

## Auckland City Centre Resident's Group

Submission On: Unit Titles (Strengthening Body Corporate Governance and Other Matters) Amendment Bill

Submission From: Auckland City Centre Residents Group (CCRG)

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### Preliminary

New Zealand has a chronic housing shortage that is the outcome of a 50-year political gestation. New Zealand also earns most of its income from agricultural, horticultural, timber, seafood and tourism. To protect our income source, we must protect the source of our income. Inevitably this means that New Zealand must build upward not outwards if we are to provide everyone a home.

The Unit Titles Act 2010 is the current legislation applying to the development, governance, management and financing for various types of multi-unit housing in New Zealand.

In its present form, It is not fit for purpose and the above Bill proposes a range of amendments to accommodate some of the shortcomings of the Act.

However, CCRG see this as only the beginning of an exercise that is required to provide legislation that is fit for purpose.

In terms of achieving the social outcomes required, Parliament needs to act now on the critical areas of immediate change and deliberately programme a more fulsome review over a longer time period.

This need is covered succinctly in the Explanatory Note of the above Bill –

*The law relating to high-density housing, the Unit Titles Act 2010, therefore requires **on-going scrutiny** to ensure that it is adequate for its purpose and effective in dealing with the change in circumstances of its use, including to ensure it provides sufficient protection for people buying or already living in a unit title complex.*

### Primary Issues of Concern

#### Proxy Voting

CCRG totally support the new proposal outlined in clause 10 of this Bill.

#### Attending Meetings and Voting by Remote Access.

CCRG support this necessary clause as it promotes a more democratic voting process.

#### Types of Multi-Unit Development

CCRG would recommend that ALL residential multi-unit developments are covered by the same legislation irrespective of the number and size of those developments.

We also consider that the same legislation could apply to commercial multi-unit developments to ensure that the capacity to change use from commercial to residential is seamless and easy to achieve.

#### Primary and Secondary Legislation

The current legislation contains a lot of details that could be dealt with more efficiently in regulations.

This also allows the capacity to deal with changing circumstances quickly and our housing industry needs that flexibility.

### Body Corporate Chair/Committees

CCRG supports the proposed changes in the Bill where the Body Corporate Chairperson is automatically Chairperson of the Body Corporate Committee.

It is some nonsensical for a Body Corporate to have two Chairpersons so we support the deletion of s112A(2) of the current Act.

### Body Corporate Managers/Secretaries

This an area of huge concern for CCRG.

There is currently no requirement for the above entities to be licensed, registered, or belong to a professional body who can hold its members accountable i.e. NZ Law Society, Real Estate agents, ENZ, CAANZ, etc.

It is not uncommon for Body Corporate Managers/Secretaries to be holding sums exceeding \$50m in bank accounts so, from a housing perspective, it is critical that there is some protection for those funds.

CCRG are not aware of any existing body that could pick up that role but, given the quantum of funds involved, and the number of houses impacted, we think it is critical that an entity is created.

Real Estate Agents are required to be licensed and they would each deal with less funds than Body Corporate Managers/Secretaries.

We therefore support Clause 35 but we want to see an addition to the clause to ensure that Body Corporate funds are protected e.g., Trust Accounts similar to those required for lawyers.

### Disclosure Regime

This is an area of major malfunction where it is currently almost impossible for a buyer to obtain accurate, timely and full information on the state of a particular multi-unit property/development.

Many Body Corporate's and/or their Managers/Secretaries will only record in meeting minutes information that does not diminish the value of their properties.

This often allows some owners with early knowledge, often members of the Body Corporate Committee, to sell properties prior to the disclosure of major building defects.

CCRG therefore supports new sections 146 - 151 of the Bill.

### Long Term Maintenance Plans

The current legislation makes the development of a Long-Term Maintenance Plan obligatory but funding the plan is optional – a total nonsense in terms of legislative requirements.

CCRG believe that both developing and funding a LTMP is an essential aspect of housing integrity.

In that regard we would not support the proposals in the Bill that provide different requirements for different sizes of multi-unit development.

We would prefer instead to see the same rules apply to all multi-unit developments.

Apart from this change, CCRG are supportive of all aspects of clause 157A-157F of the Bill.

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