



How to make a submission

The Ministry of Business, Innovation and Employment (MBIE) and the Ministry for the Environment (MfE) would like your feedback on the *Making it easier to build granny flats* discussion document.

Please provide your feedback by **5pm Monday 12 August 2024**

When completing this submission form, please provide comments and supporting explanations where relevant. Your feedback provides valuable information and informs decisions about the proposals. We appreciate your time and effort taken to respond to this consultation.

Instructions

To make a submission you will need to:

1. Fill out your name, email address and organisation. If you are representing an organisation, please provide a brief description of your organisation and its aims, and ensure you have the authority to represent its views.
2. Fill out your responses to the discussion document questions. You can answer any or all of these questions in the [discussion document](#). Where possible, please provide us with evidence to support your views. Examples can include references to independent research or facts and figures.
3. If your submission has any confidential information:
 - i. Please state this in the email accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (Official Information Act) that you believe apply. MBIE will take such declarations into account and will consult with submitters when responding to requests under the Official Information Act.
 - ii. Indicate this on the front of your submission (e.g. the first page header may state “In Confidence”). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
 - iii. Note that submissions are subject to the Official Information Act and may, therefore, be released in part or full. The Privacy Act 2020 also applies.
4. Submit your feedback:
 - i. As a Microsoft Word document by email to GrannyFlats@mbie.govt.nz

OR

 - ii. By mailing your submission to:
Consultation: Making it easier to build Granny Flats
Building System Performance
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473, Wellington 6140, New Zealand

Please direct any questions that you have in relation to the submission process to:
GrannyFlats@mbie.govt.nz

Submitter information

MBIE and MfE would appreciate if you would provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE and MfE understand how different sectors and communities view the proposals and options for granny flats. Any information you provide will be stored securely.

Your name, email address, phone number and organisation

Name: Tommy Honey

Email address: exedirector@nzcic.co.nz

Organisation (if applicable): NZCIC

The best way to describe you or your organisation is:

- Designer/ Architect
- Builder
- Sub-contractor (please specify below)
- Engineer
- Building Consent Officer/Authority
- Developer
- Homeowner
- Business (please specify industry below)
- Local government policy
- Local government planner
- Local government development contributions staff
- Planner
- Surveyor
- Mortgage lender
- Insurance provider
- Iwi, hapū or Māori group or organisation
- Industry organisation (please specify below)
- Other (please specify below)

Membership organisation

- The Privacy Act 2020 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish.
- MBIE may upload submissions and potentially a summary of submissions to its website, www.mbie.govt.nz. If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

I do not want my submission placed on MBIE's website because... [insert reasoning here]

Please check if your submission contains confidential information

I would like my submission (or identifiable parts of my submission) to be kept confidential, and **have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE.

Use of information

The information provided in submissions will be used to inform the policy development process and will inform advice to Ministers on the review of the building consent system. If you provide your name, we may contact you directly if we require clarification of any matters in your submission.

Individual survey responses will be combined with other responses to produce summary reporting (or statistics) that will not identify individuals. Summary reporting will be shared with other government agencies, but this will not identify individuals.

If you provide your contact information, you will be able to access your submission by contacting building@mbie.govt.nz.

General

Housing has become more difficult and expensive to build in New Zealand. The cost of building a house increased by 41% since 2019. This has an impact on the number of small houses being built. If costs and processes were less, more smaller houses would likely be built. If more are built, unmet demand would reduce, and the cost of housing would likely decrease.

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

Refer to pages 4 – 7 of the discussion document to answer the questions in this section.

1. Have we correctly defined the problem?

- Yes No Not sure/No preference

Are there other problems that make it hard to build a granny flat? Please explain your views.

Given the linkage of the term to a controversial past practice, and that this new Granny Flat proposal differs greatly from the earlier version, a renaming of the proposal is considered appropriate.

2. Do you agree with the proposed outcome and principles?

- Yes, I agree I agree in part No, I don't agree Not sure/no preference

Are there other outcomes this policy should achieve? Please explain your views.

The proposed policy is challenging in both its proposed outcomes and the principles it has set. There is a risk that there will be a proliferation of unconsented dwellings with only the word of the builder that it meets the Building Code.

The intended outcome (to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice) is good, but the proposed policy may not be the best way to achieve it. The policy will achieve, at most, a 3-5% reduction in the cost of constructing an MRU but brings with it considerable risk, particularly in relation to the attestation, certification and verification of the works.

The proposed principles for achieving this outcome are problematic on the following ways:

- enabling granny flats and other structures in the resource management and building systems, with appropriate safeguards for key risks and effects

'Granny flats' and other similar structures are already enabled in the current resource management and building systems, with the consenting process providing the appropriate safeguards. While the consenting system is far from perfect, bypassing it entirely might increase risk.

- coordinating requirements in the resource management and building systems, where appropriate supporting local government funding and infrastructure by ensuring growth pays for growth

It would be good if the proposed policy, results in 'coordinating requirements in the resource management and building systems', but there is a risk that it will result in a lack of co-ordination due to the lack of consenting.

3. Do you agree with the risks identified?

- Yes, I agree I agree in part No, I don't agree Not sure/no preference

Are there other risks that need to be considered? Please explain your views.

The proposed policy adequately identifies the risks but it is unclear if the proposed mitigations will be sufficient to satisfy an insurance company, a mortgage lender or a future buyer.

Building system proposal

Options have been identified to achieve the objective of enabling granny flats, with related benefits, costs and risks. They include regulatory and non-regulatory options, options that do not require a building consent and fast-tracked building consents.

Refer to pages 8 – 11 of the discussion document AND Appendix 1 to answer the questions in this section.

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?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

Perhaps instead of creating an exemption, it would be better to redefine the existing Schedule 1. Any exemption from the Act has the potential to weaken it and lead to inconsistencies in how the Act is adhered to and consequently increase risk.

The proposal states that to mitigate these risks, it would:

- *use existing occupational regulation of qualified professionals*

Using Licensed Building Professionals (LBPs) is critical to the proposal but, on its own, may not be enough. Consideration should be given to having some kind of independent oversight or certification that would test and verify the work of the LBP.

- *would also require using certain Building Code Acceptable Solutions (structure, weathertightness and plumbing related) unless MultiProof or BuiltReady schemes are used.*

Without an independent view, it might not be possible to be assured that the Building Code Acceptable Solutions have been adhered to.

The proposal states that this option also comes with risks:

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

The notification requirement needs to be stronger and more specific given that it is the only mechanism by which a BCA knows the work is occurring.

- *This option makes owners responsible for ensuring qualified professionals complete the work. However, as no entity would be actively monitoring this requirement, there is a risk of non-compliance.*

The homeowner, without an entity to actively monitor this requirement could be exposed unwittingly to the risk of non-compliance. Appropriate mitigations, or processes would be needed to resolve potential difficulties with finance, insurance and re-sale.

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

Please explain your views.

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?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

The assessment of risks is useful provided the mitigations are secure and well-tested.

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

Please explain your views.

The benefits are most likely to be those related to the time to build given the monetary savings of not applying for a building consent are minimal.

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

Please explain your views.

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?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

The base LBP Carpentry may not be sufficient to meet the requirements in the absence of a building consent. It might be more appropriate that it be a requirement that Granny Flats projects are undertaken by an LBP Site licence holder to mitigate risk. Should this proposal proceed it could be done in tandem with a review of the licensing regimes for Licensed Building Practitioners. Increased education and accountability will be needed to mitigate this to ensure LBPs design and build compliant houses.

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

Please explain your views.

There will be added liability on all contractors involved in the building process. An exemption from the need for a building consent, without a Code Compliance Certificate (CCC) on project completion, could affect the availability and cost of finance and insurance. This should be tested with the banking and insurance industries. Consideration must be given to the unintended consequences of:

- financing

- insurance
- lack of consistency
- maintaining build quality
- any implications for network utility infrastructure, and
- the impacts on future home buyers.

Banks might not be comfortable financing the building of unconsented 'granny flats'.

Insurers may not consider un-consented 'granny flats' insurable. Without a building consent there will be no Code Compliance Certificate (CCC) and there is a risk that a granny flat could be difficult to insure given that the legal profession rely on the CCC as proof of compliance with the Building Code.

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?

Please explain your views.

The money saved from a building consent is not likely to be as much as an incentive as the reduction in build time. The consultation document identifies that the NZ Infrastructure Commission estimated the median fee to process a building consent for a \$350,000 new build residential dwelling at \$3,780 – barely 1% of the build cost.

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

Please explain your views.

Resource management system proposal

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

It is proposed that this policy applies across New Zealand and is not limited to certain territorial authorities. The proposed focus of the policy is on enabling MRUs in rural and residential zones.

Refer to pages 12 – 15 of the discussion document AND Appendix 2 to answer the questions in this section.

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

- Yes, I agree
 I agree in part
 No, I don't agree
 Not sure/no preference

Please explain your views.

The removal of the requirement for a Resource Consent will deliver greater financial benefit to the homeowner than the removal of a Building Consent requirement will achieve.

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

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

The policy should be focused on MRUs only as these pose fewer challenges than adjoined additions. There may be considerable difficulties relating to insurance, valuation, bank securities, and health and safety were the policy to be extended to cover accessory buildings and extensions.

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

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

The policy, if introduced, should apply to all zones nationwide.

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?

Yes No Not sure/No preference

Please explain your views.

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

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

18. Are there other matters that need to be specifically out of scope?

Please explain your views.

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?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

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

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

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

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

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

Please explain your views.

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

Please explain your views.

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

Please explain your views.

Local Government Infrastructure Funding

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

- Provide trusted information for buyers, financiers and insurers
- Track new home construction data and trends
- Value properties for rating purposes
- Plan for infrastructure
- Provide information to support post-occupancy compliance, where required
- Undertake council functions under the Building Act including managing dangerous or insanitary buildings.

Refer to pages 15 – 16 of the discussion document and Appendix 3 to answer the questions in this section.

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

Please explain your views.

A tool like a Project Information Memorandum should be required before construction to support appropriate design and create a record of the building, enabling development contributions to be captured before construction commences. Notification to the council should also occur once work has been completed.

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

Please explain your views.

Notification and funding via the Building Act (as opposed to via the RMA) would allow councils to more easily fund infrastructure through development contributions.

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

Yes No Not sure/No preference

Please explain your views.

Māori land, papakāinga and kaumātua housing

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

Refer to page 16 of the discussion document to answer the questions in this section.

28. Do you consider that these proposals support Māori housing outcomes?

Yes, I agree I agree in part No, I don't agree Not sure/no preference

Please explain your views.

This issue is best answered by Māori.

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

Please explain your views.

This issue is best answered by Māori.