

Assisting Self-Managing Rebuilding Owners in New Zealand to Rebuild their Homes

Lessons for New Zealand from the 2009 Victoria Bush Fire Recovery

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Introduction

After a disaster, many people are faced with damage to their properties, and a need to rebuild their homes. In Christchurch a significant number of people will be rebuilding their homes or building new homes on recently purchased land. There are many ways in which a person can approach a building project including:

- employ a volume builder, architect, builder or project manager to manage the whole building process (design through to completion) or substantial parts of the project;
- decide to self-manage the building project stages whilst employing different professionals for the different stages of the building;
- if they are particularly skilled, with the correct qualifications, such as being a Licensed Building Practitioner, they could manage and build the property themselves.
- choose to undertake the work themselves through applying for an Owner-Builder exemption.

This bulletin focusses on those people who choose to self-manage the building project stages whilst employing different professionals for the different stages of the building. For this report, these people are termed “self-managing rebuilding owners”. The bulletin draws on lessons from five years of research tracking the rebuilding of Marysville and Kinglake in Victoria following the bush-fires of February 2009.

The self-managing rebuilding owner

The booklet *Rebuild with Confidence - A Guide for Homeowners in Canterbury* (MBIE, 2013) provides advice for people facing the rebuilding process, and points to a need to use professionals to design, build and document the building process (MBIE, 2013, p20). This booklet does not recommend a particular option for the person building a house, giving options such as: managing the project (including contracting the designer, building contractor and sub-contractors); getting the design work done, then contracting a builder who is responsible for hiring sub-contractors or choosing to hire an independent project manager. The report does suggest that “...managing the project yourself can be more stressful and time-consuming, and you may find it harder to hold others to account for defects in the work; however, you have more control over the project, including who does the work” (MBIE, 2013, p27).

The Resilient Organisations Research Team has spent five years undertaking a longitudinal examination of the Victorian Bush Fire Reconstruction. The research agrees with the above MBIE sentiment suggesting that the self-managing rebuilding owner faces many problems when rebuilding their properties. The research found that people self-managing the rebuilding of their properties struggled with their own recovery whilst trying to manage

their own property reconstruction. The following are general observations of some of the problems self-managing rebuilding owners faced during the recovery.

- ***Increased Stress***

Self-managing rebuilding owners faced stress due to coping with losses from the fires but their stress was further compounded by taking on a building project.

- ***Lack of Understanding***

Self-managing rebuilding owners were unlikely to have specific knowledge of the building process. There was a lack of understanding about the process of building a house and the difficulties that can be faced, including decisions required, timings for decisions, navigating the consents process, material procurement, and expectations and understanding of how houses actually get built.

- ***Delays***

Houses built by self-managing rebuilding owners often face delays, usually as a result of scope creep and variations. Delays from not being able to find the right skills at the right time for the building work created problems for the self-managing rebuilding owner. When timings for needing the different professionals changed, the completion of the project was often delayed, which then led to extra costs, including having to find replacement professionals to undertake the work.

- ***Inability to Proficiently Convey Needs***

Self-managing rebuilding owners were uncertain about their actual needs and lacked the ability to visualise the finished product. Self-managing rebuilding owners also found it difficult to convey their needs especially when technical terms were involved and they were expected to make decisions from drawings.

- ***Problems with Funding***

Self-managing rebuilding owners often found they had insufficient funds to complete the work, and therefore ended up with a home which was different, usually smaller, than expected, or worse, a home incomplete which did not comply with the building codes. It was normal for owners to want to build a better house than before. However, if they had an insurance pay-out, this fund was not sufficient to cover their expectations, especially as costs for builders and materials increased.

- ***Being taken advantage of***

Some self-managing rebuilding owners became targets for unscrupulous builders.

- ***Standards not meeting expectations***

There were occurrences of the standard of the building not meeting the expected standards of the home owner.

The Current Process in Canterbury

Under CERA, The Residential Advisory Service (RAS) has been set up to offer free, independent help to residential property owners who are facing challenges in getting their home repaired or rebuilt after it has been damaged by the Canterbury earthquakes. The RAS has been established "... to assist property owners whose homes have been damaged by the Canterbury earthquakes and where they:

- disagree with another party over their repair or rebuild, or
- are frustrated or confused about the complex matters involved in getting their homes rebuilt or repaired." (RAS, 2013)

Current RAS issues appear to be around insurance disputes, and the RAS Independent Advisors appear to be qualified and practising lawyers.

What was tried in Victoria was a Rebuilding Advisory Service which had qualified builders offering advice to homeowners on all aspects of the building process, including at any dispute stages (similar to the RAS but with a greater role in proactively assisting owners to build).

The Rebuilding Advisory Service in Victoria operated to provide advice before owners commenced their building projects, discussing the various rebuild options available, including checking contracts and advising on the norms for structuring payments. Such a service assisted in preventing vulnerable people being taken advantage of by opportunistic builders. For instance there were initial reports of builders taking large deposits and then disappearing. Once established the Rebuilding Advisory Service in Victoria was able to provide good advice on procedures and how to avoid potential problems and how to solve problems that had occurred.

The RAS in Canterbury appears to have been set up to deal with insurance related issues. Various options might exist to manage the post-insurance rebuilding of homes. For instance there could be scope to enhance the RAS within its current focus, or a different but analogous service, perhaps one that Master Builders might be interested in supporting, rather than insurers, could be an option for post-insurance settlements issues for people dealing with the tricky issue of home building. If the RAS is not able to extend to providing assistance with the likely problems self-managing owners might face with rebuilding, then there needs to be some service available. If no service is provided the Government may find itself with a large number of partially completed, unconsented properties from owners unable to afford completion.

The Australian bush fire recovery experience suggests that self-managing rebuilding owners are likely to run into difficulties. If not managed well, these difficulties will add to the costs of recovery. If possible, alternative methods of building to self-managing should be strongly encouraged. Homeowners looking for options should be encouraged to consider volume building companies with proven track records, professional management (architects, project managers, builders, engineers), prefabricated options or select professionals from an approved list. If owners choose to self-manage the rebuilding of their properties, then a service needs to be provided to assist.

Recommendations

- Provide an appropriately skilled advisory service to home owners who are interested in self-managing the rebuilding of their properties. (which could take the form of an expanded RAS, or a new advisory service)
- Provide a register of competent and accredited professional willing to assist home owners to rebuild.

References

MBIE (2013) Rebuild with Confidence - A guide for homeowners in Canterbury, found at:

<http://www.dbh.govt.nz/UserFiles/File/Publications/Building/Guidance-information/pdf/canterbury-rebuild-guide-for-homeowners.pdf>

The Residential Advisory Service (2013): <https://advisory.org.nz/>

Resilient Organisations (2013) see <http://www.resorgs.org.nz/> including the publication discussing some of the above issues:

Mannakkara, S and Wilkinson S (2013) Build Back Better Principles for post-disaster structural improvements, Structural Survey, Vol. 31 Iss: 4, pp.314 – 327