



Discussion Forum

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From: The Press (Stuff.co.nz)

Christchurch Earthquake (22 February 2011)

Govt blamed for losses

LIZ MCDONALD

Residents who lost their homes in a Christchurch retirement village because of the earthquake say the Government is at fault and should help them.

More than 160 people were left with no homes, and in many cases no money, when the Kate Sheppard Retirement Village closed in February because of earthquake damage.

Ken Marsh lived at the complex for about six months and fears he will get back \$50,000 less than the \$225,000 he paid for his unit.

"I think it stinks," he said. "It is up to the Government to help because it was their mistake. They should make up the shortfall people are facing."

Marsh and the other residents had bought the right to occupy their units, in many cases after selling their homes.

All had contributed to insurance cover and should eventually be paid out, but in line with their contracts they will only get back the original price minus the village's cut. Many cannot afford a replacement home or to buy into another complex and are living with friends or family.

Marsh, 75, is living with his son in Rangiora and would "have to borrow one hell of a lot" to buy somewhere else.

The residents' contracts are based on the Retirement Village Act 2003 and a 2008 code of practice, and will leave some with less than half the replacement value.

An original clause requiring a full refund in case of a disaster was removed before the Government adopted the code.

The village is owned by Christchurch businessman Lance Bunting and is insured through the Earthquake Commission and NZI. The claim is believed to be worth between \$25 million and \$30m, making it one of the largest in the city for residential property.

Bunting said the complex had been assessed by loss adjusters as a total loss and a valuation was now being done for the insurers. He hoped to have more information about residents' payouts by the end of this month.

Joe Hollander, whose 89-year-old mother was a resident in the village, felt the Government had an obligation to help. "What about ministerial responsibility? Is this what the act and the code of practice intended? I don't think so.

"Somebody has got to make a decision about the welfare of the residents, and how they are going to be housed in the meantime."

Hollander said his mother was safe living with him and his wife but missed the companionship and independence of a retirement village. "How the heck can these people commit to another village with such reduced equity? The price has gone up so much since they invested, and they could get hit with the same thing again."

A group of the residents' families has hired a lawyer and is fighting to be shown the insurance policy.

Meanwhile, Graham Wilkinson, co-owner of The Russley retirement village in Christchurch, said the issue was tarnishing the image of the retirement village industry. He said villages should change their contracts.

"To be honest, you get your ticket clipped pretty hard when you buy into one of these places, but the upside is you have somewhere for life.

"That promise has been broken."

Retirement villages around New Zealand, including Wilkinson's and a new complex partly owned by Bunting, have offered deals to the Kate Sheppard residents including discounts and loans.
