



# Making it easier to build granny flats

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DISCUSSION DOCUMENT

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**Te Kāwanatanga o Aotearoa**  
New Zealand Government



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



*Ministry for the*  
**Environment**  
*Manatū Mō Te Taiao*

## **Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful**

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

### **More information**

Information, examples and answers to your questions about the topics covered here can be found on our website: [mbie.govt.nz/grannyflats](https://mbie.govt.nz/grannyflats) and [building.govt.nz/grannyflats](https://building.govt.nz/grannyflats)

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**ISBN (online): 978-1-991143-89-1**

**JUNE 2024**

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# Ministers' Foreword

It has become too hard and expensive to build homes in New Zealand.

As part of our wider housing and building reforms, we want to make it easier to build small, self-contained and detached houses, commonly known as 'granny flats'.

Changes in New Zealand's population, including smaller family size and an ageing population, mean that demand for granny flats will increase into the future.

While we commonly call these houses 'granny flats' they can support a range of people and circumstances, from young people through to seniors. They can support intergenerational family living and provide a more affordable housing choice.

We are proposing coordinated changes across the building and resource management systems. Firstly, we propose adding a new schedule to the Building Act 2004 to provide a building consent exemption for granny flats up to 60 square metres. Under the resource management system, we propose a 'national environmental standard' that allow a 'minor residential unit' to be built without the need for a resource consent.

There will be safeguards to ensure granny flats continue to meet New Zealanders' expectations of safety and quality, and appropriately manage any environmental effects. We want these to be good homes.

To make sure our changes are successful, it is important we hear the valuable perspectives from all interested people. This document seeks input on our proposals to make changes to Resource Management Act 1991, Building Act 2004 and Local Government Act 2002.

As Minister Responsible for Resource Management Act Reform and Minister for Building and Construction we are pleased to present this discussion document, making it easier to build granny flats, for public consultation.



Hon Chris Bishop

Minister Responsible for Resource Management Reform



Hon Chris Penk

Minister for Building and Construction

# Part one: Introduction and context

'Granny flat' is a common term to describe a small, self-contained house. These are also known as secondary or ancillary dwellings, family flats, minor dwellings, self-contained small dwellings and minor residential units.

The Government has committed to 'amend the Building Act and the resource consent system to make it easier to build granny flats or other small structures up to 60 square metres, requiring only an engineer's report'.<sup>1</sup> This discussion document presents options for achieving the Government's commitment, through potential changes to the Building Act 2004 (Building Act) and the Resource Management Act 1991 (RMA).

The Government is progressing a wider package of work to streamline the building consent process<sup>2</sup> and address the housing crisis. The package includes the 'Going for Housing Growth' policy<sup>3</sup> and their 100-point plan to rebuild the economy.<sup>4</sup> The policy to enable granny flats will support broader outcomes for housing.

## Problem definition – what we want to address

### Housing affordability is a key issue in New Zealand

New Zealand has some of the least affordable housing in the world<sup>5</sup> and home ownership dropped from 74% in the 1990s to 65% in 2018.<sup>6</sup> Over the 12 months to June 2023, average housing costs per week increased 14.5%. Data from 2023 illustrates that over a quarter of households that do not own their home now spend more than 40% of their income on housing.<sup>7</sup> High housing costs have a greater impact on retirees on fixed incomes, Māori, Pacific people, and people with disabilities.

### There is increasing demand and a lack of supply of small houses

In 2018, just under 20 per cent of houses in New Zealand had two bedrooms with 6 per cent having one bedroom. In contrast, more than half of households had one or two people.<sup>8</sup> Demographic changes such as an increase in single parent families, people having fewer children and an ageing population are likely to increase the demand for smaller houses in the future.



### Regulatory barriers increase the time and cost to build new houses and processes should be proportionate to the risks

Housing has become more difficult and expensive to build in New Zealand. The cost of building a house increased by 41 per cent since 2019.<sup>9</sup>

<sup>1</sup> National and New Zealand First Coalition Agreement: page 9.

<sup>2</sup> [Streamlining Building Consent Changes | Beehive.govt.nz](#); [Building products shakeup to lower prices | Beehive.govt.nz](#).

<sup>3</sup> [Speech to the Wellington Chamber of Commerce | Beehive.govt.nz](#).

<sup>4</sup> [national.org.nz/nationals\\_100\\_point\\_plan\\_to\\_rebuild\\_the\\_economy](#).

<sup>5</sup> OECD (2020) How's Life? 2020: Measuring Well-being. OECD Publishing, Paris.

<sup>6</sup> Statistics New Zealand (2020) Census data from Housing in Aotearoa.

<sup>7</sup> Statistics New Zealand (2023) [Household income and housing-cost statistics: Year ended June 2023](#).

<sup>8</sup> Statistics New Zealand (2018) Census data.

<sup>9</sup> The 41.3% represents the cumulative increase since the fourth quarter of 2019. This mostly occurred in 2021 and 2022.

Regulatory compliance costs for consenting and building are part of what drives housing costs. Building consent fees for a small house are estimated to be around \$2,000-5,000.<sup>10</sup> Where a resource consent is required for a small house, it is estimated to cost around \$1,500.<sup>11</sup>

Homes consented in the June 2022 quarter took, on average, over 16 months to reach their final inspection (up from over 14 months in the June 2021 quarter) and a further two months to receive a code compliance certificate.<sup>12</sup>

This has an impact on the number of small houses being built. If costs and processes were less, more smaller houses would likely be built. If more are built, unmet demand would reduce and the cost of housing would likely decrease.

**Question 1:** Have we correctly defined the problem? Are there other problems that make it hard to build a granny flat?

## Outcome and principles – what we want to achieve

The intended outcome of this policy is to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice.

While these houses can be referred to as ‘granny flats’, the proposals are not limited to older New Zealanders or family members.

The principles for achieving this outcome include:

- enabling granny flats and other structures in the resource management and building systems, with appropriate safeguards for key risks and effects
- coordinating requirements in the resource management and building systems, where appropriate
- supporting local government funding and infrastructure by ensuring growth pays for growth
- supporting intergenerational living and ageing in place.<sup>13</sup>

**Question 2:** Do you agree with the proposed outcome and principles? Are there other outcomes this policy should achieve?

## Legislative context - what can you do now

Housing in New Zealand is largely regulated by two pieces of legislation:

1. **the Building Act 2004 (Building Act)** – sets the rules for the construction, alteration, and demolition of new and existing buildings, and
2. **the Resource Management Act 1991 (RMA)** - sets requirements for the management of land use and effects on the environment.

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<sup>10</sup> In a 2022 report *Does size matter? The impact of local government structure on cost efficiency*, the New Zealand Infrastructure Commission estimated the median fee to process a building consent for a \$350,000 new build residential dwelling at \$3,780, but also noted that there was considerable variation in costs between councils (standard deviation: \$1,540). Note that the Building Levy (\$1.75 (incl. GST) per \$1,000 of building work at \$20,444 (incl. GST) and over) and BRANZ Levy (\$1.00 per \$1,000 of the total value of construction work at \$20,000 and over) also attach to building consents (rates as at June 2024).

<sup>11</sup> National Monitoring System 2021/22 consent data for minor residential units.

<sup>12</sup> [Experimental indicators show longer building timeframes | Stats NZ](#)

<sup>13</sup> Ageing in place describes people having housing choices in their local area throughout their lifetime, so they do not have to leave the area to access a specific type of housing.



Development may require both a building consent and resource consent, depending on the context. Although they manage different risks and effects, the Building Act and the RMA collectively determine which rules a development is subject to.

## The Building Act 2004

The Building Act aims to ensure homes and buildings are safe, healthy and durable.

Currently, to build a standalone dwelling up to 60 square metres, the design and building work must go through the building consent process and any restricted building work must be done or supervised by a Licensed Building Practitioner.

Building consent authorities (BCAs) must check building consent applications for compliance with the Building Code before work can begin. During construction, BCAs will inspect the work to ensure it is in accordance with the building consent. When the building work is complete the owner applies for a code compliance certificate and the BCA will issue one if the building complies with the building consent. These steps add time and cost, but they give building owners, tenants, banks and insurers confidence in the quality and function of the house.

Carrying out building work without a building consent when one is required is an offence under the Building Act, with significant fines of up to \$200,000 on conviction and an infringement fee of \$1,000.

### Fast tracked building consent options under the Building Act 2004

There are fast track paths for building a dwelling of 60 square metres or less:

- BCAs must accept a MultiProof approved design,<sup>14</sup> and opportunities for costly delays are limited.<sup>15</sup>
- Offsite manufacturers certified under the BuiltReady<sup>16</sup> scheme can issue their own certificates for a component or building. These certificates must be accepted by BCAs as part of the building consent process.

### Building work that does not require a building consent

The Building Act specifies certain building work that is low-risk, such as certain garages and sleepouts, is exempt from building consent requirements. These exemptions are found in Schedule 1 of the Building Act, and recognise the disproportionate cost of the full building consent process for this work. Under Schedule 1, councils can also use their discretion to give an exemption where they consider that a building consent is not necessary.

Some building consent exemptions in Schedule 1 require the use of a Licensed Building Practitioner, a person authorised under the Plumbers, Gasfitters and Drainlayers Act 2006 or a Chartered Professional Engineer.

All building work must comply with the Building Code and BCAs can issue a Notice to Fix if it does not. This includes consented, unconsented, and consent-exempt work.

### Consumer protections under the Building Act

The Building Act includes a range of protections for consumers in relation to residential building work. These include requirements for written contracts for work over \$30,000, a set of implied warranties that run for up to 10 years and a 12-month defect repair period. In some cases, builders may offer their own third-party surety to attract customers. Examples include the Master Build Guarantee by Master Builders and the Halo Guarantee by NZ Certified Builders.

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<sup>14</sup> MultiProof is a statement by MBIE that a set of plans and specifications for a building complies with the Building code. A building consent application that includes a MultiProof receives a fast-tracked consenting process (BCAs must grant or refuse it within 10 working days instead of the usual 20).

<sup>15</sup> There are several relevant approvals on the MultiProof register for dwellings of 60 square metres or less [MultiProof register | Building Performance](#)

<sup>16</sup> [About BuiltReady | Building Performance](#)

## The Resource Management Act 1991

Under the RMA, councils must develop a district plan and regional plan.<sup>17</sup> District plans are the rulebook for how you can use and develop land. Regional plans set out rules that manage the taking of water, the discharge of contaminants, earthworks and activities in the coastal marine area. These plans tell you what you can or cannot do, and if you need a resource consent.

Most district plans currently allow granny flats and other structures under 60 square metres in residential and rural zones without needing resource consent, if it meets certain permitted activity standards.<sup>18</sup> These standards might include building position, building height and building size and they vary across different district plans. If a granny flat doesn't meet the permitted activity standards in the district plan it will need a resource consent.

Regional plans don't have specific requirements for granny flats but may require a resource consent in certain circumstances, such as for on-site wastewater systems.

National direction under the RMA supports local decision-making and can set requirements for district and regional plans. Appendix 2 outlines the purpose and scope of national direction tools in further detail.

Further information on the RMA is available on the Ministry for the Environment website:

[www.environment.govt.nz/understanding-the-rma-and-how-to-get-involved](http://www.environment.govt.nz/understanding-the-rma-and-how-to-get-involved)

## Safeguards – what risks need to be managed

There are risks that have been considered through the development of the policy to enable granny flats and other structures across the resource management and building systems, including:

- **Building safety and performance** - if building work does not meet minimum standards, there are significant risks to the health and safety of people using the building and risks of property damage. Building failure could include structural collapse, weathertightness issues that create leaky buildings, fire and inadequate plumbing work that creates public health issues. The costs of building failure can be significant and may impact a third party, such as a tenant or neighbour.
- **Trust in building quality** - if buyers, tenants, insurers and mortgage lenders are not confident that a granny flat will be built to a high standard without regulatory oversight it may be challenging to sell, let, insure or finance them.
- **Environmental effects** - overriding rules and standards in RMA plans could impact privacy, create environmental effects and have other unintended consequences.
- **Infrastructure planning** - enabling granny flats will put increased demand on council infrastructure including drinking water, wastewater, stormwater, roading and community facilities. Councils need to know when new homes are built so they can increase infrastructure systems and services and plan for the future.
- **Infrastructure funding** - development contributions are charges that ensure that the costs associated with providing infrastructure and services for new residents is funded by the new residents (or the developer who created the new homes) rather than by the existing residents. Development contributions are currently triggered by a building consent, resource consent or when a new house is approved to connect to council infrastructure. If consents are not needed and infrastructure connections are not recorded, these contributions may not happen.
- **Rating/property information** - when new homes are built a record is created by the council. This record is important as it enables councils to update their rates records, manage infrastructure services, plan to address any risks from natural hazards, maintain accurate property records to report to government agencies and provide accurate Land Information Memorandums (LIMs).

The proposals outlined below aim to mitigate these risks.

**Question 3:** Do you agree with the risks identified? Are there are other risks that need to be considered?

<sup>17</sup> Some councils integrate these plans into a single document (eg, the Auckland Unitary Plan).

<sup>18</sup> 'Standards' are the requirements, conditions and permissions that that an activity must comply with to be deemed permitted and not require a resource consent under RMA section 87A (1).

# Part two: Proposals across the resource management and building systems

## The Building Act

The Ministry of Business, Innovation and Employment (MBIE) has identified options to achieve the objective of enabling granny flats, with related benefits, costs and risks. They include regulatory and non-regulatory options, options that do not require a building consent and fast-tracked building consents. See Appendix 1 for a full description.

Options that do not require a building consent include:

- **Option 1:** Add a new exemption to Schedule 1 of the Building Act for simple standalone dwellings up to 60 square metres.
- **Option 2 (proposed option):** Establish a new Schedule in the Building Act to provide an exemption for simple standalone dwellings up to 60 square metres. It would contain additional criteria compared to the existing Schedule 1 to recognise increased risk from these buildings.
- **Option 3:** Introduce a new opt-in self-certification regime for accredited companies and professionals for, but not limited to, small standalone houses.

Fast-tracked building consent options identified include:

- **Option 4:** Targeted promotion campaigns of BuiltReady and MultiProof, specifically for standalone dwellings up to 60 square metres.
- **Option 5:** New MBIE/Government MultiProof approval for a 60 square metre standalone dwelling.

Option 2 (proposed option) would establish a new Schedule in the Building Act that provides an exemption for simple, standalone dwellings of up to 60 square metres in size. Compared to the existing exemptions under Schedule 1, the new schedule would have additional criteria to recognise the increased health and safety risks associated with granny flats. To mitigate these risks, it would use existing occupational regulation of qualified professionals and would also require using certain Building Code Acceptable Solutions (structure, weathertightness and plumbing related) unless MultiProof or BuiltReady schemes are used. Property owners would also have to notify councils of the work.

This option is expected to reduce time-to-build and regulatory burden (red tape) for simple, standalone dwellings of up to 60 square metres, including avoiding building consent fees in the order of ~\$2,000-5,000.<sup>19</sup> It would also provide flexibility for consumers to choose the particulars of the design and build.

Notification requirements would provide a record to councils that the new dwelling exists, informing infrastructure and financing decisions and enabling monitoring of quality issues.

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<sup>19</sup> In a 2022 report *Does size matter? The impact of local government structure on cost efficiency*, the New Zealand Infrastructure Commission estimated the median fee to process a building consent for a \$350,000 new build residential dwelling at \$3,780, but also noted that there was considerable variation in costs between councils (standard deviation: \$1,540). Note that the Building Levy (\$1.75 (incl. GST) per \$1,000 of building work at \$20,444 (incl. GST) and over) and BRANZ Levy (\$1.00 per \$1,000 of the total value of construction work at \$20,000 and over) also attach to building consents (rates as at June 2024).



This option would also mitigate any negative impacts on MultiProof and BuiltReady because these schemes will be included in the exemption, and complements changes recently announced to improve flexibility of the MultiProof scheme.<sup>20</sup>

However, this option also comes with risks.

- Without the oversight of BCAs, there is an increased risk of non-compliant buildings. The notification requirement, and other criteria, are proposed to help mitigate this risk. But it is unclear whether these mitigations will be enough to resolve potential difficulties with finance, insurance and re-sale.
- This option makes owners responsible for ensuring qualified professionals complete the work. However, as no entity would be actively monitoring this requirement, there is a risk of non-compliance.
- Creating a new schedule to the Building Act also adds complexity to the building regulatory system.

**Question 4:** Do you agree with the proposed option (option 2 establish a new schedule in the Building Act to provide an exemption for simple standalone dwellings up to 60 square metres) to address the problem?

**Question 5:** What other options should the government consider to achieve the same outcomes (see Appendix 1)?

**Question 6:** Do you agree with MBIE’s assessment of the benefits, costs and risks associated with the proposed option in the short and long term?

**Question 7:** Are there any other benefits, costs or risks of this policy that we haven’t identified?

### Proposed Building Consent Exemption Conditions

Option 2 described above would create a new schedule to the Building Act that would allow a small standalone house to be built without a building consent. MBIE considers a building consent exemption is only appropriate if the building meets certain criteria that help limit the health and safety risks given it is not checked by a regulator.

These criteria would require the small house to be built by trusted workers, to a simple straightforward design, and be notified to councils. Meeting these criteria would reduce the risk of building failure, that the inspections and approvals process safeguards against. They are specifically targeted at reducing the risk of structural failure, fire and the spread of fire, weathertightness failure and insanitary conditions. Views are specifically sought on the two options identified for a height to boundary guardrail.

We are proposing that an engineer’s report would not be required. Requiring such a report could introduce engineering services where they otherwise may not be required, imposing an additional cost to the consumer. Instead, we are proposing that building work would need to be completed (or supervised) by suitably competent, regulated professionals, such as Licensed Building Practitioners and authorised plumbers.

### Conditions that must be met to build a small standalone dwelling without a building consent

CONDITION	DETAILS	COMMENTS
Building Code	The building must be designed and built to comply with the Building Code.	All building work must comply with the Building Code.
New building only	The exemption only applies to a new building, not to the modification or alteration of an existing building.	
Standalone	Must be a single dwelling house detached from any other dwelling.	

<sup>20</sup> [Streamlining Building Consent Changes | Beehive.govt.nz](https://www.beehive.govt.nz/streamlining-building-consent-changes).

CONDITION	DETAILS	COMMENTS
Up to and including 60 square metres	Measured in accordance with existing guidance (net floor area in a building is measured to the inside of the enclosing walls or posts/columns) .	
Height	The building is not more than one storey (being a floor level of up to one metre above the supporting ground and a height of up to four metres above the floor level).	Helps manage risk and consequence of collapse. Same as Schedule 1 clause 3/3A/3B/43 for foundation/floor height but more flexible for height above floor level.
Height to boundary	<p><b>Option A:</b> No building work in connection with a building that is closer than the measure of its own height to any building, public road, railway, or legal boundary. Allow Councils to vary (on application) if it is unlikely to endanger people or any building, whether on the same land or on other property.</p>	<ul style="list-style-type: none"> <li>Helps manage risk of structural collapse and spread of fire.</li> <li>Similar to Schedule 1 clause 3/3A/3B/43 and 4A.</li> <li>Similar to Schedule 1 clause 2(b).</li> </ul>
	<p><b>Option B:</b> There must be a two-metre distance from the external walls to any other building or boundary.</p>	Alternative proposal instead of Option A. Work must still comply with the Building Code and be carried out by LBPs.
Protection from fire	<ul style="list-style-type: none"> <li>Must have interconnected smoke alarms throughout the building.</li> <li>Electric or gas heaters only.</li> </ul>	<ul style="list-style-type: none"> <li>Similar to Schedule 1 clause 3A/3B/43.</li> <li>This exemption does not include the installation of solid fuel heaters such as a wood burner.</li> </ul>
Must be designed and built in accordance with certain Acceptable Solutions and in certain wind zones only <b>UNLESS</b> designed to MultiProof or designed/built under BuiltReady, and used within the scope they were approved for	<ul style="list-style-type: none"> <li>Is designed/built using lightweight building products for the walls and roof, and in accordance with Acceptable Solution B1/AS1 (Structure) for timber or light steel buildings.</li> <li>Is designed/built in accordance with Acceptable Solution E2/AS1 (External Moisture).</li> <li>The building must be located in a wind zone no greater than High (as defined in Acceptable Solution B1/AS1).</li> <li>Manufacturer certificates should continue to apply in the case of BuiltReady (with modifications noting no consent or code compliance certificate to attach to).</li> </ul>	<ul style="list-style-type: none"> <li>Helps manage risk of collapse and weathertightness issues.</li> <li>Lightweight wall and roof products and B1/AS1 restriction similar to Schedule 1 clause 3A. B1/AS1 includes reference to NZS 3604:2011 Standard for light timber-framed buildings and to the NASH standard Part 2:2019 Standard for light steel-framed buildings.</li> <li>This requirement is in addition to the other requirements. Building to B1/AS1 and E2/AS1 alone won't satisfy the exemption conditions.</li> <li>Wind zone restriction similar to Schedule 1 clause 4A.</li> </ul>

CONDITION	DETAILS	COMMENTS
Plumbing work	<ul style="list-style-type: none"> <li>All plumbing and drainlaying must be done by an appropriately licensed person under the Plumbers, Gasfitters and Drainlayers Act in all cases and designed/built in accordance with the Acceptable Solutions for compliance with Clauses E1, G12 and G13 (unless covered under a MultiProof approval or BuiltReady certification).</li> <li>Plumbing and drainage systems must connect to network utility operator services, where available (reticulated mains water, sewer and stormwater).</li> <li>Where network utility operator services are not available: the installation or alteration of an onsite wastewater treatment, onsite stormwater disposal or onsite water supply system would require a building consent (exclusively for these systems). This includes alterations to existing on-site systems to accommodate any increased loading.</li> </ul>	<ul style="list-style-type: none"> <li>Helps manage risk to public health.</li> <li>Plumbing and drainage should be simple, for example: <ul style="list-style-type: none"> <li>wastewater and stormwater by gravity</li> <li>potable water systems only</li> <li>controlled heat source water heaters only</li> <li>impervious lined shower enclosures only.</li> </ul> </li> <li>This would exclude: <ul style="list-style-type: none"> <li>pumped wastewater and stormwater</li> <li>non-potable systems</li> <li>uncontrolled heat sources which can heat water to 100°C</li> <li>tiled/wet area membrane showers.</li> </ul> </li> </ul>
Design and building work	<ul style="list-style-type: none"> <li>Any design or building work not covered by a MultiProof or BuiltReady must be done (or supervised) by an LBP working within their scope of competency.</li> </ul>	<ul style="list-style-type: none"> <li>Despite the Restricted Building Work (RBW) definition under the Building Act currently excluding work that doesn't require a consent.</li> <li>As this building work is no different to RBW on a 'normal house', Certificates of Work and Records of Work should apply as if this was RBW (with any necessary modifications).</li> </ul>
Notification of work to Councils	<ul style="list-style-type: none"> <li>Owners must notify the council of planned work by providing indicative plans and requesting information about the features of the land relevant to the work (similar to a PIM). This will incur an administration fee.</li> <li>Owners must notify councils once work is complete.</li> </ul>	<ul style="list-style-type: none"> <li>Would require the creation of new forms that include additional information.</li> <li>Infringement offence for failure to comply with a \$1,000 fine, the same as the building consent infringement.</li> </ul>

**Question 8:** Are there additional conditions or criteria you consider should be required for a small standalone house to be exempted from a building consent?

**Question 9:** Do you agree that current occupational licensing regimes for Licensed Building Practitioners and Authorised Plumbers will be sufficient to ensure work meets the building code, and regulators can respond to any breaches?

**Question 10:** What barriers do you see to people making use of this exemption, including those related to contracting, liability, finance, insurance and site availability?

**Question 11:** What time and money savings could a person expect when building a small standalone dwelling without a building consent compared to the status quo?

**Question 12:** Is there anything else you would like to comment on regarding the Building Act aspects of this proposal?

# The Resource Management Act 1991

## Scope of the policy under the Resource Management Act

### What the granny flat policy will apply to

The focus of this policy is to enable small, detached, self-contained, single storey houses for residential use. Under the RMA, the term 'minor residential unit' (MRU) is defined in the National Planning Standards as "a self-contained residential unit that is ancillary to the principal residential unit and is held in common ownership with the principal residential unit on the same site". The proposal is to focus the policy in the RMA on enabling MRUs.

The National Planning Standards defines accessory buildings as "a detached building, the use of which is ancillary to the use of any building, buildings or activity that is or could be lawfully established on the same site, but does not include any minor residential unit". Accessory buildings are generally permitted under the RMA but can be subject to different standards than MRUs.

Adding an additional bedroom or an attached granny flat to an existing principal residential unit is considered differently in most district plans and is not an MRU. MRUs are 'detached' as defined in the National Planning Standards. Additions and attached granny flats have significant risks in relation to fire safety and are not currently being considered as part of the proposed changes to the Building Act.

**Question 13:** Do you agree that enabling minor residential units (as defined in the National Planning Standards) should be the focus of this policy under the RMA?

**Question 14:** Should this policy apply to accessory buildings, extensions and attached granny flats under the RMA?

### Where the granny flat policy will apply

It is proposed that this policy applies across New Zealand and is not limited to certain territorial authorities. The proposed focus of the policy is on enabling MRUs in rural and residential zones, as described in the National Planning Standard Zone Framework Standard.<sup>21</sup>

The policy could also apply in other appropriate zones, for example mixed use zones<sup>22</sup> and Māori purpose zones.<sup>23</sup> A range of activities are anticipated in these areas including residential, commercial, community and cultural activities.

**Question 15:** Do you agree that the focus of this policy should be on enabling minor residential units in residential and rural zones?

**Question 16:** Should this policy apply to other zones? If yes, which other zones should be captured and how should minor residential units be managed in these areas?

### Matters that are out of scope of the granny flat policy

The proposal is to target specific zone rules and standards relating to MRUs which typically trigger a resource consent requirement (such as building coverage or setbacks from neighbouring properties). However, there may be other rules in district or regional plans that could trigger the need for a resource consent. We propose that these matters are not managed through this policy, and include:

- **Subdivision** - If a landowner wants to subdivide the MRU after it has been developed, they will need to meet the subdivision requirements set out in the relevant district plan.

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<sup>21</sup> National Planning Standards (2019) Zone Framework Standard.

<sup>22</sup> Areas used predominantly for a compatible mixture of residential, commercial, light industrial, recreational and/or community activities.

<sup>23</sup> Areas used predominantly for a range of activities that specifically meet Māori cultural needs including but not limited to residential and commercial activities.

- **Matters of national importance (RMA section 6)** - the RMA outlines matters of national importance<sup>24</sup> that all persons exercising functions and powers under it must recognise and provide for. They include matters relating to:
  - natural character of the coastal environment, wetlands, and lakes and rivers and their margins
  - outstanding natural features and landscapes
  - significant indigenous vegetation and significant habitats of indigenous fauna
  - relationship of Māori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga
  - historic heritage
  - significant risks from natural hazards.
 Councils identify and manage these important risks and values in their district plans through additional overlay provisions. The policy proposal is to not override any of these provisions in plans, and any additional requirements would remain.
- **The specific use of the minor residential units** - district plans manage the activities that occur in certain buildings, including visitor accommodation such as Airbnb properties, home businesses and childcare services. It is proposed that existing district plan provisions relating to activities still apply and are not managed through this policy.
- **Regional plan rules** - MRUs may require a resource consent requirement under a regional plan. Rural areas are more likely to require consents, particularly where they are needed for an on-site wastewater system. It is proposed that these requirements stand and are unaffected by this policy proposal.

**Question 17:** Do you agree that subdivision, matters of national importance (RMA section 6), the use of minor residential units and regional plan rules are not managed through this policy?

**Question 18:** Are there other matters that need to be specifically out of scope?

### Proposal under the Resource Management Act

The options for implementing this policy in the resource management system are set out in Appendix 2 and include:

- **Option 1** - status quo
- **Option 2** - national policy statement for minor residential units
- **Option 3** - national planning standard for minor residential units
- **Option 4** - national environmental standard for minor residential units with consistent permitted activity standards (proposed option)

The proposed option (option 4) is a national environmental standard (NES) which is regulation under the RMA that can set out rules and standards. Setting out consistent permitted activity standards in the NES (see table below) will ensure a nationally consistent approach to MRUs. Permitted activity standards could be different in residential and rural zones.

Councils could be enabled to have more lenient standards than what is set out in the NES,<sup>25</sup> however this might undermine national consistency. A NES takes effect on commencement and would not require councils to go through a plan change process. This would reduce implementation requirements for councils, compared with other options.

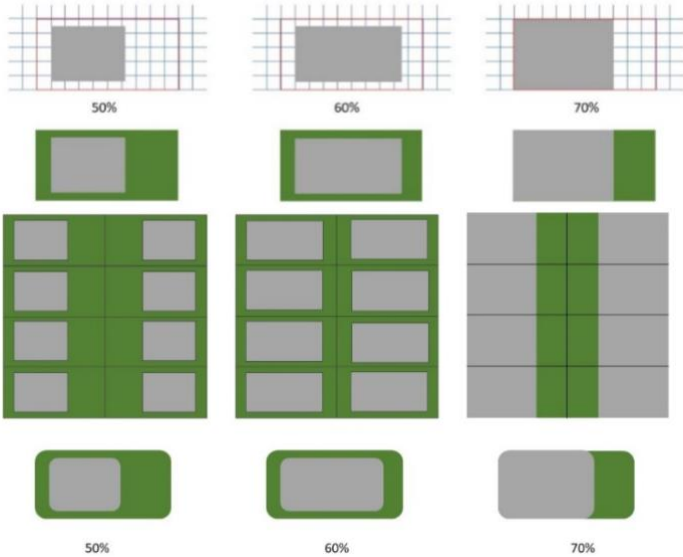
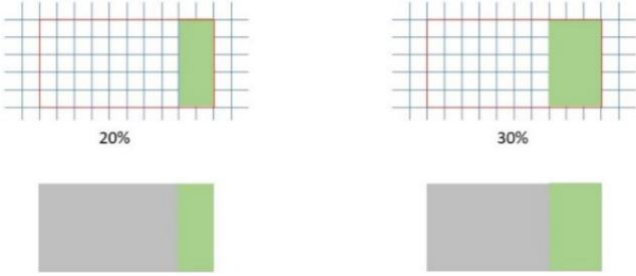
**Question 19:** Do you agree that a national environmental standard for minor residential units with consistent permitted activity standards (option 4), is the best way to enable minor residential units in the resource management system?

**Question 20:** Do you agree district plan provisions should be able to be more enabling than this proposed national environmental standard?

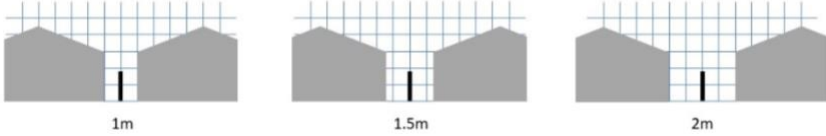
<sup>24</sup> Resource Management Act 1991 section 6

<sup>25</sup> RMA section 43B (3) allows for rules that are more lenient than a national environmental standard to prevail, if the national environmental standard expressly says that a rule or consent may be more lenient than it.

The preferred option is for the NES to include a nationally consistent permitted activity standard, that may be different in residential and rural zones. The proposed standards will work together as a package. For example, a minimum permeable surface requirement will ensure that stormwater drainage on site is managed, even if there is high building coverage of the net site area (see table below).

PERMITTED STANDARDS	PROPOSAL AND OPTIONS
Internal floor area	The maximum internal floor area is 60 square metres and is measured to the inside of the enclosing walls or posts/columns. This is consistent with the proposal under the Building Act.
Number of MRU per principal residential unit on the same site	One MRU per principal residential home on the same site.
Relationship to the principal residential unit	The minor residential unit is held in common ownership with a principal residential unit on the same site (as defined in the National Planning Standards).
Building coverage - the percentage of the net site area covered by the building footprint.	<p><b>Residential zones</b> The options for maximum building coverage for MRUs and principal residential units collectively are: Option a - 50%; or Option b – 60%; or Option c – 70%.</p>  <p><b>Rural zones</b> No maximum building coverage.</p>
Permeable surface - areas of grass and planting and other surfaces where water can filter naturally into the ground.	<p>The options for minimum permeable surface in are: Option a - 20%; or Option b - 30%.</p>  <p>Permeable surfaces shown in green</p>



PERMITTED STANDARDS	PROPOSAL AND OPTIONS
Setbacks	<p><b>Residential zones</b> The options for minimum setbacks are: Option a - 1.5m front boundary, 1m side and rear boundaries; or Option b - 2m front boundary, 1.5m side and rear boundaries; or Option c – no minimum front, side or rear boundary setbacks.</p> <p><b>Rural zones</b> The options for minimum setbacks are: Option a - 8m front boundary setback, 3m side and rear boundaries; or Option b - no minimum front, side or rear boundary setbacks.</p> 
Building height and height in relation to boundary	No building height and height in relation to boundary standards are proposed. This is because the policy intent is to enable single storey MRUs and existing building height and height in relation to boundary setbacks in underlying zones will already enable this.

Current district plans manage MRU through other permitted activity standards not covered in this proposal. This includes the minimum distance from the primary dwelling, maximum distance from the primary dwelling (typically in rural zones), and minimum outdoor space requirements.

Where standards are not met, development could still occur via a resource consent process to manage any risks or effects. There are options for the NES to require a restricted discretionary activity resource consent, or that existing district plan provisions will apply. If there is a restricted discretionary activity resource consent requirement, the limited matters of discretion that the council can consider through the consent process will be set out in the NES.

**Question 21:** Do you agree or disagree with the recommended permitted activity standards? Please specify if there are any standards you have specific feedback on.

**Question 22:** Are there any additional matters that should be managed by a permitted activity standard?

**Question 23:** For developments that do not meet one or more of the permitted activity standards, should a restricted discretionary resource consent be required, or should the existing district plan provisions apply? Are there other ways to manage developments that do not meet the permitted activity standards?

**Question 24:** Do you have any other comments on the resource management system aspects of this proposal?

## Notification and funding infrastructure

The proposals in this document would enable a granny flat to be built without needing resource or building consent. Notification of a granny flat is important for local and central government to:

- provide trusted information for buyers, financiers and insurers
- track new home construction data and trends
- value properties for rating purposes
- plan for infrastructure
- provide information to support post-occupancy compliance, where required
- undertake council functions under the Building Act including managing dangerous or insanitary buildings.

Resource or building consents also trigger the ability for councils to charge development contributions. Councils use development contributions to help pay for the increased demand the new house has on the infrastructure that it provides. This typically includes transport, water, wastewater, stormwater, parks and reserves, and community infrastructure such as libraries.

Councils use a unit of demand such as the household unit equivalent (HUE) to charge development contributions, which measures the average household in a standard residential unit and the demands they typically place on infrastructure. Most councils treat minor dwellings as less than 1 HUE (typically charging between 0.4-0.75 of a HUE),<sup>26</sup> recognising that small dwellings create a lower demand for infrastructure than larger dwellings.

The options to still require an owner to notify the relevant council of a completed granny flat are through a 'Permitted Activity Notice' under the RMA or a 'Property Information Memorandum' under the Building Act, outlined in Appendix 3.

Broader work on infrastructure funding and financing (including on development contributions) is being considered as part of the Government's Going for Housing Growth work programme. More information on this will be available online when decisions are made.<sup>27</sup>

**Question 25:** What mechanism should trigger a new granny flat to be notified to the relevant council, if resource and building consents are not required?

**Question 26:** Do you have a preference for either of the options in the table in Appendix 3 and if so, why?

**Question 27:** Should new granny flats contribute to the cost of council infrastructure like other new houses do?

## Māori land, papakāinga and kaumātua housing

An issue for Māori wanting to develop housing is the cost and time to consent small, simple houses and other buildings. The proposals in the building and resource management systems may go some way to addressing the regulatory and consenting challenges for developing on Māori land,<sup>28</sup> and for papakāinga<sup>29</sup> and kaumātua housing,<sup>30</sup> where the circumstances of these proposals apply.

There are broader challenges to building and development on Māori land beyond the building and resource management systems. Barriers include a requirement to obtain a Māori Land Court order to use or occupy Māori freehold land, access to finance and the lack of infrastructure,<sup>31</sup> which are not in scope of these proposals.

The proposals for the resource management system are focused on enabling MRU, defined in the National Planning Standards as outlined on pages 11-15. This is proposed to apply to Māori land (if zoned residential or rural), and papakāinga and kaumātua housing where they are ancillary to a primary dwelling and are held in common ownership.

The Government is separately scoping more targeted national direction under the RMA to enable papakāinga. More details on this will be available later in 2024.

The Building Act proposals are focused on enabling small houses and would allow small houses being built on Māori land, and papakāinga and kaumātua housing providing the conditions in the proposed schedule are met.

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<sup>26</sup> Based on analysis of Tier 1 Councils' development contributions policies.

<sup>27</sup> Hon Chris Bishop, Minister of Housing's speech to the Wellington Chamber of Commerce on 27 February 2024 outlines Going for Housing Growth: [Speech to the Wellington Chamber of Commerce | Beehive.govt.nz](#).

<sup>28</sup> Includes Māori customary land and Māori freehold land (as defined by Te Ture Whenua Māori Act 1993).

<sup>29</sup> Can be described as communal settlements on ancestral Māori land.

<sup>30</sup> Housing specifically provided for kaumātua (elders).

<sup>31</sup> Office of the Auditor-General (2011) Government planning and support for housing on Māori land ([oag.parliament.nz](#)).

**Question 28:** Do you consider that these proposals support Māori housing outcomes?

**Question 29:** Are there additional regulatory and consenting barriers to Māori housing outcomes that should be addressed in the proposals?

# Part 3: Next steps

We seek your feedback on the proposals contained in this document from 17 June 2024 to 12 August 2024.

Your specific feedback on the proposals contained in this document will help inform further policy development and shape changes to the building and resource consent systems.

Final policy decisions are expected to be made later this year. Legislative changes are intended to be in place by mid-2025.

# Part 4: Consultation questions

<b>General</b>	
1	Have we correctly defined the problem? Are there other problems that make it hard to build a granny flat?
2	Do you agree with the proposed outcome and principles? Are there other outcomes this policy should achieve?
3	Do you agree with the risks identified? Are there other risks that need to be considered?
<b>Building system proposal</b>	
4	Do you agree with the proposed option (option 2: establish a new schedule in the Building Act to provide an exemption for simple, standalone dwellings up to 60 square metres) to address the problem?
5	What other options should the government consider to achieve the same outcomes (see Appendix 1)?
6	Do you agree with MBIE's assessment of the benefits, costs and risks associated with the proposed option in the short and long term?
7	Are there any other benefits, costs or risks of this policy that we haven't identified?
8	Are there additional conditions or criteria you consider should be required for a small standalone house to be exempted from a building consent?
9	Do you agree that current occupational licensing regimes for Licensed Building Practitioners and Authorised Plumbers will be sufficient to ensure work meets the building code, and regulators can respond to any breaches?
10	What barriers do you see to people making use of this exemption, including those related to contracting, liability, finance, insurance, and site availability?
11	What time and money savings could a person expect when building a small standalone dwelling without a building consent compared to the status quo?
12	Is there anything else you would like to comment on regarding the Building Act aspects of this proposal?
<b>Resource management system proposal</b>	
13	Do you agree that enabling minor residential units (as defined in the National Planning Standards) should be the focus of this policy under the RMA?
14	Should this policy apply to accessory buildings, extensions and attached granny flats under the RMA?
15	Do you agree that the focus of this policy should be on enabling minor residential units in residential and rural zones?
16	Should this policy apply to other zones? If yes which other zones should be captured and how should minor residential units be managed in these areas?
17	Do you agree that subdivision, matters of national importance (RMA section 6), the use of minor residential units and regional plan rules are not managed through this policy?
18	Are there other matters that need to be specifically out of scope?
19	Do you agree that a national environmental standard for minor residential units with consistent permitted activity standards (option 4) is the best way to enable minor residential units in the resource management system?
20	Do you agree district plan provisions should be able to be more enabling than this proposed national environmental standard?

21	Do you agree or disagree with the recommended permitted activity standards? Please specify if there are any standards you have specific feedback on.
22	Are there any additional matters that should be managed by a permitted activity standard?
23	For developments that do not meet one or more of the permitted activity standards, should a restricted discretionary resource consent be required, or should the existing district plan provisions apply? Are there other ways to manage developments that do not meet the permitted standards?
24	Do you have any other comments on the resource management system aspects of this proposal?
<b>Local Government Infrastructure Financing</b>	
25	What mechanism should trigger a new granny flat to be notified to the relevant council, if resource and building consents are not required?
26	Do you have a preference for either of the options in the table in Appendix 3 and if so, why?
27	Should new granny flats contribute to the cost of council infrastructure like other new houses do?
<b>Māori land, papakāinga and kaumātua housing</b>	
28	Do you consider that these proposals support Māori housing outcomes?
29	Are there additional regulatory and consenting barriers to Māori housing outcomes that should be addressed in the proposals?

# Appendix 1: Building Act Options

Options that do not require a building consent

OPTION DESCRIPTION	BENEFITS	RISKS/COSTS
<p><b>Option 1:</b></p> <p><b>Add new exemption to Schedule 1 of the Building Act</b></p> <p>The exemption would cover single storey, simple construction, standalone dwellings up to 60 square metres.</p> <p>If this option required occupational regulation of qualified professionals, this could help ensure building quality (Licensed Building Practitioners/Plumbers).</p>	<ul style="list-style-type: none"> <li>• Reduced time-to-build and regulatory burden (red tape), including avoided consent fees in the order of ~\$2,000-5,000 based on a standard consent.</li> <li>• Provide flexibility for consumers to choose the particulars of the design and build.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased risk of non-compliant buildings and public health risk (fire, sanitation, building failure) due to no third-party checks.</li> <li>• No official record of these buildings may lead to issues with infrastructure, quality and safety.</li> <li>• Potential difficulty for homeowners obtaining finance, insurance or seeking re-sale.</li> <li>• Owners responsible for ensuring qualified professionals complete the work, however no entity would check this.</li> <li>• May reduce demand for existing fast-tracked consenting pathways: MultiProof and BuiltReady.</li> <li>• Adds complexity to the system.</li> </ul>
<p><b>Option 2: (proposed option)</b></p> <p><b>Establish a new Schedule in the Building Act to provide an exemption for simple standalone dwellings up to 60 square metres with additional criteria than Schedule 1 to recognise increased risk of these buildings</b></p> <p>Requires occupational regulation of qualified professionals to ensure building quality as per Status Quo.<sup>32</sup></p> <p>Requires use of certain Building Code Acceptable Solutions (Structure, Weathertightness, Plumbing related) unless MultiProof and BuiltReady are</p>	<ul style="list-style-type: none"> <li>• Reduced time-to-build and regulatory burden (red tape), including avoided consent fees in the order of ~\$2,000-5,000.</li> <li>• Provide flexibility for consumers to choose the particulars of the design and build.</li> <li>• Provides a record to Councils that these dwellings exist to address issues with infrastructure, financing, and quality issues.</li> <li>• Avoids significant negative impacts on MultiProof and BuiltReady and complements recent changes to improve flexibility of the MultiProof scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in risk of non-compliant buildings due to no third-party checks, however lower risk than option 1 because of notification requirement and other criteria.</li> <li>• Potential difficulty with finance, insurance and re-sale.</li> <li>• Owners responsible for ensuring qualified professionals complete the work, however no entity would check this.</li> <li>• Adds complexity to the system.</li> </ul>

<sup>32</sup> Under the Building Act, Licensed Building Practitioners are required to work within their area of competence and must abide by a Code of Ethics. Licensed Building Practitioners can be disciplined for carrying out or supervising building work in a negligent or incompetent manner. Note that Chartered Professional Engineers are deemed Licensed Building Practitioners (design licence class).



OPTION DESCRIPTION	BENEFITS	RISKS/COSTS
<p>used, to support quality assurance.</p> <p>Unlike option 1, would include a requirement to notify to councils as a condition of the exemption.</p>		
<p><b>Option 3:</b></p> <p><b>Introduce a new opt-in self-certification regime for accredited companies and professionals, including for small standalone houses</b></p> <p>This self-certification scheme could include assurance and auditing systems to ensure applicants continue to meet requirements.</p>	<ul style="list-style-type: none"> <li>• Reduced time-to-build and regulatory burden (red tape), including avoided consent fees in the order of ~\$2,000-5,000.</li> <li>• Provide flexibility for consumers to choose the particulars of the design and build.</li> <li>• Provides significant risk mitigations to building failure and public health and safety.</li> <li>• Provides consumer protections and disputes processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Will take longer to implement than Option 1 or 2</li> <li>• (quality assurance, training, monitoring, and enforcement regime) and would need to take account of a broader range of building work and wider impacts on the broader building system.</li> <li>• Depending on the eligibility criteria and accreditation process, there is a risk that few companies and professionals meet requirements to self-certify.</li> <li>• Adds complexity to the system.</li> </ul>

#### Fast track building consent options

OPTION DESCRIPTION	BENEFITS	RISKS/COSTS
<p><b>Option 4:</b></p> <p><b>Targeted promotion campaigns of BuiltReady and MultiProof, specifically for standalone dwellings up to 60 square metres</b></p> <p>This promotion would include making existing designs more visible to members of the public wishing to purchase them and would encourage more designers to create designs to serve the "granny flat" market.</p>	<ul style="list-style-type: none"> <li>• Reduced time-to-build, but less effective than options that don't require building consent.</li> <li>• Quality assurance and consumer protection mechanisms are built into the schemes.</li> <li>• Provides a record to Councils that these dwellings exist to address issues with infrastructure, financing, and quality issues.</li> <li>• Complements recent changes to improve flexibility of the MultiProof scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of lower impact on the market compared to option 1, 2 or 3.</li> <li>• Limits consumer flexibility to choose particulars of design and build.</li> </ul>
<p><b>Option 5:</b></p> <p><b>New MBIE/Government MultiProof approval for a 60 square metre standalone dwelling</b></p> <p>This option would see the government developing specific designs for small standalone houses and approving them</p>	<ul style="list-style-type: none"> <li>• Provides ready-made, free to access designs. Reduced time-to-build, but less effective than options that don't require building consent.</li> <li>• Quality assurance and consumer protection mechanisms are built into the schemes.</li> <li>• Provides a record to Councils that these dwellings exist –</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of lower impact on the market compared to option 1, 2 or 3.</li> <li>• Limits consumer flexibility to choose particulars of design and build.</li> <li>• Could negatively impact demand for self-contained dwellings at 60 square metres and under that have already been approved through</li> </ul>

<p>under MultiProof. These could then be made freely available to the public.</p> <p>If demand for these designs is strong, it could stimulate private designers to develop MultiProof designs to service the "granny flat" market.</p>	<p>can help to address potential issues with infrastructure, financing, and quality issues.</p> <ul style="list-style-type: none"> <li>• Complements recent changes to improve flexibility of the MultiProof scheme.</li> <li>• Enables MBIE to ensure designs meet certain standards.</li> </ul>	<p>MultiProof for private companies.</p>
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# Appendix 2: Resource Management Act Options

National direction supports local decision-making under the RMA. Tools include national policy statements (NPS), national environmental standards (NES) and the national planning standards.

An NPS enables the Government to prescribe objectives and policies for matters of national significance. An NPS may give direction to councils on how they need to give effect to the policies and objectives in the NPS. Where directed, councils are not required to undertake a plan change process under schedule 1 of the RMA to give effect to an NPS.

An NES is a form of regulation that can set detailed resource consenting requirements, rules and standards. NESs take immediate effect from commencement date (or another stated date) and override existing RMA plan rules. Councils are not required to undertake a plan change process under schedule 1 of the RMA to give effect to an NES or remove conflicting or duplicative rules.

The purpose of the national planning standards is to ensure consistency in RMA plans and make them more efficient and easier to prepare and use. The current national planning standards set out requirements for the structure, form, definitions, and electronic accessibility of RMA plans. They can also, set out objectives, policies and rules that must be included in RMA plans. The national planning standards can direct changes in RMA plans that do not need to go through a plan change process under schedule 1 of the RMA.

The options for national direction to enable minor residential units (MRU) under the RMA are outlined in the table below.

OPTION DESCRIPTION	BENEFITS	RISKS/COSTS
<p><b>Option 1: Status quo</b></p> <p>Councils continue to develop their own district plan rules relating to MRUs. Rules continue to largely permit MRUs in residential zones, and mostly permit MRUs in rural zones, but are based on different permitted activity standards which can be more or less restrictive.</p>	<ul style="list-style-type: none"> <li>No intervention required.</li> <li>Councils continue to have autonomy to make district plan decisions, alongside their communities.</li> </ul>	<ul style="list-style-type: none"> <li>Restrictions on the development of MRU.</li> <li>Inconsistent rules and permitted activity standards for MRUs across New Zealand.</li> </ul>
<p><b>Option 2: National policy statement (NPS) for minor residential units</b></p> <p>NPS prescribes objectives and policies for MRUs that councils must implement in their district plans.</p>	<ul style="list-style-type: none"> <li>Could take into account local variation when the NPS is implemented.</li> </ul>	<ul style="list-style-type: none"> <li>Could still lead to inconsistent rules and permitted activity standards.</li> <li>Could require councils to undertake a plan change under schedule 1 of the RMA for some aspects of the NPS. This would increase the implementation requirements for councils.</li> </ul>
<p><b>Option 3: National planning standard for minor residential unit</b></p> <p>National planning standard sets out objectives, policies, rules and permitted activity standards for minor residential units.</p>	<ul style="list-style-type: none"> <li>Takes effect on commencement, reducing implementation requirements for councils.</li> <li>Supports consistency with national planning standards definitions, including the definition of minor residential unit.</li> </ul>	<ul style="list-style-type: none"> <li>Inconsistent with the current scope of the national planning standards.</li> <li>Would not take into account the differences in zones across New Zealand.</li> </ul>

	<ul style="list-style-type: none"> <li>When permitted activity standards are not complied with, objectives and policies could support councils to process resource consents.</li> </ul>	
<p><b>Option 4: National environmental standard (NES) for minor residential units with a consistent permitted activity standard (preferred option)</b></p> <p>NES requires that councils permit MRU. The NES sets out a consistent set of permitted activity standards. Permitted activity standards could be different in residential and rural zones.</p>	<ul style="list-style-type: none"> <li>Takes effect on commencement, reducing implementation requirements for councils.</li> <li>Consistent permitted activity standards across New Zealand.</li> <li>Would likely be more enabling for MRU.</li> </ul>	<ul style="list-style-type: none"> <li>Would not take into account the differences in zones across New Zealand.</li> </ul>

# Appendix Three: Options for Notification and Funding Infrastructure

The table below presents options for changes to the RMA and the Building Act to require the relevant council be notified of a granny flat. This would trigger development contributions and housing records when a granny flat is built without needing a consent(s).

OPTION DESCRIPTION	BENEFITS	RISKS / COST
<p><b>Option 1: Via the RMA</b></p> <p>Create a 'Permitted Activity Notice' (PAN)<sup>33</sup> tool to record a new granny flat that didn't need resource consent.</p> <p>This would be a new tool under the RMA and would require change to the legislation. This option would require an amendment to the Local Government Act 2002 (LGA02).</p>	<ul style="list-style-type: none"> <li>• Creates a council record of the new granny flat, involving less process, time and cost than a resource consent would.</li> <li>• Provides an opportunity for a development contribution trigger.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduces an administrative process for granny flats, not currently required as they may already be a permitted activity (so do not need resource consent) in most district plans.</li> <li>• A PAN records the granny flat when it is proposed but does not inform the council when it has been built. The council will not know when to plan increased infrastructure capacity for or charge rates etc.</li> <li>• Administrative charges are likely to be required by councils for PANs as council resource would be required in their assessment and filing. As this is a new tool.</li> <li>• Risks that a PAN is not applied for and therefore the requirement for a development contribution is not triggered.</li> <li>• Would require legislative change to the RMA which adds to the complexity of the resource management system.</li> </ul>

<sup>33</sup> PAN's were established in the Natural and Built Environment Act, which has been repealed. The regulatory design and regulatory impact analysis behind the repealed act can be revisited for the granny flat proposal.

OPTION DESCRIPTION	BENEFITS	RISKS / COST
<p><b>Option 2: Via the Building Act</b></p> <p>Under the proposed Building Act option a tool similar to a Project Information Memorandum (PIM)<sup>34</sup> is proposed to be required before construction. This is intended to support appropriate design and create a record of the building, involving less process, time and cost than a building consent would.</p> <p>Development contributions could be required at this point.</p> <p>This option would require an amendment to the LGA02.</p> <p>As part of the proposed Building Act option, notification to the council is proposed once work has been completed.</p>	<ul style="list-style-type: none"> <li>• Creates a council record of the new granny flat, involving less process, time and cost than a building consent would.</li> <li>• Provides an opportunity for a development contribution trigger.</li> <li>• Having the council record provides greater assurance to current and future owners (and potentially banks and insurers).</li> </ul>	<ul style="list-style-type: none"> <li>• Councils generally charge in the order of \$300-\$700 per PIM for administration and assessment.</li> <li>• Risk that a PIM is not applied for and therefore the requirement for a development contribution is not triggered.</li> <li>• Enforcement options for paying development contributions would rely on fines only, which may be of limited effectiveness compared to consent-based options.</li> </ul>

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<sup>34</sup> Under the Building Act, a PIM provides information about land and the requirements of other Acts that might be relevant to proposed building work.



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