

HURUNUI DISTRICT COUNCIL

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The Chairperson
Transport and Infrastructure Committee
Parliament Buildings
Wellington

23 June 2025

Dear Chairperson.

Submission on the Building and Construction (Small Stand-alone Dwellings) Amendment Bill

Introduction

The Hurunui District Council welcomes the opportunity to provide a submission on the Building and Construction (Small Stand-alone Dwellings) Amendment Bill (the Bill).

The Hurunui District is located in North Canterbury. The district has approximately 13,450 residents and cover an area of 8,640km² spanning from the east coast across to the Main Divide. The Hurunui District is primarily a rural district with large areas dedicated to primary production interspersed with small service towns. The district's economy is primarily reliant on primary production and tourism.

The Council supports the overarching intent of the Bill, which aims to increase the supply of smaller, more affordable homes—particularly Minor Residential Units (MRUs), commonly referred to as "granny flats".

We acknowledge that the Bill responds to the growing demand for diverse housing options by seeking to reduce regulatory barriers. Specifically, it proposes to allow new, stand-alone, single storey dwellings (up to a net floor area of 70 square metres) to be built without a building consent, provided they meet specific design and construction criteria.

We agree that the high cost of building, including for MRUs, has been a factor limiting housing development. MRUs often incur a disproportionately high cost per square metre compared to Principal Residential Units (PRUs), due to the need for equivalent infrastructure and services within a smaller footprint. Building Consent fees in our district are approximately 1.1% of the total build cost for a simple 70m² MRU and we therefore have reservations whether not requiring a building consent will result in a decrease in building costs.

Additionally, we understand that market feedback indicates that the capital investment required to construct an MRU is not always matched by a corresponding increase in property value, making them a less attractive option for some homeowners.

While the Council supports the overall intent of the Bill to streamline the building process and reduce construction costs—particularly for small stand-alone dwellings—we have significant concerns about the adequacy of the proposed safeguards. As currently drafted, the Bill may enable the construction of low-quality or non-compliant dwellings, potentially leaving homeowners and councils to bear the burden of rectification. We consider that the removal of regulatory oversight is not sufficiently balanced by alternative quality assurance mechanisms.

Notwithstanding these concerns, and should the Bill be enacted, we believe there are several areas that warrant further refinement and consideration, as outlined below:

In summary, the Bill sets out the following proposed roles of a TA in relation to non-consented small stand-alone dwellings constructed under the provisions of this Bill.

1. TAs receive notification by owners of their intention to build non-consented small stand-alone dwellings through applications of a project information memorandum (PIM) and must issue the PIMs within 10 working days.
2. When issuing the PIMs, TAs must provide additional information in the form of an attached document that states:
 - a. whether the proposed building work meets the characteristics of the exemption
 - b. whether the land is subject to natural hazards
 - c. whether there are any bylaws that may affect the proposed building work
3. A TA may attach a notice to the PIM for any development contributions payable by the owner in relation to the proposed small stand-alone dwellings
4. Within 20 working days of the completion of the building work, the TA is required to receive all the records of work, certificates and final design plans from the owner. It is only at this point that any development contributions must be paid by the owner to the TA.
5. The TA is not required to assess or inquire about the information it receives
6. The TA must keep the information it receives for these buildings for at least the life of these buildings.
7. The TA must monitor the PIMs it has issued for non-consented small stand-alone dwellings for any that have not been completed within 2 years after the issue of the PIM and if any have not been completed, decide whether to allow a further period
8. Processing and issuing of approvals for any connections to the three waters services – water supply, wastewater, and stormwater.

Despite the Bill’s clear intent to limit the involvement of TAs, it is likely that councils will become the first point of contact when issues or complaints arise in relation to these dwellings.

There are several process-related issues in the Bill that require refinement to ensure territorial authorities can effectively fulfil their intended functions, particularly regarding the completeness process and the collection of development contributions. Additionally, successful implementation will require a strong education component to ensure both TAs and homeowners understand the limited role of TAs, which is primarily administrative and does not include involvement in any issues arising from these dwellings.

1. Interpretation - “Simple design”

“Simple design” is referred to in Schedule 1A Section 2 (1)(h)(i) but is not defined in Section 7 or in the Building Regulations 1992 A3. Without clear specifications of what “simple design” is or what “simple design” is not, it is open to interpretation.

Recommendation:

- Include a comprehensive definition or specifications of what “simple design” is for the purposes of these amendments.

2. Clause 7 - Content of application

The term ‘initial design plans’ is vague and is not consistent with how this type of information is described elsewhere in the Act as ‘plans and specifications.’ It may lead to insufficient information being provided by the owner with their application for a PIM for the TA to supply accurate information as required by the proposed section 35A. The information submitted with the PIM application may also be insufficient for the TA to confirm that the building is permitted under the proposed National Environmental Standards for Granny Flats (Minor Residential Units) which contain different standards (e.g. building coverage), or any relevant District Plan rules outside the scope of the NES (e.g. a minimum floor level which may be higher than the maximum 1m above ground allowed by Schedule 1A).

Recommendation:

- Recommend that the term ‘initial design plans’ is replaced in proposed section 33(1A)(b) with ‘initial plans and specifications with sufficient information for the territorial authority to make the statements required by section 35A and confirm whether any other authorisations are required.’

3. Clause 8 Issue of Project Information Memorandum

The Bill proposes to reduce the time allowed for a TA to issue a PIM from the standard 20 working days to 10 working days where it is related to a Small Stand-alone Dwelling. However, the amendments also require a TA to carry out more tasks in relation to a PIM for a Small Stand-alone Dwelling.

If the 10-day requirement remains, the TA will be required to prioritise a PIM for a Small Stand-alone Dwelling, and we question the justification for this.

Recommendation:

- Remove clause 8 and keep the same timeframes for all PIMs.

4. Clause 9 New section 34A (Lapse of project information memorandum for non-consented small stand-alone dwelling_

If the building work does not proceed, a TA has no way of knowing this for their record keeping. The responsibility should not be on the TA to monitor the completion of work that they have no ability to control.

Recommendations:

- That a further section after section 34 that the owner must notify the TA in writing within 2 years of the issue of the PIM if the building work is not going to proceed.

The provision in proposed section 34A(b) ‘any further period that the territorial authority may allow’, places an obligation of the TA to become involved when a project continues more than 2 years beyond the issue of the PIM. The TA is placed in the position where they are being pressured

to allow the timeframe to be extended without the corresponding incentive for the owner to finalise the project.

- That the proposed section 34A includes the PIM will lapse without any provision for further periods if building work has not effectively commenced after 2 years. And where building work has commenced a further period will be allowed once the development contribution is paid by the owner. This will also require a change to the proposed section 36(2A)(b); see clause 12 recommendation

5. Clause 11 Additional information to be supplied in certain circumstances

Section 35A(2) requires the TA to attach a document to the PIM that includes amongst other things a statement that ‘the proposed building work is likely or unlikely to satisfy only the characteristics of clause 1 of Schedule 1A;’ This is a very limited scope. The plans and specifications submitted with the PIM applications must also contain sufficient information to confirm whether any other authorisations are required and whether adequate provision to protect from a natural hazard so should also contain sufficient information to also make a statement about the ‘Requirements for small stand-alone dwelling’. Section 35A should not include the subsection (2)(a)(ii) ‘it is unclear if the proposed building work is likely to satisfy those characteristics;’.

The PIM application should contain sufficient information for a TA to make a clear statement that ‘the proposed building work is likely or unlikely to satisfy the characteristics of clause 1 of Schedule 1A’. It needs to be clear to an applicant that sufficient information needs to be provided with a PIM application otherwise TAs will continually have to be using the provision in section 34(2).

The proposed section 35A(2)(c) requires a TA to assess the information provided with the PIM application to see if they can be ‘satisfied that adequate provision has been or will be made to (a) protect the land, building work, or other property referred to in that subsection from the natural hazard or hazards; or (b) restore any damage to that land or other property as a result of the building work’ to any land the TA is required by section 35A(2)(b) to identify if that land is, or is likely to be, subject to 1 or more natural hazards.

To be able to make that assessment they will need sufficient information to be provided by the owner with the PIM application. For example, to make an assessment that adequate provision to protect from an inundation natural hazard, the PIM application must include information such as proposed floor levels to meet E1.3.2 of the building code and the proposed finished site levels.

Recommendations:

- That Section 35A(2)(a) (i) states ‘a statement indicating whether—(i) the proposed building work is likely or unlikely to satisfy the characteristics of clause 1 and requirements of clause 2 of Schedule 1A
- Removing the option in section 35A(2)(a)(ii) ‘it is unclear if the proposed building work is likely to satisfy those characteristics;
- Include the changes recommended to clause 7 noted above for the PIM application to include plans and specifications with sufficient information.

6. Clauses 6 Project Information Memorandum and 12 Territorial authority may issue development contribution notice

The Bill contains inconsistencies and practical issues regarding development contributions (DCs) and PIMs. While clause 12 allows TAs to advise on DCs at the PIM stage and requires payment upon completion of the build (clause 15), this creates a risk that contributions may be avoided if the build is not formally completed. The Bill should also acknowledge financial contributions (FCs), which are used by some councils in place of DCs.

There is a further inconsistency between clause 6, which makes PIM applications voluntary, and new section 42B, which prohibits building work from commencing without a PIM. The PIM process is essential, both for enabling councils to identify natural hazards and to levy DCs or FCs.

To address these issues, the Bill should be amended to make PIM applications mandatory and to require that DCs or FCs are paid at the time the PIM is issued, rather than after building completion.

Recommendations:

- Amend clause 6 as follows:
Section 32 Owner ~~may~~ must apply for a project information memorandum
- Amend clause 12 as follows:
Section 36(2B) amended (Territorial authority may issue development contribution notice and development contributions (or financial contributions) are payable on issue of a project information memorandum)

7. Clause 15 Completion process

Clause 15 sets out the completion process for building work. This clause requires the owner of a non-consented small stand-alone dwelling to send the specified documents to the TA within 20 working days after completion of the building work. There are several issues with the completion process proposed.

1. There is no obligation for an owner to complete a building, only that work detailed in the PIM cannot continue after 2 years unless an extension is agreed with the TA. This allows for an owner to not quite complete a building to avoid the obligation to pay DCs (or FCs).
2. If the work does not proceed, a TA has no way of knowing this for their record keeping. The onus should not be on the TA to monitor the completion of work that they have no control over
3. It is unclear how the TA will know when the building work is “completed” and therefore to start the clock for 20 working days

In order to incentivise the completion of the process, a provision should specify that the building must not be occupied until the completion process is concluded.

Recommendation:

Amend clause 15 Section 42B to provide for:

- The building must not be occupied until the completion process is complete and any required development contributions (or financial contributions) are paid.

- Require that the Development Contributions (or Financial Contributions) are payable within 20 working days of the issue of the PIM.
- Require the owner to notify the TA in writing if the work is not going to proceed if it will not be carried out within 2 years of the issue of the PIM.
- Include a prescribed form that an LBP completes on submission of information when a building is complete. The information described on that form as being supplied can be relied on in good faith by the TA to be within the package of information submitted.

8. Clause 16 Certificate of work required for non-consented small stand-alone dwelling

The term 'final design plans' is vague and is not consistent with how this type of information is described elsewhere in the Act as 'plans and specifications.' It may lead to insufficient information being provided by the owner's designer to meet the purpose of section 42C.

Recommendation:

- Recommend where the term 'final design plans' is used in proposed section 45AA it is changed to state 'final design plans and specifications'

9. Clause 19 Application for a determination

Clause 19 amends section 177 to specify when a determination can be made. This should be expanded to include the PIM process at a minimum. We are concerned that if a TA advises in a PIM that the natural hazard provisions apply, then it is seemingly no longer exempt building work under the new 42B(3)(d) (clause 15).

Recommendation

Amend clause 19 -Section 177 (Application for a determination) to include a Project Information Memorandum issued under section 34(1)

10. Clause 20 Territorial authority must keep information about buildings

To ensure consistency with the recommendation to clause 16 the reference to 'final design plans' should change in section 216 to state 'final design plans and specifications'.

Recommendation:

- Recommend where the term 'final design plans' is used in proposed section 216(2)(ba) it is changed to state 'final design plans and specifications' and where the term 'initial design plans' is used it is changed to 'initial design plans and specifications'

11. Clause 21 Enforcement provisions

The Council remains concerned that the proposed enforcement framework under Clause 15 and Clause 21 of the Bill may not provide sufficient incentive to ensure compliance with the completion process for non-consented small stand-alone dwellings. Specifically, the requirement for the owner to submit the record of work (RoW) and associated documentation to the territorial authority (TA), coupled with a relatively modest \$1,000 penalty for non-compliance, may not be adequate—particularly when weighed

against the potential cost of development contributions (DCs) that could be avoided by not completing the process.

Furthermore, the Council seeks clarification regarding the extent of its enforcement responsibilities under the proposed framework. There is concern that, despite the Bill's intent to limit TA involvement, councils may be drawn into disputes over building quality or compliance with minimum Building Code standards. For example, it is unclear whether a TA would be expected to issue a notice to fix if a homeowner is dissatisfied with the quality of a completed small stand-alone dwelling. This ambiguity risks undermining the Bill's objective of reducing regulatory burden on councils.

Recommendations

- Increase the penalty for failure to submit the RoW and associated documentation to better reflect the potential financial implications of non-compliance.
- Clarify that territorial authorities are not responsible for enforcing building code compliance for non-consented small stand-alone dwellings, except where there is a clear and immediate risk to public health or safety.
- Introduce a prescribed form for LBPs to complete when providing the record of work to the owner. This form should clearly outline the information required and be designed to support the owner in fulfilling their obligations. The TA should be able to rely on this form in good faith as part of the completion documentation.

12. Clause 22 New section 392A (Territorial authority not liable)

Clause 22 of the Bill (new Section 392A) provides that TAs will have no civil liability in relation to any of the advice provided by the TA.

The Council unequivocally supports the principle of removing civil liability from territorial authorities (TAs) in relation to non-consented small stand-alone dwellings. We consider this protection essential, given the limited and administrative nature of the TA's role under the proposed framework. The responsibility for ensuring compliance with the Building Code and the exemption criteria in Schedule 1A rests with the owner and the licensed building practitioner (LBP), not the TA. We believe the current drafting of Section 392A does not go far enough. In particular, we seek clarification on whether TAs could still be exposed to liability in cases where documentation submitted with a Project Information Memorandum (PIM) application clearly shows non-compliance with Schedule 1A, for example, a proposed dwelling with a finished floor level (FFL) of 4 metres above ground level, or constructed from unconventional materials such as straw bales.

In such cases, it must be made explicit that the TA is not liable for issuing a PIM based on information provided by the applicant, even if that information indicates non-compliance. The TA's role is not to verify or enforce compliance, but to record and retain the information submitted. Without this clarification, there is a risk that TAs could be drawn into disputes or legal challenges despite their limited statutory responsibilities.

The rationale is that it is the licensed building practitioner who holds the key role in relation to non-consented small stand-alone dwellings and the role of the TA is very circumscribed.

Recommendation

- Amend clause 22 Section 392A as follows:
No civil proceedings may be brought against a territorial authority or any member, employee, or agent of that authority for anything ~~in good faith stated in, or omitted from, a statement or description required by section 35A~~ in relation to non-consented small stand-alone dwellings.
- Confirm that the TA's role is administrative only, and that the responsibility for compliance lies solely with the owner and LBP

13. Clause 50 Schedule 1 amended

There is a gap in the existing legislation that should be amended through these amendments. Clause 50 should be amended to include all exempt building work.

Recommendation

Amend clause 50 - Amend Schedule 1 Building work for which building consent not required) to include all exempt building work.

14. New Schedule 1A Other building work for which building consent not required

Exemptions to minimise risks

The amendment bill provides that a site subject to a natural hazard does not meet the conditions for an exemption. Other limitations should be considered to minimise risks associated with small stand-alone dwellings including:

- Ground conditions.
- Wind loads
- Specific engineering design of structural components unless carried out by a CPEng
- Limitation of eaves size (since this is not included in net floor area).

The term 'net floor area' is proposed, which is inconsistent with definitions used elsewhere in Schedule 1. There is no definition of 'net floor area'. There is no definition of 'net floor area' but the NES-GF uses the term 'internal floor area' that is defined.

At 2(1)(e) "At least 2 metres away..." is not defined. Is this the minimum distance of any component of the building, for example the outer edge of the gutter, or to the external face of a wall? Without very clear definition this will be rife for misinterpretation.

At 2(1)(h)(ii) 'connect to network utility operator services (NUOs), if those services are available, or, if not available, connect to on-site systems, that do not need a building consent to construct:' does not make it clear what type of on-site systems do not need a building consent. Only an existing system with sufficient capacity for the increased flow do not need a building consent.

Recommendations

- Amend Schedule 1A to redraft to include limitations for the following:
 - Ground conditions
 - Wind loads

- Ground slope
- Specific engineering design of structural components unless carried out by a CPEng
- Limitation of eaves size (since this is not included in net floor area.
- That the term and definition used in the NES-GF of 'internal floor area' be used in Schedule 1A be used to avoid unnecessary conflict.
- That a clear definition is provided of the point of the building that this is measured from.
- That wording is changed to 'connect to existing on-site systems, that has sufficient capacity for the increased flow:'

15. Interaction with Schedule 1

There is a high probability that the new schedule 1A exemption will be combined with Schedule 1 exemptions, e.g. addition of carports, verandas, decks etc.

Recommendation

- At a minimum, provide commentary on whether there are limitations on the combination of exemptions prior to the Small Stand-alone Dwelling being complete.

16. Other matters

Clarify the ability in the Bill for a small stand-alone dwelling to connect to an existing on-site wastewater system

Recommendation

Amend Schedule 1A as follows:

- Clarify the ability in the Bill for a small stand-alone dwelling to connect to an existing on-site wastewater system, i.e. any existing system should have capacity for a new MRU connection.

17. Alignment with National Environmental Standard for MRU

The Council supports the proposed National Environmental Standard for minor residential units (granny flats) (the NES), which is currently under development as part of national direction updates to the Resource Management Act.

We consider it essential that the Bill and the NES are developed and implemented in a consistent and coordinated manner. Alignment between these two instruments is crucial to ensure regulatory clarity, avoid duplication or conflict, and support efficient delivery across both the building and resource management frameworks. Accordingly, the following areas require attention:

	Small Stand-alone Dwellings	NES for Granny Flats (Minor Residential Units)
Terminology	Small Stand-alone Dwellings	Granny Flat Minor Residential Unit

Number per site	Silent/ambiguous	One
Maximum floor area	70 m ² (net) Silent re where measured	The maximum internal floor area is 70 m ² . The maximum internal floor area is measured on the inside of the enclosing walls or posts and columns
Maximum coverage	Silent	50%
Minimum building setbacks	at least 2 metres away from any other building or any legal boundary	2m from boundaries and principal residential unit
Other specifications	"Simple design" and single storey	Silent

Recommendation

- That the Bill and NES conditions are consistent with each other.

Yours faithfully

Signed by Hamish Dobbie

Chief Executive Officer and authorised signatory Hurunui District Council

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