Te Kāwanatanga o Aotearoa
New Zealand Government

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 1993 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:	
Email address:	
Organisation (if applicable):	Dunedin City Council

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)

Territorial Authority

☐ The Privacy Act 1993 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.

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.

DCC agrees that improvement in housing affordability in New Zealand is desirable. However, it notes that housing in Dunedin is relatively affordable compared to the other main centres. A recent report[1] shows the house value to income ratio is 6.0 in Dunedin, significantly lower than the average of 7.0 across all major centres, and the most affordable of all major centres. The report also notes that housing affordability has improved in Dunedin over the past couple of years.

DCC also agrees that there is an unmet demand for smaller homes, based on the outcome of a Dunedin housing preferences survey conducted in 2019[2].

However, DCC disagrees that there are building and RMA regulatory barriers that increase the time and cost to build new minor residential units (MRUs) to an extent that impacts the number of MRUs being built in Dunedin. This is because:

- DCC's building consent fees would typically equate to less than 2% of the overall cost of developing an MRU, so are not a significant contributor to costs. DCC's average time for processing building consents is 12 working days and delays to processing are typically a result of insufficient detail being provided by applicants.
- DCC's district plan permits the equivalent of MRUs up to 60m^2 gross floor area in residential, rural, and rural lifestyle zones, subject to performance standards. As permitted MRUs do not require resource consents, the status quo is enabling the establishment of MRUs without additional delays or costs.
- Substantive delays and cost constraints are far more likely to arise from the capacity of the construction labour force, the cost of building materials, and finance costs.

Different solutions to the proposal are needed to substantially reduce the cost of building MRUs, such as encouraging mass production of MRUs so people can purchase a high quality, affordable, ready-built MRU 'off the shelf'. This could be supported by the existing MultiProof/BuiltReady schemes for building consents.

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.

[1] CoreLogic (Feb 2024), Housing Affordability Report, New Zealand, Q4 2023.
[2] Research First (Dec 2019), Dunedin City Council Housing Framework Predictions: The Housing We'd Choose.

DCC agrees that it is desirable to increase the supply of small houses for all New Zealanders and create more affordable housing options and choice. However, the policy response to achieve this outcome should:

- Be based on a more accurate problem definition to deliver more effective solutions (see answer to Q1 above).
- Fully consider the costs of the response, including:
  - The health and safety and remediation costs that could fall to property owners if MRUs are built without oversight by building consent authorities (BCAs), resulting in building work that may not comply with the Building Act 2004.
  - Unnecessary complication or duplication of resource management processes, especially for jurisdictions that already enable MRUs, and the potential for plan changes being needed to resolve unintended consequences.

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 following additional risks should be considered:

- **Building quality** – If building work is not overseen by a BCA, property owners may bear the cost of failures by their designer or licenced building practitioner.
- **Infrastructure planning/funding** – Council planning and funding for infrastructure is coordinated through the long term plan process. Enabling MRUs beyond what is already provided for may mean planning and funding for the additional infrastructure required is out of step with the long term plan process and the timelines for delivery of upgrades.
- **Infrastructure quality** – Councils need to ensure that new connections to infrastructure meet their quality standards, and existing approval processes (e.g., those set through bylaws) are at risk of being ignored without the building consent process.

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.

DCC cannot see the advantage of creating a second schedule of exempt building work. The rules and provisions will be complex, potentially requiring several amendments to the Building Act (even if a second schedule was added).

DCC suggest that it may be better to either:

- Place the proposal in the body of the Building Act, like the MultiProof scheme; or
- Amend Schedule 1 exemptions to include the proposal.

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

Please explain your views.

- The existing BuiltReady scheme – while it is only in its infancy it can achieve the required outcomes and would better manage the risks due to the scheme's certification and auditing provisions.
- An updated version of the Simple House acceptable solution.

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 additional risks outlined in response to the following question should also be considered.

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

Please explain your views.

The following risks should also be considered:

- Assuming options 1, 2 & 3 apply to off-site manufacture, the risk that the exemption will reduce uptake of the BuiltReady scheme because un-registered manufacturers will be able to produce transportable < 60m^2 dwellings without building consent or the costs associated with BuiltReady registration.
- The liability risk to building consent authorities if they are not involved in the consenting process but are expected to have a monitoring or quality assurance role (it is unclear what is meant by "…enabling monitoring of quality issues" in the Discussion Document, p.8). If DCC is not involved in the consenting process, DCC should not be involved in quality assurance.
- The risk that projects will result in incomplete records on council property files. The proposal is for the owner to notify the council of work, but it is unclear how this will be managed and enforced (including who by). Purchasers obtaining a Land Information Memorandum (LIM) may be left to figure out what documents are missing.
- The risk of the property owner receiving a partly built or faulty building, and the potential for them to bear the cost of remediation when liable parties will not or cannot fix the problem or pay compensation.
- The difference in risk between enabling a building up to 60m^2 without a building consent and enabling a building over this size, or enabling modifications once it is established (i.e., what is the rationale for the proposed size limit and exclusion of modifications?).
- The risk that existing council infrastructure or easements may be built over, impeding future access.
- The risk that, without a building inspection, insurers will not offer insurance or will impose another requirement in order to offer insurance.

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.

DCC suggests the following additional criteria for an exemption:

- The owner must obtain a Project Information Memorandum (PIM) before starting work. Without a PIM, there is no mechanism for council to determine how and where the building connects to council services or to check requirements for driveways and vehicle crossings. Under the Building Act the owner currently does not have to apply for a PIM, but the proposal talks about owners requesting information about features of the land (like a PIM). It would be better to mandate use of the existing PIM system than invent a new system.
- Designers, builders, and other contractors must hold a minimum level of insurance. This is vital, as under the joint and several liability regime the BCA currently acts as a 'last man standing' insurer to the building industry. If the BCA is not involved, this avenue for recompense will not be available to the property owner.
- Confirmation of wind zone. Calculating wind zone is difficult and the NZS3604 system has its limitations. Different users can come up with different results and could easily underestimate the requirements, possibly resulting in a building being built in an excluded area.
- The council must hold the property records including as-built drainage plans. This is because someone wanting to alter the building or associated drainage at a later stage will need access to the plans.
- The council must hold the Certificates of Design Work and Certificates of Work from the Licenced Building Practitioners so that future owners know who is responsible if issues arise with the building.

DCC suggests changes to the following proposed criterion:

- **Height to boundary** – This criterion should be stipulated by the Government without enabling councils to vary the requirement. If enabling variation is preferred, the existing building consent system should be retained.

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.

- Based on DCC experience, there are many Licensed Building Practitioners (LBPs) that do not understand the Building Act or New Zealand Building Code (NZBC). DCC is not confident that relying on LBPs will result in a building that is fully compliant with legislation.
- Complaints against LBPs can currently be made to the Building Practitioners Board, but DCC's consenting and inspection records confirm that this still does not ensure NZBC compliance.
- Council will not be on site unless there is a complaint of non-compliant building work, or a dangerous or insanitary building. Often breaches will not come to the attention of council until after the work is complete. Once building work is complete the Building Act requires council to take action against the owner. Once the property has been sold, the options reduce even further. See Building Act s163.
- MBIE determinations can be used to determine if building work complies with the NZBC, but do not apportion liability or impose a remedy. The MBIE determination service is currently non-compliant with s184 of the Building Act and not meeting statutory requirements to make determination decisions within 60 working days. Considering applicants are waiting many months for determinations, it's not clear how useful the service would be in terms of dealing with large volumes of compliance breaches.
- DCC would like to see LBPs made accountable for their work and suggest that the LBP must hold adequate insurance cover.

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.

The risks from the proposed system may prevent people from using the exemption, including:

- Uncertainty over how lenders, insurers, and potential purchasers will view buildings that do not have either Building Consent or a Code Compliance Certificate.

The benefits of existing systems may prevent people from using the exemption, including:

- If owners increase the overall project cost by < 2% by applying for a building consent, they will have the assurance that council is jointly and severally liable (potentially liable) for compliance issues with the design and build.
- If owners use a building manufactured under the BuiltReady scheme they can still have it manufactured without building consent (except for foundations and services) and with far lower risk.

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.

Overall, the costs of the proposal may outweigh the initial time and money savings of avoiding a building consent, including because:

- Not requiring building consent could only save up to 20 working days (noting DCC's average time to grant building consent is 12 working days), assuming the design documentation would have been fit for purpose and compliant.
- For a one-off build, consent fees savings would likely be less than 2% of the total project cost. However, not obtaining a building consent risks costs arising if the work is non-compliant, if insurance is not granted, or from impacts on resale value.
- If an owner uses a registered design and build manufacturer under MBIE's current BuiltReady scheme, they will only need building consent for the foundations and services, so consent fees would likely be less than 1% of the total project cost. This approach does not have the same risks as the option above, with BCA oversight and a CCC issued at the completion of the work.

To make a meaningful difference to time and cost (and to achieve waste reduction) there should be greater focus on encouraging mass production of MRUs.

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

Please explain your views.

The proposal talks about creation of new forms that include additional information. An alternative system could be a new application type using the following process:

1. The new application type gets lodged with the council.
2. The council issues a PIM, carries out a non-technical documentation check and confirms that documentation is complete and meets the requirements of the exemption.
3. At the end of the project the council issues a confirmation when the post construction documents have been filed and the project can be considered complete.

This would give prospective owners some assurance that process has been followed and the council holds the required records.

Part 4A of the Building Act provides the rights and remedies in relation to residential building work. This will be more important when the BCA holds no liability. Therefore, it is important to consider the following questions:

- How easy is it for owners to enforce their rights under the Building Act?
- Does 4A provide protection if the unit is purchased from a non-BuiltReady manufacturer?

There needs to be a process for council to approve new connections to its wastewater network, as this currently occurs through the building consent process.

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 following points of clarification should be made:

- The MRU definition should be made specific to the purposes of the proposed National Environmental Standard (NES) to avoid MRU provisions in both the NES and existing district plans from applying at the same time (for efficiency and clarity in implementation). For example:
  For the purposes of this NES, a minor residential unit is as defined in the NPStds, provided it meets the permitted activity standards in this NES.
  For the sake of clarity, a minor residential unit that does not meet this definition is not subject to this NES.
- The National Planning Standards (NPStds) definition wording does not preclude MRUs from being attached to the principal residential unit. If the decision is to exclude attached MRUs, this would need to be written into the new provisions (e.g., as a permitted activity standard).
- Whether the proposal applies to buildings on wheels (i.e., tiny homes).

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.

Extensions and attached MRUs can provide more small houses and housing choice in a similar way to new detached MRUs, so should be included in the proposal. In addition, attached MRUs are likely to be more achievable on sites with limited space or other constraints.

However, the proposal should not apply to accessory buildings, which include sleepouts. Sleepouts are even more likely to already be enabled by district plans than MRUs.

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.

DCC's district plan already enables the equivalent of MRUs up to 60m^2 gross floor area in residential, rural, and rural lifestyle zones (except medium density residential zones where the rules already enable more than one primary residential unit (PRU) per site). Therefore, DCC supports a focus on providing for MRUs in these zones, subject to appropriate permitted activity standards to manage effects in these differing environments.

DCC would prefer that the proposal does not apply in jurisdictions that already enable MRUs in their district plans, such as in Dunedin, for simplicity and to avoid unintended consequences. However, the following requests are made should the proposal be applied everywhere.

In applying the provisions to residential and rural zones:

- Clarify the proposal's application to specific zone types, such as rural lifestyle zones and settlement zone, as it is not immediately clear which NPStds zones are 'residential' or 'rural'.
- Clarify the application of the NPStds zones in jurisdictions that do not yet use the NPStds zones, like in Dunedin.
- Consider not applying the proposal in medium density and high density residential zones, as enabling standalone MRUs in these zones could detract from achieving anticipated density. This could undermine achievement of NPS-UD objectives 3 and 6 and result in the inefficient use of land and planned and funded infrastructure.

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.

Issues may arise if the proposal applies in additional zones, including:

- **Commercial, centres, and mixed use zones:** Although residential activity may be permitted in these zones, they are not suited to standalone MRUs, which may detract from achieving anticipated urban form (i.e., multi-level buildings with little to no setbacks from boundaries, and commercial activity on the ground floor).
- **Industrial zones:** Residential activity is not provided for in these zones due to potential reverse sensitivity effects and to preserve industrial land for industrial uses. The proposal should not apply to any lawfully established residential activity in these zones.
- **Open space and special purpose zones:** These zones are typically provided for specific non-residential activities and should be reserved for these (noting that DCC's district plan does not include the equivalent of a Māori purpose zone but uses a 'mapped area' method to apply papakāika provisions over the underlying zone instead).

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.

DCC agrees, except in relation to the use of MRUs, and again noting its preference to not apply the proposal to jurisdictions that already enable MRUs in their district plans, like in Dunedin.

The proposal should explicitly apply to the use of MRUs for residential activity only (excluding supported living facilities and visitor accommodation). If the use is not addressed, it will default back to the provisions in the district plan and lead to an undesirable mixing of rules.

'Rule mixing' is undesirable in DCC's situation as the district plan separates the management of land use and development. Permitted standards addressed in the proposal include those that attach to land use in DCC's district plan (floor area, number of MRU, and relationship to principal residential unit) and to development in DCC's district plan (building coverage, permeable surface, setbacks, and height). Therefore, if the use is to be managed through the district plan, the associated land use permitted standards from the district plan would apply but would conflict with the proposal's versions.

A permitted use standard should be included in the proposal that:

- Applies the proposal to the use of MRUs for residential activity only, and only where that use would have been a permitted activity in that zone under the district plan (not counting permitted standards in the district plan, except for those managing matters of national importance – but see also answer to Q22 below), and where the existing PRU and site comply with the density and minimum site size standards in the district plan.
- Requires that the use or development of the MRU would not otherwise require resource consent under district plan rules managing matters of national importance.
- Specifies what rules managing matters of national importance are, rather than referring to s6 RMA, to avoid interpretation issues. For example, s6(f) refers to "the protection of historic heritage from inappropriate subdivision, use, and development". Does this mean any rule in a district plan for a heritage precinct will apply, or just rules managing significant heritage values (i.e., protected buildings)? Furthermore, s6(h) RMA refers to "the management of significant risks from natural hazards." Does this mean any rule in a district plan regarding natural hazards will apply, or just rules managing "significant risks"?

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

Please explain your views.

The proposal should not affect the application of the following items:

- Conditions of previous resource consents applying to the site
- Consent notices or covenants
- Body corporate or cross lease limits on additional units
- Management of hazards outside of the district plan
- Contaminated land regulations (i.e., be clear of the interaction with NES contaminated soil)
- Highly productive land regulations (i.e., NPS-HPL)
- Bylaws, including any approvals needed for new connections to 3 waters infrastructure or establishment of driveway crossings

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.

DCC would prefer that the proposal does not apply in jurisdictions that already enable MRUs in their district plans, such as in Dunedin, for simplicity and to avoid unintended consequences. This could be achieved by:

- Keeping the status quo; or
- Exempting jurisdictions that already enable MRUs from any NES; or
- Progressing an NPS instead of an NES so that jurisdictions that already enable MRUs will not need to undertake a plan change where they already give effect to its direction.

Reasons include:

- Confusion for the public and planners regarding the interaction between conflicting provisions in an NES and district plan.
- Permitted standards in an NES may inadvertently set a new permitted baseline for all other types of development that is hard to ignore, potentially undermining district plan objectives.
- An NES may still require plan changes to district plans to resolve unintended consequences.
- It is unclear why consistency in MRU provisions across the country is promoted as a key benefit of an NES. It is usual for different residential rules to apply in different districts in response to local issues and community aspirations. In most cases, MRU development by an individual will be one-off.

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.

Generally, DCC supports district plan provisions for MRUs being able to be tailored to local issues and community aspirations, whether they are more restrictive or more enabling.

However, if it is decided to proceed with an NES, the NES should override the relevant district plan provisions that are addressed by the NES, if all NES permitted standards are met. If any NES permitted standards are not met, the district plan should override the NES.

'Rule mixing' between the NES and district plan (including allowing district plan rules to apply where they are more enabling) is undesirable because it makes implementation difficult, reduces certainty, and ultimately will result in delays and additional costs due to interpretation issues, which runs counter to the objective of the proposal (see also comments under Q17 above on the 'rule mixing' issues specific to the DCC situation).

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.

Internal floor area – Needs to clarify whether garages and carports are to be counted. Otherwise, this is like DCC's existing approach for MRUs.

Number of MRUs per PRU - Agree with one per PRU, but additional requirements should be that the PRU and site must comply with the density and minimum site size standards in the district plan, and that the PRU must be established before the MRU can be - potential effects on 3 waters infrastructure and neighbourhood/rural amenity.

Relationship to PRU - Agree that MRUs should remain in common ownership with the PRU, unless the district plan's minimum site size standard for two PRUs is met. Additional requirements are also needed for:

- Maximum separation distance from the PRU in rural and rural lifestyle zones (DCC's district plan requires a maximum of 30m).
- Use by residential activity only.
- Not resulting in the PRU contravening any district plan permitted standards (e.g., by locating over the PRU's required outdoor living space), otherwise the PRU will require resource consent.

Building coverage - All options are more lenient than the equivalent in DCC's district plan (which also vary within the residential zone types - 30% in large lot zones, 35% in low density zones, 40% in standard density zones). It should also count all buildings and structures on the site over a certain size (e.g., 10m^2 footprint), not just the PRU and MRU – potential effects on amenity and from establishing a new permitted baseline.

Permeable surfaces - All options are more lenient than the equivalent in DCC's district plan (which also vary within the residential zone types - 50% in large lot zones, 35% in low density zones, 30% in standard density zones). 'Permeable' should be clearly defined, and a requirement for a stormwater detention tank should be included to manage effects from the lower permeable surface coverage – potential effects on amenity and 3 waters infrastructure, and from establishing a new permitted baseline. Note that DCC would need to model, plan, and fund additional stormwater infrastructure upgrades to accommodate the increase in permitted impermeable surface (unless the MRU is required to mitigate all additional stormwater runoff by installing a stormwater detention tank).

Setbacks - All options are more lenient than the equivalent in DCC's district plan (4.5m front boundary (FB)/4m side and rear boundaries (SRBs) in large lot zones; 4.5m FB/2m SRBs in standard and low density zones; 20m FB/20m SRBs in rural zones etc.). Setbacks should be larger in rural zones to address potential for reverse sensitivity – potential effects on amenity, neighbourhood/rural character, and reverse sensitivity in rural and rural lifestyle zones.

Height and height in relation to boundary (HiRB) - Agree with single storey for standalone MRUs (as required in DCC's district plan), but this should be specified in the standard. Note that because setbacks are proposed to be prescribed in the NES that are much more lenient that the DCC's district plan rules, the HiRBs from the district plan may end up meaning that the reduced NES setbacks can't be achieved. A HiRB should either be included in the NES that overrides the district plan one, or the district plan HiRB should not apply.

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

Please explain your views.

See comments in the answer to the previous question. Consideration should also be given to including the following rules that apply to MRUs in DCC's district plan (excluding for matters of national importance), or clarifying the relationship of the proposal with these rules:

- Earthworks provisions
- Acoustic insulation (land use standard)
- Outdoor living space (land use standard)
- Setbacks from scheduled trees, national grid, critical electricity distribution infrastructure, coast and water bodies, and designated rail corridors (land use and development standards)
- Firefighting (development standard)

Consideration should also be given to:

- Not permitting MRUs on highly productive land under the NPS-HPL.
- Not permitting MRUs on sites subject to the NES on contaminated soil.

- How/if neighbours will be informed that an MRU is being developed as a permitted activity under the proposal.

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.

The existing district plan provisions should apply.

This is the simplest approach to implement, as applicants simply need to follow these steps:

1. Does the MRU comply with the proposed NES? If yes, it is permitted under the NES and the district plan does not need to be considered (except for rules managing matters of national importance). If no, go to step two.
2. Does the MRU comply with the district plan? If yes, it is permitted under the district plan and the NES does not apply. If no, it requires a resource consent in accordance with the relevant district plan provisions.

If resource consent requirements are set in an NES, they should be set on the following basis:

- Contravention of built-form standards (e.g., setbacks, and MRUs up to 80m^2 floor area) – restricted discretionary.
- Contravention of other standards (i.e., MRUs over 80m^2 floor area, contravention of number of MRU per PRU, or relationship to PRU) – non-complying, as the MRU is effectively a second PRU in these cases. This is the approach taken in DCC's district plan.

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

Please explain your views.

Any potential NES needs to:

- Be clearly drafted with all key terms defined and not open to interpretation.
- Specifically identify when provisions in the district plan apply or do not.
- Avoid similar rules in the NES and district plan applying at the same time.
- Be accompanied by requirements and guidance material for applicants to navigate the process themselves, including:
    - A requirement to submit a PIM/PAN application demonstrating compliance with the NES (including to assist if complaints are made about unlawful development), prior to work commencing. This should include demonstrating that the proposal complies with the conditions of any previous resource consents issued for the site, any consent notices or covenants, and that existing activity is not relying on existing use rights.
    - Details of whether the council needs to check the PIM/PAN application prior to work commencing, and what happens if insufficient information is provided, or the council disagrees that the work complies with the NES.
    - A template form to be filled in for the PIM/PAN application.
    - Exemplar plans detailing what applicants need to show on their PIM/PAN site plan, elevations, and floor plans. Note that site plans will need to show all existing buildings and permeable surfaces and should demonstrate that the PRU will comply with the district plan after the MRU is established.

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.

Prior to work commencing on MRU construction, a PIM/PAN application should be required, checked by council for compliance with the NES planning rules (but not the NES building rules due to the risk of triggering council liability), payment of an administration fee made, and development contributions calculated.

There need to be effective enforcement measures for when people do not comply with this requirement to act as a deterrent. For example, a fine that is comparable to the development contributions amount that is likely to be payable (i.e., much higher than a $1000 fine).

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.

A hybrid PIM/PAN application process would assist in calculating development contributions. The process should enable calculation of development contributions at the first opportunity, with invoicing and payment occurring when the granny flat is completed.

There should be a timeframe within which a granny flat must be established after the PIM/PAN is lodged (e.g., 2 years). If works commence but exceed the required timeframe, development contributions should be able to be recalculated.

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.

DCC strongly agrees with the principle that growth should pay for growth, and MRUs represent growth. Development contributions should be able to be charged for MRUs, enabled by an amendment to the Local Government Act (s198) to ensure they are chargeable at the PIM/PAN stage.

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.

DCC agrees that the proposal is intended to support the provision of MRUs for all ethnicities, including Māori. However, given MRUs are already enabled in Dunedin's district plan in residential, rural, and rural lifestyle zones, the proposal may not make much difference to the rates of MRU development.

DCC notes that although the proposal is not intended to apply to Māori purpose zones as described in the NPStds, DCC's district plan does not include an equivalent zone (as it uses a 'mapped area' method to apply separate papakāika provisions over the underlying zone instead, including in residential and rural zones).

To better understand Māori housing issues and the impact of regulation, DCC recommends that Manawhenua are consulted.

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

Please explain your views.

DCC has not identified any additional barriers in terms of MRUs and recommends that Manawhenua are consulted.