Making it easier to build granny flats

SUMMARY OF SUBMISSIONS

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** and **building.govt.nz/grannyflats**

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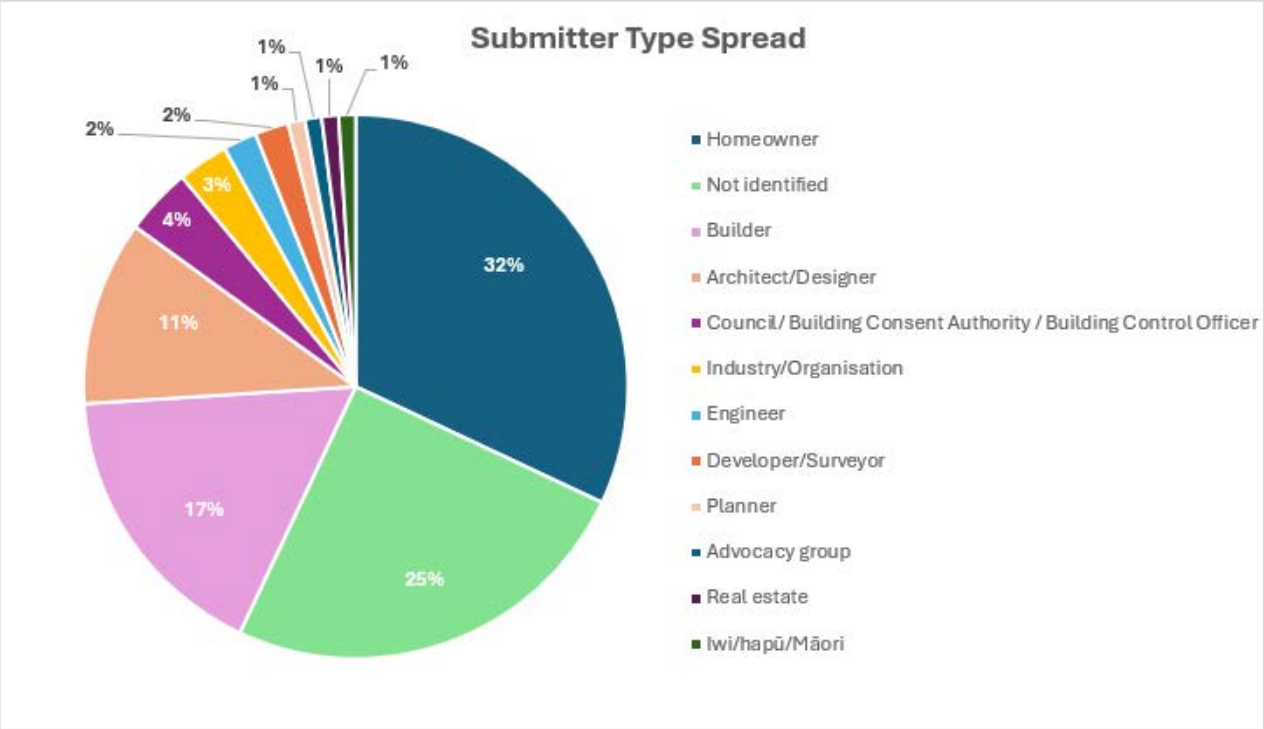
Executive Summary

In June 2024, the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for the Environment (MfE) jointly released a discussion document, *Making it easier to build granny flats*. Through public consultation, feedback was sought on options to enable small, detached, self-contained dwellings of 60 square metres or less without a building or resource consent. This report summarises views submitted during the consultation, which ran from 17 June to 12 August 2024.

Submissions received

A total of 1,970 submissions were received from a range of submitters on the discussion document. About a third of submissions were received from those who identified as 'homeowners'. The next greatest number of submissions came from builders, followed by architects and designers. For a full breakdown of submitters, see Figure 1 below:

Figure 1: Graph detailing the submitter spread



More information on the public consultation data and the quantitative and qualitative analysis methods is outlined in Appendix A.

Major themes

Below is a list of the most popular themes that came out of the consultation responses.

Part 1: Problem definition, outcomes, and safeguards

- Most submitters agreed with the problem definition (just under three quarters) and proposed outcomes and principles (almost two thirds) contained in the discussion document.
- Homeowners provided consistent feedback that existing council processes were too onerous and were acting as an unnecessary barrier to building.
- Industry and council submitters generally agreed with the problem definition, stating that housing affordability was a major issue in their respective regions. However, submitters in

these groups were concerned that the proposed outcomes could not be achieved by enabling granny flats as the cost of consenting only made up a small fraction of the cost of building.

- Iwi, hapū and Māori noted their general support for the intent of the proposal and specifically for its potential benefits for intergenerational living. Māori communities cite the need for more than one additional dwelling and refer to the need for new national direction for papakāinga.
- Most submitters either agreed or partially agreed with the identified risks (83 per cent). Some homeowners commented that the risk to building safety was overstated, as granny flats involve relatively low-risk building work. A notable exception to this sentiment came from councils, who generally did not find all relevant risks had been identified. They were particularly concerned with increased costs to ratepayers to account for increased monitoring and enforcement, and that a failure to notify councils of this work was likely and would lead to incomplete record keeping.

Part 2: Proposal under the Building Act 2004

- There has been a very high level of interest in the proposal and the options that support improved housing affordability.
- Homeowners and industry are broadly supportive of the proposal, but there are some concerns about appropriately managing the risks of building failure in light of the removal of council oversight.
- Councils, while largely supportive of the objectives of the proposal, are not supportive of options to make it easier to build granny flats that do not involve some form of building consent. Councils submitted that to sufficiently manage the risk of building failure, there must be a building consent, pointing to residential inspection failure rates as evidence of this. They are further concerned about having to manage impacts of any poor-quality building after construction.
- Some submitters provided feedback on how to improve the workability of the current proposal, such as adjusting exemption conditions that may exclude large portions of the country from accessing the exemption. Other submitters stated their preference for alternative options under the *Building Act 2004*, such as a fast-track consent for granny flats, or making better use of the existing MultiProof and BuiltReady schemes.

Part 3: Proposal under the Resource Management Act 1991

- There is general support for the proposal to make it easier to build granny flats under the resource management system, although there are risks and limitations. While many submitters agree with the national environmental standards approach, councils considered the status quo, or a national policy statement, would be more appropriate and less complex.
- Most submitters agreed with the focus of the policy being on granny flats and supported excluding matters of national importance, subdivision and regional rules. Most submitters considered accessory buildings (such as garages and sheds) up to 60 square metres should also be allowed.
- There is general support for the proposal to apply to all rural and residential zones as proposed, and in addition also apply to Māori purpose and mixed-use zones.
- Generally, most councils considered existing district plans are more appropriate than some or all of the proposed standards.
- Submitters have raised concerns regarding the inconsistencies between the Building Act conditions and the proposed national environmental standards and consider these must be aligned.
- Many submitters consider both the limit of one granny flat per site and the definition requiring a granny flat to be ancillary to a principal dwelling are barriers to this policy and consider that these should be more enabling.

- Infrastructure providers have raised concerns about reverse sensitivity[1] and safety issues.
- Many councils are concerned the policy does not align with other national direction policies including the medium density residential standards and the National Policy Statement on Urban Development (2020) which provide much greater development opportunities.

Part 4: Notification and funding infrastructure

- A large majority of responses acknowledged a need, in principle, to notify councils on construction of a granny flat on the property, though opinions differed as to when this should happen, or what form it should take. Many homeowners, but also industry groups, preferred a simplified approach, leaving it to the owner or licensed building practitioner to submit a notification, either by letter or email, to the council directly on completion of works.
- Of the two proposed options, most responses preferred the compulsory Project Information Memorandum under the Building Act, on the advantage of it being an established, known system, as compared to a Permitted Activity Notice under the *Resource Management Act 1991*. Some councils submitted that they have no preference for either of the proposed options, noting that neither would sufficiently enable the collection of development contributions.
- A slight majority of submissions favoured the status quo: councils retaining the ability to charge development contributions for granny flats, to contribute to the cost of council infrastructure. There is also a large group of submitters who oppose the idea of paying as they consider a granny flats' impact on infrastructure is negligible. Responses vary widely between the groups; homeowners in particular oppose the idea.

Part 5: Māori land, papakāinga and kaumātua housing

- Submitters generally considered the policy supports Māori housing outcomes to an extent through reducing consenting costs, supplying more housing and creating social and economic benefits for Māori.
- There is concern that the policy will not provide for the needs of Māori communities who are more likely to need more than one additional unit per principal dwelling or site. The 'minor residential unit' definition also does not provide for land held in multiple ownership on whenua Māori (Māori land).
- Some submitters considered the policy will exacerbate existing issues including poor quality housing and health outcomes.
- Many submitters considered Māori housing should be addressed through a separate policy and some submitters, including several councils and iwi/hapū/Māori, support a separate papakāinga national direction.

Meaning of terms used

'Granny flat' is a 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.

'Minor residential unit' (MRU) is 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 (National Planning Standards).

[1] Reverse sensitivity effects can impact on the operation of existing uses which have significant adverse effects such as noise, vibration and odour on sensitive uses like residential areas.

This document is designed to give readers a general idea of the number of submitters making similar comments throughout the document. The numerical values of terms used are outlined in the table 1 below.

Table 1: Classification of terms used to indicate number of submitters

Classification	Definition
Few	Fewer than 5% of submitters
Some	6 to 25% of submitters
Many	26 to 50% of submitters
Most	More than 50% of submitters
All	100% of submitters on this topic

For information about the background, methodology, limitations and next steps see Appendix A.

Part 1: Problem definition, outcomes, and safeguards

See page 4 of the discussion document.

Part 1 is grouped by question.

What was proposed

The problem definition identified that housing affordability is a key issue in New Zealand, and that there is both an increasing demand for, and a lack of supply of, small houses. Regulatory barriers have an impact on the number of small houses being built. With lower costs and easier processes, more smaller houses would likely be built.

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.

What was asked

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

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

Summary of feedback

Overall, **1,450** of 1,970 submitters answered these questions, with a further **685** and **544** submitters providing further information in the open-ended sections, respectively.

Figure 2: Graph detailing the response to question one

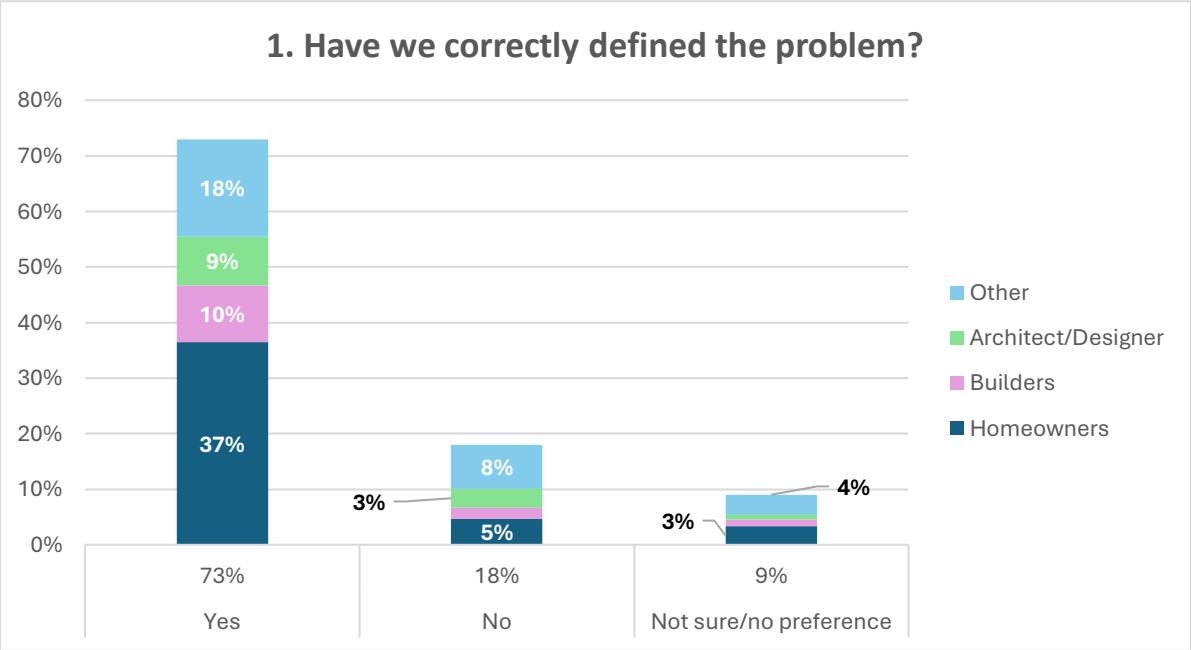
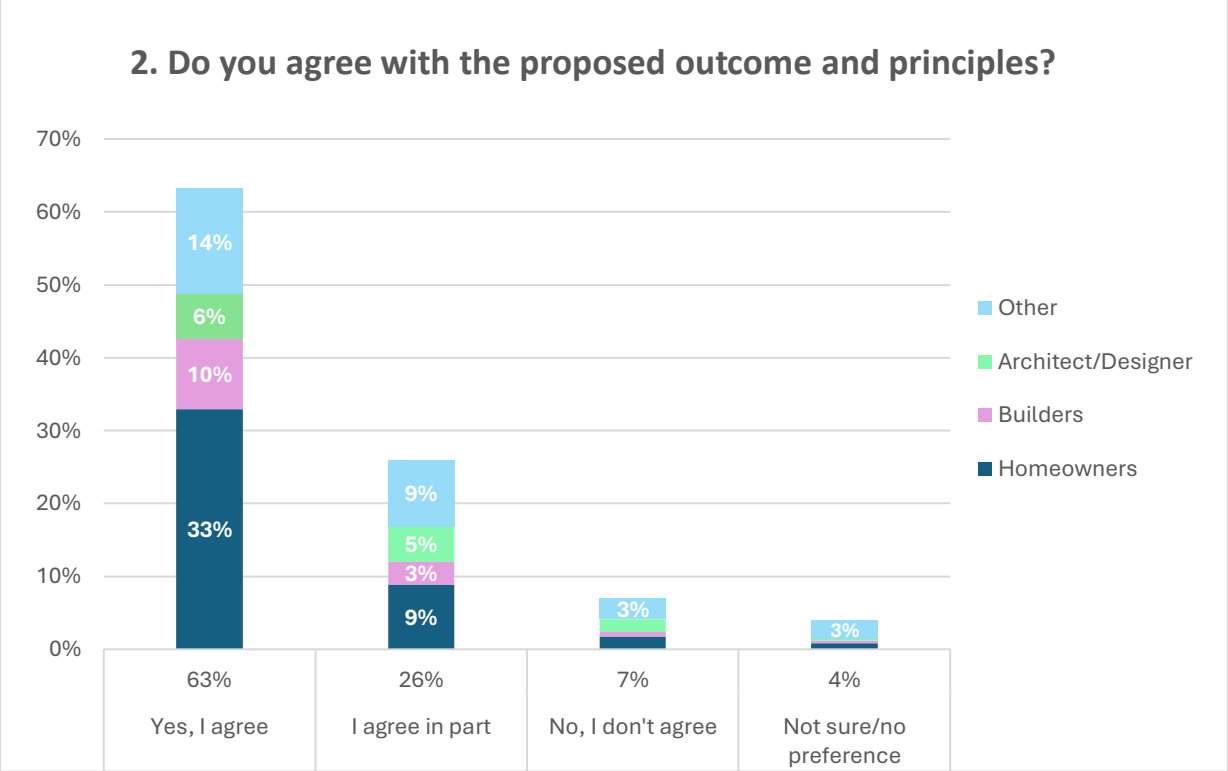


Figure 3: Graph detailing the response to question two



Homeowners

Most submitters agreed with the problem definition and supported the proposed outcomes and principles. The most common feedback was that consent processes were too cumbersome for both time taken and costs incurred, and that the policy would therefore help to reduce costs and support housing affordability. Another common theme from homeowners was that for dwellings of this type, consent processes were not proportionate to the risks where they are built by licensed building professionals.

Homeowners saw the benefits in a policy that achieves the proposed outcomes, noting that it would enable those with additional land to more easily turn this into something that can generate income in the form of rent. Others stated that it would create a more optimal use of land generally.

Advocacy groups, such as Age Concern, noted that granny flats should be accessible, suitable for those with mobility or other disabilities. Some councils also shared this view.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters broadly agreed with the problem definition and outcomes, noting that the policy has the potential to assist in empowering rural communities and sustainable development.

However, one submitter noted that instead of barriers to building for Māori being considered out of scope of the proposal, they should be addressed, as should any legislation relating to housing. It was further noted that, if these challenges are ignored, there is a risk of perpetuating systemic inequalities that disproportionately affect Māori communities.

Councils

While many councils agreed with the problem definition, and that housing affordability is a major issue in many of their districts, some raised concerns that the proposed outcomes could not be achieved by enabling granny flats to be built more easily. A major theme from council submissions was that regulatory barriers to building were overstated, especially given the cost of consenting only made

up a small fraction of the overall cost of building, while providing a significant level of quality assurance to the work. Some councils contested the claim that there is an increasing demand for smaller dwellings and that there is currently unmet demand for these housing alternatives. Further, a few council submissions noted that, if granny flats do proliferate due to the policy, this may exacerbate housing supply issues by taking up land in an inefficient manner.

Industry

Most industry submitters agreed with the problem definition, however some provided feedback on the proposed outcomes and principles contained in the discussion document. Feedback from some architects and designers suggested that housing affordability should be considered in the context of system-wide initiatives. They consider that such system-wide policy changes can have a more significant impact than discrete policies, such as enabling granny flats, that may only have a small impact for a select group of New Zealanders. These submitters noted that minor residential units are already enabled in many district plans around the country.

Some submissions suggested the intervention should seek to achieve additional outcomes. Builders raised that one outcome should be to ensure healthy, safe and durable buildings.

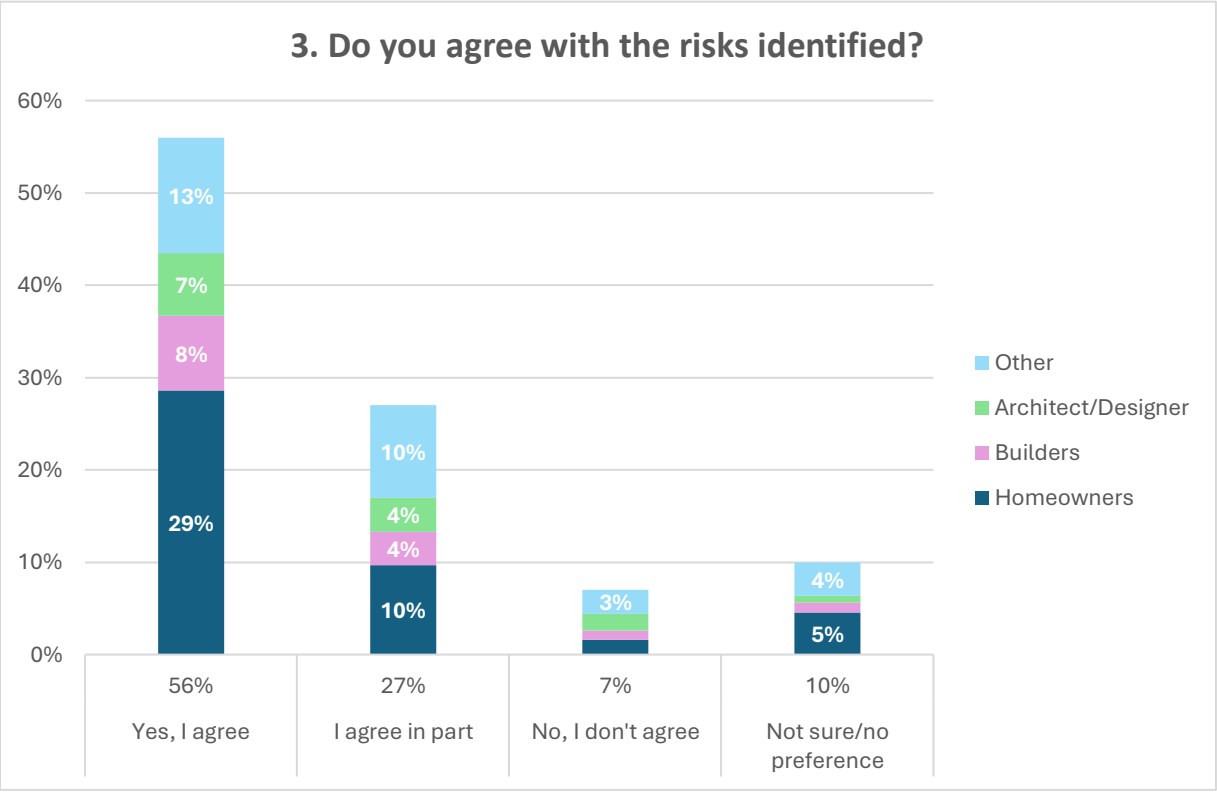
What was asked

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

Summary of feedback

Overall, **1,450** submitters answered this question, with a further **533** submitters providing further information in the open-ended section.

Figure 4: Graph detailing the response to question three



Homeowners

Most homeowners agreed with the identified risks, but some submitted that the risk of building work not meeting minimum standards was overstated. These submitters commented that granny flats were low-risk, and that the consent exemption could allow for more than is currently proposed, such as larger buildings. Other homeowners were concerned that there was a risk of councils attempting to prevent homeowners from accessing the exemption if any approval-process was involved.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters agreed with the identified risks but submitted there were also additional risks missing from the discussion document, such as those relating to flood-prone land as well as other environmental concerns.

Councils

Councils generally did not consider all the relevant risks had been identified, noting that there had been a particular failure to recognise the protection and assurance that the current processes provide to homeowners. Councils submitted that there will likely be a failure to notify councils of new granny flats, leading to an incomplete record of information about the building work and potentially causing complications at time of re-sale or if alterations are being made to the dwelling. Councils stated that any increase in costs to monitor these dwellings or rectify building work will fall on the ratepayer. Other additional risks were also identified, such as flooding and natural hazard-related issues and biodiversity risks.

Industry

Most builders agreed with the identified risks, stating that building safety and performance was the key risk to mitigate. Some builders noted that this risk already exists within the building system but without the oversight of councils, it may be exacerbated. The same submitters were concerned with "cowboy builders" who may use the exemption and the associated reduction in monitoring to carry out non-compliant building work.

Architects and designers also agreed with the identified risks, however commented that some risks, such as building safety, were more consequential than others and that they had not been weighted appropriately in the discussion document. Some submitters noted that the risk of liability in case of building failure or defect had not been fully identified.

Part 2: Proposal under the Building Act 2004

See pages 8 - 12 of the discussion document.

Part 2 is grouped by question.

What was proposed

The Ministry of Business, Innovation and Employment (MBIE) identified options to achieve the objective of reducing regulatory barriers to building granny flats, with related benefits, costs and risks. These included regulatory and non-regulatory options, including options that would not require a building consent and fast-tracked building consents. Full detail can be found on pages 8 to 12 of the discussion document.

The proposal outlined a new Schedule in the Building Act that would provide 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.

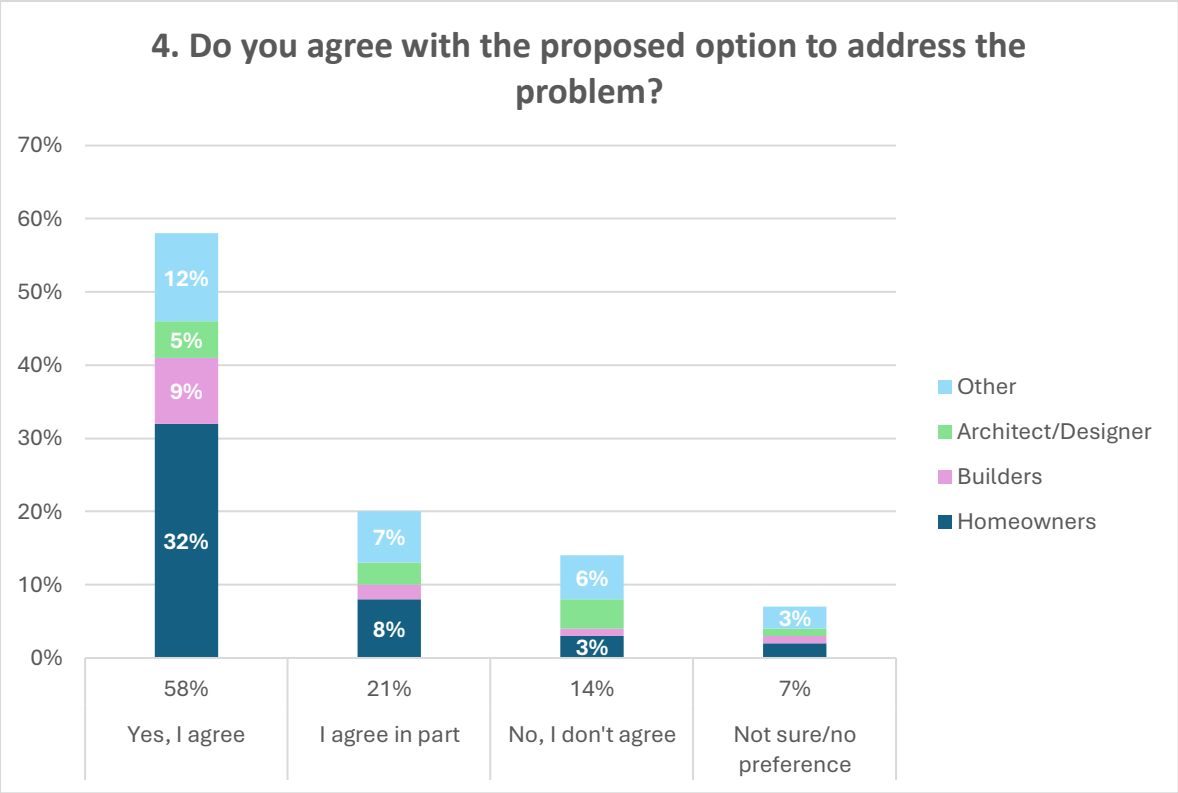
What was asked

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?

Summary of feedback

Overall, **1,450** submitters answered this question. A breakdown of their responses is shown in the graph below.

Figure 5: Graph detailing the response to question four



Submitters were also given the opportunity to explain their views on this question. **672** submitters provided a further explanation of their view.

Homeowners

Homeowners were generally supportive of the proposal, with a significant majority either agreeing or agreeing in part with the proposed option. Many homeowners supported the proposal for the social benefit that it will facilitate for intergenerational living.

Many homeowners submitted that the 60 square metre limit for these dwellings should be increased. There was variety in the suggested size increase, ranging from 65 square metres to no limit at all. There was also a variety of justifications for this increase; some submitters stated that it was needed to ensure comfortable living, while others said it would enable a more flexible range of designs.

Some homeowners submitted that the scope of the policy should be broadened to apply to more than a simple, standalone dwelling. These submitters requested that both tiny homes and the alteration of existing buildings were included as part of the proposal.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters generally supported the proposed option and considered it a positive step towards removing barriers and creating a more equitable housing system for Māori. However, several submitters recommended alterations to proposed exemption conditions to enable specific considerations for Māori communities. These recommendations were that the dwellings should be explicitly permitted as standalone structures on whenua Māori (Māori land), without requiring a

primary dwelling. Additionally, the policy should allow for multiple small dwellings to be erected on the same site, to enable papakāinga development (housing development for Māori on their ancestral land).

Councils (including Building Consent Authorities)

A key theme in council submissions is a preference for alternative options to address the stated problem. Various approaches under the Building Act were suggested. The most common suggestion was to retain a building consent but reduce the mandatory turnaround time to 10 working days (i.e. a fast-track consent).

Another common concern raised was that the proposal's benefit was marginal and only represented a small percentage of the cost of building. Councils submitted that the costs and risks associated with removing council quality assurance mechanisms may outweigh this benefit.

Most councils raised the issue of a potential increase in non-compliant building work. These councils stated that the competency of tradespeople, such as Licensed Building Practitioners and the occupational schemes that regulate them, are insufficient to take on assurance responsibilities. Councils often cited current high inspection failure rates as evidence for this position.

The Building Officials Institute of New Zealand submission included a recent analysis of Requests for Information (RFI) and failed inspections from 18 building consent authorities (BCAs) across the country, ranging from small to large, over a period of 11 months (May 2023 – March 2024).

Requests for Information (RFI) and failed inspection rates from across 18 BCAs

	Percentage of residential building consents with RFIs	Percentage of residential failed inspections
Average	74%	48%
Median	79%	46%

Source: Objective Corporation Limited[2]

Auckland Council's failed inspection rates for the last 12 months

	Percentage fail rate
Average for the last 12 months	24%

One council agreed that creating a new schedule to the Building Act was preferable to amending the existing Schedule 1. However, if that was the case, they considered a review of Schedule 1 would need to be undertaken to ensure consistency between both Schedules.

Industry

Most architects and designers were supportive of the proposal, citing that, for dwellings such as granny flats, the building consent process was not necessary, and that this exemption would enable a greater number of minor dwellings to be built across the country.

However, some key concerns were raised regarding the proposal's potential to lead to compliance issues and poor-quality housing. Submitters queried how the quality of building work would be monitored, noting their concerns with placing assurance responsibilities on Licensed Building Practitioners.

[2] Data tables contained in the BOINZ submission on the Making it easier to build granny flats discussion document.

Builders were also largely supportive of the proposal, viewing it as an opportunity to reduce the cost and time associated with building a simple dwelling. However, feedback indicated that it is important to ensure relevant safeguards are in place to mitigate the risk of removing council oversight.

What was asked

Question 5: What other options should the government consider to achieve the same outcomes?

What was proposed

Further to the proposed option (option 2), the discussion document outlined four alternative options involving potential changes to the Building Act that could achieve the same outcome. These options are outlined on page 8 of the discussion document.

Overall, **662** submitters responded to this question, and some of these submitters commented on alternative options for the Government to consider.

Summary of feedback

New Schedule 1 exemption (option 1)

There was little preference for option 1 across all submitter groups.

Several homeowners responded that the government should consider option 1; however, these submitters did not elaborate further on their preference. One industry submitter stated that option 1 was too risky with little mitigation to address the risks identified.

Self-certification regime (option 3)

Some homeowners submitted their preference for option 3; one homeowner commented that professionals are currently obligated to follow rules and regulations and that a self-certification scheme would be an extension of that obligation.

Some responses from the industry showed a general support for option 3. Whilst some responses did not provide further explanation for their support; a few of these submitters expressed that this was a great idea for the sector. On the contrary, a few industry submitters stated that option 3 would add too much complexity to the system.

Fast-tracked building consent (options 4 and 5)

Most councils were in favour of the fast-track consenting process provided by Options 4 and 5, expressing that these options would create fewer risks than other identified options. They acknowledged that Options 4 and 5 would still require a building consent but considered the benefits would outweigh the processing time and cost. They considered that under this fast-tracked approach, consumers could be better assured that their granny flat is of good quality and meets the Building Code, as well as better protected in the case of building failure or defect. Further comments made stated that these options would better enable councils to collect development contributions for these buildings.

Some homeowners supported the fast-tracked consenting options, options 4 and 5. They expressed that options 4 and 5 would provide for a faster consenting process as well as council oversight to ensure that the building work complies with the Building Code. These homeowners also considered that these options would provide consumers with more flexibility in terms of design.

What was asked

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?

What was proposed

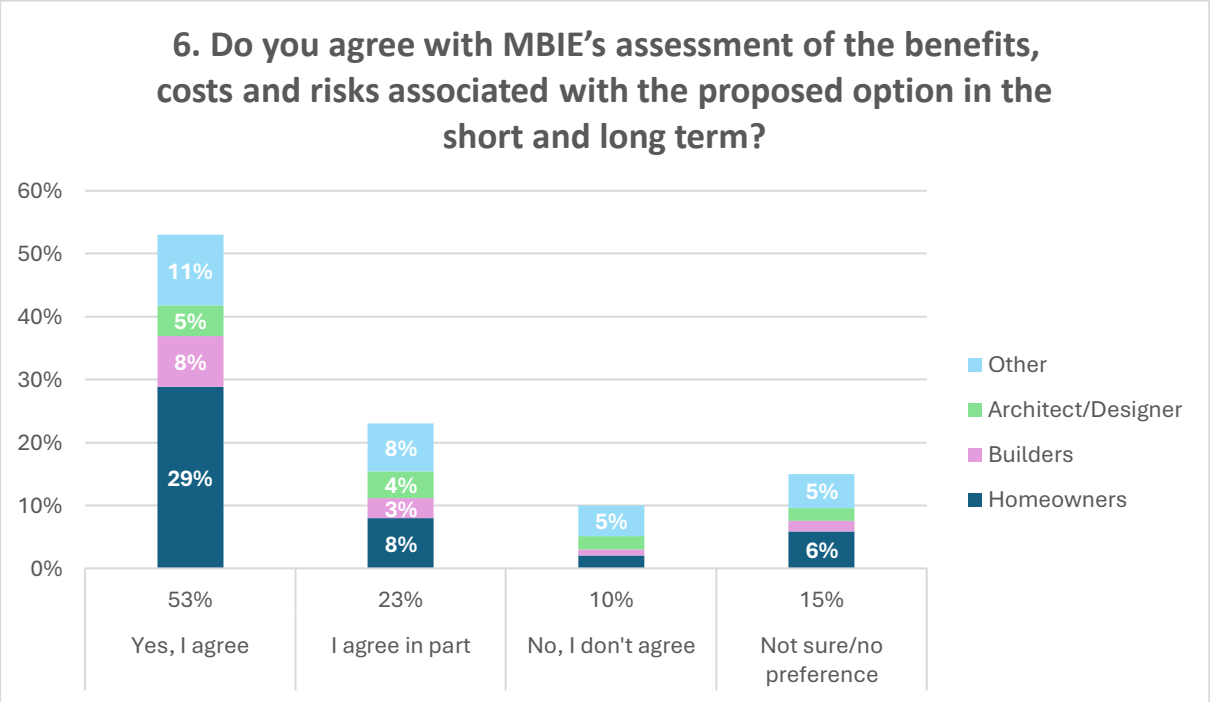
The discussion document included a list of risks associated with the proposed approach:

- Without the oversight of Building Consent Authorities, there is an increased risk of non-compliant buildings. The notification requirement, and other criteria, are proposed to help mitigate this risk. It is unclear whether these mitigations will be enough to resolve potential difficulties with finance, insurance, and re-sale.
- The proposal 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.

Summary of feedback

Overall, **1,450** submitters answered this question. Figure 6 below shows a breakdown of their responses.

Figure 6: graph detailing the response to question six



Submitters were also given the opportunity to explain their views on this question. **392** submitters provided a further explanation of their view.

Homeowners

Overall, homeowners agreed with the assessment contained in the discussion document. Homeowners emphasized the social and economic benefits of intergenerational living. Furthermore,

this demographic commented on the need for more affordable housing and noted that the proposal could help increase the housing stock and positively impact the rental market.

Some homeowners disagreed because they believed the costs and risks identified were an overestimation, whilst others viewed these as an underestimation. Additionally, homeowners who disagreed highlighted the long-term risks regarding compliance, insurability, and liability associated with the proposal. In these cases, respondents argued that the risks associated with the proposal did not outweigh the benefits.

Iwi, hapū and Māori

Most iwi, hapū and Māori submitters agreed with the assessment within the discussion document but did not provide further comments. Of those who disagreed, the key reason provided was that even under the current process, non-compliant buildings were common, and the mitigations provided in the proposal were insufficient to address the increased risk.

Councils (including Building Consent Authorities) and Industry

Feedback received from councils and industry stakeholders was largely consistent. Submitters expressed support for the potential benefits, however, the feedback stated that the long-term costs and risks of the proposal were understated and potentially outweighed the benefits.

The most common reason provided for disagreement with the assessment was the risk of poor-quality housing arising due to a lack of compliance, monitoring, and enforcement. Without a third party checking off building work, submitters voiced concerns as to whether the current Licensed Builder Practitioners scheme is sufficient.

Industry submitters provided anecdotal experiences of non-compliance within the existing regime as an argument against the proposal to reduce oversight. Furthermore, several councils cited inspection failure rates under the existing regulations as a reason to be wary of reducing council involvement.

Submitters further stated that the assessment inaccurately reflected consenting costs proportionate to total building costs, and that the stated cost savings were minimal and did not outweigh other costs such as building materials, or the potential costs of remedying non-compliant building work in the long term.

Council and industry submitters also commented on the responsibility the proposal places on homeowners to ensure qualified professionals complete the building work and the associated risks. These comments stressed the risk to homeowners of not having code compliance certificates. Submitters questioned the impacts on insurability and finance, noting that insurance companies currently rely on code compliance certificates and raised the matter of how homeowners would be able to prove retrospectively that the building was built to code. Submitters expressed concern that homeowners may not appreciate the risks involved in undertaking building under the proposed option.

The management of infrastructure, water servicing, and stormwater were also points of concern among this submitter type. Submitters questioned whether local governments could cope with providing the additional services required for widespread unplanned building density. To mitigate this risk, submitters stressed the importance of having an official record of the completed work.

What was asked

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

Summary of feedback

Overall, **490** submitters answered this question, views varied amongst different submitter groups. Feedback has been structured in order of benefits, costs and risks identified.

Benefits

Homeowners

Social benefits were the key benefits identified by homeowners. Emphasis was placed on enabling intergenerational living, both in terms of supporting elderly family members and grown-up children. Submitters also noted the financial savings enabled by intergenerational living.

Most homeowners approached the proposal from the perspective of housing family members; however, some also noted the potential to make use of granny flats as a rental property, and the associated economic benefits.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters identified social benefits as the most significant. Submitters stated that the benefits lay in reducing homelessness by making access to housing easier, and in doing so, increasing mental wellbeing. The potential to increased independent living afforded by the proposal was also cited as promoting positive wellbeing.

Industry

Some industry stakeholders elaborated on the social benefits of the proposal, including the positive effects of intergenerational living on mental wellbeing. Submitters also cited the reduction in 'red tape' may decrease stress. Additional comments included the incentivisation of innovative thinking within the market.

Councils (including Building Consent Authorities)

Councils showed support for benefits such as greater diversity for living arrangements, increased housing stock, and a more efficient and cheaper process for achieving these goals.

Costs

Submitters across demographics stressed that consenting costs comprise only a very small proportion of total building costs, arguing that the primary drivers of costs were building materials, land, and labour.

Homeowners

Homeowners and individuals raised concerns about possible financial costs imposed by councils because of the construction of one of the proposed buildings. For example, increased rates and contribution fees. Community costs such as negative impacts on a neighbourhood's aesthetic were also noted among submitters.

Industry

Industry submitters contended that the long-term costs of non-compliance were high, affecting public health and safety, insurability (both for homeowners and Licensed Building Practitioners), and liability. Submitters pointed to the reduction in council oversight and shifting of liability for non-compliance onto the industry and homeowners, with financial consequences for remedial work.

Councils (including Building Consent Authorities)

Councils identified costs in relation to possible rates increase, notification to council, and liability. Councils were concerned that the notification to council of an intent to build via a Project Information

Memorandum (PIM) may put monitoring obligations on councils with potential financial ramifications that could negate the assessed cost-savings.

Feedback from councils maintained that the indirect costs to councils to respond to and investigate complaints of non-compliant building work, including issuing notices-to-fix, would be high, and require a larger compliance team.

Risks

Homeowners

Of the risks identified by homeowners, the impact on neighbours, liability issues, and infrastructure and water servicing concerns feature most prominently.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters noted the potential risks associated with stormwater and flooding, as well as suggesting the influx of un-planned higher density housing may lead to increased pollution and crime.

Industry

A consistent theme across submitters from different groups within the industry is concern around the compliance, monitoring, and enforcement of the Building Code. Submitters argued that without the oversight of councils, the risks of 'cowboys' constructing granny flats that are not code-compliant would be much higher. Submitters noted that although the proposal lists specific conditions, the proposal did not provide for a means of checking that these conditions were in fact adhered to.

Industry submitters raised risks regarding stormwater, parking, noise pollution, and the risk to neighbouring properties if councils did not have accurate documentation of the final build. Submitters questioned what checks would be in place to ensure the correct building and engineering techniques were used for difficult sites, such as land that may be subject to a natural hazard.

Councils (including Building Consent Authorities)

Councils strongly disagreed with the assessment of the risks and long-term costs associated with the proposal as presented in the discussion document. Submitters stressed that the mitigating conditions proposed were not enough to prevent sub-standard, non-compliant building work from occurring. An additional risk raised was the possible reputational harm to industry due to increased levels of non-compliance.

Aside from the risk of non-compliant building work itself, councils raised concerns regarding the lack of a formal record of work and the implications for homeowners. Relatedly, these submitters stated the importance of infrastructure providers requiring visibility on where and when new developments are built. Linked to this was the risk of an increase in the number of dwellings located in a floodplain or overland flow path, or the alteration of the overland flow path owing to the construction of an unconsented dwelling under the proposed exemption.

What was asked

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?

What was proposed

MBIE considered that a building consent exemption is only appropriate if the building meets certain criteria that help limit health and safety risks.

The conditions would require the dwelling to be built by trusted workers, to a simple and straightforward design, and be notified to councils. Meeting these conditions would reduce the risk of building failure that the current inspections and approvals process safeguards against. They were specifically targeted at reducing the risk of structural failure, fire and the spread of fire, weathertightness failure, and insanitary conditions.

The full breakdown of proposed conditions is set out in pages 9 to 11 of the discussion document.

Summary of feedback

Overall, **594** submitters answered this question. Relatively few submitters provided additional conditions; however, submitters provided useful feedback on some of the existing conditions for the Government to consider. Feedback is summarised by condition type below.

Floor area – 'up to and including 60 square metres'

Many homeowners submitted that the 60 square metre limit for these dwellings should be increased. There was variety in the suggested size increase, ranging from 65 square metres to no limit at all. There was also variety in the justification for this increase; some submitters stated that it was needed to ensure comfortable living, while others said it would enable a more flexible range of designs.

On the contrary, some industry submitters considered the current floor limits to be sufficient and low-risk.

Boundaries

Some councils commented on the height to boundary condition, with most in favour of option B: 'there must be a two-metre distance from the external walls to any other building or boundary'.

One industry submitter stated that this condition should be removed because Acceptable Solutions cover separation from other buildings and boundaries. Moreover, District Plans also contain provisions on boundaries and setbacks.

Simple design via Acceptable Solutions

A few submitters disagreed with the wind zone condition, noting that it was far too restrictive. They suggested that the restriction should be extended to only exclude wind zones that require a Special Engineering Design (SED). Several industry submitters viewed the condition as unnecessary considering the dwelling is already required to be built in accordance with certain Acceptable Solutions.

Several submitters suggested that the requirement to meet B1/AS1 would severely limit the applicability of the proposal, as much of the country does not meet the 'good ground' requirement, and therefore recommended the condition be removed. Submitters suggested that, as an alternative, a geo-technical report or soil assessment should be required to identify the ground conditions. This assessment would mitigate any potential risks associated with poor soil conditions that could impact the building work and surrounding infrastructure.

A few industry submitters suggested existing safeguards such as NZECP34[3] be implemented to ensure granny flats are safe from electrical related hazards and injuries. This includes maintaining safe distances when carrying out construction, building and excavation work near electric lines, and the use of non-conductive materials to mitigate risks of earth potential rise.

[3] NZ Electric Code 34 sets out the minimum safe electrical distance requirements for overhead electric line installations and other works associated with the supply of electricity from generating stations to end users.

Plumbing work

A few submitters recommended that that the plumbing condition should be reconsidered, suggesting that wet area showers should be allowed under the exemption. One industry submitter considered the wet area shower work to be simple and low risk.

One iwi submission stated that the policy should enable off-grid sanitation and water supply as whenua Māori (Māori land) are often geographically isolated and vulnerable to extreme weather events, necessitating alternative water and power solutions.

Record of building work

In general, submitters across all demographics agreed that 'Records of Work' and 'Certificates of Work' should apply to these dwellings as if it was restricted building work.

Several councils, homeowners, and industry submitters stated that this requirement will allow these small standalone dwellings to be recorded in council property files and would be valuable for insurers, lenders, and future owners.

Design and building work

A few submitters flagged that the design of granny flats should be more accessible to accommodate the needs of elderly occupants and other members of the community with disabilities. A couple of submitters acknowledged that most New Zealand housing designs are inaccessible and suggested implementing Lifemark design standards and the installation of wet area showers to ensure that a granny flat is accessible for all occupants.

Additional assurance processes

A few submitters suggested adding additional assurance processes to ensure that building work complies with the Building Code. Whilst acknowledging the limitations of the Licensed Building Practitioner Site License, one industry submitter recommended adding a two-step approval process consisting of a Site License holder checking the building work before the building work begins, and a final inspection upon completion. Additionally, a few submitters suggested that a certificate of acceptance should be obtained once the building work is completed to provide greater certainty that the granny flat is code compliant.

What was asked

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?

What was proposed

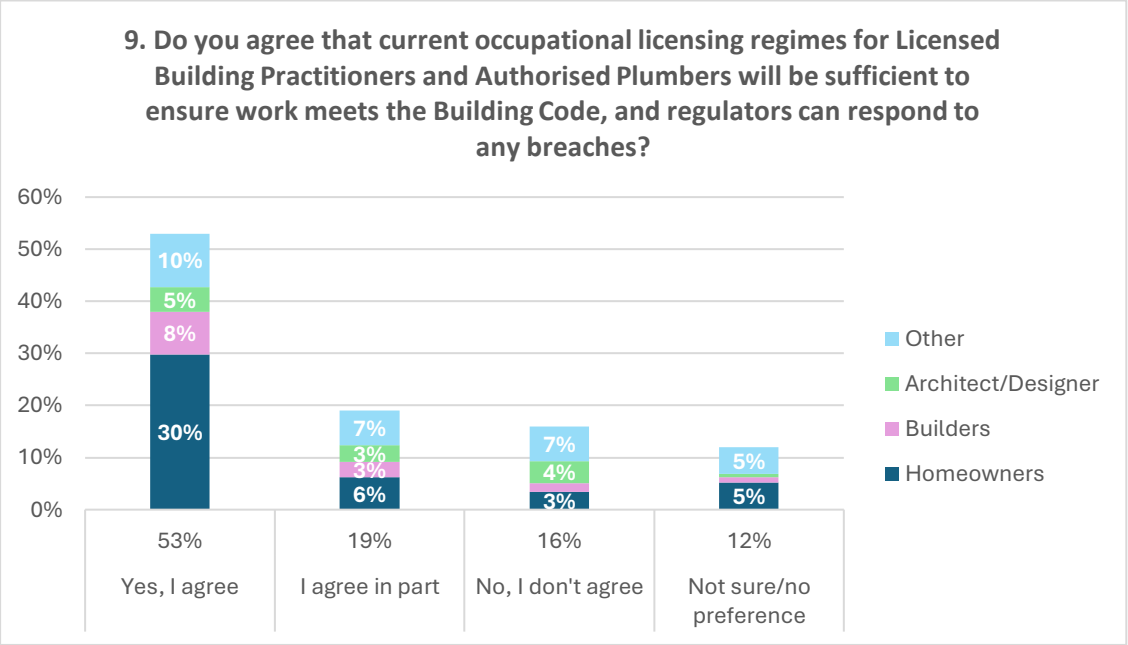
All design and building work not covered by MultiProof or BuiltReady must be done (or supervised) by a Licensed Building Practitioner working within their scope of competency.

All plumbing and drain laying work must be done by an appropriately licensed person under the Plumbers, Gasfitters and Drainlayers Act 2006.

Summary of feedback

Overall, **1,450** submitters answered this question. Figure 7 below shows the breakdown of the responses.

Figure 7: Graph detailing the response to question nine



Submitters were also given the opportunity to explain their views on this question. **621** submitters provided a further explanation of their view.

Most responses to this question focused on the suitability and competency of the authorised tradespeople named in the proposal, rather than on the occupational licensing regimes themselves.

There was little comment on the occupational licensing regime for authorised plumbers. Where submissions were made on plumbers, concerns were raised around the potential inconsistency that the proposal may create if plumbing work can be completed without a consent in the context of a granny flat, but not outside of it.

The most common concern raised was a mistrust of Licensed Building Practitioners. Submitters stated that under the existing system Licensed Building Practitioners rely on the building consent system and building inspections as a quality assurance check, and that without it, there is significant risk of non-compliance.

Homeowners

Most homeowners (90%) agreed, or agreed in part, that relevant occupational licensing regimes would be sufficient to ensure work meets the Building Code and that regulators can respond to breaches.

Reasons for their support included:

- Licensed Building Practitioners and plumbers hold licences that show they are competent to complete their work to an acceptable standard, it makes sense to allow them to build a simple dwelling without council oversight.
- Licensed Building Practitioners and plumbers are capable of carrying out compliant work.
- Enforcement mechanisms built into the occupational regimes are sufficient to disincentivise poor-quality work.

Some homeowners did note that if an owner or builder has the necessary skills to construct a dwelling that meets the Building Code, they should not be precluded from accessing the consent exemption, despite not having formal qualifications.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters were supportive of the requirement for all building work done under the proposed exemption to be carried out or supervised by authorised professionals, under current licensing regimes. Submitters noted that this requirement was necessary to ensure work was done in accordance with the Building Code and resulted in good quality and safe homes.

Councils (including Building Consent Authorities)

Most councils submitted that they do not have confidence in Licensed Building Practitioners to take on assurance responsibilities for these dwellings and that the Licensed Building Practitioner scheme does not have sufficient quality assurance built into it. As mentioned under Question 4, councils have significant concerns around existing failure rates for residential building work and commented that the proposal doesn't include how these failures will be addressed under the policy.

Some councils were more confident in authorised plumbers, submitting that inspection failure rates for plumbing work are lower than residential building work.

To address concerns raised regarding the occupational licensing regimes for Licensed Building Practitioners, some councils suggested that a review of the Licensed Building Practitioner scheme is undertaken to ensure adequate provisions are in place, such as auditing, monitoring, and general quality assurance, to reduce the risk on homeowners in the case of building defects.

Both Christchurch City Council and Kāpiti District Council had unique suggestions for changes to the policy. Christchurch suggested a specific licence class be established for a Licensed Building Practitioner responsible for this work. Kāpiti suggested that one Licensed Building Practitioner be required to take overall site and build responsibility, as well as holding professional liability insurance.

Industry

Most builders stated that they had confidence in Licensed Building Practitioners and the occupational regime supporting them, with only a small percentage opposing the proposal.

Builders who supported the proposal commented that inspectors did not add value on projects as simple as granny flats, and that Licensed Building Practitioners were sufficiently competent to take on this work and carry the associated liability.

Those builders who disagreed with the proposal submitted that it was still necessary to retain some level of oversight and assurance of work carried out by Licensed Building Practitioners. In particular, New Zealand Certified Builders recommended a two-step approval process consisting of design-checks and then final inspection by a Licensed Building Practitioner, Site License holder.

Architects and designers consistently raised concerns around monitoring and quality assurance. Submitters stated that plan-checks and site inspections were a necessary part of the building process to ensure that work meets the Building Code.

The Insurance Council submitted that the proposal was unclear on how councils, industry, and future homeowners could be assured that work was carried out by regulated professionals, and not by unlicensed or unauthorised tradespeople.

What was asked

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?

Summary of feedback

Overall, **708** submitters answered this question. Homeowners made up 34 per cent of responses, with builders and architects/designers being the next largest groups, at 20 per cent and 17 per cent respectively. Feedback is summarised by barrier areas below.

Finance and insurance

The main barrier raised relates to the ability to finance or insure a granny flat, without it receiving a building consent and associated code compliance certificate. It was a widely stated that insurance companies would find this sort of project difficult to insure and banks would find it difficult to finance, as neither would have their normal assurances regarding compliance. It was emphasised that the project may not be feasible, unless the banks and insurance companies are committed to providing services for buildings that have a Licensed Building Practitioner sign-off only.

One suggested amendment was to create an additional sign-off or certificate for the purpose of insurance and finance. Otherwise, the issue of higher premiums may offset any costs saved in the consenting process.

Homeowners were very concerned about insurance and finance and wanted an obligation in place for insurance to apply. Councils were primarily concerned that insurance would either simply not be provided, or if it was it would cost too much to obtain. Some builders and architects raised that, due to insurance premiums, it may end up cheaper to get a consent than the current proposal. Iwi, hapū and Māori echoed the concern that finance and insurance will be difficult to obtain without a building consent.

Regulatory processes

Another barrier raised was that regulatory processes at the council level may act as a barrier to the use of the exemption. Concerns were mostly submitted by homeowners, who commented that if there was any opportunity for councils to be involved in the granting of an exemption, this would be used to block individuals from using it. Homeowners and industry submitters noted that under the current system, district plan rules often act as a barrier to this form of development.

Another concern raised was that any forms or documents that were required to go via the council would have high fees associated with them and that this may reduce the benefit of avoiding consent fees on these dwellings.

Liability and other barriers

Liability for poor quality work was a concern stemming from the increased risk that buildings would not be compliant with the Building Code. Councils were concerned with where liability would fall in this instance. Some councils commented that liability should be better proportioned than is currently outlined, as it will disproportionately affect homeowners of smaller homes and those with less financial means.

Another theme raised by councils was that the resale price of a property would be negatively affected and that there would be no consumer protection in place to mitigate this.

Builders and architects were concerned that a lack of available land suitable for both a primary dwelling and 60 square metre granny flat would act as a barrier to the proposal. Submitters commented that this barrier is exacerbated by the condition of buildings being required to be a certain distance from the boundary.

What was asked

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?

Summary of feedback

Overall, **904** submitters answered this question. Homeowners made up nearly 40 percent of responses to this question, with builders and architects/designers being the next largest groups. Feedback is summarised by savings area below.

Financial savings

Overall, 55 per cent of submitters felt there would be some form of financial savings.

- 19 per cent of submitters felt there would be financial savings of $15,000 or higher
- 15 per cent felt the saving would be between $3,000 – $15,000,
- 13 per cent stated that the financial savings would be less than $3,000.
- The remaining eight per cent submitted there would be financial savings, but did not specify a value.

The point was made that the largest cost remains the actual building work, of which this proposal will not affect. It was also noted by some that the financial benefits may be relatively small, especially if additional inspections or certificates are added. Some even stated that there may be an increase in overall costs, particularly if there were issues with the build quality that needed to be remedied post-construction.

Homeowners generally commented that there would be significant time and financial savings. There was also a consensus that council processes are overly complicated and hard to use. Cost-to-build was cited as a remaining deterrent.

Some builders submitted that it would create financial and time savings, but that they may be outweighed by increased costs later in the process. It was commented that the building consent fee is only a very small contributor to the overall costs. Others stated it could provide an additional workstream for builders, whilst some had a preference to stick to the status quo to avoid further problems.

Some architects and designers commented it will effectively allow homeowners to build non-compliant buildings, which saves on costs but increases risks.

Councils largely submitted that the cost of a building consent was low given the level of assurance that the process provides to the quality of building work. They were concerned that the cost to rectify non-compliant buildings could result in a net-loss.

Time savings

Overall, 34 per cent of submitters stated that there would be some amount of time saved with this proposal.

- 12 per cent of submitters stated that there would be more than three months of time saved,
- 10 per cent felt there would be between one to three months saved, and
- 4 per cent felt that less than one month of time would be saved.
- The remaining eight per cent submitted there would be time savings, but did not specify a value.

Some architects and designers commented that it should save time as the paperwork in the consenting process can take longer than the construction process.

Offsite construction was submitted as one way to further enable time and money savings and to assist with reducing poor quality building.

What was asked

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

Overall, **493** submitters answered this question. A wide range of views were provided, comments and concerns were often consistent within the different demographic groups.

Summary of feedback

Homeowners

Homeowners often submitted that the proposed conditions were too restrictive and were lacking sufficient justification, for example, the exclusion of wood-burners and wet-room showers. Others submitted that a granny flat should be allowed to be built without the requirement for a primary dwelling on the same title.

Several homeowners stated that consideration should be given to allowing an owner-builder to carry out this building work as it is simple and low-risk.

Iwi, hapū and Māori

Various additional suggestions were made by iwi, hapū and Māori submitters on this question. One organisation recommended that the policy be broadened to also include alterations to existing buildings. Another commented that council development contributions should be charged based on the relative increase in use of local infrastructure.

As discussed in earlier questions, submitters raised their concerns with the applicability of the proposal to papakāinga developments and building on whenua land.

Councils (including Building Consent Authorities)

Many councils stressed the importance of information and education to support the implementation of the policy. Councils stated that it was vital that homeowners and tradespeople alike understand that these dwellings are still required to be built in accordance with the Building Code. Further, they submitted that owners need to be made aware that councils do not play any role in quality assurance if the exemption is used, but also that owners still have the option to proceed under the existing consenting system.

Some councils submitted that ongoing professional development for relevant tradespeople is pivotal to ensure they are aware of updates to Building Code requirements.

Another key theme in council submissions was the concern that by removing the building consent, risks for resilience to natural hazards would not be identified or addressed.

Lastly, councils consistently stated that they must be specifically excluded from liability for granny flats built under the proposed exemption and that if action needs to be taken in response to non-compliance, councils should have a mechanism to recover costs incurred dealing with the matter.

Industry

Architects and designers were concerned with the level of responsibility that the proposal places on homeowners to determine who is a competent and qualified professional and who is not. Additionally, some submitters recommended the regulations stipulate the personal responsibility of all approved building professionals in terms of safety, quality, and performance of these small dwellings.

Electricity companies were concerned that due to the removal of council oversight, granny flats would be built too close to power lines. Some recommended that explicit reference to the electrical code of practice, NZECP34, is made within the Building Act.

Part 3: Proposal under the Resource Management Act 1991

See pages 13 - 16 of the discussion document.

Part 3 is grouped into the following subparts:

- focus of the resource management proposal – scope of the policy under the Resource Management Act
- where the policy should apply
- resource management policy instrument
- permitted activity standards and alignment with district plans
- other matters relating to the resource management proposal

Focus of the resource management proposal – scope of the policy under the Resource Management Act

What was proposed

The focus is to enable small, detached, self-contained, single storey houses for residential use ie a granny flat or minor residential unit (MRU).

Matters out of scope of the policy:

- Subdivision – must meet the subdivision requirements set out in the relevant district plan.
- Matters of national importance (Resource Management Act section 6 matters), such as significant natural areas, natural hazards, and historic heritage.
- The use of the minor residential units – district plans manage the activities.
- Regional plan rules – granny flats may require a resource consent under a regional plan, like wastewater discharge in rural areas.

What was asked

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 Resource Management Act?

Question 14: Should this policy apply to accessory buildings, extensions and attached granny flats under the Resource Management Act?

Question 17: Do you agree that subdivision, matters of national importance (Resource Management Act 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?

Summary of feedback

Overall, **1450** submitters responded to questions 13, 14, and 17 which is reflected in Figures 8, 9 and 10 below. Question 18 is a free text only question. The number of submitters who responded with written responses is as follows:

- Question 13: **328**

- Question 14: **390**
- Question 17: **246**
- Question 18: **142** (free text only question).

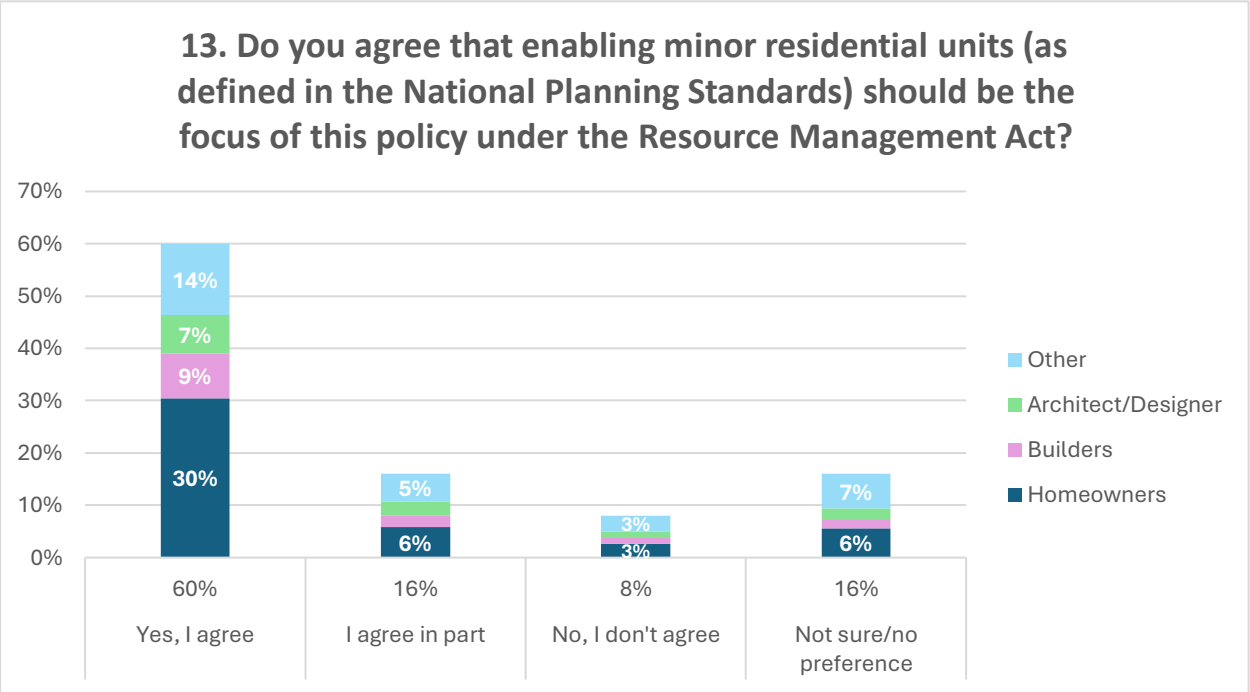
Most submitters were supportive of the proposal and thought that the focus of the policy on minor residential units is the right approach, with only some not agreeing.

Many submitters agreed with the questions of scope – that subdivision, matters of national importance, unit use, and regional rules should be out of scope, as proposed. Many submitters were not sure or did not have a preference. A few thought the scope should be widened to include one or more matters, with subdivision being the most raised matter. A few submissions, notably from councils, stated the scope should be wider to include other matters not expressly listed.

Nearly all submitters thought that accessory buildings should be included in the scope of the policy.

The written responses to questions 13, 14, 17, and 18 overlap and are therefore summarised jointly, below.

Figure 8: Graph detailing the response to question 13



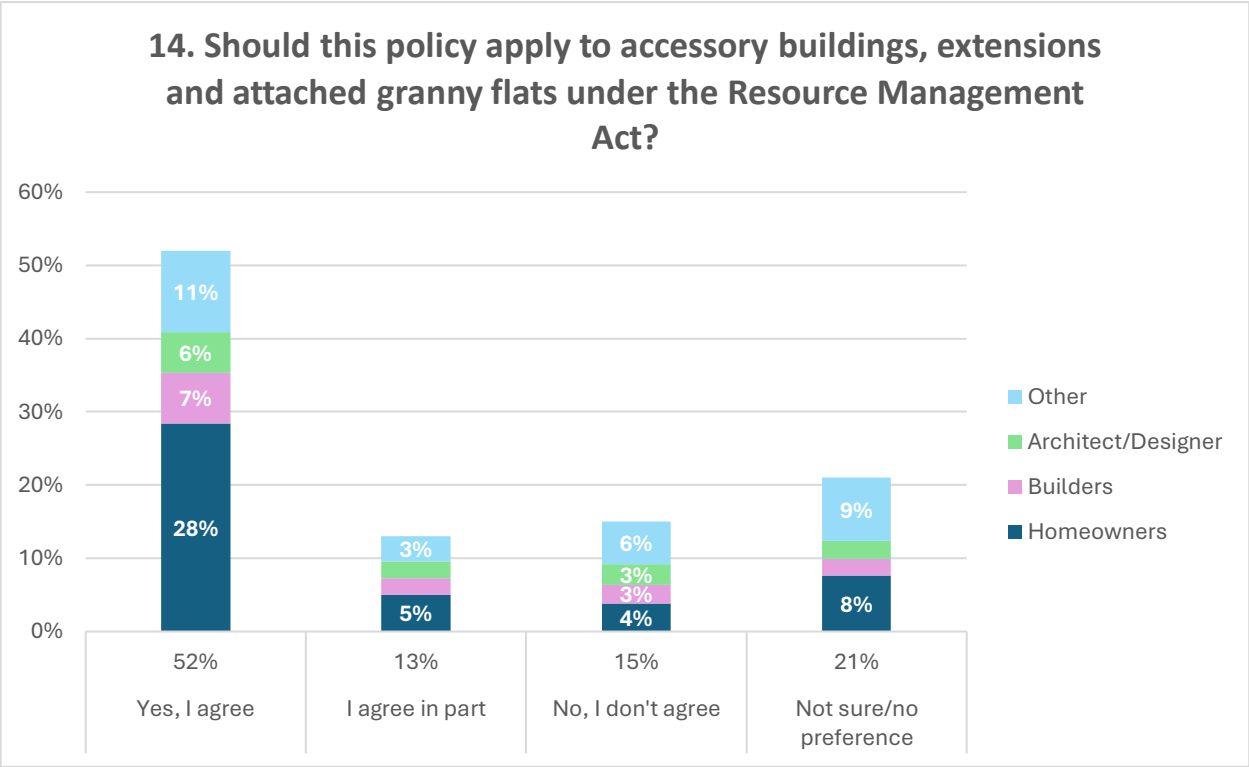
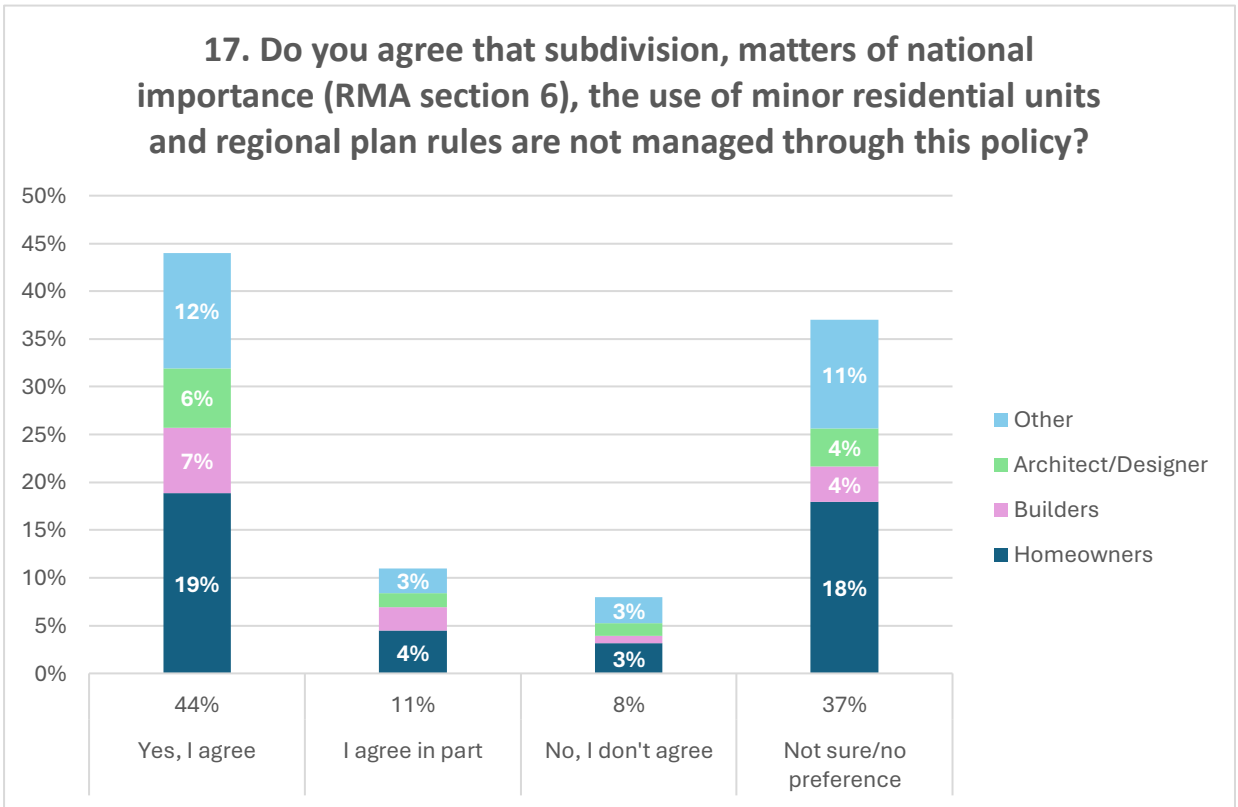


Figure 9: Graph detailing the response to question 14

Figure 10: Graph detailing the response to question 17



Key themes

Minor, ancillary residential units as the focus for the policy

Most submissions agree that enabling minor residential units or granny flats as defined in the National Planning Standards is the appropriate focus of the policy. Keeping the policy focused on granny flats and not widening the scope ensures that the policy is simpler and should result in more granny flats being built more easily. Otherwise, without the proposed approach some submitters consider there is too much variability and therefore excessive cost to navigate the complexity and differences in granny flat development. Another reason submitters support the policy is it will offer more small housing types, which the market currently doesn't provide enough of.

Some submitters, notably councils and the New Zealand Planning Institute, said that many district plans already enable granny flats and resource consents are often not required. There is also some concern that this policy will have a limited effect on housing problems in many cities that already have more enabling provisions and will only benefit people that already own a home.

Some submitters thought the size of the unit should not be limited to 60 square metres. They consider that if the site allows a bigger unit, then it should be allowed. They considered the effects of a smaller unit are similar to larger units where the land area allows for it.

A few submitters noted that exempting granny flats from district plans will impact the character and appearance of urban environments and felt that over time these impacts will be collectively significant and will have a negative outcome due to aesthetics and overcrowding.

Some councils questioned how a principal residential unit will be identified within the context of properties where there is more than one dwelling present.

Some submitters considered it would be beneficial to allow granny flats to be entirely independent of the main dwelling, not agreeing that it be in association with a principal dwelling unit. They considered the policy should allow the building of a small home where there is no existing principal residential unit on the site, or the building of multiple small homes on a larger site or a site that only has a single existing dwelling. Approximately 10 per cent of all submissions (nearly 200 submitters) want the policy to be more inclusive of tiny homes. Tiny homes are typically defined as small homes on wheels or that are semi-permanent and these are currently not provided for in most district plans.

Accessory buildings, extensions and attached granny flats

Most submitters supported the scope of the policy including ancillary buildings such as garages and sleepouts. Homeowners were the greatest supporter of including accessory buildings in the policy. Just over one third of submitters did not support the scope being so inclusive, mostly architects and designers; a total of 109 submitters.

Reasons for not supporting accessory buildings included overcomplicating the policy, or increased risk in terms of poor building quality. Some noted that accessory buildings are already generally permitted by district plans.

The question about whether granny flats could be attached to the principal dwelling drew some detailed responses. Some responses questioned why a resource management standard should manage a Building Code matter like building separation, where the rationale is to simplify construction and reduce the risk from fire spread. Some submitters thought this risk could be addressed with fire walls and without the need for a building consent. Many thought attached buildings are better for the occupants, especially those who are related and where there are care commitments involved. Some submitters also thought attached granny flats would be better from an urban character and appearance perspective. Submitters also said many sections will be too small to fit a standalone granny flat.

Use of the dwelling

Some submitters raised concerns with units being used for short-term rental such as Airbnb and visitor accommodation, citing that they either supported the scope not including these uses, or that the proposed policy should explicitly exclude them (therefore preventing district plans from allowing them) and the units should only be occupied by family of the property owners or principal unit occupiers. A few submitters said minor residential units should only be for rental accommodation to support the supply of rental housing generally.

Subdivision

Some submitters requested that subdivision should be included in the policy and not be left to the discretion of district plans. They have not seen strong evidence that minor residential units must have an ancillary role and believe that many people will be better served by the dwellings being as independent as possible from the main dwelling.

Some submitters, including councils, considered the policy should not override local subdivision rules, otherwise each new lot would allow a granny flat. Some councils were concerned that the terminology of "granny flat" will not fit the definition used in their district plan which could cause unintended consequences. Councils are also concerned that, as landowners or circumstances change over time, there will be an expectation that the site where the granny flat is developed could be subdivided, regardless of whether this policy includes it in scope or not. To avoid this, they considered the policy should be clear that granny flats need to comply with district plan requirements if an application for subdivision is made in the future.

A few point out that, in their view, expressly allowing subdivision will require separate services, which will require additional permissions including a building consent.

Matters of national significance (Resource Management Act, section 6 matters) and regional plan rules

Most submitters supported the proposal to exclude matters of national significance from the policy proposal. They said that councils must be able to implement and keep overlays relating to natural hazards, significant natural areas, the relationship of Māori and their culture and traditions with their ancestral lands, waters, sites, wāhi tapu, and other taonga and historic heritage, for example. Even where some submitters considered matters of national significance can unreasonably limit development at times, some say it is not appropriate for the granny flat proposal to override this section of the Resource Management Act.

The Natural Hazards Commission Toka Tū Ake note that excluding section 6 of the Resource Management Act section 6 will mean the natural hazards provisions of existing district plans will be the only way to manage the location of granny flats to ensure they are not constructed in areas subject to natural hazards.

Some submitters commented that regional plan rules should be out of scope to ensure matters such as discharge of wastewater to the land (septic tanks), which would affect neighbours and the environment, are not permitted. A few submitters thought that granny flats will be difficult to achieve in unconnected rural areas if they must obtain a discharge resource consent.

Additional matters out of scope

Most responses to the question listed matters that were already proposed to be out of scope of the policy.

Some thought limitations around servicing, including water and wastewater, should be out of scope too, meaning granny flats could be restricted where there are servicing limitations. Other matters raised include contaminated soil and buffer areas around wastewater treatment plans and airports.

Where the policy should apply

What was proposed

The proposed focus of this policy is on enabling granny flats in rural and residential zones. In the discussion document, feedback was sought about whether policy should also apply in other appropriate zones, for example mixed-use and Māori purpose zones.

What was asked

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?

Figure 11: Graph detailing the response to question 15

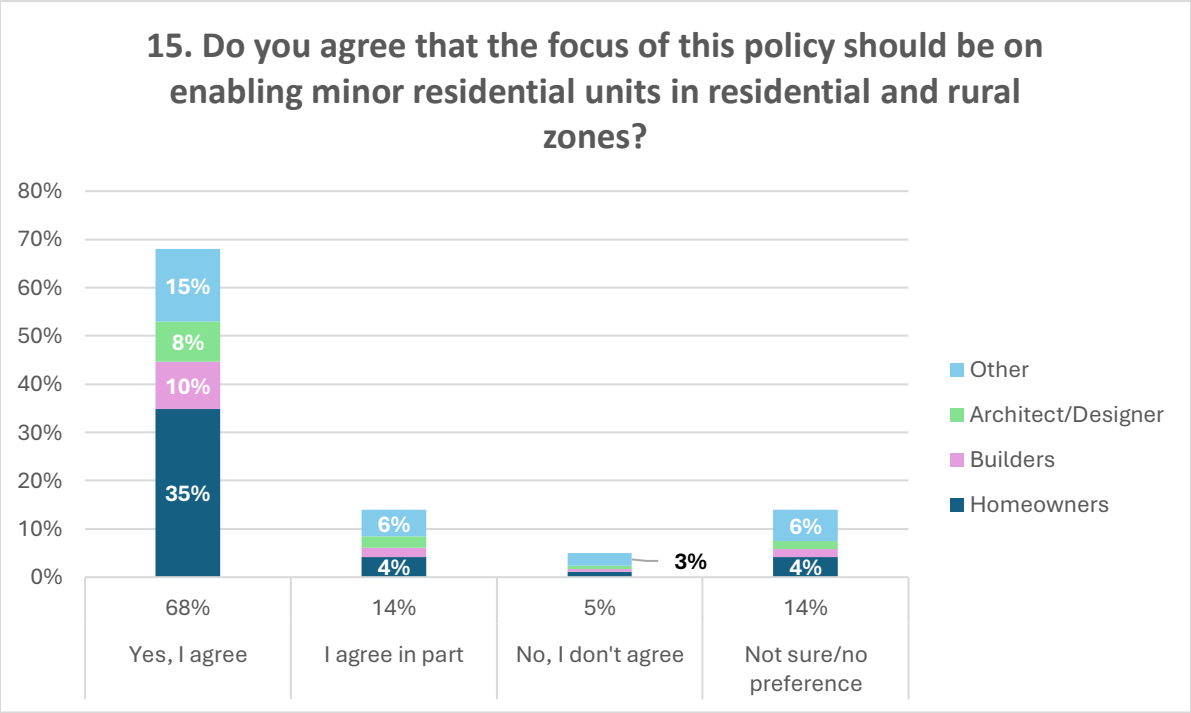
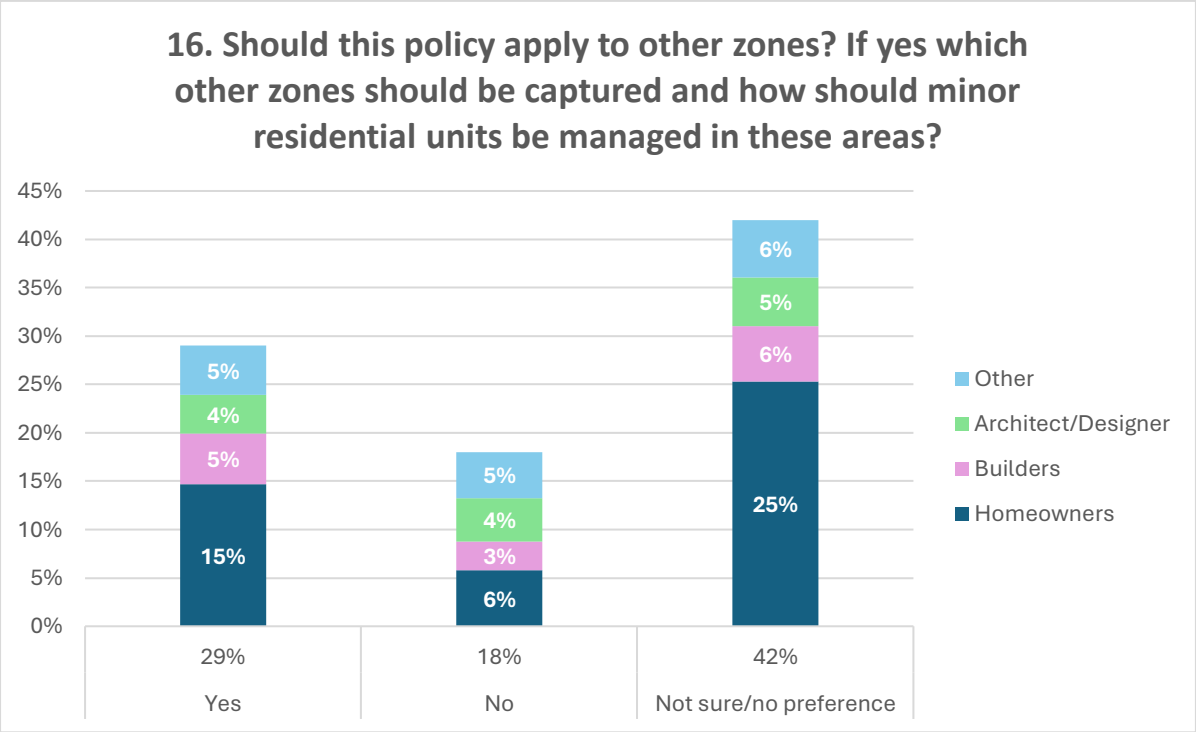


Figure 12: Graph detailing the response to question 16



Summary of feedback

In response to questions 15 and 16, **1450** submitters responded with **323** and **375** submitters, respectively, providing a further explanation of their view.

Overall, submitters considered the policy should apply in rural and residential zones as proposed, and also in Māori purpose and mixed-use zones.

Key themes

A key theme from submissions was that the policy may not align with other government policies if it applies in medium- and high-density zones and some rural zones. Enabling the policy in medium- and high-density zones could result in inefficient land use and misalignment with the National Policy Statement on Urban Development (2020) and the medium density residential standards. Submitters also considered the policy will misalign with National Policy Statement on Highly Productive Land (2022) if it is applied in all rural zones.

A key risk identified by some submitters across all demographic groups is that the policy should not apply to other zones, especially industrial and commercial zones, as it could result in adverse effects such as reverse sensitivity issues and impacts on infrastructure.

Sector views

Homeowners

A key theme from many homeowner submissions was that the policy should apply ‘everywhere’ or ‘in all zones’.

Some common zones that homeowners considered the policy should apply to include all residential and rural zones (including rural lifestyle, settlement and production zones), Māori purpose zones, mixed-use zones, commercial zones, city centre zones, business zones, light industrial zones, coastal

zones, zones where campgrounds are provided for, and specific zones such as the Waitākere Ranges zones.

Iwi, hapū and Māori

Iwi, hapū and Māori submitters supported this policy applying to other zones, specifically Māori purpose zones and business zones. This was because the policy will provide better social, housing and economic outcomes for Māori if it applies more broadly.

Councils

Many councils considered the policy should not apply in medium-density and high-density zones. This was because this could result in inefficient use of space and would undermine existing requirements under the medium density residential standards and the National Policy Statement on Urban Development (2020).

Some councils considered the policy should only apply to residential zones and not to rural zones. These submitters felt that enabling more development in rural zones will not meet the needs of people and communities due to lack of connection to public transport and commercial centres. There is also less infrastructure capacity in rural zones and the policy could undermine the intent of the National Policy Statement on Highly Productive Land (2022).

Some councils stated that the policy should be limited to rural and residential zones because these zones already anticipate residential activity, and enabling this policy in other zones could result in adverse effects, such as reverse sensitivity.

A few councils considered this policy should also apply to mixed-use zones as this would enable an increase of much-needed housing supply, for example in Western Bay of Plenty.

Industry

Planners, architect/designers and developers

There was support from planners and architect/designers for the focus of the policy to enable granny flats in rural and residential zones only. This was because it simplifies the policy and matches the purpose of those zones.

Developers were generally supportive of the policy applying in other zones, including coastal living zones, papakāinga zones, rural lifestyle zones, and commercial zones.

Professional organisations

Engineering New Zealand and the New Zealand Geotechnical Society considered the policy should apply to rural and residential zones only. This was due to concerns around the impact on the environment and on infrastructure.

While the New Zealand Planning Institute (NZPI) was generally opposed to this policy, it noted it may be appropriate for the policy to apply in other zones, such as settlement, Māori purpose, and mixed-use zones. NZPI considered the key criterion for whether the policy should apply in other zones is whether residential activities are already permitted in those zones.

Resource management policy instrument

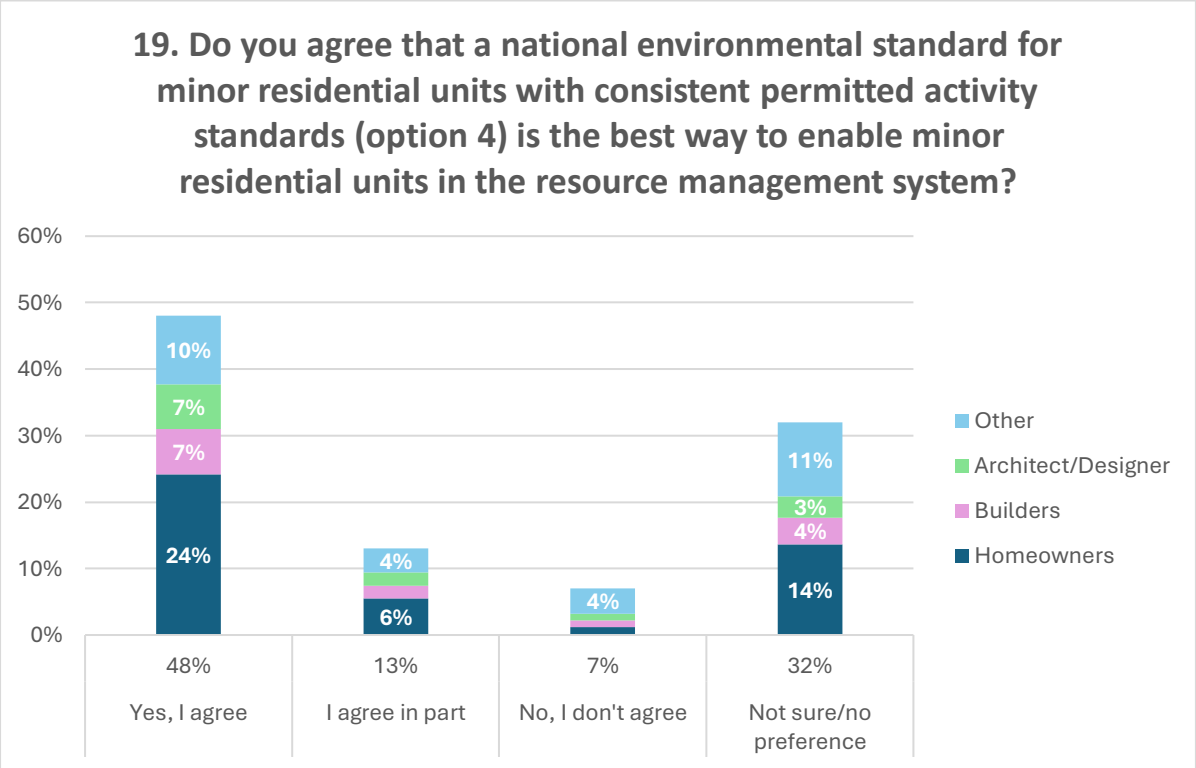
What was proposed

The proposed option (option 4) is to implement this policy via national environmental standards, which are regulations under the Resource Management Act that can set out rules and standards. Setting out consistent permitted activity standards in the national environmental standards (see table below) would ensure a nationally consistent approach to granny flats. Permitted activity standards could be different in residential and rural zones.

What was asked

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?

Figure 13: Graph detailing the response to question 19



Summary of feedback

In response to question 19, **1450** submitters responded, and **230** submitters provided a further explanation of their view.

Most homeowners, iwi, hapū and Māori, builders and developers considered that national environmental standards were the best way to enable granny flats, with a simple, consistent approach in all areas. However, most councils disagreed that national environmental standards are the best way to enable granny flats and preferred other options in the discussion document.

Key themes

The key theme from submissions across all stakeholder groups was that the proposed national environmental standards would not take local contexts and issues into account, such as natural hazards, environmental concerns and iwi, hapū and Māori interests.

Many submitters also considered that national environmental standards would add unnecessary complexity to the system, as granny flats are already permitted under most district plans.

Sector views

Homeowners

Submitters generally agreed that national environmental standards with consistent permitted activity standards is the most appropriate option. This was because it is consistent, simple and does not require significant work for councils.

However, some submitters were concerned that the proposed approach would not consider local contexts and would create significant change in smaller council areas.

Iwi, hapū and Māori

Iwi, hapū and Māori were generally supportive of the proposed approach. However, there was concern that the national environmental standards would not address local contexts, including environmental concerns and relevant Iwi, hapū and Māori interests and relationships.

> *The NES needs to ensure an overarching standard of care and regulation towards RMA section 6, applicable iwi statutory interests, and individual iwi and hapū environmental management plans to ensure the absence of degradation to our whenua.* (Te Ao Tūroa Environmental Centre)

Councils

Most councils were concerned that the proposed option would not consider local issues, including infrastructure capacity and flooding.

A few councils agreed with the proposed national environmental standards if certain aspects are given further consideration, including setbacks, natural hazards and floor heights.

Some councils preferred a national policy statement instead of a national environmental standard, as this would direct councils to enable granny flats but also allow them to set their own standards. This alternative would also allow councils to better align provisions with the medium density residential standards and National Policy Statement on Urban Development (2020). A few councils considered this could be an amendment to the National Policy Statement on Urban Development (2020).

Some councils considered the status quo is the most appropriate option, as most councils already permit granny flats and these provisions are specific to local contexts. Retaining the status quo will also not add further complexity to the system.

A few councils considered the National Planning Standards are the best way to enable granny flats, as this would enable councils to have flexibility on the standards.

Industry

Builders and developers were generally supportive of the proposed approach. However, several builders and developers considered the existing district plan rules should apply, and that national environmental standards would add complexity to the system.

Planners and architects had mixed views about whether the proposed national environmental standards are the best way to enable granny flats in the resource management system. The key

concern from these submitters was that national environmental standards would not provide for local issues, and this could have significant impacts on communities.

Advocacy groups

There was support for the proposed approach from Disabled Persons Assembly NZ and a joint submission from City for People, Generation Zero, Greater Ōtautahi and the Coalition for More Homes.

There was some concern from the Herne Bay Residents' Association that the proposed national environmental standards would not consider different local contexts, including heritage and character.

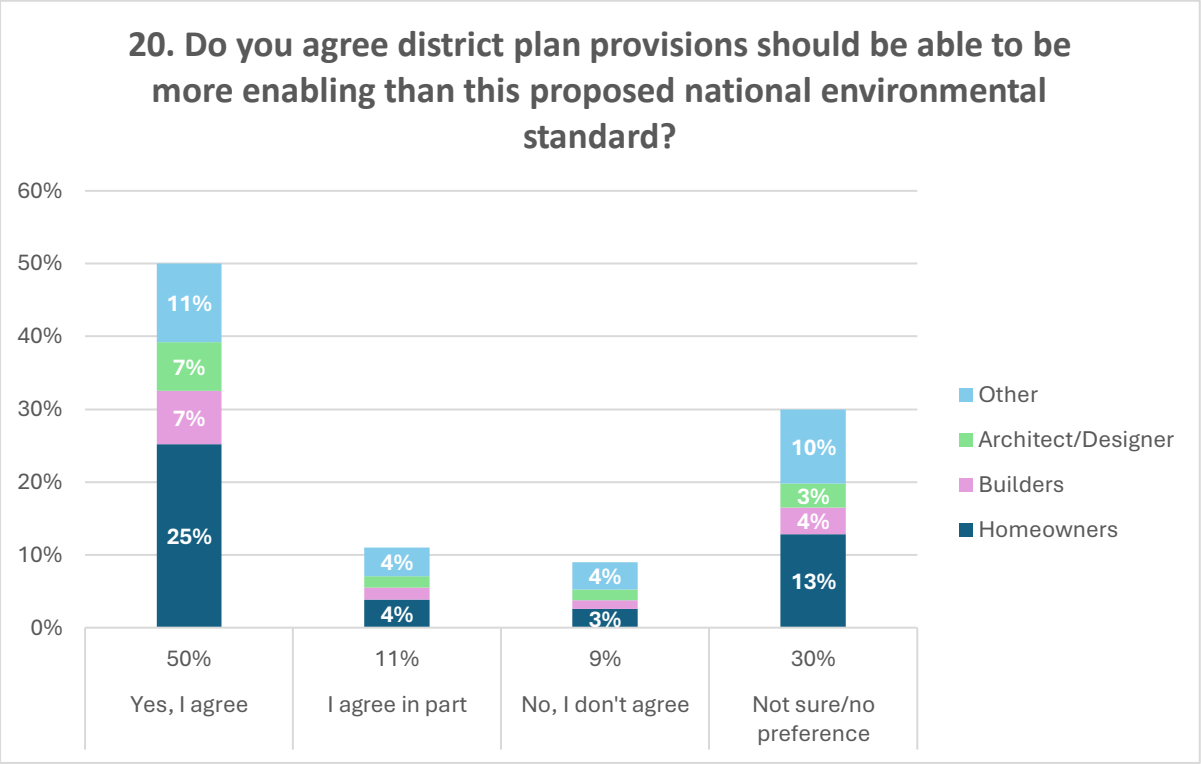
Professional organisations

There was some support for national environmental standards from professional organisations. However, there was concern this approach would add complexity to the system. Both the New Zealand Planning Institute and Architectural Designers New Zealand Incorporated submitted that many councils already enable granny flats, and the proposed national environmental standards would therefore be unnecessary. Taituarā submitted that an amendment to the National Policy Statement on Urban Development to enable granny flats would be a more appropriate option, as the two policies would be aligned. If national environmental standards are progressed, Taituarā considered it should be similar to the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health.

What was asked

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

Figure 14: Graph detailing the response to question 20



Summary of feedback

In response to question 20, **1450** submitters responded to this question and **265** submitters also provided a written response. Overall, most submitters supported allowing district plan provisions to be more enabling than the proposed standards.

Key themes

A key theme raised in submissions was that many councils already have standards for granny flats that are more enabling than the proposed standards. Therefore, many submitters considered more enabling provisions must be allowed under this policy.

Sector views

Homeowners

Submitters agreed that district plan provisions should be able to be more enabling than the proposed standards. Some submitters were concerned that enabling some district plan provisions to apply would add confusion or allow councils to have more restrictive rules and therefore undermine the objectives of the proposed national environmental standard.

Iwi, hapū and Māori

Iwi, hapū and Māori were generally supportive of this policy allowing district plan provisions to be more enabling. Submitters noted any provisions need to reflect applicable statutory interests and iwi and hapū management plans.

Councils

Most councils agreed that district plan provisions should be able to be more enabling than the proposed national environmental standard, many of which noted that their district plan already has more permissive rules than the proposed national environmental standard. Allowing councils to have more enabling provisions would also enable them to tailor provisions in relation to their local issues. It

was suggested by one council that any more enabling provisions should go through a schedule 1 planning process.

> *We consider that allowing provisions to be more enabling would remove administrative difficulties – for instance, Secondary Independent Dwelling Units in the Tauranga City Plan Rural and Rural Residential Zones have a permitted gross floor area (GFA) of 80m2 which potentially exceeds the proposed standard of 60m2 internal floor area for MRU.* (Tauranga City Council).

Some councils considered that they should be able to implement provisions that are more restrictive than the proposed national environmental standard, particularly in the case of mitigating against environmental impacts and managing natural hazards. It was recommended that, for consistency, district plans should not vary from the proposed standards but instead the proposed national environmental standards could prescribe circumstances where it is appropriate for provisions to be more stringent.

Industry

Planners, engineers and builders generally supported allowing councils to have more enabling standards. A few of the planners noted that several district plans are already more enabling than the proposed provisions. It was recommended that either those more enabling provisions continue to be permitted or that the national environmental standards become more enabling, as this would remove inconsistencies in district plans. Some of these submitters considered allowing more enabling standards would address differences in local contexts.

Architects/designers generally did not support allowing councils to have more enabling standards. Concerns were raised that this adds complexity and provides councils with too much control over how the national environmental standards would apply.

The Natural Hazards Commission Toka Tū Ake considered the proposed national environmental standards should allow councils to have more stringent standards, but not more enabling standards.

Permitted activity standards and alignment with district plans

What was proposed

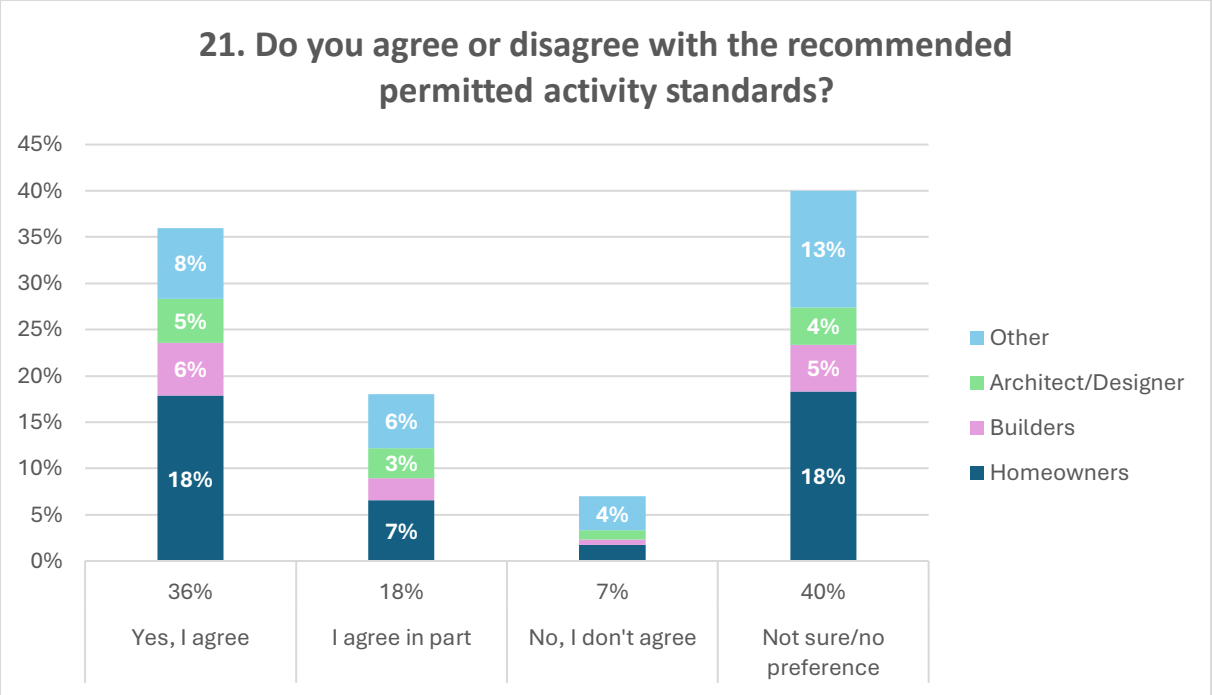
Six permitted activity standards were proposed to control the bulk and location of buildings. The proposed standards were informed by an analysis of existing district plan provisions for granny flats.

What was asked

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?

Figure 15: Graph detailing the response to question 21



Summary of feedback

In response to question 21, **1450** submitters responded to this question and **267** submitters provided a further explanation of their view. In response to question 22, **192** submitters responded.

The responses to these questions were varied and raised a wide range of additional matters to consider for the permitted activity standards.

Key themes

Confusion between the conditions under the Building Act proposal and the permitted activity standards under the Resource Management Act proposal was a key theme amongst all submitter types. Submitters considered there needs to be consistency across the two systems.

Another key theme was that existing district plan rules should apply in place of all or some of the proposed permitted activity standards. Submitters considered some matters are better managed at a local level and a national standard would not provide for local contexts and issues. Submitters were also concerned that the standards may add another layer of complexity and increase implementation issues.

Feedback on each of the standards was varied across all demographic groups, however there was some consensus on the most appropriate options. The feedback received on each of the proposed permitted activity standards is summarised in Table 2, below.

Table 2: Summary of feedback received on each standard and recommended additional standards

Proposed permitted activity standard	Summary of submissions
Internal floor area: Maximum 60 square metres, measured to the inside of the enclosing walls or posts/columns.	Many homeowners considered the maximum internal floor area standard should be increased, to as much as 100 square metres. A few councils questioned why this size was chosen, as it is not representative of what is already permitted under district plans (most district plans that permit granny flats enable these up to 60-100 square metres).
Number of granny flats per site: One granny flat per principal residential unit on the same site.	Many submitters considered more than one minor residential unit should be permitted per site, especially on rural sites, and some considered this would better support Māori housing outcomes.
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).	Many submitters, especially homeowners, and iwi, hapū and Māori considered this definition would be a barrier to the policy and not provide for tiny homes, renters, or Māori ownership on whenua Māori (Māori land) with multiple owners.
Building coverage: The options for maximum building coverage for granny flats and principal residential units collectively are: option a – 50%; option b – 60%; or option c – 70%. No maximum building coverage in rural zones.	Most submitters, especially councils, provided feedback that existing district plan rules should apply. The most popular of the proposed options was **option a – 50%**, especially since it aligns with the medium density residential standards. Concerns were raised about stormwater and flooding and that these building coverage options are too high, especially in smaller council areas. Lower maximum building coverage of 45% or 40% were recommended. There was some support for no maximum building coverage in rural zones. Concern was raised by councils and some architects about how the building coverage standard would interact with building coverage standards for the principal dwelling.
Permeable surface: The options for minimum permeable surface are: option a – 20%; or option b – 30%.	There was more support for **option b – 30%**, however some submitters considered either option a or b is appropriate. Some submitters considered the standard should be greater, particularly due to flooding concerns.

Setbacks: The options for minimum setbacks in **residential** zones 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. The options for minimum setbacks in **rural** zones are: Option a – 8m front boundary setback, 3m side and rear boundaries; or Option b – no minimum front, side or rear boundary setbacks.	Many submitters considered existing district plan rules should apply and that setbacks should align with the height to boundary condition outlined on page 10 of the discussion document. Submitters sought specific setbacks from state highways, railway lines, transmission lines and primary production activities. *Residential:* in residential zones, submitters mostly preferred **options a and b**. Some submitters suggested even greater setbacks, while others preferred **option c:** having no setbacks. *Rural:* responses were very mixed on rural zones. There was slightly more support for **option a** or a middle ground between the two options. However, a few councils considered it should be greater than both options. There was a mixture of support and opposition for a maximum distance between principal dwellings and granny flats.
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 granny flats and existing building height and height in relation to boundary setbacks in underlying zones will already enable this.	There was a mixture of support and opposition for including standards for height and height in relation to boundary in the national environmental standard. Some submitters considered it is confusing to have a standard under the Building Act proposal but not the Resource Management Act proposal.
Additional matters that should be addressed by the National Environmental Standards	Many submitters considered additional standards should be included in the national environmental standard. These include: - parking and access - outdoor space - location of the minor residential unit - privacy, sunlight and window glazing - human occupancy limits - accessibility and meeting Lifemark design standards - minimum site size - rubbish and recycling storage - earthworks and vegetation clearance - exclusion for flight paths and the National Grid Electricity Yards - wastewater, stormwater, hydraulic neutrality and water tanks.

Sector views

Homeowners

Most homeowners considered more than one minor residential unit should be permitted per site and that the internal floor area standard should be larger. Many homeowners considered the policy being limited to properties with an existing home on it and the requirement for the granny flat to be held in common ownership with the primary dwelling are barriers to this policy.

Iwi, hapū and Māori

Iwi, hapū and Māori have raised issues about the definition for 'minor residential unit' not providing for Māori ownership where there are multiple owners. Concerns were also raised that the policy should not limit the number of granny flats to one per principal dwelling on a site.

Councils

Some councils have raised concerns with specific implementation and interpretation issues with some of the standards. On building coverage, concern was raised about how this standard would interact with existing building coverage standards for other activities, such as dwellings.

Concern was raised about how councils would manage minor residential units that are larger than 60 square metres. Some councils considered the definition should include a 60 square metres limit, so any larger granny flats would need to comply with other relevant standards and not those set out in the national environmental standard.

A general concern raised was that the standards would impact the permitted baseline[4]. This would have a significant impact, especially in tier 2 and 3 council areas,[5] by increasing the expected level of development on a site.

> *If combined primary dwelling and MRU coverage is permitted at 50%, the permitted baseline for habitable buildings would become 50%. This would alter the character of these zones substantially and far beyond the effect of any MRU* (Christchurch City Council).

Industry

Builders, architects/designers and planners

Many builders, some architects/designers and a few planners considered more dwellings per site is appropriate, especially on larger rural sites. Some builders, architects/designers and planners considered existing district plan rules should apply, and the proposed standards add another layer of complexity.

Industry/professional organisations

Auckland Property Investors considered the most enabling residential setbacks, building coverage, and permeable surface options are appropriate. However, NZ Certified Builders association considered the lowest site coverage 50% to be best.

There was support from Horticulture NZ and the Pork Industry Board to have no maximum building coverage or minimum permeable surface in rural zones. Taituarā considered there should be a maximum distance from the principal dwelling to the granny flat in rural zones.

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[4] Sections 95D(b) and 95E(2)(a) of the RMA provide that when determining the extent of the adverse effects of an activity or the effects on a person respectively, a council 'may disregard an adverse effect if a rule or national environmental standard permits an activity with that effect' (Quality Planning)

[5] National Policy Statement on Urban Development 2020. Page 31.

Taituarā noted the proposal would lead to mismatching between the standards in the national environmental standards and existing district plan standards. There was concern from New Zealand Planning Institute and Architectural Designers NZ that the standards in the national environmental standards are unnecessary and add complexity.

Advocacy groups

Disabled Persons Assembly NZ considered there needs to be a standard requiring granny flats to meet Lifemark universal design standards. Disability Connect Incorporated was concerned that the internal floor area requirement is not large enough to enable granny flats to be accessible.

There was concern from Waiheke Community Housing Trust and Community Networks Aotearoa that the building coverage and permeable surface requirements are unsuitable on Waiheke on sites with on-site wastewater and stormwater servicing.

Herne Bay Residents Association and the Character Coalition Incorporated raised concerns that granny flats could negatively impact character and heritage.

Infrastructure providers

KiwiRail, Orion and PowerCo considered there should be additional setback requirements from rail corridors and overhead electricity lines. KiwiRail also sought acoustic standards to reduce reverse sensitivity on their operations. Transpower noted a standard should be added to the national environmental standards that precludes granny flats from being located within the National Grid Yard.

Invercargill Airport, Auckland Airport and NZ Airports Association submitted that the national environmental standards must not override existing council provisions that protect nationally and regionally significant infrastructure, including matters related to aircraft noise.

What was asked

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?

Summary of feedback

In response to question 23, **399** submissions were received. There was a relatively equal split between submitters that consider a restricted discretionary resource consent is appropriate and submitters that considered existing district plan rules should apply. Homeowners, Iwi, hapū and Māori and most councils generally considered existing district plan provisions should apply. There was slightly more support from industry submitters for restricted discretionary resource consents.

Key themes

A common theme raised by submitters, especially homeowners, was developments that do not meet the permitted activity standards should be dealt with on a case-by-case basis.

Of the submissions in support of existing district plan rules applying, a key theme raised was that resource consents are costly, and it defeats the purpose of this policy if a resource consent is required.

Conversely, another key theme was the national environmental standards will better achieve nationwide consistency if it specifies a restricted discretionary resource consent is required and if it sets specific matters of discretion[6].

Sector views

Homeowners

There was slightly more support from homeowners that existing district plan rules should apply.

There was some concern that the resource management approach adds to the complexity of the policy and should be kept as simple as possible.

Some submitters considered that where a development does not meet one of more of the standards, it should be dealt with on a case-by-case basis. Either a resource consent should be required, or the existing district plan rules should apply depending on what is more appropriate.

Iwi, Hapū and Māori

Iwi, hapū and Māori raised concerns about how expensive and time-consuming consents are and that existing district plan rules should apply for developments that do not meet the standards.

Councils

Generally, councils supported that existing district plan provisions should apply. This is because district plan provisions have been designed to manage local issues, including natural hazards and these may not be considered by a resource consent under the national environmental standard.

A few councils considered that requiring a restricted discretionary resource consent for developments that do not meet one or more of the proposed standards is more appropriate. This approach would better achieve consistency across different councils, and this is a neater approach. Councils considered if the national environmental standards specify a restricted discretionary resource consent is required, the matters of discretion should enable councils to address all relevant issues.

> *If a NES is to be used, Council believes it would be neater if the NES was a one-stop shop and included a restricted discretionary resource consent pathway. Otherwise, councils will probably need a plan change to create the right fit – knitting the two could be complicated and add costs to council* (Kāpiti Coast District Council).

Industry

Developers, builders, architect/designers, planners

There was support for both approaches, however there was slightly more support for a discretionary resource consent from developers, builders, architect/designers and planners.

Some industry submitters, especially architect/designers and builders questioned why a restricted discretionary resource consent is specified and not other activity statuses including a controlled activity or a discretionary activity.

Infrastructure providers

Kiwirail considered a restricted discretionary activity is not appropriate for developments that breach the internal floor area, number of granny flats per site and the relationship to the principal unit standards. This is because these three standards are fundamental to the granny flat definition.

[6] The matters a council can consider when determining whether to decline a resource consent or to grant it and impose conditions.

Transpower New Zealand Limited submitted that a non-complying activity status should be required where a granny flat is in the National Grid Yard.

Other matters relating to the resource management proposal

What was asked

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

Summary of feedback

Overall, **170** submitters responded to this question. Most submitters were homeowners, architect/designers, builders and councils.

The free-text format of this question, as well as its position towards the end of the survey, saw a wide range of responses, including reiterating matters raised in earlier questions. Submitters used this free-text option to give feedback ranging from process recommendations, resource management system concerns and recommendations, further insight from their professional experience, and further requirements needed in the policy detail - including for the standards and conditions.

Main themes

Some feedback was broad, such as a consistent message that the Resource Management Act is an inefficient and complex process that the submitters find difficult and time-consuming to navigate. There were remarks about overhauling/doing away with the Resource Management Act, and support for amending it. A few submitters also suggested taking councils out of the process and relying on an independent body.

There was consistent messaging, especially from councils that the rules and standards will need to be very clear. A few homeowners expressed concern that councils will find ways to overrule or get around the proposal unless it is very prescriptive.

Submitters asked to include tiny homes and provide flexibility for other temporary living solutions.

Many submissions gave much more specific feedback; there were many recommendations for technical amendments where it is seen that there could be gaps in the drafting. Councils especially gave feedback on issues with the policy and its interaction with the wider resource management system.

Sector views

Homeowners

Many submitters used this question as an opportunity to provide feedback on the Resource Management Act itself, such as:

- Processes under it are expensive (and further comments on costs), it is not enabling, and it is ineffective
- The proposed changes should be enabling, simple and councils should not have an opportunity to veto the ability to build a granny flat.

Several submitters reiterated support for the proposals and asked for a swift introduction of the granny flat changes. Support for homeowners being able to build granny flats was expressed for a variety of reasons, including: the added economic value, expressing private property right/freedom

to build (including more control going to homeowner to build versus developers), and support for approaches that reduce the cost burden to homeowners, such as including tiny homes and allowing for flexibility – also for more than one granny flat on a title.

Some submitters encouraged specifically allowing for off-grid options (eg, composting toilets, alternative energy, rain harvesting) as a solution to reduce further pressure on existing infrastructure systems.

A few submitters asked for consideration for potential impacts on neighbours in the process, including how the height in relation boundary rules can enable granny flats to be built while also mitigating potential impacts on neighbours. There was concern resource management related risks have not been properly identified, and heritage and character need to be protected. There was concern that the proposed process undermined the systematic planning approach in place.

Some submitters expressed concern that more due diligence/detail on risks is required and that granny flats could cost more in the long term than is currently identified; and that the process needs to avoid unintentional consequences.

Several submitters suggested the policy should support tiny homes and innovative solutions - and asked for specific options that include temporary buildings like Tiny Homes on Wheels, buildings on leased and rented land.

A few submitters identified interactions with other pieces of legislation that should be addressed, such as the Property Law Act 2007. Submitters suggested that covenants should be able to be set aside without taking court action to allow the building of granny flats in the instance where a covenant prevents the development of an additional or a minor dwelling on a site.

Iwi, Hapū and Māori

The responses to this question from Iwi, Hapū and Māori asked to keep the Resource Management Act intact, and to make the granny flats proposal happen, while enabling self-sufficient and eco-solutions and incorporating national direction for sites of significance. It was also reiterated that the number of granny flats per site should not be restricted.

Councils

Many councils reiterated earlier or further explained concern with the proposals from the point of view of their role as implementers in the resource management system.

Much of the feedback from councils gave additional detail on the impact of the proposals, describing the burden to council, and importance of development contributions and a robust management, compliance and monitoring approach.

Some councils expressed concern at the level of analysis/review done in creating this proposal. Some councils were sceptical that the proposals would achieve the objective intended.

Councils provided feedback on specific policy and compliance design, as well as implementation guides. They suggested that the district plan should be used to regulate granny flats instead of national environmental standards and they expressed a need for proposals to be integrated across the resource management system.

There were also specific policy implementation matters raised, such as:

> *Council requests clear wording around the maximum permitted number of MRUs per site in medium density residential zones (MDRS) where three residential units are permitted by default, and current wording could be interpreted that the proposal will permit three more MRUs. Council would oppose this considering the potential unmanageable impacts on services and infrastructure* (Selwyn District Council).

Industry

Some submitters expressed frustration with the Resource Management Act processes and complexity, sharing their experiences where councils and council officers have not applied it consistently. Submitters suggested ongoing monitoring should be established to manage any long-term impacts.

Part 4: Notification and funding infrastructure

See pages 16, 17, 27 and 28 of the discussion document.

Part 4 is grouped by question.

What was proposed

The discussion document contained two alternative options for changes to the Resource Management Act and the Building Act to require the relevant council be notified of a granny flat.

- **Option 1** – Permitted Activity Notice under the Resource Management Act

  Create a 'Permitted Activity Notice' (PAN) tool to record a new granny flat that would not need resource consent. This would be a new tool under the Resource Management Act and would require an amendment to the *Local Government Act 2002*.

- **Option 2** – Project Information Memorandum under the Building Act

  Under the proposed Building Act option, a tool similar to a Project Information Memorandum (PIM) 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. This option would also require an amendment to the Local Government Act.

  As part of the proposed Building Act option, notification to the council is proposed once work has been completed.

What was asked

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?

Summary of feedback

In total, **762** submissions were received in response to question 25. The largest proportion of submissions stemmed from homeowners, as well as industry groups, particularly builders and architects or designers. In response to question 26**, 493** submissions were received. Approximately half of the submitters preferred option 2, a project information memorandum. Some submitters had no preference of the two options or recommended an alternative approach.

Preferences for notification mechanisms varied significantly between the different response groups.

Homeowners

Feedback on notification mechanisms

Most homeowner responses indicated a preference for a simplified notification process, often involving options outside of the proposed options such as a simple email or letter to the council, or the use of a register or some other notification system integrated into the council website and services. Notification would be through the owner, typically with a signature by the licenced building practitioner, or directly through the relevant licensed building practitioner.

Alternatively, a code compliance certificate, or some other certification by the responsible tradesperson on completion of works, was cited by many homeowners as a potential notification

mechanism, despite current requirements that the building work must be compliant with the building consent for a code compliance certificate.

There were a few submissions in support of no notification requirements, or only voluntary notification to the council on either planning or completing works for a granny flat structure.

Options proposed in the discussion document

Homeowners showed a clear preference for option 2 as the notification mechanism to councils for this work. Most often, submitters noted that this is an existing form and process that appeared simpler and faster than the proposed alternative. Submitters commented that this option would provide a more complete record of work and therefore enable better infrastructure planning and service provision. Following on from this, homeowners submitted that the information contained in a project information memorandum would be beneficial for insurers, lenders and future owners.

Some homeowners preferred option 1 because they perceived it to be a cheaper and more straightforward approach than the alternative. Further, homeowners were concerned that the cost and time associated with a form under the Building Act would be a barrier to entry.

Iwi, Hapū and Māori

Feedback on notification mechanisms

In response to question 25, only a couple of responses were received from Māori or iwi affiliated organisations on this question. One suggested that no notification should be required where no council services are provided, the other submission was in support of the licenced building practitioner undertaking the work to hold responsibility for notifying council and providing a certificate of completion and any documents supporting building compliance to the relevant council.

Options proposed in discussion document

The majority of iwi, hapū and Māori submitters preferred option 2. Submitters noted that information contained in the project information memorandum would become part of the associated property file and would be valuable for future owners. Some submitters suggested that the processing fee should either be minimal, or not apply at all.

One submitter suggested that a project information memorandum should only be required in residential settings where the dwelling would utilise council services.

Councils

Feedback on notification mechanisms

Council submissions, for the most part, set out concerns about the implications of the removal of building consent requirements, and that notification of works should be mandatory and happen as early as possible in the process. Some submissions also suggested limitations within the proposed options, such as the Permitted Activity Notices only providing a notice of work and would not provide council any ability to require amendments where proposed work is not fit for purpose or does not consider wider infrastructure implications.

Options proposed in discussion document

Councils were largely opposed to option 1, with only Waitomo District Council submitting their preference for this approach. Kāpiti District Council recommended that both options should be available. Some councils noted that neither of the proposed options were suitable and that there was a risk that homeowners would choose not to inform councils of their work unless notification is either incentivised, or non-compliance is sufficiently penalised.

Council submitters generally preferred option 2 as it already exists, and councils were familiar with the processing requirements. They echoed the statements of industry that the project information

memorandum is used to identify key information relating to the land, which is important for building, prior to construction.

Additionally, some councils submitted that the project information memorandum process may provide an opportunity for councils to send guidance, information or a voluntary check-list to help ensure exemption conditions are met.

One council noted that the information under the project information memorandum is more likely to be sufficient to make a fair and accurate assessment for the purpose of charging development contributions.

Industry

Feedback on notification mechanisms

Builders, architects and designers were by far the largest response groups within the industry sector, accounting for 12 per cent of all submissions on this topic.

Similar to the homeowner submissions, a large number of industry trade submissions focussed on a simplified notification process outside of the proposed options, preferably featuring some form of online register or logging system with the council, or a national system that would feed notifications back to relevant councils, at no additional cost to the notifying party. Many responses suggested the completion of works by the registered tradesperson as a suitable trigger point for notification, while others focussed specifically on the connection of services. Some suggested responsibility should lie entirely with the owner, and a few submissions speculated that removing building consent requirements would likely see no notification efforts in any case.

Among architects and designers in particular, infrastructure planning concerns were common. A few submissions suggested the use of simple tick box forms outlining resource use in terms of sewage, power, parking, water, and even road use, at fair or minimal fees, and ideally early in the planning stage. Many submissions did suggest that notification should involve evidence of compliance with both the Building Code and local district plans.

Options proposed in discussion document

Architects and designers submitted that notification via the Resource Management Act was more appropriate given that the notification relates to the impact to society and infrastructure demands that are addressed by planning standards.

Other concerns were raised that if the council was asked to review a form via the building consent system, it would be obliged to support the indicative design and would likely be looped into compliance implicitly.

Like other submitters, builders, engineers and architects emphasised their preference for option 2 given it is a process that already exists and building professionals are familiar using. Further, submitters stated that the project information memorandum would provide information vital for building work to take place, such as site-constraints and natural hazards, prior to construction commencing. This was considered to increase the likelihood of building work meeting the code.

Some submitters noted that the cost of the process would need to be set at a minimal price so that the benefit of the proposal wasn't put at risk.

The Natural Hazard Commission stated that while the project information memorandum provides information to homeowners, it does not sufficiently mitigate the risk of building in high risk or high hazard zones as it does not contain a formal approval process from the council.

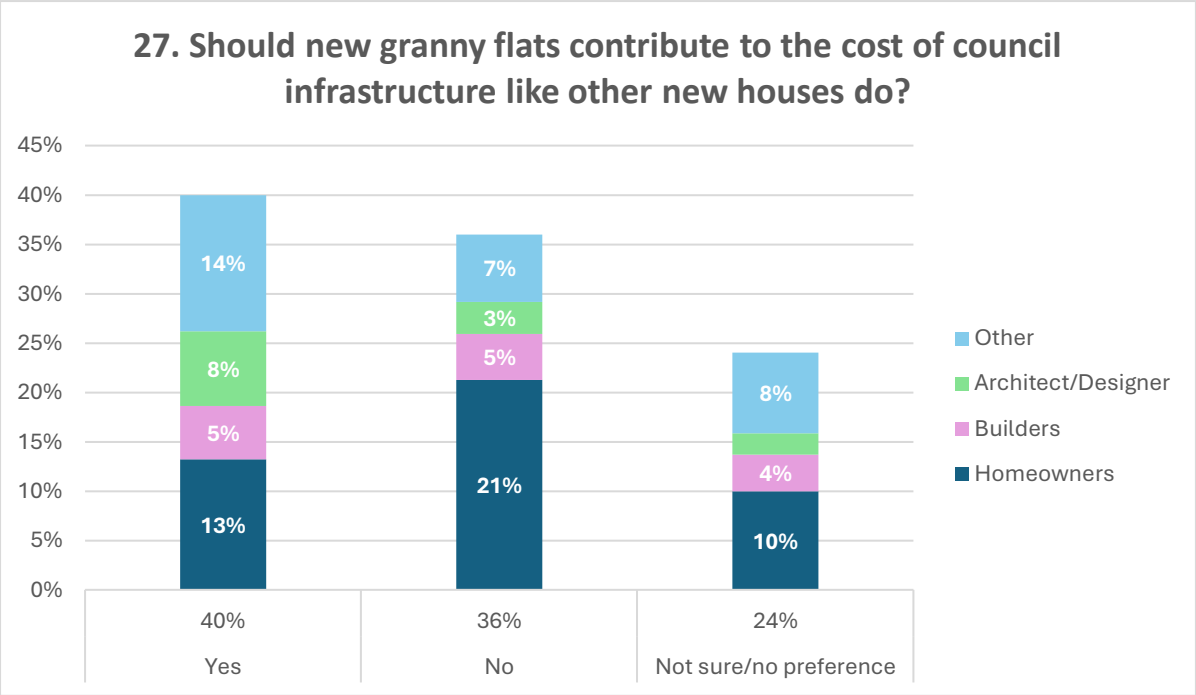
What was asked

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

Summary of feedback

Overall, **1450** submissions were received on this question, featuring **580** submitting that granny flats should contribute to the cost of council infrastructure, **522** that they should not, and **348** who were either unsure or had no preference on the matter.

Figure 16: Graph detailing the response to question 27



Submitters were also given the opportunity to explain their views, **799** submissions provided this further explanation.

Homeowners

Most homeowners were not in favour of contributions for council infrastructure. Many submissions suggested that the notion defeats the purpose of the proposal and that households already contribute substantially to local infrastructure development. A number of submissions suggested that the proposal would be a 'money grab' by councils. Some submissions pointed out that housing family members already living on the property in a separate dwelling on the property, as may often be the case with a granny flat, should constitute no additional resource demand on council infrastructure.

However, a few homeowner submissions were in favour of the proposal, mostly noting that the dwellings would place burden on local infrastructure, and that proportionate contributions from smaller dwellings would be warranted. Many of these submissions proposed that contributions from smaller dwellings should be capped to a certain threshold.

Iwi, hapū and Māori

Only a couple of submissions were received from iwi, hapū and Māori on this question. Most expressed views similar to other groups – that small dwellings would add to council infrastructure demand and should contribute proportionately. The alternative view was that council rates should include provision for infrastructure demand through changes to the rateable value of a property through the addition of a small dwelling.

Councils

The large majority of council submissions were in favour of the proposal, for reasons also cited by other groups. Of the few submissions not in favour, most were opposed to the proposals for enabling granny flats generally, while a few noted that, for rural zones as opposed to residential zones, a granny flat would not be using council infrastructure and therefore shouldn't need to contribute to costs.

Industry

Industry feedback was mixed among different trade groups. Builder sentiment was evenly split both for and against the proposal, with a high proportion of unsure or no preference stated. Most of the industry groups were generally in favour of the proposal, with submissions from architects and designers representing the highest proportion of responses in favour of the proposal. Feedback generally pointed out that small dwellings would add to the load on local infrastructure demand, but that costs on owners should be proportionate. Some responses suggested that contributions should depend on whether the addition of a dwelling on a property would require new connections, or if it would connect to the main house.

Part 5: Māori land, papakāinga and kaumātua housing

See pages 17 to 18 of the discussion document.

Part 5 is grouped by question.

What was proposed

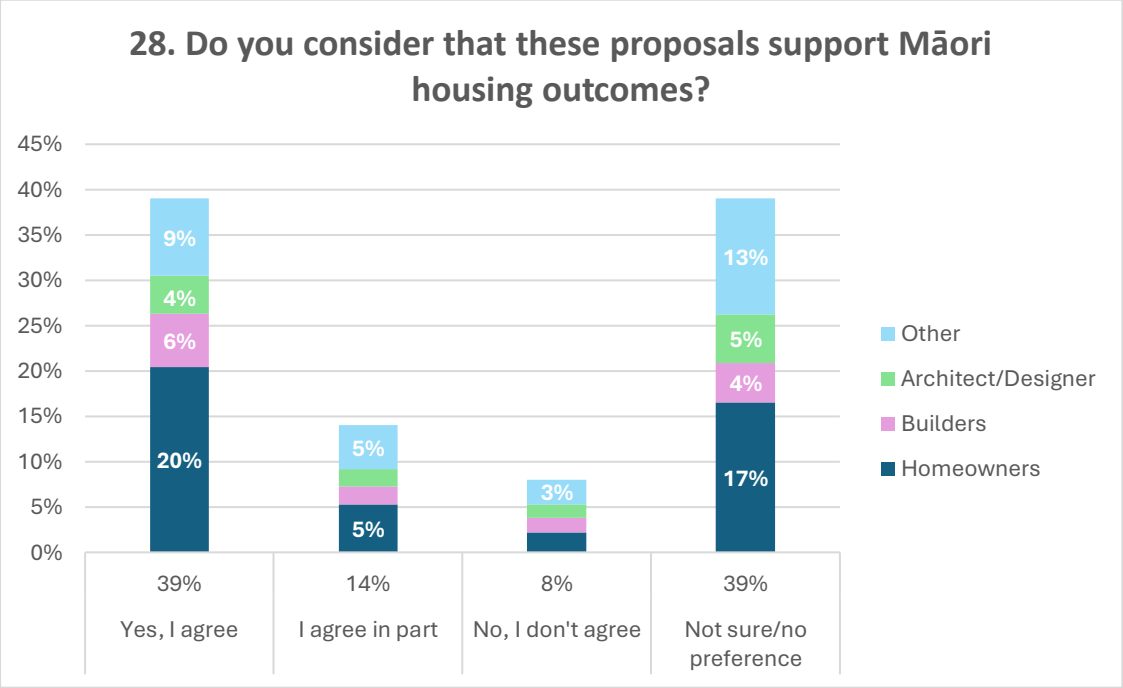
The proposals under the Building Act and the Resource Management Act do not have specific provisions for Māori land, papakāinga or kaumātua housing. The proposals may go some way to addressing the regulatory and consenting challenges for developing on Māori land, and for papakāinga and kaumātua housing, where the circumstances of these proposals apply.

What was asked

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?

Figure 17: Graph detailing the response to question 28



Summary of feedback

In response to question 28, **1450** submissions were received, and **292** submitters provided a further explanation of their view, and **159** submitters provided a response to question 29. There was general support that the policy supports Māori housing outcomes to an extent.

A key theme identified in submissions was that the policy will reduce consenting costs, supply more housing and creates social and economic benefits for Māori.

A key risk identified in submissions was that this policy could exacerbate existing housing problems for Māori, including poor quality housing and health outcomes.

In relation to question 29, a key theme was the impacts of this policy on Māori housing are limited by both the limit of one granny flat per site and the minor residential unit definition not providing for multiple owners.

Another theme from submissions was that the key barriers are beyond the scope of the building and resource management systems. These barriers include funding and financing, requiring Māori land court orders to develop on Māori freehold land, and lack of infrastructure. A few submitters, especially councils, also considered that barriers to Māori housing would be better addressed through a separate mechanism. Several councils supported separate national direction for papakāinga.

Homeowners

There was some support that this policy would support Māori housing outcomes, especially regarding multi-generational living. Some homeowners considered if the policy was more enabling of tiny homes, this would also improve Māori housing outcomes.

Iwi, hapū and Māori

Iwi, hapū and Māori generally agreed that this policy would support Māori housing outcomes to an extent. To improve the outcomes through this policy alone, iwi, hapū and Māori considered the policy should apply to Māori purpose zones, enable more than one granny flat per site and enable people to build a granny flat on sites with multiple owners. Issues were raised around sewage, septic tanks and water tanks on rural land, and submitters requested that these are considered.

Councils

Councils generally considered Māori housing outcomes would be best addressed through papakāinga national direction and that many barriers exist outside of the building and resource management systems. Councils considered the limit of one granny flat per site would be a barrier to Māori housing. There was also concern from councils that the policy could exacerbate existing issues for Māori, including poor quality housing.

Industry

Some builders and architects/designers considered this policy could improve Māori housing outcomes if more than one granny flat is permitted per site.

There was support from planners that the policy supports Māori housing outcomes. However, planners considered the requirement to have a principal dwelling on a site (most papakāinga being in rural zones) and lack of infrastructure would be barriers to the success of this policy.

One architect/designer and the Disabled Persons Assembly Aotearoa considered it is important that universal design standards are considered through this policy to support elderly or disabled iwi, hapū and Māori.

Appendix A: background, methodology and next steps

Background

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'.

The discussion document, *Making it easier to build granny flats*, presents options for achieving the Government's commitment, through potential changes to the Building Act and the Resource Management Act.

Public consultation

Officials reached out to the public through a variety of mediums. An announcement of the consultation was placed into various newsletters, such as the Business.govt.nz Newsletter, social media posts were made on LinkedIn and Facebook, and an email was sent out directly to over 37,000 addresses. New campaign pages were also created for the websites for both MBIE and MfE.

In addition to public consultation on the discussion document, officials also met with key stakeholders directly to discuss their feedback.

The submitter type spread graph on page four provides a greater breakdown of the percentages stated in relation to the submissions received and the types of submitters that responded, from all 1,970 submissions. We refer to the limitations section below and note that, in the quantitative analysis, certain groups, such as homeowners, comprised a bigger percentage than is the case for overall submissions. In addition, the graphs for each question with a quantitative analysis (figures 2 – 17) only relate to a more limited data spread comprising 74 per cent of all submissions received.

Submissions analysis

Responses

A total of 1,970 submissions were received, including:

- 1,299 submissions that used the SurveyMonkey online questionnaire
- 219 form submissions (where a participant completed a manual questionnaire form and submitted it)
- 452 unique email submissions.

Not all submitters answered all the questions posed in the discussion document. Summaries for each question has the number of responses received and the number of submitters who provided additional comments.

Methodology

MfE and MBIE (the Ministries) used four different software platforms to collate, process and analyse feedback on the submissions: SurveyMonkey, Croissant, Microsoft Power BI and Microsoft Excel.

The Ministries collated the submissions received through SurveyMonkey and the consultation email inbox and uploaded these into Croissant. These submissions were grouped into themes by selecting relevant text and connecting it to specific ideas, categories and common responses. The Ministries reviewed the submissions to check for duplicates and blank submissions.

The organised data from Croissant was then analysed through Microsoft Power BI to show overall trends, key themes and common topics across all submissions. The full text of each individual submission was available to officials while summary analysis was being undertaken.

The following outlines the quantitative and qualitative methods used to analyse the submissions.

Quantitative analysis

- The Ministries collated all submission responses to 'yes or no' survey questions into a Microsoft Excel Spreadsheet and used this information to create the graphs throughout the document.
- Microsoft Power BI was used to see how many submitters from different demographic groups responded to each survey question and what key issues or common themes were raised. This software was also used to analyse what key themes or issues were raised by submitters that did not respond to the survey questions.

Qualitative analysis

- Each submission was tagged in Croissant to common themes and issues.
- The tagged text from each survey question and/or relevant tag was then extracted and reviewed again in Microsoft Power BI to group these key themes and issues, which informed much of our analysis in this summary.
- There were a range of submitter demographics, so these were grouped in our analysis to:
    - homeowners
    - councils
    - iwi, hapū and Māori
    - industry (this includes but is not limited to builders, planners, designer/architects, developers, engineers, businesses, advocacy groups, professional organisations).
- In the survey there was no option to identify as ‘individual’ and some submitters noted that this was restrictive.

Limitations

Some submissions did not directly address the questions in the consultation document or the questions on the SurveyMonkey online platform, which created challenges for analysis.

For the set ‘tick box’ questions, only submissions from SurveyMonkey and the majority of form submissions were analysed.

The additional email submissions did not follow the format of the questions and therefore accurate quantitative analysis could not be done for this group of submissions. However, all submissions, including the additional email submissions, were uploaded onto a software platform to assist in analysis for themes and recurring issues. This formed a large part of the analysis within this document.

The quantitative analysis utilised the 1,299 submissions from SurveyMonkey and 151 form submissions, comprising 74 per cent of all submissions received. The major submitter groups in this portion were homeowners (45 per cent), builders (14 per cent) and designers/architects (13 per cent).

Due to the consultation process allowing three different submission types, the quantitative analysis has limitations. However, as the purpose of the consultation was to seek ideas and feedback on the two proposals presented, a fully quantitative-based analysis was not crucial for the success of the consultation process. Officials read and considered all submissions, which will be used to inform policy recommendations.

Next steps

Feedback received from the consultation will help inform analysis and further policy development as we shape and refine the proposals and options and prepare further advice to Ministers.

As noted, a range of views were expressed in the feedback. While further advice to the Government on the proposals cannot encompass all feedback received, we will aim to incorporate all relevant and practical concerns.

Te Kāwanatanga o Aotearoa
New Zealand Government

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