

Is this NZ's most expensive leaky building? Owners face \$41m bill for apartments

Catherine Harris · 05:00, Aug 10 2020



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Owners of Mountain View apartments in Mt Wellington, Auckland, face "generational" debt after their leaky homes were repaired.

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Paul Running says he is financially and emotionally wrung out after a decade-long battle to repair what may be the country's most expensive leaky building.

Mountain View, a 99-unit complex in Auckland's Mt Wellington, is the country's biggest claimant for government leaky home assistance, with a repair bill of \$41 million plus

Leaky cladding was just the start. Further investigations revealed problems with the roof, shared walls, passive fire protection systems and balconies.



In 2017, \$53m was paid out to help with repairs

NORTH SHORE TIMES

Since 2012, Auckland Council has paid out \$265m to leaky home owners affected by shoddy work that council staff certified as code-compliant. Video first published 2018.

After nearly four years, the repair work was finished in 2018. Now Running and about 50 other owners have secured litigation funding to sue building consultants Maynard Marks, claiming the project would have come in \$20m cheaper if they had been advised to demolish and start again.

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Running, 54, bought a unit at Mountain View in 2007 after a divorce. He never had a chance to live in his unit, firstly because of the need for repairs and, secondly, because he met someone.

However, as his only property, it had been a costly investment.



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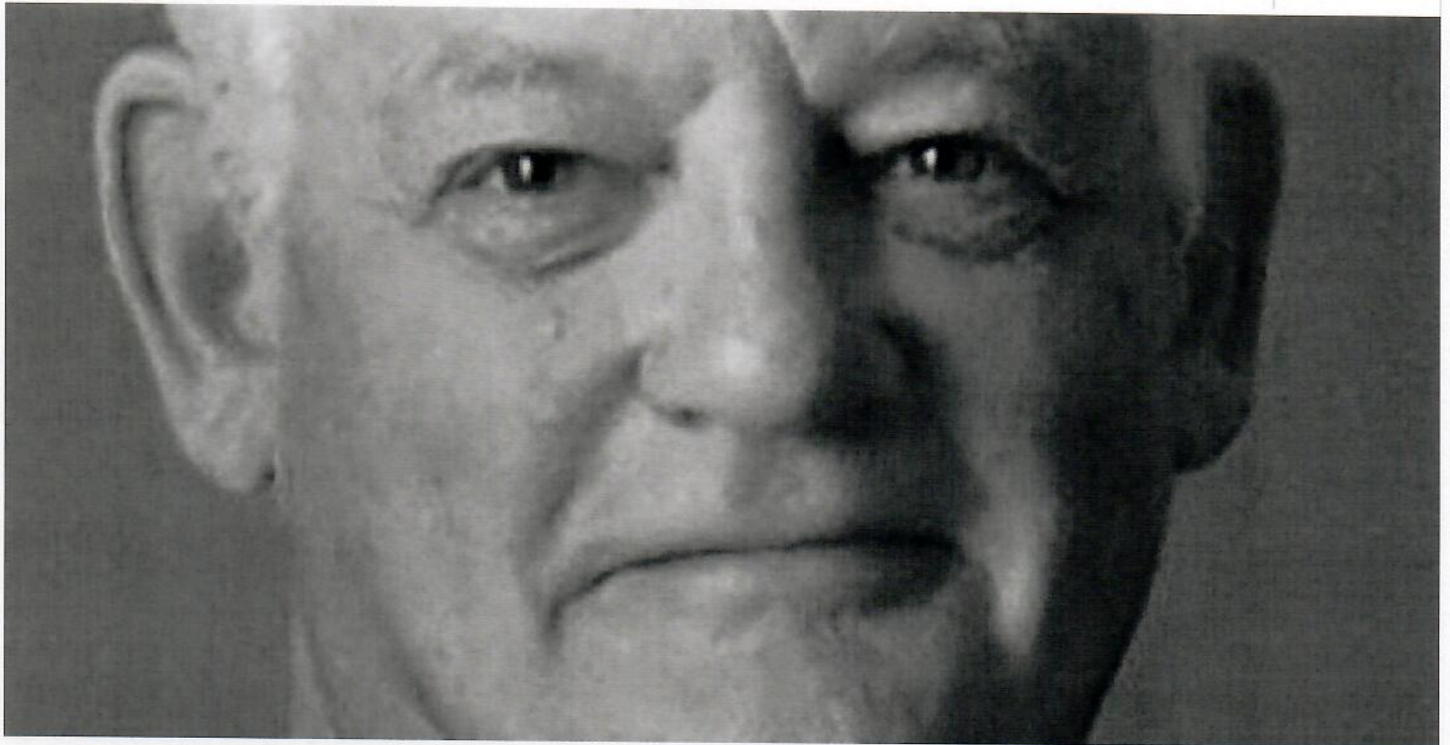
Lee van Rees, an unhappy ex-owner of a unit at the Mountain View apartment complex in Auckland.

"People are absolutely destroyed. If I sell it tomorrow, I walk away with absolutely nothing."

Peter Mansfield also estimates he's lost about half-a-million dollars. He lived at Mountain View for 20 years before selling his unit earlier this year.

"We've come away with about \$90,000 after paying off all the loans."

As a result, he was renting rather than owning a house in retirement.



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Peter Mansfield, who lived at Mountain View apartments for 20 years, said he's lost about half-a-million dollars in equity, not counting other costs.

Mansfield was also building manager at the complex for a couple of years and said many of the owner occupiers were not wealthy. He had seen people literally "worry themselves to death" over the stress.

Another ex-owner, Lee van Rees, had to take a mortgage in retirement. She said the strain of paying for Mountain View's repairs had "broken marriages, families and wrecked people".

She bought her property in 2003 for \$240,000 and sold it earlier this year with a \$211,000 debt.

And under the Unit Titles Act, she believes she might still be liable for historic debts.

"Is the word ruined [too strong?]. I'm retired, I'm 72 years old ... We would have been freehold."



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Lawyer Adina Thorn says the residents at Mountain View have ended up paying twice the value of their homes.

The residents are claiming general damages of \$50,000 each, and at least \$100,000 each for “consequential losses”, plus overpayment on the repair costs. All up, around \$250,000 to \$350,000 each, Thorn said.

Running’s own unit was empty for two-and-a-half years. His father helped put a roof over his head for six months, after which he paid rent and his mortgage of about \$1000 a week.

But he still counted himself lucky.

“A lot of them probably weren’t. If not [for my luck] I would have been declared bankrupt ... or I would have had [incurred] a lot of debt.”

Although Mountain View is now finished, the issues continue. The body corporate is in dispute with the construction company’s new owner over a repayment of over \$2m, and residents are split between those who support the case against Maynard Marks and those who do not.

AARON MARTIN/SUPPLIED

The bill for repairing Mountain View has spiralled from an \$8.3m estimate in 2010 to \$41m plus GST.

Lawyer Adina Thorn, who is heading the class action, said residents had effectively paid twice the value of their homes.

Maynard Mark's original estimate for repairs in 2010 had been \$8.3m, jumping to \$41m plus GST.

"Here the reality is, the costs are being passed down to the next generation."

The claim alleges Maynard Marks, which later became the project engineer, only recommended repairing the building, never to demolish and rebuild.

The residents claim Maynard Marks breached its contract, duty of care and consumer obligations.

However, a lawyer for Maynard Marks, Peter Hunt, says it does not accept that claim.

"The body corporate looked into the option of demolition prior to engaging Maynard Marks, and chose to proceed with a weathertightness remediation/recladding project," he said.

"Maynard Marks also looked into the option to demolish and rebuild but correctly concluded that was not a financially viable option, compared to repairs."

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Cladding was only the surface problem at the once-leaky Mountain View apartments. (File photo)

Hunt said his client had warned residents at the start of the process that there could be hidden defects, which there were.

Resident and former body corporate chairman Peter Scott said when construction began, the body corporate was convinced that demolishing and rebuilding was the much more expensive option.

He said it formed this opinion not from information from Maynard Marks but from valuations given to them by insurers.

Maynard Marks had worked to its scope, and it was hard to turn back when the full scale of the problem was revealed, he said.

Scott, who still lives at the complex, says everyone was disappointed by the repair bill. And as he recalled, the Government's assistance package – a programme now closed but which contributed 25 per cent to the costs – only supported repair work, not rebuilds.

He thought many residents would have struggled to get their banks to agree to a loan for rebuilding, in any case.

Still, he agreed it had been a traumatic process for everyone.

"We didn't have anyone take their life or anything like that, but there was a lot of depression, and a lot of sad stories, a lot of anger. I empathise with that.

The class action has been backed by Australian litigation funder Court House Capital.

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The Mountain View apartments in 2017. Shoddy work signed off by private certifiers was blamed by later reports for the complex's leaky issues.

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