bank's monthly average of five year fixed interest rates and a low equity margin of 1.25 percent;
- The interest rates will be fixed for five years with rate reviews at loan anniversary and interest rates will be calculated daily and compound annually.

Expression of interest

Complete an [Expression of Interest form \(https://www.building.govt.nz/managing-buildings/managing-earthquake-prone-buildings/residential-financial-assistance-scheme-eoi-form/\)](https://www.building.govt.nz/managing-buildings/managing-earthquake-prone-buildings/residential-financial-assistance-scheme-eoi-form/) for the Residential Earthquake-Prone Building Financial Assistance Scheme



New Zealand Government

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