

5 August 2024

Ministry of Business, Innovation and Employment – Hikina Whakatutuki and  
Ministry for the Environment – Manatū Mō Te Taiao  
*Consultation: Making it easier to build Granny Flats*

**Submitted via** [grannyflats@mbie.govt.nz](mailto:grannyflats@mbie.govt.nz)

Tēnā Koutou,

## **Rangitikei District Council’s submission on “making it easier to build Granny Flats”**

Rangitikei District Council (Council) thanks the Ministry of Business, Innovation and Employment – Hikina Whakatutuki (MBIE) and the Ministry for the Environment – Manatū Mō Te Taiao (MfE) for the opportunity to submit on the proposal to make it easier to build granny flats.

Council’s submission covers the following matters:

- Comments on the “problem definition”
- Comments on Building Act Option 2 (the proposed option)
- Comments on Resource Management Act Option 4 (the preferred option)
- Comments on Options for Notification and Funding Infrastructure
- Conclusion/Recommendations

Each of the above matters will be discussed in turn below.

### **Comments on the Problem Definition**

Council agrees that housing affordability and supply is a key issue for New Zealand currently and that there is a substantial number of 1 and 2 person households, yet smaller houses make up a proportionately low percentage of our overall housing stock. In the Rangitikei District the average household size is 2.4 occupants per dwelling and yet the majority of our housing stock in the District is 3-4 bedroom dwellings.

Council agrees that there is a need for greater diversity in our housing stock and that we should be looking at more innovative ways to encourage the construction of a wider variety of dwellings including more 1-2 bedroom dwellings. Council would go further and say that we should also be looking for ways to create a more diverse housing stock that better caters not only for people of different ages/stages in life but also that provides for cultural diversity.

In terms of the problem definition as outlined in the Discussion Document prepared for the “making it easier to build Granny Flats” consultation, Council notes that the consent process is only a small piece of this puzzle.

Consent fees are a relatively small proportion of the cost of building a dwelling (around 0.75-1.5% of the overall cost of the construction cost for smaller dwellings). However, the value that the consent and inspection process add to the building process is to provide some form of assurance that the work has been assessed at various points and confirmed to be of a set minimum standard of safety and quality. This has positive roll-on effects for the building owners, financiers of building projects, and insurers.

For Rangitikei District Council in 2023, the average processing timeframe for building consents was 9 working days and inspection booking timeframes were generally 2-3 working days. If a building consent application is complete upon lodgement and the required inspections are passed, then the time and cost “added” by this process is minimal.

Building projects can be delayed for many reasons including design issues, building product availability, builders or other contractors’ availability, coordination of sub-services, weather, and finance.

Council notes that the problem definition and proposed solution/s seem to assume that smaller dwellings warrant being treated differently to other dwellings and that because they are smaller our risk appetite should be greater when it comes to their construction. However, it is unclear why this should be the case.

Smaller dwellings will still be someone’s home, whether they be for an elderly relative of the “main dwelling” on the property, a young couple looking for a smaller rental to start out, or in fact a home for a large family who are unable to afford a more substantial dwelling. Regardless of size all dwellings should be safe and built to a minimum standard of quality.

### **Comments on Building Act Option 2 (the proposed option)**

*Option 2 proposes to “establish a new Schedule in the Building Act to provide an exemption for simple standalone dwellings up to 60 square metres. It would contain additional criteria compared to the existing Schedule 1 to recognise increased risk from these buildings.”*

Council notes that as part of this option it is proposed that building work would need to be completed (or supervised) by suitably competent, regulated professionals, such as Licensed Building Practitioners and authorised plumbers etc.

Firstly, Council is not opposed to introducing innovation and efficiency into the building process. Council is generally supportive of the MultiProof and BuiltReady schemes and can see benefit in these schemes being promoted and rolled out more fully.

However, Council does not support option 2, the introduction of an exemption under the Building Act for simple standalone dwellings up to 60m<sup>2</sup>. A dwelling is a dwelling regardless of its size, and weathertightness, plumbing and drainage, the electricals

should all be subject to the same checks to make sure the homes our people inhabit are safe and built to a minimum standard.

Through their experience in the field our officers note that exemptions are more complex than the average person usually understands. Exemptions still need to comply with the Building Code and they still need to meet other regulatory requirements. Often people do not understand that the building work still needs to meet minimum standards and they don't take the time to read the Building Code.

When Council gets involved in an enforcement capacity in relation to exempt building work (because a complaint has been made and upon inspection the work is not up to the minimum standard set in the Building Code) it is at a time when the property owner has invested time and money into their project. They are not happy to be informed that they are required to undertake certain actions that will cost them more time and money to achieve compliance when in their mind exempt building work is "exempt". The process to achieve compliance in these instances can be complex and lengthy, as well as being a drain on Council's limited resources.

Council would prefer the Government implement Options 4 and 5.

**Option 4** being *Targeted promotion campaigns of BuiltReady and MultiProof, specifically for standalone dwellings up to 60 square metres.*

**Option 5** being *New MBIE/Government MultiProof approval for a 60 square metre standalone dwelling.*

Additionally, Council recommends an alternative to the building consent exemption proposed under Options 1 and 2, could be a fast-track building consent process for standalone dwellings up to 60m<sup>2</sup>, where BCAs would have 10 working days to process this type of consent application. A fixed fee could also be considered to provide certainty of costs for applicants.

If the Government does introduce the scheme as outlined under Option 2 then Council recommends the following:

- All design and physical work should be undertaken/completed by suitably competent, regulated professionals, such as Licensed Building Practitioners and authorised plumbers etc. There should not be an option for the works to be supervised by them. The option of supervision provides scope for subpar work to be missed.
- There should be careful consideration around whether specific standards are needed for granny flats/minor dwellings constructed under this scheme to ensure fire safety e.g. minimum setback requirements from other habitable buildings and/or minimum access requirements for fire-fighting purposes etc.
- A clear process is put in place for property owners to notify councils that they are constructing a dwelling exempt under this scheme and that councils have no liability for any design or construction work done in relation to these projects.

### **Comments on Resource Management Act Option 4 (the preferred option)**

**Option 4** proposes a *National Environmental Standard (NES) for minor residential units with a consistent permitted activity standard*.

The Discussion Document produced acknowledges that most councils currently provide for “granny flats” or “minor dwellings” as a Permitted Activity in their District Plans (subject to meeting standard permitted activity bulk and location requirements).

The Rangitikei District Plan permits multiple dwellings (i.e. this is not limited by dwelling size) on residentially zoned land and up to two (2) dwellings on Rural and Rural Living zoned land for lots greater than 5000m<sup>2</sup> in area (note: this minimum lot size requirement is driven by the area required by the regional council for onsite wastewater disposal per dwelling).

If the majority of District Plans are already providing an avenue for granny flats, minor dwellings, or second dwellings then is another NES needed? In the last decade local authorities have experienced a marked increase in the introduction of NESs (and other national direction). Council acknowledges that this an appropriate resource management tool where needed. However, each NES becomes an additional layer that requires consideration and interpretation by practitioners, and this is becoming an increasingly complex system for practitioners to navigate, adding time and costs to the assessment of proposals.

The proposed NES outlined in the Discussion Document seems to be a fairly crude tool. The requirements in relation to maximum building coverage and impermeable surfaces may not be appropriate for all urban areas across New Zealand. District Plans contain a variety of site coverage and/or impermeable surface requirements based not only on character but on stormwater management considerations. The options included in the Discussion Document could create or possibly exacerbate stormwater management challenges which many of our towns and cities are already struggling to effectively manage/address.

Council supports Option One being the status quo. Most District Plans in New Zealand provide a Permitted Activity pathway for “granny flats” or “minor dwellings” which seems appropriate.

If the Government does introduce a national tool to ensure a consistent approach is taken by councils for granny flats/minor dwellings, then Council recommends a new National Planning Standard is explored rather than a NES. National Planning Standards are intended to create consistency across Regional and District Plans. This could be done in conjunction with a new National Policy Statement (NPS) or possibly an amendment to the NPS for Urban Development depending on scope.

### **Comments on Options for Notification and Funding Infrastructure**

The Discussion Document indicates that if the preferred options are introduced then owners would be required to notify councils of planned work by providing indicative plans and requesting information about the features of the land relevant to the work (similar to a PIM or by creating a ‘Permitted Activity Notice’ under the RMA). This will incur an administration fee. Owners would also need to notify councils once work is complete.

An Infringement offence for failure to comply with a \$1,000 fine is also proposed, which is the same as the building consent infringement.

Council recognises that there is a need for councils to be notified that a granny flat/minor dwelling was to be constructed on a property under the Government proposed/preferred scheme. These buildings will impact how the property is rated, especially if they connect to our reticulated services. Also, for councils that have development contributions this would hopefully trigger the requirement for these to be paid. It is noted that the \$1,000 infringement fine proposed will likely not be enough of a deterrent for property owners who fail to notify councils, especially where development contributions are payable as these will far exceed the cost of the fine.

Whether a PIM or Permitted Activity Notice (or something similar) is required it needs to be clear what a council's role is. Will councils be accepting the documents for filing and providing basic information about the property held by council or will councils be undertaking some kind of regulatory compliance check? This needs to be clear.

It is Council's preference that certainty is provided to ensure that councils/BCAs will not be undertaking any regulatory processes nor be liable for any building or planning works carried out under the scheme. Any information provided to councils should be filed in a way that makes it clear that the information was accepted by council under the scheme, and it was not subject to our certification.

Officers have concerns about how "good ground" will be confirmed if the proposed/preferred scheme is introduced. They also consider that there is a greater risk that works may be undertaken in proximity to reticulated services or in areas adversely affected by a natural hazard. Council recommends if the proposed/preferred scheme is introduced then carefully consideration is given to how these potential issues can be effectively addressed.

### **Conclusion/recommendations**

Council acknowledges that housing affordability and supply is a key issue for New Zealand currently. Council agrees that there is a need for greater diversity in our housing stock and that we should be looking at innovative ways to encourage the construction of a wider variety of dwellings including more 1-2 bedroom dwellings.

Council's recommendations are:

- That Option 4 (Targeted promotion campaigns of BuiltReady and MultiProof) and Option 5 (New MBIE/Government MultiProof approval for a 60 square metre standalone dwelling) be the preferred options in relation to the Building Act.
- That an alternative to the building consent exemption proposed under Options 1 and 2, could be a fast-track building consent process for standalone dwellings under 60m<sup>2</sup>, where BCAs would have 10 working days to process this type of consent application.
- That Option One (status quo) is the preferred option in relation to the RMA. However, if the Government is set on introducing a national planning tool for

granny flats/minor dwellings then a new National Planning Standard is preferred, and this could be supported by an amended or new NPS if necessary.

If the Government does introduce the exemption scheme to the Building Act as outlined under Option 2 then Council recommends the following:

- That all design and physical work should be undertaken/completed by suitably competent, regulated professionals, such as Licensed Building Practitioners and authorised plumbers etc. There should not be an option for the works to be supervised by them.
- That consideration be given to whether specific standards are needed for granny flats/minor dwellings constructed under this scheme to ensure fire safety.
- That a clear process is put in place for property owners to notify councils that they are constructing a dwelling exempt under this scheme and that councils have no liability for any design or construction work done in relation to these projects.
- That the infringement fine for failure to notify councils be increased to at least \$5,000.
- That careful consideration is given to how it will be ensured that “good ground” is confirmed for the buildings constructed under this scheme.
- That careful consideration is given to how to address the potential effects of natural hazards on buildings constructed under this scheme.

Ngā mihi



Andy Watson

**Mayor of the Rangitikei**