CCC Submission on 'Granny Flats' Proposal

https://www.mbie.govt.nz/have-your-say/grannyflats

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

The summary included in the discussion document does not provide any insight into the inconsistency of approaches across New Zealand. While Christchurch City Council acknowledges that housing affordability remains a longstanding issue, the discussion paper does not consider the role that single-level detached units may have in worsening this; such a typology is an inefficient land use in larger metropolitan environments, appears incompatible to the strong higher order direction for housing intensification, and is largely reflective of low-density suburban environments.

The market preference for larger houses being built is more likely due to there being a bigger return on investment than for a smaller house. A small house still needs the same services and facilities as a larger house (e.g. sanitary facilities, kitchen etc.) so adding floor area doesn't proportionately add to the overall costs. Small houses have the same assessment process, compliance issues, and risks as larger houses, so consenting costs are not proportional to the size of dwellings (see example in #11).

Section 4(2)(a) of the Building Act provides for specific principles to be applied to household units. It is not appropriate to reduce the level of attention given to small houses just because they are small. In fact, it is likely more important as the people living in these units may be even more vulnerable than people in larger and more expensive buildings (i.e., lower income households, beneficiaries, disabled persons, students, elderly, etc).

It is not necessarily difficult or expensive to have a small house consented if the practitioners involved are competent. This is not always the case however, even when Licensed Building Practitioners (LBP) are involved.

The current LBP scheme does not include any assessment of the practitioner's ability to cover any liabilities that they incur if there are issues with their work. This leaves the homeowner without assurance of compliance from a third party, and with the possibility that they cannot recoup losses should there be a failure in the building.

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

Council agrees with the stated outcome of the policy but does not support the principles stated to achieve this outcome. Changes that are currently underway to implement the National Policy Statement for Urban Development 2020 (NPS-UD) and Medium Density Residential Standards

(MDRS) will provide for the development of multiple units per site (acknowledging that the government has indicated the optionality of MDRS). Even in zones unaffected by this direction, minor residential units are provided for at up to 80m^2, or 70m^2 in rural areas of Christchurch. There is seen to be little need within Tier 1 cities like Christchurch to specifically permit the development of minor residential units and could be counter to the objective of greater intensification where councils have implemented the MDRS.

Costs associated with building consenting are, relative to the cost of construction, very small. Stated principles do not address the financing of smaller homes, bank lending restrictions, or the insurability of unconsented habitable buildings.

The outcome and principles refer to "granny flats" and "intergenerational living and aging in place". This suggests a level of familial relationship that is not reflected in the rest of the document, and this can make a difference to appropriate responses. Council's responses are therefore made on the basis that these small houses could (and likely would) be used by a wide range of people without the support that a familial relationship would provide.

3. Do you agree with the risks identified? Are there other risks that need to be considered?

Council largely agrees with the risks identified. However, five others that need to be considered are:

1. potential to compromise the housing intensification outcomes directed upon Tier 1 local authorities (as per #2);
2. potential complications with applying such enablement alongside MDRS and the effects this may have on the permitted baseline;
3. the risk that financial contributions under the Resource Management Act 1991 (RMA)are unable to be charged by consent authorities (see #25);
4. the increased cost on local authorities (and ratepayers) on monitoring and potential enforcement of MRUs; and
5. the financial risk to owners when construction fails - there is a higher probability of failure which leads to high financial and emotional stress for people who may be more vulnerable (the people who are targeted by this proposal).

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?

Council does not have confidence that compliant buildings will be constructed without at least some form of oversight by a third party, such as a BCA (building consent authority). The LBP scheme is not robust enough.

Option 2 still requires a Notification of work for TLAs (territorial local authorities) process. The receiving of the notification before construction starts, the provision of information to TLAs, and the notification on completion of the work will be new processes that TLAs will need to develop systems for. There will be administrative time involved which will incur cost and TLAs will likely incur liability if there are errors in the information provided. Even if the information provided is correct to the best of their knowledge, TLAs are invariably included in any claim on the basis that they "should have known". Options put forward do not address the issue of liability or insurability.

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

Changes brought about through the Building Amendment Act 2012 could already go a long way to reducing costs of simpler, and therefore less risky buildings. These changes created four different categories of building consent:

- Low-risk building consent;
- Simple building consent;
- Standard building consent; and
- Commercial building consent.

An amendment to this framework would likely make the proposals to enable 'Granny Flats' unnecessary.

Council considers that 'Granny Flats' would fit into the "Simple building consent" category. Note, the "Low-risk building consent" is somewhat the equivalent of an exemption from building consent approved by a TA under Schedule 1(2) of the Building Act, but with the added benefit that a close-out document (consent completion certificate) would be recorded on the Council file.

What the 2012 Amendment Act would achieve is the necessary objectives and cover concerns such as:

- Building consents for simpler and lower risk buildings would be quicker to process, with less inspections, therefore the costs would be reduced significantly.
- There would still be some third-party review by a BCA, therefore the likelihood of failure would be reduced.
- The requirement to notify TLAs of the work will be met so there would still be the ability to recover development contributions and to reassess rates that would apply to a property.
- Special characteristics of the site that could impact the design of the house would be revealed and considered, such as inundation, slope hazards, geotechnical conditions, and disposal of stormwater and wastewater.

- Limitations on the siting of the minor residential unit would not be needed, as the third-party assessment of distances to boundaries and other buildings would reduce the risk of non-compliance.
- Liability would be better apportioned (other than for a Standard building consent). This could have the added benefit of enabling private BCA's to be established as they may be better able to show that they have the means to cover any liabilities (i.e. they may be able to obtain insurance).
- Using the simple building consent provision would mean not having to change the restricted building work provisions.

The 2012 Amendment Act offers a better solution. If necessary, it could be adapted to better suit the current issues, such as only introducing the simple building consent but not the commercial building consent. It would also be reasonable to implement the **low-risk building consent** at the same time, as it would build on Schedule 1(2) but with the benefit of a sign-off once the work is complete.

A good starting point for defining a simple building consent would be buildings covered by Residential 1 in the National BCA Competency Assessment System:

> *Residential outbuildings and ancillary buildings – as defined by the Building Regulations 1992. Detached dwellings (SH) designed to a common Standard (e.g. NZS 3604, NZS 4229) that are single storey and have an E2/AS1 risk matrix score less than or equal to 6.*

As Council is opposed to the proposal to exempt small houses from building consent, and the Government is obliged to consider the importance of houses in people's lives, we consider that another option would be for central Government to consider subsidising targeted building consents. Subsidising these building consents is not a function that TLAs should be supporting through rates, nor should other building consent applicants. If there is a perceived overall public benefit, then subsidies should be considered at a national level.

Council notes the recently published initiative by Government that proposes to make virtual inspections the default rather than the exception. If properly implemented this would have the potential to reduce time delays in waiting for inspections and more efficient use of inspectors' time. Both could reduce overall cost.

There is merit in some of the other options proposed, such as options 4 and 5. Promoting existing schemes and/or providing free access to design solutions could be better at saving design and compliance costs (and possibly construction costs) within the existing provisions.

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?

Council expresses its concern over the lack of consideration of indirect costs and risks associated with the proposed building exemptions.

This lack of consideration means that the stated approximately $2,000 – $5,000 may not be accurate. The need to notify TLAs and for TLAs to provide information are costs that need to be factored against these savings.

The proportion of the total project cost of building a granny flat (commentors note $200k – $300k) that are building consent costs is only 1% – 2.5%. This cost comes with considerable benefit of a third-party assessment, assurance, insurability, and the perceived increase in value (saleability) over one completed without a building consent.

There is no difference to the risks of non-compliances for a 60m^2 house than a larger house of the same complexity. The discussion document does not consider or address this anomaly.

The discussion document also overestimates the ability of LBPs to perform in a compliant manner without some form of oversight. Before such reliance is placed on LBPs, Council would expect that they would need to show that they have the ability to cover their liabilities if issues arise (as BCA's are required to), that rigorous assessment of their abilities on a regular basis is carried out, and that penalties for non-compliance are timely and robust.

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

The discussion document does not discuss that building consent costs are only part of the overall project costs that the property owner may incur that are over and above the actual construction costs. Other noteworthy costs include: engaging consultants, access formation, infrastructure upgrades, and development contributions.

Council considers that there will be additional costs to TLAs for the inevitable regulatory compliance issues that arise.

There is a high likelihood that, without a third party being involved, more vulnerable people become responsible for actions taken by others.

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

Council does not consider that houses of any size should be exempt from building consent. However, there is potential for building consents to be simplified with reduced costs for "simple houses" if BCA liability is better managed.

If an exemption from building consent is progressed, the conditions and criteria for those exemptions need to align with the permitted standards proposed under the RMA. The discussion document sets different setback rules for building consent exemption conditions and NES permitted standards.

The permitted standards include the proposal of "One MRU per principal residential home on the same site" but this rule is not part of the criteria for building consent exemption. Consistency across frameworks is key to avoiding confusion in its application.

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?

No, Council does not agree. We do not believe that the LBP scheme is sufficiently robust, nor LBPs reliable enough to consistently complete houses with no third-party overview.

Christchurch City Council observed substantial non-compliant work carried out or supervised by LBPs after the Canterbury earthquake sequence where there was no third-party overview by persons with no financial involvement (such as a Council). We do not have reason to believe that this would be any different with this proposal to exempt complete houses from building consent.

Although many LBPs are competent and reliable, it only takes a small number to create extraordinarily large, complex and costly issues, the resolution of which will fall on people who may be more vulnerable.

It appears that the LBP Board is somewhat reluctant to revoke a person's license, and that the fines that are imposed are relatively minor in relation to the work that was undertaken. We can understand that the Board may not wish to reduce someone's ability to work within their chosen industry, so, should an exemption from building consent for small houses be implemented, an option may be to have a special license category for 'Granny Flats' in addition to the existing categories. LBPs who wish to be responsible for building work to a small house without a building consent could apply for this license category. If they are found not acting competently in this license category it should not affect their other license categories.

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

In cities where sections are typically smaller, it can be difficult to add detached buildings within the proposed boundary setbacks and other standards required by this exemption. Alternatively, if setback distances were assessed under a building consent, the setback distances could be minimised and enable more efficient land use. As examples, a house can be as little as 1 metre to a property boundary, and 2 metres to another house without needing a firewall, and if firewalls are included the setbacks can be reduced even more.

Less efficient use of land will be encouraged by having small dwellings on sections that could otherwise accommodate more residential units.

Liability is of concern as this will be left to owners who may be more vulnerable than people who can afford larger houses. Council believes that liability should be better proportioned than it is currently. The current proposal to exempt MRUs from building consent will only ensure that TLAs have some exemption from liability.

Council cannot fully comment on how financiers and insurers would react to small houses without any form of third-party overview, however, would be surprised if they were receptive to this proposal, especially after the "leaky building" issues with houses built under the 1991 Building Act that was less rigorous than what has developed under the 2004 Act. Lending against buildings constructed during this period have faced difficulties, with banks in some circumstances requiring remedial work to resolve historic water tightness issues before lending approval can be obtained.

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?

The proposed exemption provision involves a large degree of consultation and high implementation costs for a small perceived benefit. The building work will still need to be designed, owners will need to notify TLAs at start and completion of project, and TLAs will still incur admin costs that they will need to pass on.

Time savings can be very variable depending on how the project is managed. Most delays with building consents are due to applicants submitting plans and specifications that do not show compliance with the building code, leading to requests for information. This consequently delays the processing of other applications. Similarly, building inspections can become delayed due to the number of failed inspections that need to be repeated.

Council has taken a snapshot of 15 building consents for detached houses with a complexity of Residential 1 that were issued by Christchurch City Council over the month of June 2024. These varied in size from 40m^2 to 206m^2. After the removal of levies and new services costs, the cost of the consents varied from approximately $3,900 to $5,000. The size of the dwelling had no influence on these costs (the 40m^2 house was approximately $4,400, whereas the 206m^2 house was approximately $4,550).

The cost of a residential project information memorandum (PIM) from Christchurch City Council is currently $360. A residential land information memorandum is $290. Where Council also has to provide relevant information, Council would expect that a fee for a notification of work to Council to be within the above range ($290-360).

The savings available if the 2012 Amendment Act options stated in this submission were adopted are unknown as regulations defining what a BCA will assess and how many inspections are to be undertaken have yet to be developed. As an indication, the snapshot of building consents above included 8 inspections at $200 per inspection. The cost of processing of both the building consent and the code compliance certificate would also reduce if the extent of assessment was reduced.

Note: All fees quoted include GST.

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

The discussion document doesn't make it clear how property owners will properly identify and be expected to address site specific compliance issues such as: minimum floor levels to address inundation hazards; slope hazards; geotechnical conditions; and the disposal of stormwater and wastewater.

Council strongly disagrees with the proposal of being able to construct a house without any form of building consent and/or third-party oversight. The people who most need the benefits of reduced costs will be those who will best benefit from the protection of a building consent; there is no mechanism that enables verification that work completed was done by an LBP and/or authorised person.

For example, under the current exemption for a detached standalone single storey building not exceeding 30m^2, it states, "Any design or construction work done using this exemption must be carried out or supervised by a Licensed Building Practitioner (LBP)." From a local authority enforcement perspective, there is no mechanism for the property owner to provide verification to local authorities that the work completed was in accordance with the exemption.

The proposed exemptions around MRU's could potentially also fall into this same category and again enforcement officers would have no mechanism to obtain verification that work was completed by said LBP/authorised persons, outside of seeking court orders to produce documentation. This introduces the risk of incorrect installation of restricted building work, such as the waterproofing membrane under a tiled shower in the MRU, and enforcement officers would not be able to visually see or collect evidence around this. Local authorities would have no way to determine that this was installed properly.

As a minimum, Council would like to see greater controls around the proposed notification mechanism. This would ideally mean that once works have been completed for an MRU, the property owner would be required to provide the relevant documentation (such as who the LBP/authorised person was as well as producer statements) which can then be attached to the property file. Council notes that this would be little different to the requirements for a "low-risk building consent" should the 2012 Amendment Act be implemented.

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?

It is questionable whether there is a need for such a national direction on this topic when the existing national planning framework is already very enabling for further housing, such as the NPS-UD and the MDRS, which apply across all Tier 1 local authorities (acknowledging that government have indicated the optionality of the MDRS). Any such change would need to demonstrate compliance with s32 of the Act, which has not been demonstrated as part of this consultation. In addition, the recently announced 'Going for Housing Growth' programme suggests a confusion at the central government level as to what the priority is. It appears that implementing the GfHG programme would further enable housing, bringing into question the need for a specific 'Granny Flats' national direction. The proposal also would appear to enable a typology that is contrary to the outcomes sought under the aforementioned national planning policy direction: single-level units that are detached from a primary residential are enabled, which is only what would be expected in traditional suburban density residential areas and would be incompatible with medium or high density typologies.

At a local Christchurch level, minor residential units are already significantly enabled across all relevant residential zones and almost all rural zones.

With the above in mind, any change should be cognisant of the significant national direction upon these local authorities for wholesale housing enablement.

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

Given the Building Act complexities identified in the discussion document, and the stated intention to facilitate housing, should a NES be progressed, then keeping this simple by only applying it to detached MRUs appears to be appropriate. Expanding the scope of the policy to accessory buildings, extensions and attached MRUs also may have unintended consequences in terms of setting a new 'permitted baseline' for development.

However, if the question is whether changes through the RMA are necessary to better achieve the changes through the Building Act, then Council does not believe there is a need for such a targeted leniency given the current overarching direction to enable multi-unit residential development through the NPS-UD and MDRS (subject to future decisions on MDRS optionality). Making further changes alongside this has the potential for significant exploitation from a consenting perspective by enabling other development that the MRU policy direction had not intended through an expansion of the permitted baseline.

An example of how the application of the permitted baseline can lead to 'planning creep' can be seen in the Christchurch context where a baseline of a principal unit and minor unit has been used to argue for multi-unit development, based on comparing the number of bedrooms across the site

as a proxy for density. The scale of such an issue may, however, be diminished under the scenario where MDRS becomes optional.

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

Yes, these are considered to be the core 'living zones' where residential units are permitted and best suited for such a direction. The suitability of its application is more dependent on the associated standards (see question #21 response) and the interplay with other national direction, such as the National Policy Statement for Highly Productive Land (NPS-HPL).

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?

No, applying this to other zone types is likely to increase the complexity of their respective rule frameworks and the need for subsequent plan changes to better integrate the NES controls.

Commercial centre zones typically enable a multi-level typology where residential units are located above ground. An NES or similar for MRUs would have no influence here. Similarly, the 'Granny Flat' form is not suitable for mixed use zones, as it would not represent an efficient use of land.

Commercial zones (at ground level), industrial, and open space or recreation zones are not intended for residential purposes and extending the proposed MRU approach to these zones is not considered appropriate.

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, as a minimum. However, draft NES controls remain unclear as to how these protections shall be retained through the District Plan. Councils are required to apply an NES direction, regardless of the settings within an operative District Plan (except if there is an exclusion within the NES), therefore it must be made explicitly clear what discretion is afforded to District Plans that may restrict what would otherwise be permitted by the NES.

As an alternative to only s6 of the RMA, it is recommended that the qualifying matters criteria captured in Policy 4 of the NPS-UD and s77I and s77O of the RMA are used as the limits for restrictions that can be placed on the permitted activity standard of MRUs.

The s6 criteria are very limiting and would not enable the consideration of more localised issues. Further, s6(h) only considers "significant risks from natural hazards" and represents a very high

threshold. This discounts any natural hazard risk that is lesser than "significant" which may very well have a direct effect on MRUs or exacerbate risks on neighbouring properties. Aligning with the established qualifying matter criteria also helps to reflect alignment with other NPS' or NES' and effects on nationally significant infrastructure, amongst other considerations.

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

The level of associated standards should align with the respective residential or rural zones where MRUs are enabled. Please see the response in question #21.

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?

Somewhat. If the objective is to have an immediate effect, then an NES is the best RMA tool to achieve this. However, a more integrated approach would be to issue a second set of National Planning Standards that could either be given effect to when TLAs seek to update their District Plans to apply Standards, or it could be directly inserted into Plans that have already applied planning standards under s58I of the Act. Such a change could be to add these controls under *District-wide matters*, noting their application to all rural and residential zones.

While the desire for nationwide consistency is understandable, applying consistent permitted activity standards will likely undermine the ability of TLAs to administer their District Plans where these standards are at odds with existing bulk and location rules as they will set the new permitted baseline for setbacks, lack of outdoor living, etc. Council expresses its concern that any national direction change may require a consequential Schedule 1 plan change process to avoid any inconsistencies or unintended consequences across the district plan.

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

Yes, local authorities should have the ability to modify zone controls to be more lenient (as per MDRS s77H controls) where this is able to be justified under s32. Again, it is noted that the operative Christchurch District Plan (CDP) is already more enabling than the draft NES proposal – please see the analysis under question #22.

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

Internal floor area:

No issue with proposed standard.

Number of MRU per principal unit:

No issue with proposed standard.

Relationship to the principal residential unit:

No issue with proposed standard.

Building coverage:

Disagree with all options – this should not be a standard under the NES and the relevant zone standards should apply. This would also better align with the proposal to set qualifying matters as the criteria for restrictions.

Setting such a standard has the potential to frustrate the resource consent process. Care would need to be taken to detail how building coverage for the non-MRU component of a development is calculated in isolation of the potential greater degree of building coverage that may be permitted through the NES – or conversely, where zone controls provide for a greater level of building coverage than the NES.

The proposed high degree of building coverage in residential areas fails to consider the allocation of other site features, such as access, outdoor living space, outlook space – and the provision of permeable surface controls alongside this. Higher site coverage has a greater propensity to increase heat island effects, reduce water quality, remove greenspace and habitat, and increase the likelihood of social conflict in more confined quarters at ground level (acknowledging the single-level nature of this enablement).

Permeable surface:

This standard is welcomed by Council. It is considered that, at an urban catchment level, a **minimum of 30% permeable is required** to help mitigate new development's contribution to flooding from increased stormwater runoff.

The introduction of this standard must be complemented with a clear definition of 'permeable surface'. Council is finding that the medium/high density developments often will fill a site with compacted fill, thereby severely diminishing the potential for surface water percolation to groundwater. Setting a specific soil depth and area measurement can help to reduce such effects.

Setbacks:

Disagree with all options – this should not be a standard under the NES and the relevant zone standards should apply. This would also better align with the proposal to set qualifying matters as the criteria for restrictions.

Standardising setbacks without consideration of local conditions or qualifying matters has a high potential to expose occupants to negative externalities from nearby non-residential activities and reduce the commercial viability of such activities. For example, it is common for increased setbacks to be applied from industrial zones adjacent to residential zones, or from agricultural industries in rural environments. Simply defaulting to zone standards ensures a consistent approach to managing residential activities, while still enabling MRUs.

Building height and height in relation to boundary

Building height appears to be set under the Building Act standards, but there should be alignment between NES and Building Act standards. Building height is set at a total of 5m. Such a building height would be inadequate in Christchurch's flood management areas, which can set a Finished Floor Level (FFL) above 1.5m. As per other standards, this should be simply set as per the zone standards, but limited to a single-storey. Standards need sufficient flexibility to address such natural hazard constraints.

Similarly, height in relation to boundary should also simply default to zone standards. It is highly unlikely that such standards would restrict the development of a single-storey unit.

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

The CDP currently provides for MRUs across residential zones (excluding Residential Medium Density Zone and Residential Central City Zone, where a second dwelling is permitted) and almost all rural zones. MRUs are permitted if they meet activity specific standards relating to net site area for the site containing the primary house and MRU, gross floor area (GFA), site access, and outdoor living space. There are also standards that relate to setbacks, site coverage, site density, and building height (5.5m for most, 7-8m for others).

The CDP sets out permitted activity standards additional to those in the proposed NES, which include sharing the site access with the primary dwelling and provision of outdoor living space. A minimum GFA of 35m^2 is required under the CDP with a maximum of 80m^2 permitted across residential zones. The minimum also applies within rural zones, but the maximum GFA is slightly reduced to no more than 70m^2. The outdoor living standards only apply in residential zones, acknowledging the larger size sizes in rural zones.

Council submits that if an NES is progressed for MRUs, that the bulk and location standards of the underlying zone should apply, rather than having a national direction for this. Any NES should ensure there are specific standards for MRUs to ensure suitably sized outdoor living, access, and minimum unit size apply. A larger maximum unit size may therefore be appropriate, subject to suitable standards.

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?

Yes, all may be appropriate. Restricted discretionary this would be a natural cascade of an activity status for a non-compliance of this nature. Alternatively, a secondary development typology/scenario could be conceived within an NES, whereby a larger development is enabled subject to compliance with alternative standards.

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

The proposal has the potential to jeopardize, and/or be contrary to, the other higher order housing direction that Tier 1 local authorities must comply with. This issue has been exacerbated by the initial draft of the 'Going for Housing Growth' programme announced by Minister Bishop on 4 July 2024, whereby both Tier 1 and Tier 2 local authorities are required to meet Housing Growth Targets.

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

If MBIE is to proceed with this proposal, we strongly recommend a change is made to the Local Government Act 2002 (LGA 2002) to enable TLAs to require development contributions for 'Granny Flats' built without building or resource consent and notified under a PAN (Permitted Activity Notice) or PIM. Not doing so would require Council to proceed with a plan change to introduce a financial contribution under s77E of the RMA to address any shortfall in costs.

However, under a PAN or a PIM, TLAs would not be notified when the building work is complete. This would leave TLAs with no choice but to invoice for development contributions at notification of a PAN or PIM. Should the work not go ahead, TLAs would likely have to refund the DC requirement, which creates additional administrative work for staff. There are also implications for correctly assessing a property for rates. Again, without notification of the building work being completed, TLAs would not know when to add a separately used or inhabited part (SUIP) to a rating unit (SUIPs are usually picked up from the revaluation triggered by a consent). In summary, the proposed process leaves no financial incentive to notify TLAs of building completion. Reference is made to the response under #12, outlining what Council considers should be the minimum level of notification.

Council has two key bylaws[1] that direct how service connections are managed. Section 43E of the RMA directs that an NES must state whether a bylaw can be more stringent than the NES. Council submits that the **protections afforded through local bylaws should be retained** as this will ensure the appropriate management of service connections to assets and their serviceability.

Any mechanism that is used needs to ensure that there is an ability to charge for Financial Contributions to reflect that some TLAs use Financial Contributions exclusively to address infrastructure costs. The RMA has recently been updated to allow TLAs to require Financial Contributions for permitted activities. Like development contributions, Financial Contributions will be assessed and paid at the time of a resource consent, building consent or authorisation for a service connection.

There may be more TLAs in the future that seek to utilise this avenue for financing, and therefore any new policy direction needs to be aligned with this approach.

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

No. s208(1) of the LGA 2002 currently provides TLAs with the ability to withhold code compliance certificates, s224(c) certificates, connection approvals, and commencement of consents until development contributions are paid. This acts as a strong incentive for developers to pay a development contribution requirement. Neither option, as proposed under Appendix 3, would provide TLAs with the power to withhold certificates/approvals, pending payment of a development contributions requirement. Developers would therefore no longer be incentivised to pay development contributions and there could be significant financial incentives for developers to not notify the TLAs of the development of a 'Granny Flat'.

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

Yes. Development contributions ensure developers pay a fair share of the cost of providing infrastructure to service demand from growth development. TLAs need to be able to levy development contributions for all developments that put additional demand on their infrastructure. If TLAs are not given appropriate tools to do so, the burden of funding infrastructure required to service 'Granny Flats' will be on-charged to ratepayers. TLAs are already struggling with rating pressures and this would likely be further exacerbated by a development type able to circumvent a development contribution requirement.

[1] Water Supply and Wastewater Bylaw 2022 and Stormwater and Land Drainage Bylaw 2022. See: https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/bylaws

A related issue not addressed by the proposal is the 'entitlement' per rateable unit for kerbside services. It is unclear to Council how this entitlement would be considered and administered.

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

Relative to Christchurch's context, no. The CDP applies a Papakāinga/Kāinga Nohoanga Zone over some Māori land and provides Māori with full discretion as to what activities are undertaken – there are no activity specific standards for any residential activities, only a 50% site coverage control applies. Zone standards remain limited. Retail, convenience, and other commercial activities are simply limited to 100m^2 GLFA per business, with no limit placed on the number of businesses.

The MRU proposal only provides MRUs on a 1:1 basis, at one per site. Any change to further enable Māori housing must not be limited to Māori land, which often lies outside of urban areas, and must provide for multiple residential units and various associated non-residential activities.

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

To address provision of development on Māori land more adequately, an increase in zoning scope should be considered where Māori purpose zone (as per National Planning Standards) or nearest equivalent is within scope of any future NES.