

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

Ordinary Meeting of Kōrau Tūāpapa | Environment and Infrastructure Committee Rārangi Take | Agenda

9:30 am Rāpare, 1 Here-turi-kōkā 2024

9:30 am Thursday, 1 August 2024

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



MEMBERSHIP

Mayor Whanau
Deputy Mayor Foon
Councillor Abdurahman
Councillor Apanowicz
Councillor Brown (Chair)
Councillor Calvert
Councillor Chung
Councillor Free
Puiwi Hohaia
Puiwi Kelly
Councillor Matthews (Deputy Chair)
Councillor McNulty
Councillor O'Neill
Councillor Pannett
Councillor Randle
Councillor Rogers
Councillor Wi Neera
Councillor Young

Have your say!

You can make a short presentation to the Councillors, Committee members, Subcommittee members or Community Board members at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-499-4444, emailing public.participation@wcc.govt.nz, or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

AREA OF FOCUS

The Kōrau Tūāpapa | Environment and Infrastructure Committee has responsibility for:

- 1) RMA matters, including urban planning, city design, built environment, natural environment, biodiversity, and the District Plan.
- 2) Housing.
- 3) Climate change response and resilience.
- 4) Council property.
- 5) Waste management & minimisation.
- 6) Transport including Let's Get Wellington Moving.
- 7) Council infrastructure and infrastructure strategy.
- 8) Capital works programme delivery, including CCOs' and Wellington Water Limited's capital works programmes.
- 9) Three waters

To read the full delegations of this committee, please visit wellington.govt.nz/meetings.

Quorum: 9 members

TABLE OF CONTENTS

1 AUGUST 2024

Business	Page No.
1. Meeting Conduct	7
1.1 Karakia	7
1.2 Apologies	7
1.3 Conflict of Interest Declarations	7
1.4 Confirmation of Minutes	7
1.5 Items not on the Agenda	7
1.6 Public Participation	8
2. Petitions	9
2.1 Petition: Halt Thorndon Quay Roadworks until an independent project review is completed	9
3. General Business	13
3.1 Housing Action Plan 6-monthly Report	13
3.2 'Making it easier to build granny flats' - Council Submission	65
3.3 Decision register updates and upcoming reports	91

1. Meeting Conduct

1.1 Karakia

The Chairperson will open the hui with a karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

At the appropriate time, the following karakia will be read to close the hui.

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana, te wairua	Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind
I te ara takatū	
Koia rā e Rongo, whakairia ake ki runga	Oh Rongo, above (symbol of peace)
Kia wātea, kia wātea	Let this all be done in unity
Āe rā, kua wātea!	

1.2 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the hui, where leave of absence has not previously been granted.

1.3 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.4 Confirmation of Minutes

The minutes of the meeting held on 5 June 2024 will be put to the Kōrau Tūāpapa | Environment and Infrastructure Committee for confirmation.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

Matters Requiring Urgent Attention as Determined by Resolution of the Kōrau Tūāpapa | Environment and Infrastructure Committee.

The Chairperson shall state to the hui:

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent hui.

The item may be allowed onto the agenda by resolution of the Kōrau Tūāpapa | Environment and Infrastructure Committee.

Minor Matters relating to the General Business of the Kōrau Tūāpapa | Environment and Infrastructure Committee.

The Chairperson shall state to the hui that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent hui of the Kōrau Tūāpapa | Environment and Infrastructure Committee for further discussion.

1.6 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any hui of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral, or electronic application to address the hui setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the hui concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to public.participation@wcc.govt.nz, by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 499 4444 and asking to speak to Democracy Services.

2. Petitions

PETITION: HALT THORNDON QUAY ROADWORKS UNTIL AN INDEPENDENT PROJECT REVIEW IS COMPLETED

Whakarāpotopoto | Summary

Primary Petitioner:	Paul Robinson
Total Signatures:	1,937 (as at 24 July 2024)
Presented by:	Paul Robinson
Relevant Previous decisions	Thorndon Quay Parking Changes – Traffic Resolutions Petition on Thorndon Quay Parking Let's Get Wellington Moving – Thorndon Quay Hutt Road Single Stage Business Case Let's Get Wellington Moving: Golden Mile and Thorndon Quay Hutt Road Funding Thorndon Quay Traffic Resolutions

Financial considerations

Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$

Risk

Low Medium High Extreme

Authors	Tian Daniels, Democracy Advisor Rebecca Adams, Chief Advisor to CIO
Authoriser	Siobhan Procter, Chief Infrastructure Officer

Taunakitanga | Officers' Recommendations

That the Kōrau Tūāpapa | Environment and Infrastructure Committee:

1. Receive the information and thank the petitioner.
2. Direct Officers to prepare a paper in response to the petition to be considered in September 2024.

Petition

1. Paul Robinson opened the following Petition on www.change.org on 26 May 2024.

[Halt Thorndon Quay Roadworks until an independent project review is completed.](#)

Wellington City Councillors made a grave error when they accepted advice from Officers to approve the new \$58m bus and cycle lanes along Thorndon Quay. The advice that Officers gave Councillors was grossly deficient for three reasons:-

1. **Officers did not tell Councilors about the underlying water-mains.** 8 major watermains lie under Thorndon Quay. 2 of these are over 100 years old. Council Officers were advised (via Let's Get Wellington Moving) that some of these pipes either must or should be replaced as part of the roading project. Officers did not inform Councilors of the condition of these pipes when seeking approval for the project.

2. **Officers grossly underestimated the economic impact of these roading changes on local businesses.**

In 2021, 1500 people petitioned Council to do an economic impact study but Officers recommended that Councilors reject the petition. They said that the \$1.3m of car parking revenues would only reduce by \$32k p.a. In fact, they have reduced by as much as \$750k.p. a Pedestrian foot counts are down by up to 80%, cafe revenues are down by 40%. Businesses were only supposed to suffer disruption for 12 weeks. In fact, the disruption is slated to last for 18 months and most likely much longer. Wellington's water infrastructure is in crisis. The attached image shows new roading infrastructure being built above a 110-year-old sewer,

3. **Safety data relied on by Councilors was based on advice that was not independent and free of bias.** A company called ViaStrada Ltd was engaged to prepare various reports used to develop the strategies and business cases used to justify expenditure on cycleways. Officers of this company were also, at various times, officers of the cycle activist organisation Cycle Action Network. This dual interest does not appear to have been disclosed to Councilors. The consequence of this is that data is perceived to have been interpreted from a position of bias. If this data had been objectively interpreted, adequate safety improvements could have been made at a fraction of the cost of the current project.

Currently, over 330km of Wellington's pipes need replacing. Wellington Water estimate that in 10 years' time the amount of pipe requiring replacing will have increased to 560km. Spending \$58m on a nice to have but non-essential cycle and busway in preference to replacing pipes is a poor prioritisation of scarce Council resources. Council will say that other water projects take priority - but those projects aren't having a \$58m roading project being built on them. Those projects aren't causing severe economic harm to the local businesses.

Please click on the link below to view a short video that demonstrates that the existing clearway provides a superb avenue for commuter cyclists to ride along. Do we need to spend \$85m to improve on this?

<https://share.icloud.com/photos/006huwo1iIEJlQidiCr1OMr5Q>

If customers can't access the businesses along Thorndon Quay, then those businesses can't afford to pay their share of infrastructure upgrade. LETS STOP THIS POOR ALLOCATION OF PUBLIC RESOURCE!

Whakautu | Officers' response

2. Officers acknowledge receipt of the petition.

Whakarāpopoto | Executive Summary

3. The Thorndon Quay project was initiated under the Let's Get Wellington Moving (LGWM) programme which was a joint initiative between Wellington City Council, Greater Wellington Council and New Zealand Transport Agency Waka Kotahi.
4. The Thorndon Quay Hutt Road Single Stage Business Case (TQHR SSBC) which was approved by Council in 2022, identified four problems along the corridor:
 - Unreliable bus travel times resulting in poor customer experience, and reducing the attractiveness of, and ability to increase travel by bus.
 - The current state of cycling facilities results in conflict between users and increases risk. This limits the attractiveness of cycling.
 - A poor-quality street environment creates an unpleasant pedestrian experience, reducing the attractiveness of walking and spending time in the area.
 - High and growing traffic volumes combined with high speeds increase the likelihood and severity of crashes.
5. Between 7 November and 9 December 2022, LGWM consulted on the proposed detailed design and Traffic Resolutions for Thorndon Quay. Councillors were invited to view the design and attend a tour of the corridor before the traffic resolution was put forward for approval.
6. The project design was endorsed by NZTA, Metlink and Council, and then approved by the Regulatory Processes Committee via the Traffic Resolution Process in August 2023.
7. In late 2023, construction began on the Thorndon Quay project and the project was brought in-house by Wellington City Council (Council) following the dissolution of Let's Get Wellington Moving (LGWM) in March 2024, 5 months into the construction programme. The project is on schedule to be complete in June 2025.

Takenga mai | Background

8. Wellington's population is growing with projections of a further 75,000 people over the next 30 years, including around 15,000 in the northern suburbs. In addition, around 27,750 are projected in the urban centres outside of Wellington City (Kāpiti, Porirua, Upper Hutt, Lower Hutt and the Wairarapa). Thorndon Quay will be critical to safely and efficiently catering for this growth.
9. The work underway on Thorndon Quay connects the northern suburbs through to the city, making it safer and easier for more people to walk, bike, scoot or use public transport. Changes underway include:
 - Peak hour bus lanes in both directions to improve bus travel times.
 - A two-way cycle path on the seaside of the route to avoid intersections and the bus interchange.
 - Pedestrian and lighting improvements.
10. Construction is being undertaken in sections to keep traffic flowing -- Thorndon Quay is open to two-way traffic during the day with stop / go traffic control during some nights. Construction is on track to be completed in June 2025.

Attachments

Nil

3. General Business

HOUSING ACTION PLAN 6-MONTHLY REPORT

Kōrero taunaki | Summary of considerations

Purpose

1. This report asks the Kōrau Tūāpapa | Environment and Infrastructure Committee (Committee) to agree that the next six-monthly Housing Action Plan 2023-25 report be presented to the Committee in June 2025 to restore the regular reporting cycle.
2. This report also presents the second six-monthly Housing Action Plan 2023-25 and the Housing Strategy Risk Dashboard.
3. Additionally, the report provides updates on the Te Kainga Affordable Housing Programme and includes detailed advice from officers on two specific actions within the Action Plan: one from the Rental Housing Programme, and one from the Compliance and Consents Improvements Programme.

Strategic alignment:

4. Through the LTP, we've set a strategic approach to make our city accessible and inclusive for all. This strategic approach is strongly linked to the vision of our Housing Strategy and Housing Action Plan, which focuses Council efforts on seven priority work programmes (Rental Housing, Affordable Housing, Social and Public Housing, Mana Whenua and Maori Housing, Homelessness, Consenting and Compliance Improvements and Planning for Growth) supported by strategic partnerships that help the Council deliver on the vision of 'all Wellingtonians well housed.'

Relevant Previous decisions

21 June 2018, the City Strategy Committee approved the Wellington City Council Housing Strategy and an associated Housing Action Plan.

12 March 2020, the Strategy and Policy Committee approved the Wellington City Council Housing Action Plan for the 2020-22 triennium.

10 September 2020, the Strategy and Policy Committee received the Housing Action Plan 6-month Report. The Committee approved an amended Housing Action Plan due to the impact of COVID-19 and a minor amendment to the Housing Strategy to include the Wellington Housing Affordability Model.

2 June 2021, the Social, Cultural and Economic Committee received the Housing Action Plan 6-month Report. The committee agreed that future reports on the Housing Action Plan include targets to increase the number of universal design / accessible units across the Council's portfolio, including Te Kāinga, to increase Wellington's accessible housing stock.

24 November 2021, the Planning and Environment Committee adopted an amended Housing Action Plan 2020-22 and agreed to the proposed scope of the Housing Strategy and Action Plan update.

9 June 2022, the Planning and Environment Committee received the final Housing Action Plan 6-month Report for 2020-22.

8 June 2023, the Environment and Infrastructure Committee adopted the Housing Action Plan 2023-25, adding additional actions across the six priority programmes and including a further programme focusing on Rental Housing.

30 November 2023, the Environment and Infrastructure Committee agreed to amend the Housing Action Plan 2023-2025 to include new timeline targets for various actions. This report also presented the first 6-monthly Action Plan report and provided advice on the Rental Inspection Service Pilot and the Warmer Kiwi Homes programme.

Significance

The decision is rated low significance in accordance with schedule 1 of the Council’s Significance and Engagement Policy.

Financial considerations

Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

5.

Risk

Low Medium High Extreme

6. The latest risk assessment of the Housing Strategy is attached to this report.

Authors	Paul McCorry, Manager Housing Development Geoff Lawson, Team Lead, Policy Hayley Moselen, Housing Strategy Lead
Authoriser	Liam Hodgetts, Chief Planning Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Kōrau Tūāpapa | Environment and Infrastructure Committee:

1. **Receive** the information.
2. **Note** the updates included in the second six-monthly Housing Action Plan 2023-25 report (included as Attachment 1) and the Housing Strategy Risk Dashboard (included as Attachment 2).
3. **Agree** that the next six-monthly Housing Action Plan 2023-25 report will be presented to the Environment and Infrastructure Committee in June 2025 to restore the regular reporting cycle.
4. **Note** the findings of the Sense Partners research, which estimate the wider economic benefits of the Te Kāinga Affordable Rental Programme. (Included as Attachment 3).
5. **Note** the results of the annual tenant survey for the Te Kāinga Affordable Rental Programme. (Included as Attachment 4).
6. **Note** that there is continuing change in housing regulations and there are housing regulatory and supply gaps for the Council to continue to monitor including a joined-up approach to create homes for the most vulnerable.
7. **Note** officer advice that will collectively deliver improvements in the consenting functions to assist owners of earthquake-prone buildings and those wanting to build affordable and public housing.

Whakarāpopoto | Executive Summary

6. The Housing Action Plan 2023-25 (Action Plan) was adopted in June 2023 to put into effect the long-term outcomes and vision of the Wellington City Council's Housing Strategy (Strategy).
7. The attached six-monthly report of the Action Plan provides updates on the seven priority programmes within the Action Plan. Additionally, the Housing Strategy Risk Dashboard is included. Subject to the Environment and Infrastructure Committee (Committee) agreement, the next six-monthly Action Plan report will be presented to the Committee in June 2025 to restore the regular reporting cycle.
8. This report also incorporates updates about the Te Kāinga Affordable Rental Programme, including research estimating the wider economic benefits of the programme and the annual tenant survey results.
9. Additionally, this report includes detailed advice from officers on two specific actions within the Action Plan: one from the Rental Housing Programme, and one from the Compliance and Consents Improvements Programme.

Takenga mai | Background

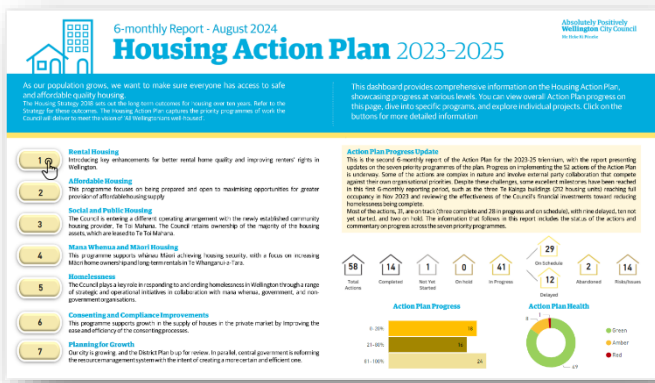
10. Improving housing outcomes is a priority for the Council. Having the security of a safe, warm, dry and affordable home is a crucial foundation for ensuring that individuals, families, and whānau can live well and achieve their aspirations. This supports broader community outcomes and ensures the city's full potential, and wider socio-economic aims are realised.
11. In June 2018, the Strategy was adopted unanimously and developed based on extensive engagement, consultation through the Long-term Plan 2018-2028 and recommendations from the Mayor's Housing Taskforce.

-
12. The Strategy has a ten-year long-term focus (2018-2028), within that the triennial Housing Action Plan sets the short to medium-term priorities and tangible actions to deliver on that Strategy.
 13. The first Action Plan was approved alongside the Strategy in 2018, and the second Action Plan 2020-22 was adopted in March 2020.
 14. In June 2023, the Committee adopted the Council's third Action Plan, which covers the 2023-25 Council triennium. It focuses Council efforts on seven priority programmes of work supported by strategic partnerships that help the Council deliver on the vision of 'all Wellingtonians well housed.'
 15. In November 2023, the first six-monthly report was presented to the Committee, highlighting several significant milestones achieved in the initial reporting period. Notable accomplishments included the full occupancy of the three Te Kāinga Affordable Rental Programme buildings (212 housing units) and the completion of a review assessing the effectiveness of the Council's financial investments in reducing homelessness.

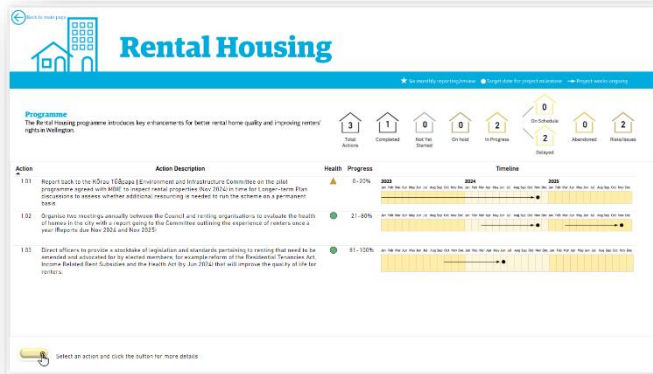
Kōrerorero | Discussion

Housing Action Plan 6-monthly Report and Housing Strategy Risk Dashboard

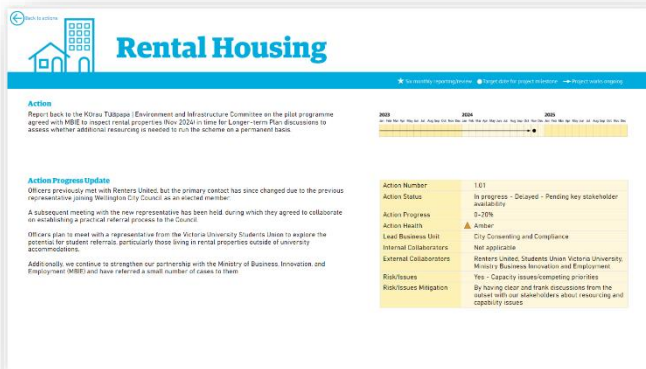
16. This is the second six-monthly report of the Action Plan for the 2023-25 triennium, presenting updates on the plan's seven priority programmes. Progress is well underway on implementing the plan's 58 actions. Some of these actions are complex and require collaboration with internal and external parties, which requires more time and consideration.
17. Some significant milestones have been achieved in this second six-monthly reporting period. For the Te Kainga programme, an additional two buildings are now under contract to be delivered in 2025, which will provide 183 affordable apartments, achieving 47.3% of the 1000-unit target.
18. The transfer of properties to Te Toi Mahana and \$23M in development capital will enable the Trust to increase the housing supply. Wellington City Mission's Te Pā Maru, with 18 supported housing units, has become operational, and final decisions have been made by the Council and the Minister regarding the intensification parts of the District Plan.
19. For this second Action Plan six-monthly report, officers have created a new dashboard to provide access to progress information in a clear and comprehensive way. The dashboard's front page offers an overview of the Action Plan's progress, and users can click through to a front page for each priority programme. From there, users can click into and review the progress of each individual action. The diagrams below on page 7 illustrate how the different levels of information can be viewed.



Action Plan overall progress



Priority Programme progress



Action progress

20. The Action Plan six-monthly report to August 2024 is included in Attachment 1 and can be accessed via this link [Housing Action Plan 2023-2025 Power BI Dashboard](#)
21. This second six-monthly Action Plan report was initially scheduled for presentation to the Committee in June 2024. However, due to a full agenda, it was deferred to August. The third six-monthly report was supposed to be presented in November 2024, but given its proximity to the August report, officers recommend presenting the next six-monthly report in June 2025 to restore the regular reporting cycle.
22. The Action Plan and Strategy risks are reviewed regularly by the Housing Action Plan Advisory Group (Advisory Group) and are now reported to the Committee. The Advisory Group monitors and shares the progress of actions currently featured in the Action Plan, assessing and mitigating any risks associated with the Action Plan and Strategy. The latest risk assessment of the Housing Strategy is included in this report as Attachment 2.

Te Kainga Affordable Rental Programme

General Update

23. Te Kāinga Affordable Rental Programme (Te Kāinga) ended the 23/24 financial year comprising 290 units (212 apartments operated by the Te Kainga tenancy management team and a further 78 units subleased to Victoria University). Of the units managed by the Te Kainga team, the year-end occupancy was 98%.
24. In June 2024, two new buildings were contracted into the programme for delivery in 2025. These buildings comprise 183 units, predominantly studio and one-bedroom units with a smaller number of two and three-bedroom layouts. Marketing will commence for the new buildings later in 2024. The new buildings are the first to be contracted after the programme settings refresh.
25. Within the two new buildings, 25% of the apartments have been designed to achieve Lifemark 4 certification. This means that upon completion, 14% of the total portfolio will have either accessible or universal design, marginally exceeding our targeted level of 10%.
26. Throughout the year, we have also launched our Te Kainga Plus tenant benefits scheme. These benefits are in addition to the existing benefits such as free WiFi, whiteware and rubbish collection, and now include discounts on car sharing services, e-bike subscriptions and bike hire, discounts at a local chain of cafes, free child passes to the zoo, 50% off the cable car, and access to well-being webinars.

Sense Partners Research – Non-direct Financial Benefits

27. The March 2023, PriceWaterhouse Coopers review of the Te Kainga programme recommended the Council consider widening the definition of 'cost neutrality' as it applied to this programme to allow consideration of the non-direct economic or 'non-cash' financial benefits that the programme creates for the city.
28. Whilst such benefits are unable to be recorded on a Profit and Loss statement, an important step was to seek an independent assessment of what benefits the city derives from the programme. Officers commissioned Sense Partners to undertake this research in October 2023. Their report is included as Attachment 3.
29. The Sense Partners research considered benefits in two ways, firstly the wider economic benefits of the programme to Wellington, and then more specifically the benefit to retail spends in Wellington City on the basis of either increased retail spends due to saved costs elsewhere, or new retail spend based on new residents to Wellington.

Wider Economic Benefits

30. The wider economic benefits were considered across five categories:
 - Transport cost savings - Enabling people to live in the central city puts them within a short distance of employment and amenities. This can lower their financial cost of transport. Estimated annual benefit per person of \$1,500.
 - Agglomeration benefits - By lowering the cost of transport, employers have improved access to potential employees. This has a positive impact on economic productivity. Estimated annual benefit per person of \$2,200.

- Infrastructure cost savings - Higher density living can use existing infrastructure more efficiently, lowering costs. Converting existing buildings improves on this by tapping into existing capacity. Estimated one off benefit of \$13,800.
 - Transport emissions reductions - Central city living is associated with walkability and public transport use. Enabling people to live here can help lower their carbon footprint. Estimated annual benefit per person of \$131.
 - Construction emissions reductions - Higher density dwellings have lower per-dwelling and per-person emissions from both construction and operations (heating, lighting, etc). Estimated annual benefit per person of \$141.
31. The research concluded that, on a per-person basis, there was an initial one-off economic benefit of \$13,800 related to infrastructure cost savings. This is in addition to an annual recurring benefit of \$3,972 per person related to transport cost savings, agglomeration benefits, transport emission reductions and construction emission reductions. This excludes additional retail spend, which is discussed separately below.
32. There are currently 400 tenants across 212 apartments in the programme. The Sense Partners research indicates these tenants have created an upfront benefit of \$5,520,000 and will generate an additional benefit of \$1,588,800 per year (\$31,776,000 over 20 years).

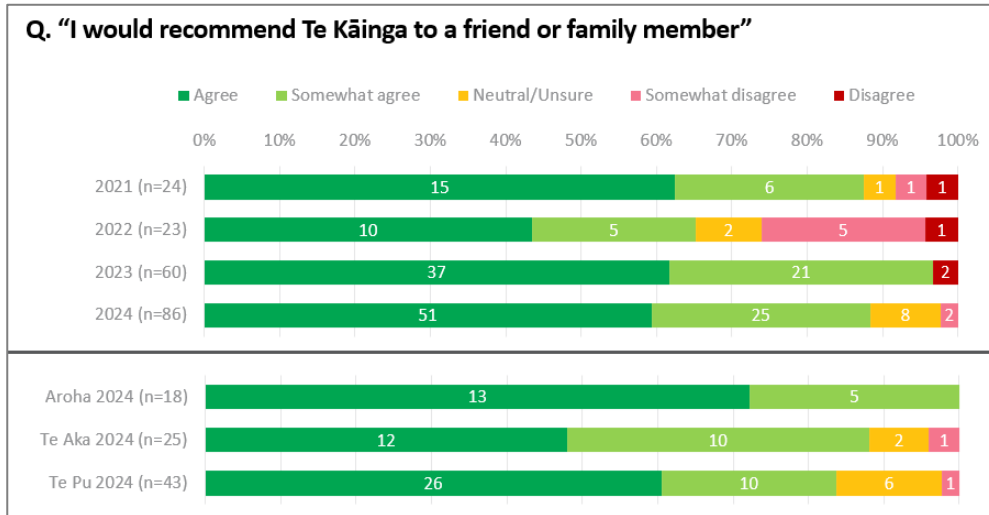
Retail Spending

33. Considering the estimated impact of the programme on retail spend - of the transport cost savings above calculated to be \$1,500 per person per year, Sense Partners estimate that 29% of this saving (\$430 per person per year) would be redistributed into retail spending in the city. If the programme achieved 1,000 units, this would equate to \$857,700 per annum of additional retail spend. This was generated by people who lived in Wellington previously but relocated from the suburbs to the CBD. Where they previously spent this money on transport to the CBD for work etc, they now spent a proportion of this discretionary income in the city.
34. Further, Sense Partners conducted a survey of our existing tenant base which noted 18% of tenants were new to the city (ie had either relocated from elsewhere in NZ or internationally). It was estimated these new city residents would generate a retail spend of \$10,130 per person per year. Should the programme achieve 1,000 units this could therefore generate \$3.6m per annum of new retail spend in Wellington.
35. Each benefit category is subject to several assumptions, which are detailed in the Sense Partners report. Additionally, they note that their research is not a Cost-Benefit Analysis, in that it is not considering or accounting for the costs of running the programme – only the estimated benefits.

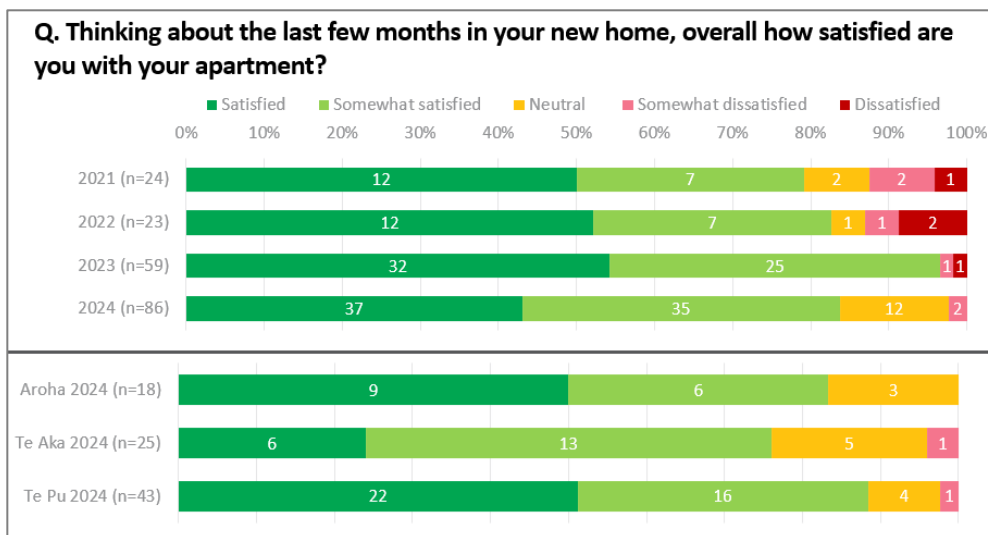
Te Kāinga Annual Tenant Survey

36. The annual tenant survey was conducted in July 2024 and provides the fourth year of tenant feedback, which is used to improve tenancy management practices and to improve the tenant experience.
37. This is the first survey since the opening of our largest building, Te Pu (106 units) and is therefore the largest sample of responses we have received to date. Overall survey engagement was 40%, with 86 households participating.

38. Overall results are positive. As shown in the graph below 91% of respondents note they would recommend Te Kāinga to a family member or friend. 84% of respondents record that they are satisfied with their Te Kāinga apartment.



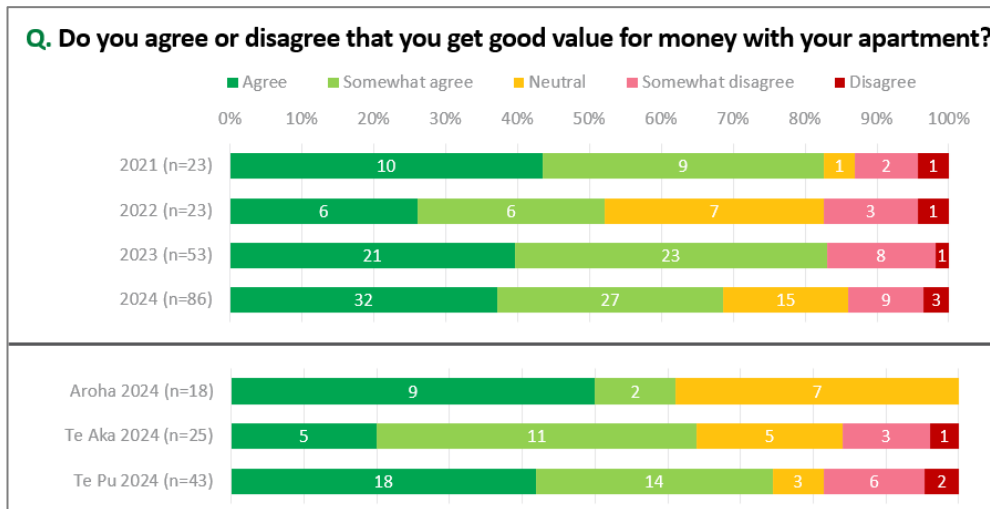
39. The overall satisfaction of 84% is a slight reduction from the 2023 survey, but is above the 2021 and 2022 results, indicating a steady improvement over time. Importantly, only 2 respondents indicated they were not satisfied which is consistent with 2023, and a reduction from 2022.



40. 67

% of tenants believe Te Kāinga is good value for money. Considering the cost-of-living pressures on tenants this year, to have over two thirds reporting value for money is a very good result.

41. Whilst overall agreement with this question has reduced from 82% in 2023, of 86 respondents, only 12 (14%) did not agree they are getting value for money - an improvement from 17% in 2023.



42. Since the 2023 survey, a focus of the team has been the speed of responses to maintenance requests. It is pleasing to see an improvement with 80% of tenants reporting maintenance was carried out in a timely manner.

43. The summary of the tenant survey results is included in Attachment 4.

Housing Regulations Stocktake

44. As part of the Rental Housing Programme, officers have been asked to provide a stocktake of legislation and standards pertaining to renting that need to be amended and advocated for by elected members that will improve the quality of life for renters, for example, reform of the Residential Tenancies Act 1986, income-related rent subsidies, and the Health Act 1956.

45. Officer advice is that while there are regulatory gaps, the greatest opportunities for advocacy and support lie with sustainable housing supply for those in greatest need. While housing is complex and there are multiple agencies with various regulatory powers, the Council’s most effective ability to influence legislation and standards is set out below in the following areas - housing quality, housing support and housing supply.

Housing Quality

46. Previously advice has been provided to Councillors on the legislation and standards related to the safety of housing. This regulatory framework is broad, has multiple agencies or business units included and the enforcement provisions are often set at a high level and include the following aspects.

47. The rollout of Residential Tenancies (Healthy Homes Standards) Regulations 2019 and ongoing upgrading of all rental properties is still in progress. The deadline for Community Housing Providers (CHPs) and Kāinga Ora properties has now passed, and the Council-owned housing leased to Te Toi Mahana and Kāinga Ora meets the standards.

48. The following agencies have the roles as set out below:

- The Tenancy Tribunal has the primary responsibility to enforce Healthy Homes housing standards.
- The precedent for dangerous and insanitary provisions under the Building Act 2004 are set at high levels for intervention to occur.

- The framework for Building Warrant of Fitness requirements applicable to some buildings primarily places the compliance responsibility on the building owner, with the Council having some enforcement powers under the Building Act 2004 in the case of non-compliance.
- The enforcement provisions under the Health Act 1956 are limited and set at a high threshold. Penalties for offences have not been increased since 1979.
- Some forms of housing are also required to comply with regulations and standards governed by Fire and Emergency New Zealand.

49. This broad range of regulations provides an environment with multiple agencies involved covering building standards, public health, fire safety, and healthy housing.
50. The Public Health team is working more closely with MBIE to undertake rental housing inspections where concerns have been raised by tenants. The landlord/tenant relationship can result in situations where tenants are less willing to act on housing quality issues.
51. Once the Healthy Homes regulations are implemented, the compliance and enforcement of those standards needs to be well-resourced to ensure the framework is effective. This compliance and enforcement responsibility primarily sits with central agencies, with the Council playing a proactive role in supporting this. The Council will continue its regulatory role in situations where dangerous, insanitary, and public health risks occur and will require compliance with the regulations it is responsible for.

Housing Assistance

52. The primary legislation that impacts on housing assistance includes the Public and Community Housing Management Act 1992 and the Social Security Act 2018.
53. One of the key issues in housing assistance is that there are separate assistance mechanisms for public (Income Related Rent Subsidies/IRRS) and private (Accommodation Supplement/AS) tenancies. These are inconsistent in how they are set so individuals in the same circumstances may receive different levels of assistance depending on whether they are in public or private rental housing.
54. These inconsistencies include different asset limits for accessing IRRS or AS and different ways in how this assistance is calculated. For private tenancies asset limits are \$8.1k for an individual; and \$16.2k for all other households. However, for public tenancies cash asset limits are set much higher at \$42.7k.
55. For the levels of support, income thresholds and abatement rates, IRRS and AS are structured differently which results in different levels of assistance dependent on whether a person is in a public or private rental, rather than their personal circumstances.
56. As a result of these differences between IRRS and AS:
- People may be in a private tenancy with more restrictive asset limits so are unable to receive support.
 - People may be able to access public housing and receive IRRS; but they may not be able to access the same assistance if they moved to the private rental market.

57. In response to these gaps, social landlords (often CHPs) have provided reduced rentals to attempt to lower rent burdens for private tenancies. The result of this is that the landlord receives a reduced rental income compared to landlords operating within the public tenancy/IRRS framework. IRRS remains restricted to eligible public tenants only and excludes preexisting CHP tenancies and local government-controlled housing.
58. Prior to the establishment of Te Toi Mahana, the Council wrote to Ministers on several occasions about this issue. Advocacy should continue to highlight the inconsistency in how housing support is provided in the rental market between public and private housing.

Public Housing Supply

59. Supply is a constraint. If a household needs to access public housing, it must be available and in the form that suits the households' circumstances.
60. IRRS is provided to 76,103 homes nationally of which 83% are with Kāinga Ora, so access to IRRS is often based on where Kāinga Ora housing is located. However, these are not evenly distributed:
 - Across the Wellington region approximately 5% of all housing is public housing.
 - In Wellington and Upper Hutt approximately 3% of all housing is public housing.
 - In Hutt City and Porirua public housing is 10 – 15% of all housing.
61. Access to public housing is further limited by the configuration of public housing available.
 - 80% of people on the Housing Register are assessed as needing 1 (50% - 12,884) or 2 (30% - 7,536) bedroom properties.
 - Whereas Kāinga Ora, the majority provider, nationally only has 11% (7,779) 1 bedroom or bedsits (and these are generally tenanted).
 - Similarly in Wellington approx. 70% (588) of the Register require 1 bedroom properties and Kāinga Ora has 30% (563) bedsit or 1 bedroom properties. These also are generally tenanted and are only available to those on the register if a tenant leaves.
 - Regionally 60% (1,314) of the Register require 1 bedroom properties with Kāinga Ora having 15% (1,127) 1 bedroom properties.
62. Kāinga Ora was planning on increasing its social housing portfolio in the Wellington region including within Wellington City. However, given the Government's review of the role of Kāinga Ora this may cast uncertainty on the delivery of these homes. Notwithstanding this, the CHP sector is still actively responding to the supply issue in the region.

Emergency and Transitional Housing

63. In June 2024, nationally there were still 1,905 households including 2,094 children in emergency housing. Approx. 60% of these households were in emergency housing for over 12 weeks. At the same time in Wellington City, there were still 123 households including 23 children in emergency housing. Almost all of these had been in emergency housing for over 12 weeks.
64. Alongside this emergency housing, Wellington has 237 (655 regionally) contracted transitional housing places in February 2024.

-
65. The Ministry of Social Development has set targets to reduce the volume of emergency housing by 75% by June 2029.
 66. Overall this provides an uneven assistance programme for those in greatest housing need driven in many cases by the ability to access suitable public housing rather than their personal circumstances. This places continuing pressure on transitional and emergency housing within the region and on those community support agencies often working with the same individuals and households.
 67. Housing assistance should be well targeted to those in need enabling them to have the support required to move into long-term sustainable housing. Housing should place people in areas where there are appropriate levels of social support and care available to ensure positive and sustainable wellbeing outcomes.
 68. The Council has ambition to working towards a more a joined-up approach with Takai Here partners, CHPs and Kāinga Ora, linked with social services, to meet the gaps in housing supply and to support good community outcomes, that provides 'homes' rather than simply housing and sheltering people.

Other Regulatory Reviews

69. The housing regulatory space is under further review by central government including the role of Kāinga Ora. The Going for Housing Growth (GfHG) programme is introducing broader regulatory changes to planning rules and standards with the aim of stimulating housing supply. These changes will be implemented through amendments to the Resource Management Act and the National Policy Statement on Urban Development, with the requirements expected to be in place by mid-2025. Consultation is planned on these proposed changes.
70. The [Residential Property Managers Bill](#) (Bill) has been considered by the government but has now been paused. It sought to create a regulatory regime for residential property managers and residential property management organisations. It also aimed to provide assurance to property owners, and the tenants who rent their properties, that all residential property managers meet conduct and competency standards and are qualified and accountable. The Bill aimed to provide certainty to renters that their Property Manager will be qualified and competent in terms of performing as a "good landlord" and the Council has submitted on this. Note that as there were several exclusions proposed, Te Toi Mahana would have been exempt given their CHP status.
71. The Ministry of Business, Innovation and Employment and the Ministry for the Environment released the *Making it easier to build granny flats (2024)* proposal for public consultation on 17 June 2024. The submission period closes at 5pm on 12 August, 2024.
72. The policy proposal is that self-contained granny flats up to 60 m² (a.k.a. Minor Residential Units (MRU)) would be permitted in residential and rural zones throughout New Zealand without the need for a building or resource consent, so long as they meet certain criteria. A Council submission to this proposal is being considered in today's agenda.
73. Other regulatory amendments have also been introduced to the Residential Tenancies Act 1986 including changes to how tenancies can be ended.

Consenting Support for Earthquake-prone, Affordable, and Public Housing

74. As part of the Consenting and Compliance Improvements Programme, officers have been asked to consider and advise on appropriate improvements in the consenting function to assist owners of earthquake-prone buildings and those wanting to build affordable and public housing.

Housing and Residential Development Approvals Efficiency

75. To develop a targeted program of improvements, City Consenting and Compliance (CCC) implemented a three-pronged customer and stakeholder and engagement strategy:
- A survey of key housing developers was rolled out in July 2023. The results informed a series of hui held between August 2023 and February 2024, in which participants provided guidance about their priorities for improvement.
 - Officers engaged with CHPs, including Kainga Ora, with known development plans to understand their experience of consenting systems, development pipeline, and what support they might value. In addition, officers liaised with the Wellington CHP Network to invite connections with any other CHPs that may be in the early stages of development planning.
 - Officers have worked with Maataho Aaronui to understand the best way to engage with Mana Whenua. Maataho Aaronui's advice has been that any engagement in advance of an actual development proposal would be premature.
76. This engagement program has informed a Consenting Improvement Action Plan for 2024/25. This identifies four separate programs of work:
- **Subdivision certification** - This was identified as the key area for improvement, as timely completion of subdivision certification processes enables titles to be issued, in turn allowing settlement to occur. The implementation phase was completed in April 2024. Monitoring and reporting will continue over a further 12 month period.
 - **Specialist advisors** - The timeliness and quality of specialist advisor inputs impact developer confidence in consenting processes. This program commenced in April 2024 and options for implementation are currently being developed.
 - **Requests for further information (RFI)** - The timeliness and clarity of RFIs impact the ability to progress through consenting processes quickly. This program will commence in July 2024.
 - **City Significant Developments** - Developers requested that consent applications for city significant development be provided additional consenting support. A program of work exploring this has been scheduled for September 2024, as improvements arising from earlier programs may change the type of support required. This approach was endorsed by developers. In the meantime, a Key Account Management process is being trialled in relation to three high rise residential development Resource Consents, led by Manager Housing Development.

-
77. In tandem with this, CCC has reviewed case management services provided to housing developers. Case management services are already available to applicants proposing 20 or more housing units. However, resourcing, the varying complexities of applications, and the individual needs of applicants means that it has been difficult to establish a consistent level of service.
78. It is proposed to adopt a clearer framework for housing proposals, whereby the experience of the developer is considered in tandem with the number of units being proposed.
- Where a developer is highly experienced or where the number of units to be delivered is relatively small, services will be light touch and may be limited to an identified contact for escalation.
 - Where a developer is less experienced and the number of units to be delivered is greater, greater support may be offered.
 - Based on feedback from Maataho Aronui, the type of case management support provided to Mana Whenua will be discussed and agreed with them within the context of a development proposal.
79. Further refinements to case management services will be considered as part of the City Significant Developments project, with input from industry.
80. The impacts of the Consenting Improvement Action Plan are expected to manifest across the rest of 2024 and into 2025. An update on implementation and resultant improvements will be provided in June 2025, along with advice regarding uptake and implementation of the case management services framework.

Consenting Support for Earthquake-prone Buildings

81. Currently, no specific consenting support is provided to owners of earthquake-prone buildings (EPB). However, it is recognised that central government has communicated its willingness to review the current approach to EPB.
82. The following actions have either been completed or are underway:
- The Council has successfully advocated to the Minister for Building and Construction to undertake an independent review of the EPB System and Legislation and extend timeframes for owners to undertake strengthening works while such a review is undertaken. The initial four-year time extension will affect the EPB consent application peak, impacting elements such as the timeframes, format and content of consents.
 - Officers collaborated with MBIE to deliver a pilot programme supporting EPB owners navigate strengthening and other resolution pathways. The Residential Earthquake-prone Building Financial Assistance Scheme was accompanied the pilot programme in helping EPB owners to reach the consenting stage of their strengthening project. Both schemes have now been discontinued by the Minister.
 - The Council 'Resolving your EPB' guidance webpage, incorporating key process information, will be live by end of November 2024. The webpage will include links to existing consenting team information and more general information regarding what to expect during the consenting process – reducing

dissatisfaction through better understanding of the process. Consideration will be given to incorporating city planning information such as densification/incorporation of residential outcomes for EPB sites.

- There is increased alignment and communication across Council teams in response to stalled EPB building consent applications. Building consent applications can stall due to the experience and resources of the applicant, and their ability to respond to technical questions. In such cases the applicants are connected to the Resilient Building team for specialist support and advice.
- Officers have reviewed the [2019 report on Unreinforced Masonry](#), Order In Council, to identify lessons learned that could be relevant to EPB consenting support. The review confirms that the relevant lessons learned are already being addressed through the actions identified in this update.

83. A whole of regulatory EPB project approach is in early stages of proposal and development by the Resilient Buildings team. This would target body corporates and small building owners, recognising they each have their own complexities where additional support would provide a lift in benefits to them. With a customer engagement focus, the aim would be early identification of issues to be addressed to increase efficiency of the consenting process. Officers will provide an update on progress in June 2025.

Kōwhiringa | Options

84. Option 1: Agree that the next Housing Action Plan six-monthly report be presented to the Committee in June 2025 to restore the regular reporting cycle. (*Preferred*)
85. Option 2: Do not agree that the next Housing Action Plan six-monthly report be presented to the Committee in June 2025, resulting in the next report being presented in November 2024. (*Status quo*)

Whai whakaaro ki ngā whakataunga | Considerations for decision-making

Alignment with Council's strategies and policies

86. Increase access to good, affordable housing to improve the wellbeing of our communities is a priority objective of the Council's Long-term Plan 2024-34. The Housing Strategy delivers on this objective.
87. The benefits of good housing and the impacts of poor housing are wide-ranging. Several strategies cross over with the Housing Strategy or that the Housing Strategy aligns with, the more prominent of these are outlined here.
88. *Our City Tomorrow engagement*, the *Spatial Plan* and the *District Plan Review*—engagement on these three pieces of work over the last years will transform how we live. The District Plan is critical to enabling and encouraging housing supply, choice, and affordability.
89. *Te Mahana* – Although this strategy to end homelessness has concluded, officers have begun work on a revised Homelessness Action Plan and Strategy as part of the Homelessness priority programme. This new plan/strategy will be integrated with a new Safety Plan for the city.
90. *Tupiki Ora* – Housing for Māori is a long-term priority for our Tākai Here partners and hāpori māori across Pōneke. Tupiki Ora details inside Pae Hekenga 4 - He Whānau Toiora – that the Council will work in partnership with Mana Whenua to develop

housing initiatives and to actively seek solutions to prioritise putting whānau Māori into quality, safe, warm, and affordable housing.

91. *Te Atakura* – Building performance and construction waste are considered through Council's Affordable Housing programme. Officers will consider opportunities to do more through this work programme, aligning with *Te Atakura* objectives by ensuring projects achieve Homestar 6 for new builds and, where feasible, for large-scale retrofits.
92. *Economic Well-being Strategy and Children and Young People Strategy* – shortage of affordable housing and high cost of living was a key feedback piece through the economic well-being strategy and children and young people strategy consultations. To align with the Economic Well-being Strategy, in 2022, the Committee agreed to broaden the criteria of *Te Kāinga* with the objective of full occupancy to include, but not limited to, job creation industries. The economic concerns of children and young people regarding housing supply and affordability are a consideration of the Housing Action Plan 2023-2025, with an action committing to quarterly forums for the Council and Wellington Universities, polytechnics and organisations representing young people not in tertiary education to keep connected and address affordable student housing for the city. In addition to this work, activities are underway through the Children and Young People's Strategy addressing the drivers of homelessness, which involve advocating for other social determinants of wellbeing, such as employment and education.
93. *Aho Tini 2030 Arts, Culture and Creativity Strategy* – adopted in 2021 *Aho Tini* engagement saw extensive feedback about the impact of housing on the arts and creative sector. The *Aho Tini* Action Plan includes an action to "Ensure the Housing Strategy considers the needs of artists and creative communities in Wellington, including opportunities to support creatives through future *Te Kāinga* developments."

Engagement and Consultation

94. Engagement and consultation plans are in place for projects within the Housing Action Plan. These will be aligned across the Action Plan, where relevant to do so, through the Housing Action Plan Advisory Group.

Māori Impact Statement

95. Housing is a priority for our Tākai Here partners, and the housing market's negative impacts disproportionately affect Māori. For these reasons, the Mana whenua and Māori Housing priority programme and our partnerships with Iwi on specific projects are a focus for this Housing Action Plan 2023- 2025.
96. This Action Plan can contribute positively to housing aspirations for Māori within Pōneke, supporting the well-being of whanau and community and potentially relieving some of the issues relating to low housing stock levels.

Financial implications

97. Projects within the Housing Action Plan have budgets that are managed at the project level. Any additional financial implications will be managed at the project level, and Long-Term Plan or Annual Plan funding will be requested as required alongside any community engagement or consultation.

Legal considerations

98. There are legal considerations at a project level when considering property and joint development projects; these are assessed and managed at the project level.

Risks and mitigations

99. Risks to delivering on the Housing Strategy outcomes are managed at a project level. The Housing Action Plan Advisory Group, which includes project owners and business unit managers from each of the seven priority programmes, meets every six weeks and regularly reviews the Housing Strategy and Action Plan's risks and mitigations.
100. Programme oversight through the Housing Action Plan 6-monthly reports, including a risk assessment, is reported to the Environment and Infrastructure Committee.
101. The risk assessment for delivering on the long-term outcomes of the Housing Strategy is presented to the Environment and Infrastructure Committee as part of this report.

Disability and accessibility impact

102. In 2021, the Committee agreed to target 10% fully accessible/universally designed apartments across the Te Kāinga programme. This decision led to the provision of 6 accessible units in the second building of the Te Kāinga programme, located at 203 Willis St.
103. The growing focus on accessible housing is an outcome sought from the Housing Action Plan 2023-25, with two new buildings recently contracted, of which 25% of the apartments have been designed to achieve Lifemark 4 certification. This means that upon completion, 14% of the total portfolio will have either accessible or universal design, marginally exceeding our targeted level of 10%.

Climate Change impact and considerations

104. Building performance and construction waste are considered through Council's Affordable Housing programme. Officers will consider opportunities to do more through this work programme, aligning with Te Atakura objectives by ensuring projects achieve Homestar 6 for new builds and, where feasible, for large-scale retrofits.
105. Providing higher density housing in the central city, inner suburbs, and on key public transport routes will be critical for meeting Wellington's zero carbon goal.

Communications Plan

106. Communications plans are in place at the project level. Following the Committee meeting the Action Plan six-monthly report dashboard, will be updated to the Council website.





Health and Safety Impact considered

107. Project Health and Safety is considered at the project level.

Ngā mahinga e whai ake nei | Next actions

1. Following the Committee meeting, the Action Plan six-monthly report dashboard will be updated to the Council website. Officers will continue proactively engaging with strategic delivery partners, ensuring a collaborative approach to delivering housing outcomes for the city.
2. Subject to the Committee's agreement, officers will present the next six-monthly Action Plan report in June 2025.

Attachments

Attachment 1.	Housing Action Plan 6-monthly Report August 2024 ↓ 	Page 31
Attachment 2.	Housing Strategy Risk Dashboard ↓ 	Page 32
Attachment 3.	Sense Partners Research ↓ 	Page 33
Attachment 4.	Te Kainga Annual Survey Results ↓ 	Page 53

For this second Action Plan six-monthly report, officers have created a new dashboard to provide access to progress information in a clear and comprehensive way. The dashboard's front page offers an overview of the Action Plan's progress, and users can click through to a front page for each priority programme. From there, users can click into and review the progress of each individual action.

Please use link below.

[Housing Action Plan 2023-2025 Power BI Dashboard](#)

Housing Strategy Risk Dashboard

Vision:

What matters the most to us...

All Wellingtonians well housed
Making sure all residents in Wellington can live in good quality homes that they can afford and that meet their needs

Success:

What we need to get right to deliver on our vision

1. Deliver on our Housing Action Plan

2. Central government initiatives and partnerships

3. Developing the housing sector in Wellington

4. Being easy to do business with and supporting housing initiatives lead by others

Our principles

Housing is a regional market – opportunities and challenges exist across the Wellington region

We will make well-informed decisions that are strategic and coordinated

We will continue to build on existing partnerships with central government and communities

Housing has a broader context and is key to supporting a resilient and sustainable city.

We will play an active leadership role to enable housing solutions

Our current housing system is not equitable – we support a housing sector that looks after our vulnerable communities.

Our outcomes

Wellington has a well-functioning housing system

Homes in Wellington are of good quality and are resilient

Homes meet the needs of Wellingtonians

Our housing system supports sustainable, resilient and connected communities

Uncertainty/risk related to this:

Areas that present significant uncertainty/risk that need to be managed effectively for the Council to deliver on its vision and outcomes

Loss of diversity and community connection due to pricing out of lower income groups

Opportunity to improve the ease and efficiency of the consenting processes

Scope changes needed due to central government policy or legislation

Funding for Housing Upgrade Phase 2 falls short of full delivery needs

Market pressures complicate affordable housing delivery at required scales

Key:

High confidence **G Y A R** High concern

Confidence/concern rating

Unexpected environmental impacts discovered from appeals made to the Environment Court

Local concern about social, transitional and emergency housing

Dependency on others to utilise Council financial contributions wisely to deliver outcomes

Lack of supply poses challenges for emergency and transitional housing providers

Uncertainty about infrastructure capacity to support housing growth



Te Kāinga Affordable Rental Programme

Estimating the wider
economic benefits of the
programme

18 July 2024



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

Estimated benefits

The estimated per-person and annual benefits

- This memo outlines the wider economic benefits that can be attributed to the Te Kāinga Affordable Rental Programme. This is not a standalone cost benefit analysis (CBA), as we do not assess the commercial costs associated with the programme. These benefits are intended to feed into more comprehensive CBA.
- The programme aims to provide 1,000 affordable rental apartments within Wellington Central. With an average projected Wellington household size of 1.98, we assess these benefits on the basis of 1,980 residents being accommodated.
- The types of benefit we assess, and their estimates are set out in table 1 below. In total, we estimate \$5,792 in annual, recurring benefits per person. In addition, we estimate a one-off \$13,800 per person cost saving through efficient infrastructure use.
- People who fill the conversion come from all over the city, including city centre and inner suburbs. We assume that the vacancy they create, wherever they come from, will be filled by people moving inward. Benefits are relative to living in the outer suburbs.
- In addition to enabling Wellingtonians to live centrally, the programme may attract new residents. This may be directly, or through creating space elsewhere in the city. Based on tenant surveys, we assume that an equivalent of 18% of programme residents are new to the city.

TABLE 1: ESTIMATED ANNUAL BENEFITS, 2023 DOLLARS

Category	Explanation	Estimate (annual benefit)
Transport cost savings	Enabling people to live in the central city puts them within a short distance of employment and amenities. This can lower their financial cost of transport.	Per person: \$1,500 Full programme: \$3.0m
Agglomeration benefits	By lowering the cost of transport, employers have improved access to potential employees. This has a positive impact on economic productivity.	Per person: \$2,200 Full programme: \$4.4m
Additional retail & hospitality spend	By making space for new residents, additional retail & hospitality spend can be generated within the central city.	Per person: \$1,820 Full programme: \$3.6m
Infrastructure cost savings	Higher density living can use existing infrastructure more efficiently, lowering costs. Converting existing buildings	These benefits are a one-off capital cost saving, not a recurring annual benefit.



	improves on this by tapping into existing capacity.	Per person: \$13,800 Full programme: \$27.3m
Transport emissions reductions	Central city living is associated with walkability and public transport use. Enabling people to live here can help lower their carbon footprint.	Per person: 0.76 T CO2-e (\$131) Full programme: 1,502 T CO2-e (\$258,400)
Construction emissions reductions	Higher density dwellings have lower per-dwelling and per-person emissions from both construction and operations (heating, lighting, etc)	Per person: 0.82 T CO2-e (\$141) Full programme: 1,625 T CO2-e (\$279,500)
Total per person	The per annum benefit is in addition to the upfront benefit	\$5,792 per annum \$13,800 upfront

Source: Sense Partners

- Our estimate of transport cost savings represents a financial saving to new tenants. This is money in their pockets, much of which tenants will likely spend on other goods and services.
- We estimate that, on average, approximately \$430 of the \$1,500 per-person benefit may be spent on retail & hospitality purchases within Wellington. Much of the total of totalling \$857,700 can be expected to be spent in the central city area.



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

Te Kāinga Affordable Rental Programme

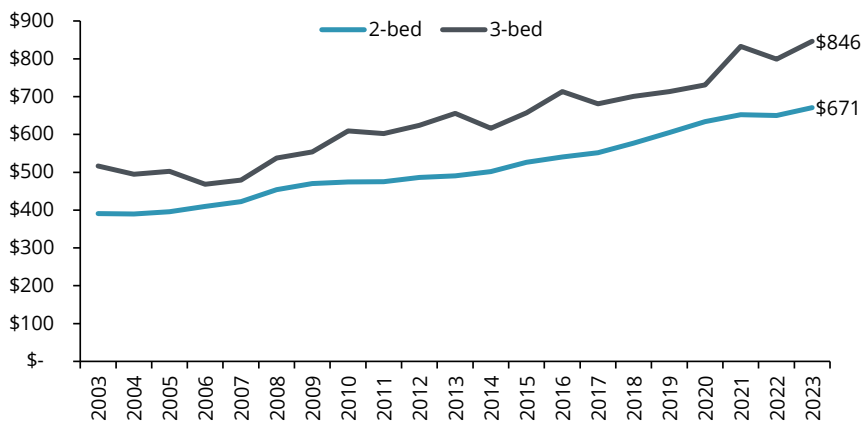
The programme is adding affordable rentals to Wellington

The Te Kāinga Affordable Housing Programme aims to provide 1,000 affordable rental apartments in Wellington Central over 5 years. The programme aims to provide lower-than-market rents while remaining cost neutral to the ratepayer. Priority is given to people under certain income thresholds, and those working in certain sectors, like public transport or hospitality.

So far, 180 units have been completed across three office-to-residential conversions.¹ Currently, two-bedroom apartments in the programme are being offered for \$630 per week in rent. Market rates for the year to March 2023 are averaging \$670 per week. Three-bedroom apartments are offered for \$695 per week, a substantial discount on the market average of \$811.

These rents are not adjusted for apartment size, beyond the number of bedrooms, nor for other aspects of quality. However, the data does indicate the programme is providing relatively affordable access to inner-city living.

FIGURE 1: AVERAGE APARTMENT RENTS IN CENTRAL WELLINGTON



Source: Tenancy Services; Sense Partners analysis

We use established frameworks to assess benefits and costs

The purpose of this case study is to assess the costs and benefits of the office-residential conversions as part of the Te Kāinga Affordable Rental Programme. We draw on a summary of

¹ The benefits we estimate are assessed against the full programme of housing. All 1,000 units, including those completed, are included. We do not assess the benefits against the uncompleted units alone.



the benefits of costs of urban development set out by MRCagney.² To this we add an analysis of the costs to the commercial sector of converting buildings away from office use.

We do not assess all benefits, rather we focus on those that can be more readily quantified and which we expect are the largest impacts. We do not examine the fiscal cost of the Te Kāinga programme to WCC. The programme is designed to be cost neutral.³ We do not have access to commercially sensitive information, such as the conversion costs, or the nature of any commercial agreements with WCC.

TABLE 2: FRAMEWORK OF BENEFITS AND COSTS

Group	Type
Internalised benefits	<ul style="list-style-type: none"> • Housing costs • Transport costs • Amenity benefits
Agglomeration benefits	<ul style="list-style-type: none"> • Agglomeration in production • Agglomeration in consumption • Growth in declining areas
Congestion costs	<ul style="list-style-type: none"> • Infrastructure/services costs • Transport network effects • Crowding
Environmental impacts	<ul style="list-style-type: none"> • Transport emissions • Built environment emissions • Air and water quality
Distributional impacts	<ul style="list-style-type: none"> • Transfers between renters and landlords • Transfers in economic activity between suburbs/sectors

Source: MRCagney

This study conforms to a lower population projection

The impact of the pandemic border closures will likely have an enduring impact on population growth across Wellington. In this analysis, we use the 2023 Sense Partners population projections to form our baseline scenario. These are lower than previous projections used in past work on the benefits of urban development.

- Central city: a *fall* of 739 between 2022 and 2026

² MRCagney Pty Ltd (2019) *The costs and benefits of urban development: Final report*. Prepared for the Ministry for the Environment

³ Wellington City Council (2023) *Te Kāinga affordable rental programme*.



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

- Inner suburbs: an increase of 1,192 between 2022 and 2026
- Outer suburbs: an increase of 3,341 between 2022 and 2026

Table 2 below sets out the key assumptions that form our scenario and counterfactual populations when assessing the impact of the Te Kainga programme.

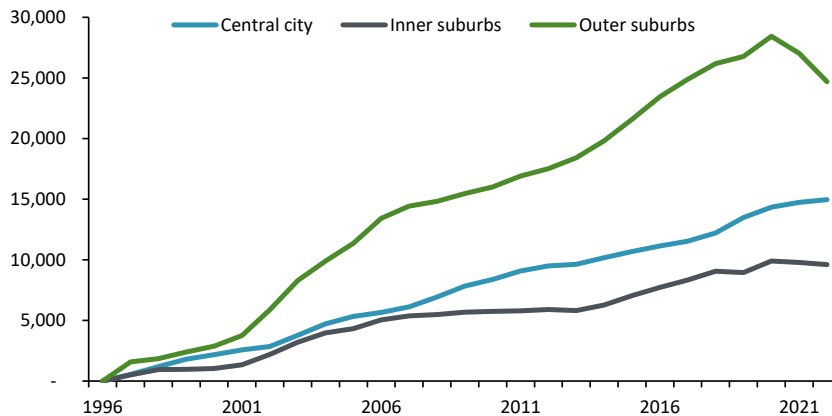
Our counterfactual assumes people gravitate toward the centre

A crucial element in quantifying benefits is identifying the counterfactual. In other words, what are we comparing this conversion to?

People who fill the conversion come from all over the city, including city centre and inner suburbs. However, we assume that the vacancy they create, wherever they come from, will be filled by people moving inward. We see evidence for this in recent population estimates by Statistics New Zealand. While the overall population has fallen 1.6% since 2019, Figure 2 below indicates this fall has been realised almost entirely in the outer suburbs.

Ultimately, we expect the reallocation will come from the outer suburbs. This means that each benefit or cost is compared to a counterfactual of the residents living in the outer suburbs.

FIGURE 2: CUMULATIVE CHANGE IN POPULATION, 1996-2022



Source: Statistics New Zealand, Sense Partners

Wellington does not exist in isolation. Providing access to housing has the potential to attract new residents from elsewhere in New Zealand. Given the nationwide shortage of housing, Kiwi's outside of Wellington may be responsive to an improvement in housing within Wellington.

We cannot say for certain how many people will come to Wellington as a result of the full housing programme. However, surveys of the residents indicate that 18% of residents relocated from outside of the Greater Wellington region. For the purposes of this study, we assume that 18% of new dwellings will be occupied by residents who are new to Wellington.



TABLE 3: COUNTERFACTUAL KEY ASSUMPTIONS

Key assumption	Explanation
Average household size: 1.98	<p>This is the average household size used to estimate future housing demand in the 2022 Wellington Region HBDA housing update.</p> <p>Te Kāinga apartments completed to date have typically been in the 2 – 3-bedroom range. This could accommodate more than an average 1.98 people.</p> <p>Using this lower assumption will account for some BAU vacancy in the programme. This conservative assumption will also accommodate the potential for smaller dwellings as part of the programme in future.</p>
New resident share: 18%	<p>Some share of residents may be completely new to Wellington, drawn as a direct result of the increase in housing.</p> <p>Alternatively, enabling existing Wellingtonians to live in new conversions will make room in the wider housing stock for new residents.</p> <p>Based on survey results, we assume new residents, and those enabled to live in the existing stock, may make up an equivalent of 18% of the programmes residents.</p>

Source: Sense Partners



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

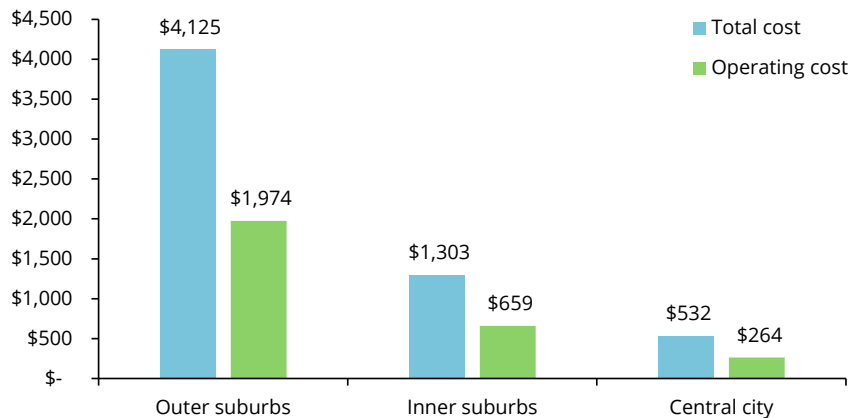
Results and method

Travel cost estimate, method, and key assumptions

Transport is a significant cost in household budgets. The Household Expenditure Survey indicates that transport costs made up 16% of average weekly household expenditure in the Wellington region.⁴ This added up to \$8,130 in 2019 and is the third largest cost behind housing & utilities (25%) and food (18%).

We use census data on household commutes, Ministry of Transport (MoT) household travel surveys, and cost inputs from the Waka Kotahi Monetised Benefits and Costs Manual⁵ (MBCM) and IRD⁶ to estimate the cost of transport. This is the average cost per person in each area of the city, considering varying mode share and distances travelled. Our results are shown in Figure 3 below.

FIGURE 3: PER-PERSON AVERAGE TRANSPORT COSTS



Source: Sense Partners

We estimate an average personal transport cost of between \$1,970 and \$4,125 for outer suburbs residents. The higher cost includes the total cost of car ownership (insurance costs, registration fees, etc.) The lower cost includes only the variable cost of car usage. As an average, this is not the pure cost of owning a car or commuting to work by car. This includes the sizeable portion of people in the outer suburbs who take public transport or cycle.

This average outer suburbs cost is compared to between \$264 and \$532 in average transport costs for central city residents. The difference is due to shorter average distances travelled, as

⁴ Statistics New Zealand (2023) "Household expenditure for group and subgroup by broad region", *Household Economic Survey*. Data extracted 15-Aug-23.

⁵ Waka Kotahi New Zealand Transport Agency (2023) *Monetised Benefits and Costs Manual*. Version 1.6.1.

⁶ Inland Revenue Department (2023) *Kilometre rates 2022-2023*



well as a much higher share of walking and public transport use. Walking, in particular, lowers costs as it is essentially free.

There are potential selection issues at play. Someone living in the outer suburbs who uses public transport may be more likely to move inward if given the chance. This would mean the actual benefit is lower than the average difference.

For example, someone who travels exclusively by public transport would save an average \$1,300 per year by relocating to the central city. This assumes they continue to exclusively use public transport. Someone travelling exclusively by car could save between \$650 and \$1,800 per year by relocating. Large savings are only achieved when people change their travel behaviour.

To account for this, we can compare the travel costs of an outer suburbs resident who relies on public transport (\$2,360) to the average central city resident (\$532 including total car costs). This allows for some travel behaviour change, while conservatively accounting for selection effects. The result is a per-person saving of \$1,830.

We make an additional adjustment. Our counterfactual assumes that of the 1,000 new dwellings, 18% are occupied by new residents to the city. Only 82% of the programme's residents will lead to a reallocation of people away from the outer suburbs. So, framed in terms of programme benefits, the per-person benefits fall to \$1,500 per person.

Applying our estimates to the full Te Kainga programme, we expect total savings of between \$2.97m per year by 2026. Much of this may be passed on to spending in the central city economy. This is not necessarily an increase in economic activity, rather it is a transfer of spending from transport providers (fuel, insurance, parking, fares) to businesses (consumption).

TABLE 4: TRAVEL COST KEY ASSUMPTIONS

Key assumption	Explanation
Car ownership costs: 95 c/km Car operating cost: 34 c/km	We use per kilometre costs set out by the IRD. ⁷ The tier 1 rate is a combination of fixed and running costs, which we adopt as a measure of total cost of ownership. The tier 2 rate measures running costs only, and so we use this as a measure if operating costs.
Public transport cost: 35 c/km	The average public transport commute distance (km) was estimated from census 2018 data. Fare information from Metlink was combined with our VKT estimate to calculate an average per-passenger km public transport user cost.

⁷ Inland Revenue (2022) *Vehicle expenses - Kilometre rates 2022-2023*



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

	Metlink zone	Snapper - Adult fare
	1	\$0.92
	2	\$1.51
	3	\$2.01
We exclude the value of travel time.	Our analysis of census data focuses on identifying the kilometres travelled by each mode. Travel time, an important cost people face, depends on distance, but also on traffic conditions. We do not account for the impact of congestion, and so cannot reliably estimate travel time using this approach.	

Source: Sense Partners

Retail spend estimate, method, and key assumptions

By making space for new residents, the programme can help increase the level of retail spend within the city. Using the Household Economic Survey (HES),⁸ and our assumption that 18% of tenants are new to the city, we can estimate an increase in net household expenditure of \$12.4m.

Of this, we estimate that \$3.6m will be spent in the retail sector within Wellington. This excludes online purchases, and so represents the amount spent in store. This may be a conservative estimate, as some of this online retail spend may still come back to local retailers. Per new resident, this is an increase of \$10,130 per year. Averaged across the whole programme, including existing residents, the benefit is \$1,820.

As well as the net new spend, we can also use the HES data to estimate how much of the transport cost saving we estimate above will end up being spent in the retail & hospitality sector. Of the \$1,830 per existing resident saving, we estimate a boost to retail & hospitality of \$530, totalling \$857,700. Adjusting to a programme wide estimate (including the 18% of tenants who are new), we get a per-person average of \$430 for the whole programme.

It is important to note that this latter estimate is not a new benefit, simply an estimate of how much of the transport saving we calculate above may end up in the retail and hospitality sector.

TABLE 5: RETAIL & HOSPITALITY SPEND KEY ASSUMPTIONS

Key assumption	Explanation
29% of disposable income is spent on retail & hospitality purchases in Wellington	We estimate this using Statistics New Zealand's Household Economic Survey, which breaks down average household spend by category.

⁸ Statistics New Zealand (2023) "Household expenditure for group and subgroup by broad region", *Household Economic Survey*. Data extracted 18-Jul-24.



	<p>We include purchases of food and beverages, clothing and footwear, household furniture and contents, and purchases of communication devices.</p> <p>We remove spending attributed to domestic and international tourism, include refunds from retail purchases, and make an 11% deduction as an estimate of expenditure via online shopping.⁹</p>
--	---

Source: Sense Partners

Agglomeration estimate, method, and key assumptions

Agglomeration is a broad category of benefits that captures much of a city's fundamental purpose. In short, agglomeration is the magic that happens when people come together. The larger a city, the more people come together, and the greater the benefit.

This is typically broken into two categories: production and consumption. Agglomeration of consumption describes the benefits to people of being in a city from a consumer perspective. Cities often have a larger range of goods, services, and amenities available compared to smaller towns. This is typically very difficult to measure reliably.

Agglomeration of production describes the benefits of businesses being close together. This includes being closer to suppliers, closer to customers, and closer to a larger pool of skilled workers. There is also the potential for closer collaboration leading to innovation. This benefit is more readily and more reliably measured.

We use the model of economic productivity from the Waka Kotahi Monetised Benefits and Costs Manual (MBCM)¹⁰. This model was originally developed in a Motu working paper on Agglomeration elasticities in New Zealand.¹¹

This procedure uses estimates of effective job density in each location to measure the impact of changes in transport cost on productivity. This can be readily adapted to assess the impact of reallocating population growth within the city.

We estimate the average per-person productivity benefit of enabling existing residents to move into the central city is \$1,480.¹² This is due to lower commuting costs improving the effective job density experienced by employers in the city.

Adding new residents has a larger impact on productivity, on a per-person basis, than moving existing residents. For example, if all residents of the programme were new to the city, the

⁹ We use an estimate by NZ Post in their 2022 eCommerce review. See: <https://www.nzpostbusinessiq.co.nz/latest-e-commerce-insights/2022-e-commerce-review>

¹⁰ Waka Kotahi New Zealand Transport Agency (2023) *Monetised Benefits and Costs Manual*. Version 1.6.1.

¹¹ Maré, D. & Graham, D. (2009) *Agglomeration Elasticities in New Zealand*. Motu Economic and Public Policy Research.

¹² We use the framework developed by MRCagney (2019) in which they used the same approach to identify agglomeration benefits. They estimated benefits of \$1,500 per annum from relocating a worker within Auckland.



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

per-person benefit would rise to \$5,170. This is in addition to each person’s direct contribution to GDP.

Accounting for the 18% share of new residents in our counterfactual, the per-person agglomeration benefit rises to \$2,200. Across the full programme, this net per-person benefit results in a \$4.4m uplift to annual GDP by 2026.

TABLE 6: AGGLOMERATION BENEFIT KEY ASSUMPTIONS

Key assumption	Explanation
Jobs grow in proportion to population	We use Sense Partners population projections for Greater Wellington. These are modelled at the Statistical Area 2 level – slightly smaller than neighbourhoods. We use these population projections to project employment growth, with the assumption that jobs will grow at the same rate.
Jobs remain primarily concentrated within the central city, but with some dispersion as the population grows.	The results are sensitive to how we model the spatial concentration of employment growth. Employment is highly concentrated within the central city, and if we maintain this pattern, modelled benefits are higher. However, as the city grows and transport links improve, it is possible that employment will spread out to some degree. We take a hybrid approach to allow for this, though it produces a lower benefit estimate.
GDP per worker remains constant over the modelled period.	It is likely that the economy will become more productive over time, raising GDP per worker. However, this adds an additional variable into the model and increases the risk that benefits are overstated. As a result, we have opted to exclude this as a simplifying assumption.
Relative average travel speeds: Bus: 10km/h Private: 49km/h	Available data suggests a stark difference in travel speeds. The latest available published data on average PT speeds is from a 2017 LGWM report using 2016 data. ¹³ Data on road travel speeds is reported annually, but we draw on 2016/17 data for consistency. ¹⁴

Source: Sense Partners

¹³ Ford, A., Gerds, C., & Prosee S. (2017) *LGWM Data Report*.

¹⁴ Greater Wellington Regional Council (2016) *2015/16 Annual Monitoring Report on the Regional Land Transport Plan*.



Infrastructure costs estimate, method, and key assumptions

Converting offices to residential apartments may require little to no work on local infrastructure. The pipes, roads, and wires needed to service the building are already in place. In addition, they are built to service a high-capacity office building.

It is important to note that infrastructure costs are highly sensitive to local conditions. These include local geography, the state of existing infrastructure, and exiting pressure on the network. For example, Wellington does not form a single catchment in terms of potable water distribution. Local infrastructure costs may vary on one site compared to sites just streets over.

An office building will typically have 1 person per 17.5m² of floor area, while apartments may only have 1 person per 36m². With fewer people per m² in a residential building, existing infrastructure is able to service a conversion without any more work than a possible maintenance update.

A reduced need for expansions to transmission infrastructure represents a significant potential cost saving. Storage or generation infrastructure, such as reservoirs, will still need to keep up with population growth. Other services, such as libraries, parks, swimming pools, and other community facilities will also need to be scaled and maintained. This means that a cost does remain. And as noted above, this all remains highly sensitive to context.

Drawing on studies of Infrastructure cost in New Zealand¹⁵, we estimate the cost of infrastructure to service 900 low density and 100 greenfields houses is \$56.8m in capital costs. Water infrastructure makes up the largest portion of this, at 65%.

For 1,000 new high-density dwellings, we estimate the infrastructure cost could be nearer to \$45.8m. For conversions, there is already existing infrastructure in place which may reduce the cost impact. 65% of the cost is typically being attributed to water infrastructure. If we assume a 50% discount on this cost element, then the cost may fall to \$19.3m.

Our scenario assumes that the additional housing enables new residents to come to Wellington, meaning the 1,000 apartments are not offset by 1,000 fewer houses elsewhere. With a new arrival share of 18%, 180 dwellings will still be needed elsewhere. At a ratio of 1:9 greenfields to low density infill, the total cost rises to \$29.5m.

This yields a saving of \$27.3m between 2018 and 2026 as a result of the 1,000 conversions.

¹⁵ Centre for International Economics (2015) *Cost of Residential Servicing*. Prepared for Auckland Council; Deloitte Access Economics (2018) *Cost of residential housing development: A focus on building materials*. Prepared for Fletcher Building Limited.



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

TABLE 7: INFRASTRUCTURE COST KEY ASSUMPTIONS

Key assumption	Explanation
50% discount on water costs	A benefit of office-to-residential conversions is that much of the necessary infrastructure is already in place. This is particularly the case with water pipes. Additional capacity will still be needed in treatment and reservoirs, but there is some saving to account for in not needing pipes. We apply a 50% discount to water costs to reflect this.
10% greenfields, 90% low density infill	Our counterfactual assumes that when existing residents relocate, the benefit flows outward. This means we compare the programme to an alternative of building in the outer suburbs. We model this by assuming that 10% of these dwellings would be greenfield, incurring a higher cost.

Source: Sense Partners

Per-dwelling costs are taken from estimates of the fiscal impact to council estimated by the Centre for International Economics for Auckland Council.¹⁶ This study estimated the costs Council faced across a number of different developments in Auckland. The costs covered the full range of services Council provides, including water infrastructure, public transport, and libraries.

The CIE study did not examine any greenfields developments, so we supplement this with an estimate prepared by Auckland Council.¹⁷

TABLE 8: ESTIMATES OF PER DWELLING COUNCIL COSTS BY DENSITY

Density	2013 estimate	2023 adjusted
Greenfields	\$104,755	\$117,849
Low density	\$41,633	\$57,782
Medium density	\$33,890	\$47,036
High density	\$28,077	\$38,968

Source: Centre for International Economics, Auckland Council (for Greenfields estimate)

From the above net costs, we deduct an estimate of developer contributions. This is intended to reflect the additional cost to Council that is not recovered from developers of home buyers. The WCC developer contributions policy for 2022-23 sets out total residential charges per

¹⁶ CIE (2015) cited above.

¹⁷ Auckland Council (2017) *Insights: How should we fund our greenfield infrastructure?* September 2017.



dwelling by area. We average over these based on an assumed density in each area, giving DCs by density:

- Greenfield: \$14,175
- Low density: \$6,136
- Medium density: \$7,606
- High density: \$10,183

TABLE 9: RESIDENTIAL CHARGES BY LOCATION

Area	Assumed density	Residential charge
Roseneath	Low density	\$8,289
Karori	Low density	\$8,001
Beacon Hill	Low density	\$5,022
Brooklyn-Frobisher	Low density	\$6,597
Kelburn	Medium density	\$5,022
Johnsonville-Onslow	Low density	\$6,605
Ngaio	Low density	\$5,022
Maldive	Low density	\$5,022
Churton-Stebbing	Greenfields	\$11,517
Grenada-Lincolnshire	Greenfields	\$16,833
Maupuia	Low density	\$5,022
Newlands	Low density	\$5,505
Melrose	Low density	\$8,053
Central & Coastal	Medium density	\$8,260
Tawa	Low density	\$4,560
Wadestown	Low density	\$7,047
Inner city	High density	\$10,183
Adelaide Road	Medium density	\$9,536

Source: Wellington City Council, Sense Partners



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

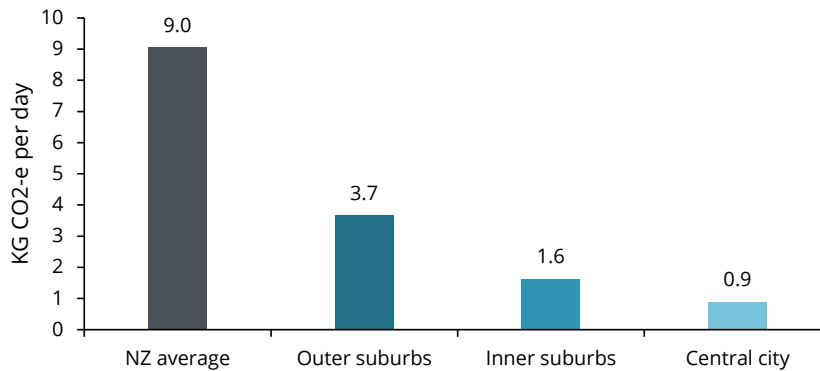
Transport emissions estimate, method, and key assumptions

Transport is the largest source of household emissions in New Zealand.¹⁸ Transport averaged 36% of household consumption-based emissions in 2019, ahead of food (25%), and household utilities and services (13%). These emissions are largely determined by how people choose to move about.

Using census data and inputs from the Waka Kotahi Vehicle Emissions Prediction Model (VEPM)¹⁹, the Ministry of Transport’s (MoT) Household Travel Survey²⁰, and guidance on transport emissions from the Ministry for the Environment²¹, we estimate emissions per person for Wellington City.

Our results, shown in Figure 4 below, indicate that people living in the outer suburbs of Wellington emit an average of 7.3kgs of CO2-e per day. For residents of the central city, this averages just 0.9kgs, a 76% reduction.

FIGURE 4: PERSONAL TRANSPORT EMISSIONS 2023



Source: Sense Partners²²

This reduction is the result of differences in how people move about. In the central city, 72.7% of people travelling to work do so by either walking or cycling. This falls to just 11% for residents in the outer suburbs. Meanwhile, the share of those driving cars rises from 8.6% to 44.3% in the outer suburbs.

By allowing more people to live within the central city, close to jobs and amenities, we estimate the Te Kāinga programme will reduce carbon emissions by 1,502 tonnes per year in 2026. This is an average per-person benefit of 0.76 tonnes that we attribute to the Te Kāinga

¹⁸ Statistics New Zealand (2022) *Greenhouse gas emissions (consumption-based): Year ended 2020 (provisional)*.

¹⁹ Waka Kotahi New Zealand Transport Agency (2023) *Vehicle Emissions Prediction Model v2.3*.

²⁰ Ministry of Transport. 2015. *25 years of New Zealand travel: New Zealand household travel 1989-2014*.

²¹ Ministry for the Environment. 2020. *Measuring Emissions: A Guide for Organisations*.

²² Earlier work by Sense Partners estimated a higher per-person emissions level for Wellington residents. We have changed the way we infer non-work travel from commuter data and survey results leading to a reduction in estimated emissions.



programme. Using Treasury guidance on the shadow carbon price²³, the total benefit can be priced at \$258,400 per year, or \$131 per person.

TABLE 10: TRANSPORT EMISSIONS KEY ASSUMPTIONS

Key assumption	Explanation
Carbon price: \$172 t/CO ₂ -e	The Treasury's CBAX spreadsheet model includes short-, medium-, and long-term emissions prices averages over three pathways (high, low, and central). We use the central price pathway.
Falling fleet emissions factors	Over time, the uptake of hybrid and electric vehicles will reduce the carbon emissions of the vehicle fleet. We use the emissions factor projections from the Vehicle Emissions Prediction Model, developed by the Ministry of Transport.

Source: Sense Partners

Our results are highly sensitive to how we infer total travel patterns from commuter data. The census contains detailed data on how people get to work and education. However, past travel behaviour surveys from the Ministry of Transport indicate that the journey to work and back is as little as 20% of a person's average weekly travel time.

This data, from the Ministry of Transport's 2015 travel survey,²⁴ measures the average share of time spent travelling each week, broken down by purpose and by mode. Using this, we infer how people's commute can translate into non-work travel. We apply an adjustment to ensure that total vehicle kilometres (VKT) estimated by the model match the MoT estimate of total VKT for the Wellington Region.²⁵

We use the share of work commuting in peoples average weekly travel to obtain an estimate of total travel per person per week. We then infer the mode share as the average of two estimates. The first applies the mode used to get to work (car, bike, etc) to all travel. The second splits non-work travel into modes based on region wide average mode shares.

Construction emissions estimate, method, and key assumptions

Built environment emissions can be split into two categories: construction emissions, and operating emissions. Higher density dwellings have higher per m² construction emissions, but overall lower emissions. This is mostly due to smaller dwelling sizes, even when accounting for lower occupancy.

²³ The Treasury (2022) *The Treasury's CBAX Tool*. Version: October 2022

²⁴ Ministry of Transport. 2015. *25 years of New Zealand travel: New Zealand household travel 1989-2014*.

²⁵ Ministry of Transport (2022) *Vehicle Kilometres Travelled: RD086 Vehicle kilometres travelled by region (billion km)*.



TE KĀINGA AFFORDABLE RENTAL PROGRAMME ESTIMATING THE WIDER ECONOMIC BENEFITS OF THE PROGRAMME

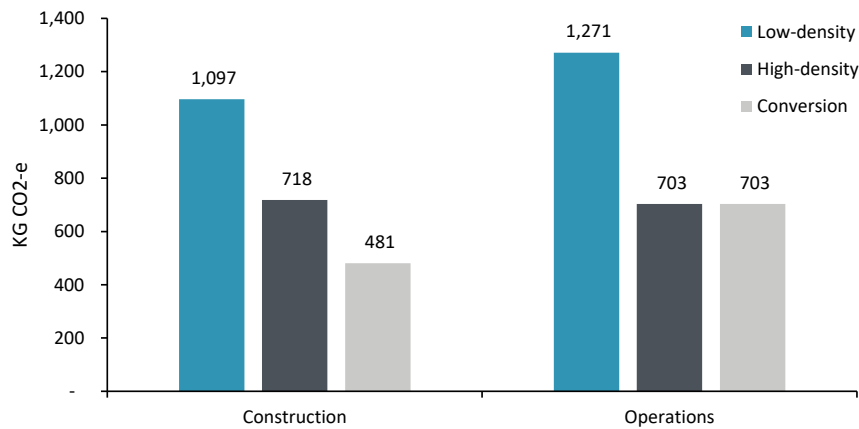
A lifecycle analysis of housing in Toronto²⁶ estimated embedded construction emissions of 7.4kg CO₂-e per year per m² for a low density detached house over 50 years. In contrast, a 15 storey apartment emitted 9.1kgs. Compensating for this is the smaller size of apartment dwellings. That same study estimated 597 kg CO₂-e per year per person for the low density development. For the apartment, emissions were estimated to be 391 kg CO₂-e, a 34.5% reduction.

Operating emissions are the dominant source of building emissions, accounting for 70-90% of lifecycle emissions²⁷. Norman et al. (2006) estimates 1,510 kg CO₂-e per person per year in building operation emissions for apartments. This is a 45% reduction on the 2,730 kg CO₂-e estimate for the detached house. Reasons for this difference include the smaller size of apartments, and efficiencies from shared walls and HVAC systems²⁸.

We use data on household and construction emissions from Statistics New Zealand to estimate the operating and construction emissions of the average New Zealand dwelling.²⁹ Our estimate of emission per person per year (50 year lifespan) are shown in Figure 5 below.

These estimates yield a saving of 1,625 tonnes of CO₂-e per year by 2026 for the full Te Kāinga Programme. The equates to 0.82 tonnes per person. With a carbon cost of \$172 per tonne CO₂-e, this saving can be priced at \$279,500 per year, or \$141 per person.

FIGURE 5: BUILDING EMISSIONS PER-PERSON, PER YEAR



Source: Sense Partners

²⁶ Norman, J. MacLean, H. & Kennedy, C. (2006) "Comparing High and Low Residential Density: Life-Cycle Analysis of Energy Use and Greenhouse Gas Emissions," *Journal of Urban Planning and Development*.

²⁷ Adalberth, K. Almgren, A. & Petersen, E. (2001) "Life Cycle Assessment of Four Multi-Family Buildings," *International Journal of Low Energy and Sustainable Buildings*.

²⁸ Kimball, M. Chester, M. Gino, C. & Reyna, J. (2013) "Assessing the Potential for Reducing Life-Cycle Environmental Impacts through Transit-Oriented Development Infill along Existing Light Rail in Phoenix," *Journal of Planning Education and Research*, 33(4), pp. 395-410.

²⁹ Data on the split between high- and low-density dwellings in the New Zealand context is not available, so we use the relative shares estimated by Norman et al. (2006).



TABLE 11: CONSTRUCTION EMISSIONS KEY ASSUMPTIONS

Key assumption	Explanation
Carbon price: \$172 t/CO ₂ -e	The Treasury's CBAX spreadsheet model includes short-, medium-, and long-term emissions prices averages over three pathways (high, low, and central). We use the central price pathway.
Conversion construction emissions savings: 33%	Converting an existing office building to residential use does involve emissions as the building is internally renovated. By retaining much of the structure and façade, conversions can achieve a reduction in emissions. ³⁰

Source: Sense Partners

³⁰ Gursel, A. Shehabi, A. & Horvath, A. (2023) "What are the energy and greenhouse gas benefits of repurposing non-residential buildings into apartments?" *Resources, Conservation & Recycling*



Te Kāinga annual tenant survey results

July 2024

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Executive summary

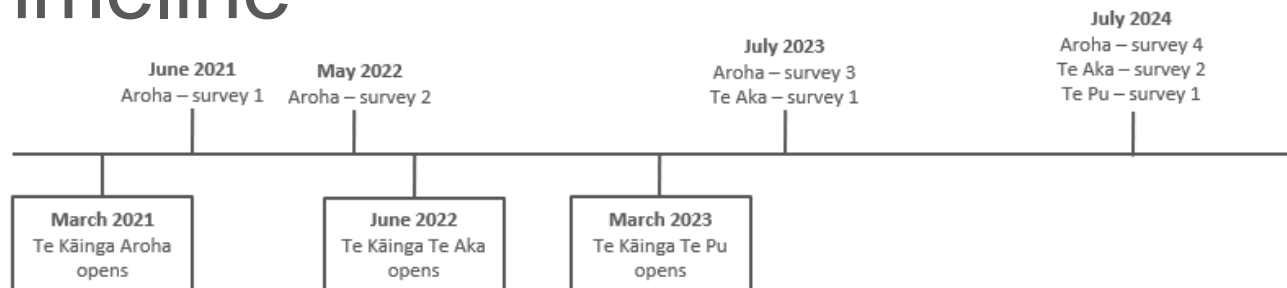
- 2024 annual survey is the fourth year of results and the first since opening our largest building (Te Pu – 106 units).
- Overall results remain positive, with 84% of tenants saying they are satisfied and 91% would recommend Te Kāinga to a family member or friend. 100% of respondents in Aroha would recommend Te Kāinga to their friends and family.
- Highest number of respondents ever with 86 of 212 households took part in the survey – a response rate of 41%.
- Tenants commented positively about their apartment being warm & dry, and the service from the Te Kainga team. Ongoing issues with the lifts and construction noise has affected satisfaction levels for Te Aka tenants this year.
- 67% of tenants agree they are getting good value for money, 19% are neutral, whilst 14% disagreed.
- A greater proportion of Te Pu households (74%) agree they are getting value for money than Aroha (61%) and Te Aka (64%) households.
- Areas for improvement include more proactive communications about planned building maintenance.
- Since the 2023 survey, an area of focus has been on the speed at which maintenance jobs are completed. This is reflected by an improved score of 80% of tenants reporting maintenance was carried out in a timely manner.
- Service delivery from the Te Kāinga team continues to rate highly by tenants, with several stating this as a reason for recommending the programme to family and friends.

Note: This report does not include results from survey questions relating to Te Kāinga Plus, demography and ethnicity of households. These results are still being analysed and will be reported on in due course.

Background

- Evaluation is an essential element of Te Kāinga, to ensure the programme is meeting its objectives.
- A 6-month interim report was provided to Pūroro Amua | Planning and Environment Committee in November 2021, and a subsequent report following a 1-year evaluation provided in June 2022. The June 2022 report also included survey results of people who had joined the Te Kāinga mailing list but had not necessarily become tenants.
- Previous results were very positive and indicated strong demand for the programme. At the 2023 evaluation, tenants remained overall satisfied and rated service delivery highly.
- Lessons from these previous evaluations were incorporated into how the programme is managed, including everyday operations and tenanting of the subsequent buildings in the programme.
- There are now three tenanted buildings in the programme, and surveys are intended to occur annually. The 2024 survey was sent to tenants at Te Kāinga Aroha, Te Aka and, for the first time, Te Pu.

Timeline



Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

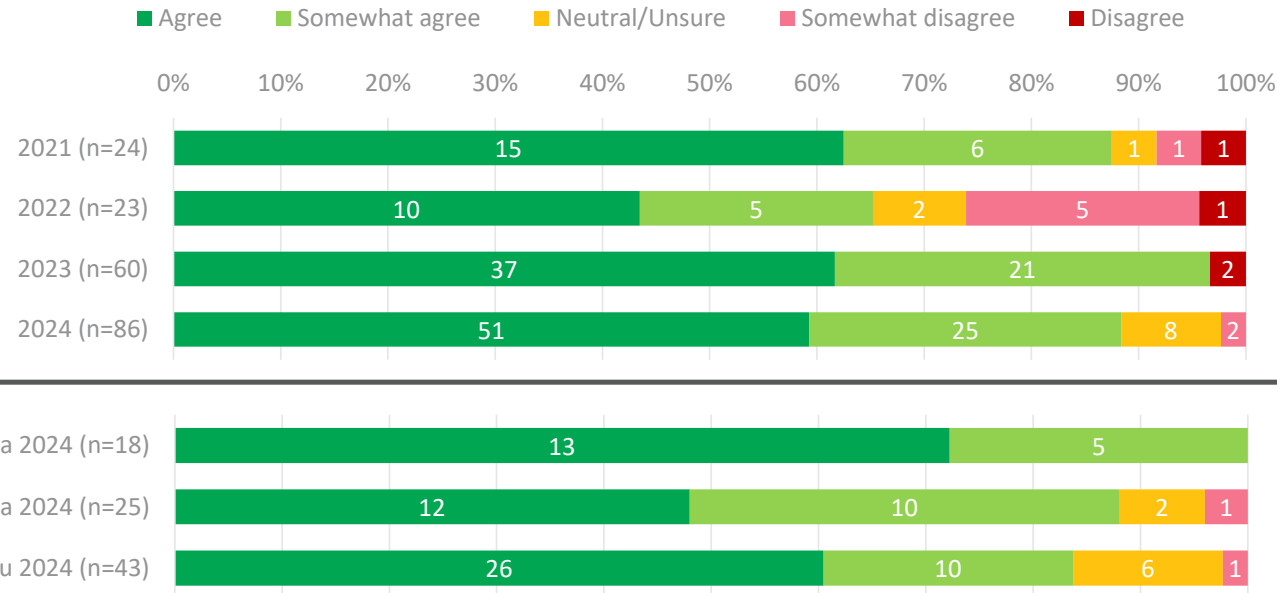
Survey methodology

- Three separate online surveys were sent out to current tenants at Te Kāinga Aroha, Te Aka and Te Pu in July 2024.
- Most questions were the same as in previous Te Kāinga tenant surveys, with new questions added on topics of Te Kāinga Plus and ethnicities represented in the household.
- 86 of 212 households completed the survey (40% response rate). This included 18 households from Aroha (35%), 25 from Te Aka (46%) and 43 from Te Pu (41%)
- The survey took 5-10 minutes, and was completed between 2 - 14 July 2024.

Results

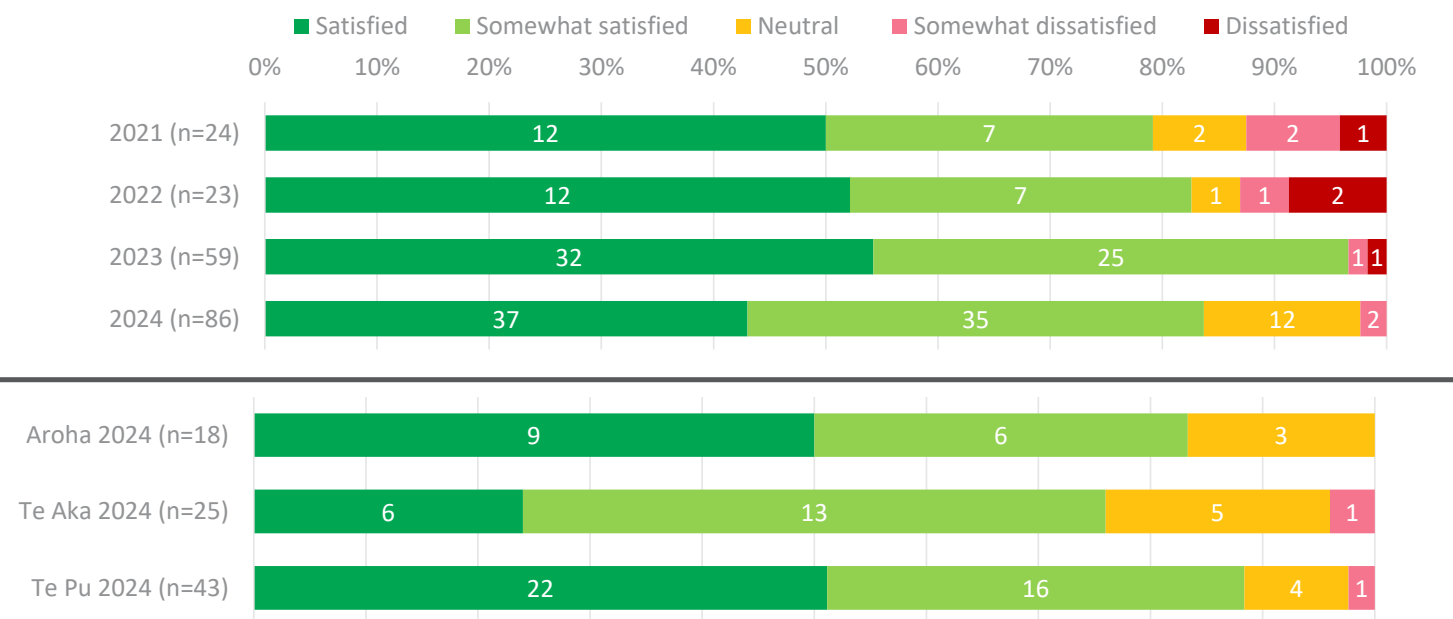
Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Q. “I would recommend Te Kāinga to a friend or family member”



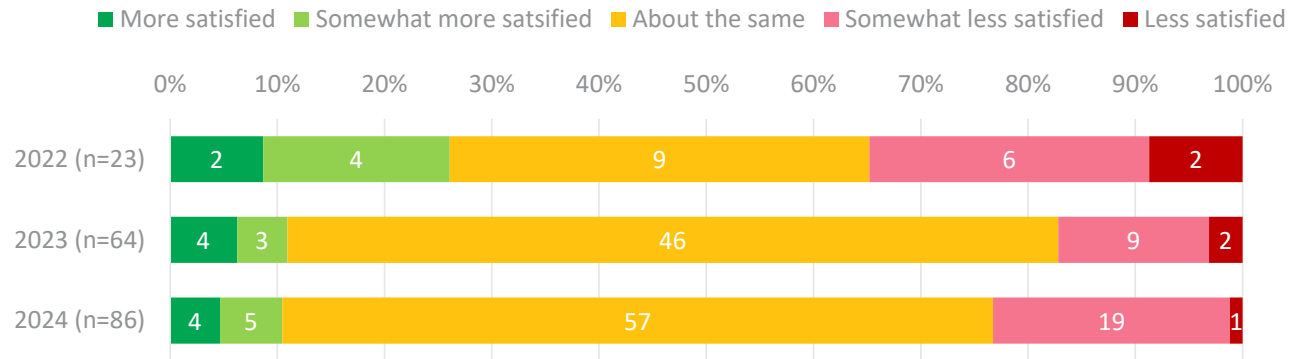
- Overall, 91% of tenants would recommend Te Kāinga to a friend or family member, including 100% of Aroha tenants.
- Out of 86 respondents, only 2 said they wouldn’t recommend Te Kāinga.
- Reasons for recommending the programme included the service from the Te Kāinga team, and that the apartment was warm, dry and of good quality.

Q. Thinking about the last few months in your new home, overall how satisfied are you with your apartment?



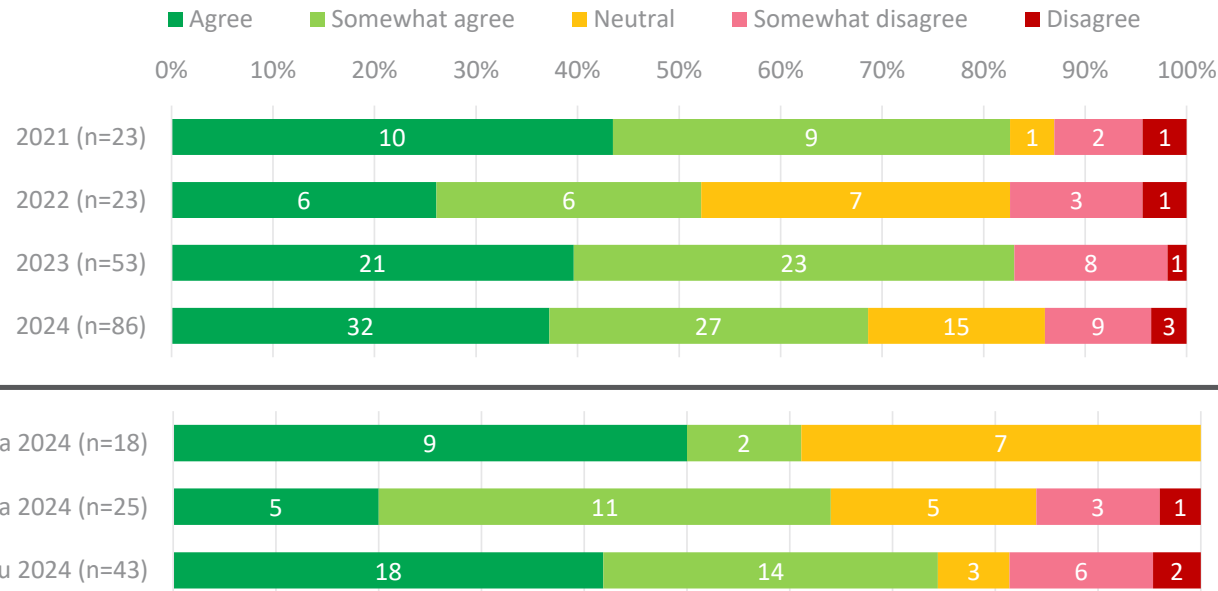
- 84% of tenants are satisfied with their home.
- Of 86 respondents, only 2 said they were dissatisfied.
- Satisfaction levels are similar between Aroha (83%) and Te Pu (88%), and are lower for Te Aka (76%), but again only 1 tenant said they were dissatisfied.
- Feedback from tenants who were satisfied highlighted the location of apartments and that they are warm and dry. Some issues were raised including noise, smells in the hallway and performance of the lifts.

Q. Since you moved in, has the level of satisfaction with your apartment changed? Would you say you are...



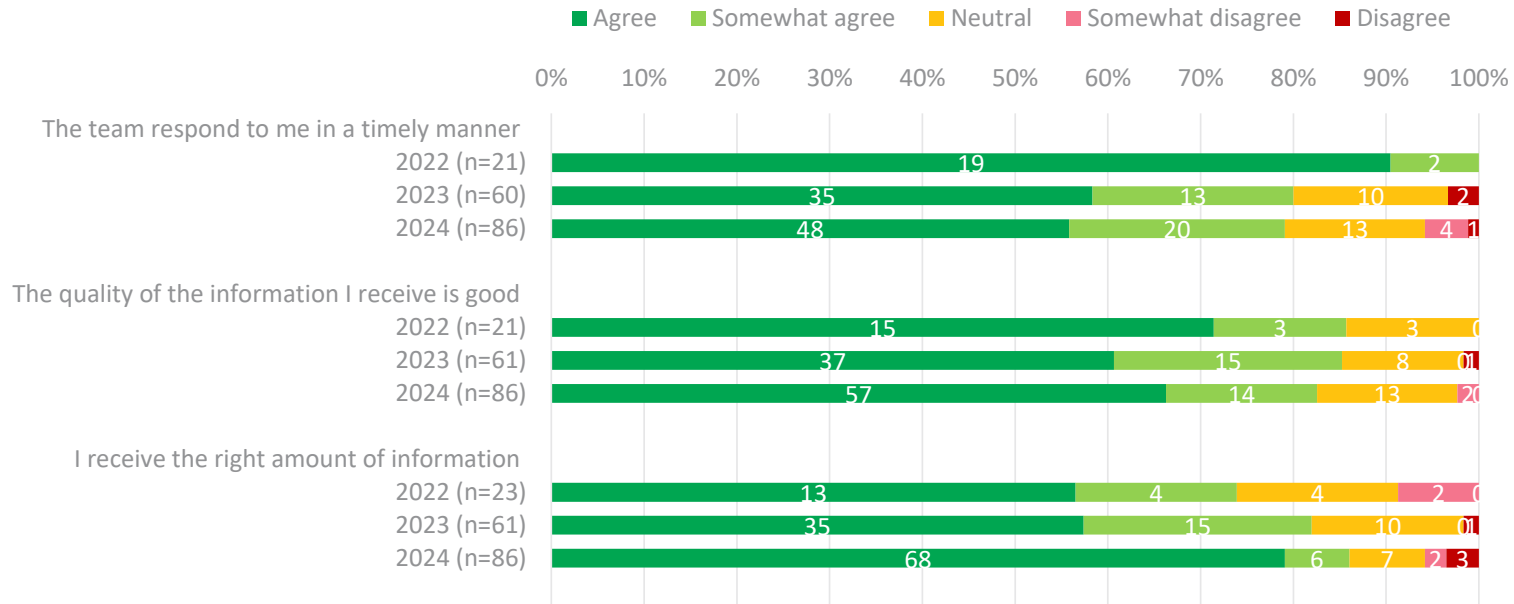
- Similarly to last year’s results, most tenants are as satisfied since they moved, and around 10% are more satisfied.
- Feedback from those whose satisfaction decreased mentioned that their rent had increased and lift performance issues (Te Aka).

Q. Do you agree or disagree that you get good value for money with your apartment?



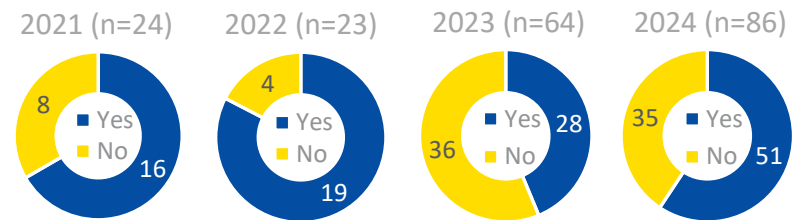
- 67% of tenants believe Te Kāinga is good value for money. Considering the cost-of-living pressures on tenants this year, to have over two thirds reporting value for money is a very good result.
- Whilst overall agreement with this question has reduced from 82% in 2023 to 67% in 2024, of 86 respondents, only 12 (14%) did not agree they are getting value for money - an improvement from 17% in 2023.
- In 2024, more tenants in Te Pu agree they are getting good value for money (74%), than in Aroha (61%) and Te Aka (64%).
- The results highlight the need for us to closely scrutinise rent increases in future years.

Q. Thinking about building wide communications received from the Te Kāinga team, how much do you agree or disagree with the following...

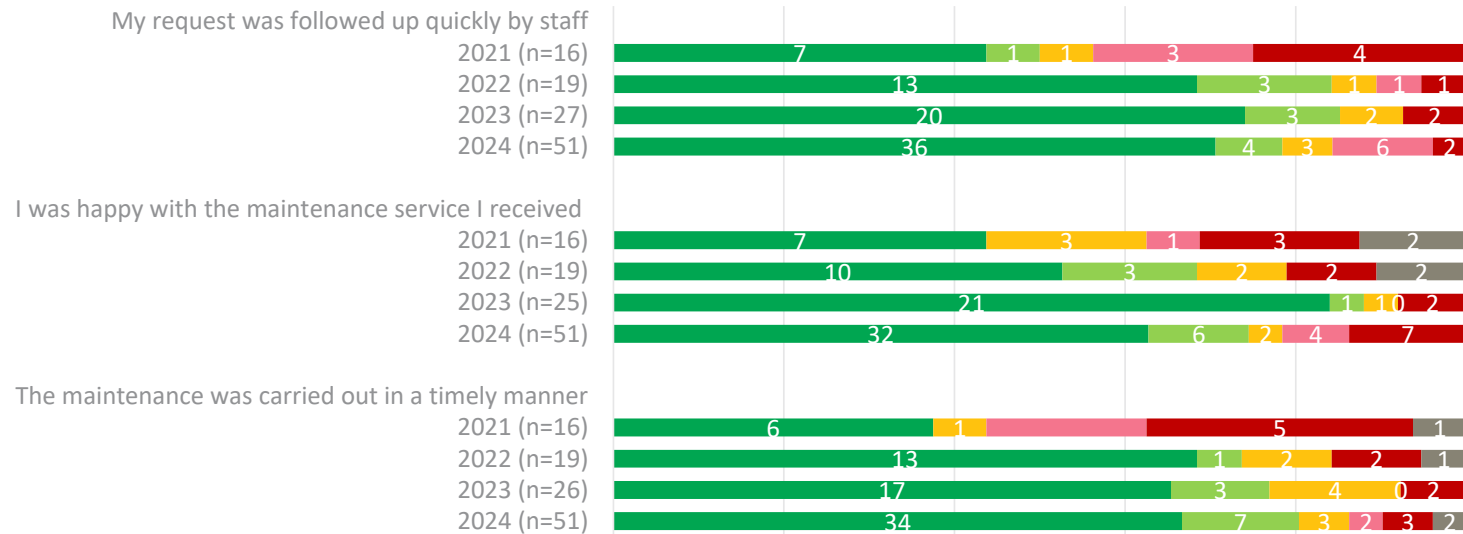


- Tenants continue to be positive about communications from the Te Kāinga team.
- 86% of tenants were satisfied that they receive the right amount of information from the Te Kāinga team, and improvement on previous years.
- Tenants commented positively on the new tenant newsletter, saying it provides them with useful and relevant information.

Q. Since moving in, have you logged a maintenance/repair job?



Legend: Agree (Green), Somewhat agree (Light Green), Neutral (Yellow), Somewhat disagree (Pink), Disagree (Red), Don't know (Grey)



- Tenants are more positive about the speed at which jobs were completed, which has been an area of focus since the 2023 survey.
- This is reflected by 80% of tenants reporting maintenance was carried out in a timely manner.
- Tenants commented on the ongoing lift issues at Te Aka and that they would like more proactive updates on planned maintenance works.



'MAKING IT EASIER TO BUILD GRANNY FLATS' - COUNCIL SUBMISSION

Kōrero taunaki | Summary of considerations

Purpose

1. This report to the Kōrau Tūāpapa | Environment and Infrastructure Committee seeks approval of the attached submission on the *Making it easier to build granny flats* proposal to the Ministry of Business, Innovation and Employment.

Strategic alignment

2. *Urban Form - A liveable and accessible, compact city.* The submission on the Making it easier to build granny flats proposal seeks to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice. It also supports multi-generational living options for papakāinga and kaumātua housing, and for all other cultures and communities.

Value for money and effective delivery. The submission on the Making it easier to build granny flats proposal seeks opportunities to streamline the building and resource consent process.

Increase access to good, affordable housing to improve the wellbeing of our communities. The submission on the Making it easier to build granny flats proposal seeks to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice.

Significance The decision is rated low significance in accordance with schedule 1 of the Council's Significance and Engagement Policy.

Financial considerations

Nil Budgetary provision in Annual Plan / Long-term Plan Unbudgeted \$X

3. There are no direct financial implications to lodge this submission.

Risk

Low Medium High Extreme

4. There is a low level of risk to lodge this submission.

Author	Hannah Van Haren-Giles, Senior Planning Advisor
Authoriser	Andrew Wharton, Team Leader District Plan Sean Audain, Manager Strategic Planning Liam Hodgetts, Chief Planning Officer

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Kōrau Tūāpapa | Environment and Infrastructure Committee:

1. **Receive** the information.
2. **Approve** the attached submission on the *Making it easier to build granny flats (2024)* proposal by the Ministry of Business, Innovation and Employment and the Ministry for the Environment (Attachment 1).
3. **Agree** to delegate to the Chair to make any minor editorial changes to reflect any feedback of the Kōrau Tūāpapa | Environment and Infrastructure Committee.

Whakarāpopoto | Executive Summary

5. This report seeks the approval of Kōrau Tūāpapa | Environment and Infrastructure Committee to lodge Council's submission on the *Making it easier to build granny flats* proposal.
6. The Proposal was released for public consultation on 17 June 2024. The submission period closes on 12 August, 2024.
7. The submission supports the intent of the proposal to realise more affordable small homes over the long-term. It identifies practical complications and risks that the proposal could introduce and suggests fixes and alternatives for the relevant Ministers to consider.
8. The preferred option is to lodge the attached submission with the Ministry of Business, Innovation and Employment on the *Making it easier to build granny flats (2024)* proposal.

Takenga mai | Background

9. The Ministry of Business, Innovation and Employment and the Ministry for the Environment released the *Making it easier to build granny flats (2024)* proposal for public consultation on 17 June 2024.
10. The submission period closes at 5pm on 12 August, 2024.
11. The policy proposal is that self-contained granny flats up to 60 m² (a.k.a. Minor Residential Units (MRU)) would be permitted in residential and rural zones throughout New Zealand without the need for a building or resource consent, so long as they meet certain criteria.
12. The preferred option of the Proposal is:
 - a) Create a new schedule to the Building Act that would allow a small stand-alone house to be built without a building consent. Building work would need to be completed (or supervised) by suitably competent, regulated professionals, such as Licensed Building Practitioners and authorised plumbers. There would be no requirement for an engineer's report or for the building to be checked by a regulator.

- b) Introduce a National Environmental Standard (NES) for minor residential units. This would include a set of permitted activity standards covering aspects such as the size, how much of a property can be covered by buildings and how close an MRU can be to a neighbouring property boundary. An NES would permit one MRU per principal residential home on the same site in rural and residential zones where permitted activity standards are met.

Kōrerorero | Discussion

- 13. The attached submission supports the intended outcome of the proposal to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice. The Council has already enabled people to increase the supply and variety of housing in its new district plan.
- 14. The submission notes that Council supports multi-generational living options for papakāinga and kaumātua housing, and for all other cultures and communities. It notes that the Council supports opportunities to streamline the building and resource consent process.
- 15. In enabling this housing supply, there are several risks associated with this proposal which should be resolved to ensure that this reform realises more housing and to avoid a loss of market confidence and adverse consumer protections from a loosening of regulations as has been seen with reforms by previous governments. These risks include:
 - a) The removal of the protections and quality assurance for granny flats from a 'Council like' Building Consent Authority that provides the third-party check on developments, and their compliance with basic standards.
 - b) Increased risk of non-compliant buildings and the erosion of consumer protections for current and future residents.
 - c) Risks of costs, responsibility and liability being loaded onto homeowners and constructors, which could increase overall costs and decrease trust in building construction, and the longer-term risk of Councils having to resume liability when failing buildings and faulty three waters connections (resulting in safe and insanitary buildings and connections etc) have adverse effects on neighbours and the environment.
 - d) Risks of building work and service connection information not being available on Land Information Memoranda (LIMs) used for purchasing homes and assurances for lending by banks.
 - e) The need for a clear mechanism for development contributions, targeted rates and other growth-funding to be chargeable to minor residential unit developments to pay for increases in demand for neighbourhood services and infrastructure networks.
 - f) Three water infrastructure servicing and connections both in terms of safe and sanitary connections as well as impacts on the capacity and resilience of networks. The policy proposal is unclear what checks or compliance (if any) would be required for ensuring safe and sanitary connections to three waters infrastructure.
 - g) Future implications of potential subdivision around granny flats – particularly retrospectively subdividing a dwelling that might not be compliant with access and servicing requirements.

-
16. At present, the Council considers that the proposal needs to be amended to address these risks to realise more affordable small homes over the long-term. Options for consideration are summarised below.

Options in the attached submission to improve this proposal.

17. The Council prefers that the term defined by Government in the National Planning Standards, “minor residential unit” (MRU) is used instead of “granny flat”. This would also clarify, as per the Ministers’ Foreword, that the proposals are not limited to only live-in grandmothers.
18. As an alternative to the proposed MRU National Environmental Standard (NES), Council suggests that there may be benefit in adding a maximum floor area (60 m²) to the National Planning Standards definition of MRU. This would provide standardisation and consistency across New Zealand while allowing district plans to continue to manage constraints unique to each locality such as natural hazards, character and amenity, access and service connections, among other matters.
19. Tier 1 local authorities (as listed in the National Policy Statement on Urban Development (NPS-UD) like Wellington City already permit up to 3 dwelling units per site – including any granny flat(s) – under the NPS-UD and Medium Density Residential Standards (MDRS). This is already more enabling than the policy proposal. To recognise this, the proposal could:
- a) Only apply the proposed NES to Tier 2 and Tier 3 urban environments: or
 - b) Replace the proposed RMA direction with a requirement to permit MRUs in locations where residential zones currently only allow for one house per lot.
20. Council seeks that consideration is given to distinction between different urban environments and the hierarchy of residential zones set out in the National Planning Standards. For Tier 1 local authorities, Council considers there are better realisable outcomes under the existing regulatory environment in terms of enabling housing and housing choice compared to the policy proposal.
21. MRU in rural areas is better enabled through basic enabling resource consents under the district plan, not permitted under a NES, so that conditions can manage matters such as rural amenity, servicing requirements, emergency services and transport constraints and subdivision rights.
22. Under the Building Act, Council suggests an adaptation of s401A Regulations: building consents and consent completion certificates could be an option for the MRU exception, with simple residential construction options or a reintroduction of the ‘Simple House Acceptable Solution’.
23. Council also suggests consideration be given to compulsory milestones or steps during the engagement of expertise and contractors, through monitoring and completion of construction in the MRU exemption process. These key milestones could include compulsory Project Information Memorandum (PIM), compulsory contract for Licensed Building Practitioners (LBP) design, contract for LBP, contract for Plumbing, contract for water proofing wet areas, contract for insulation etc with compliance statement for design, and compliance statements at the end from all contractors.

24. Councils seeks assurance that notification to Councils of MRU construction (similar to the BWOFF process) and their certifications will be required as part of them being legally established. This will allow the relevant information to be on Council LIMs for future purchasers. This notification process could also enable triggers for development contributions or other growth-related charges to pay for neighbourhood infrastructure. This would also give government implementation pathways for forthcoming the policy direction of “growth paying for growth” under the “Going for Growth” reform package.
25. Council strongly recommends that there is an ability and authority for water management entities to check compliance with water, wastewater and stormwater connections to ensure safe and sanitary connections and protect neighbouring residents and the natural environment. This would address the risk of cross connection between sewerage and stormwater networks and other defects.

Kōwhiringa | Options

Option 1 – Approve the attached submission (recommended)

26. Lodgement of this submission provides the Council with an opportunity to influence the final Proposal.

Option 2 – Do not approve the attached submission (not recommended)

27. The Council could decide not to make a submission on the Proposal. This is not the recommended option as it limits the Council’s opportunity to constructively influence the final Proposal.

Whai whakaaro ki ngā whakataunga | Considerations for decision-making

Alignment with Council’s strategies and policies

28. The draft submission and its content are in alignment with Council’s strategies and policies as set out below:
 - a) Our City Tomorrow – He Mahere Mokowā mō Pōneke - A Spatial Plan for Wellington City 2021.
 - b) Wellington City Council 2024 District Plan: Appeals Version.

Engagement and Consultation

29. No specific engagement and consultation have been undertaken with the public in the preparation of the submission other than internal consultation with business units.

Māori Impact Statement

30. The submission includes comments on questions in the Proposal about how it supports Māori housing outcomes, and additional regulatory and consenting barriers to Māori housing. In summary, these are:
 - a) Proposal has potential benefits for papakāinga and kaumatua housing
 - b) There are broader challenges than granny flat controls for building and development on Māori land
 - c) Council supports a wider response to address regulatory and consenting barriers to Māori housing outcomes

- d) Council is in the process of developing a Te Ao Māori Plan Change which also considers enabling papakāinga and kaumatua housing.

31. Staff did not consult with mana whenua partners on the Council submission points attached, but the submission acknowledges the mana whenua partners and refers the Ministries to any submissions they make on the proposal.

Financial implications

32. There are no direct financial implications relating to approving this submission. The submission points out potential future financial implications on rates charges and development contributions if or when this proposal takes effect, but these are unknown for now.

Legal considerations

33. There are no legal implications resulting from approval of this submission.

Risks and mitigations

34. There are no significant reputational or other risks resulting from approval of the submission.

Disability and accessibility impact

35. There are no impacts on disability or accessibility resulting from approval of the submission.

Climate Change impact and considerations

36. The submission does not directly relate to climate change.

Communications Plan

37. A communication plan has not been prepared for the release of this Council paper and associated submission.

Health and Safety Impact considered

38. There are no health and safety impacts arising from the submission.

Ngā mahinga e whai ake nei | Next actions

39. Following approval of the submission and any amendments, the submission will be formally lodged with the Ministry of Business, Innovation and Employment, no later than 5pm on Monday, 12 August 2024.

Attachments

- Attachment 1. 'Making it easier to build granny flats' - Council Submission [↓](#) Page 71



25 July 2024

Building System Performance
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140

**Absolutely Positively
Wellington City Council**
Me Heke Ki Pōneke

Consultation: Making it easier to build Granny Flats

Tēnā koutou,

1. Wellington City Council (the Council) thanks the Ministry of Business, Innovation and Employment and the Ministry for the Environment for the opportunity to submit on the discussion document *Making it easier to build granny flats*. Our submission points are based on the discussion document questions.

OVERVIEW OF COUNCIL'S POSITION

2. The Council supports the intended outcome of the proposal to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice. The Council has already enabled people to increase the supply and variety of housing in its new district plan.
3. The Council supports multi-generational living options for papakāinga and kaumātua housing, and for all other cultures and communities.
4. The Council supports opportunities to streamline the building and resource consent process.
5. In enabling this supply there are a number of risks associated with this proposal which need to be resolved in order to ensure that this reform realises more housing and avoids a loss of market confidence and adverse consumer protections from a loosening of regulations as has been seen with reforms by previous governments. These risks include:
 - a. The removal of the protections and quality assurance for granny flats from councils checking developments, and their compliance with basic standards.
 - b. Increased risk of non-compliant buildings and the erosion of consumer protections for current and future residents.
 - c. Risks of costs, responsibility and liability being loaded onto homeowners and constructors, which could increase overall costs and decrease trust in building construction, and the longer-term risk of Councils having to resume liability when failing buildings and faulty three waters connections have adverse effects on neighbours and the environment.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

- d. Risks of building work and service connection information not being available on Land Information Memoranda (LIMs).
 - e. The need for a clear mechanism for development contributions, targeted rates and other growth-funding to be chargeable to minor residential unit developments to pay for increases in demand for neighbourhood services and infrastructure networks.
 - f. Three water infrastructure servicing and connections both in terms of safe and sanitary connections as well as impacts on the capacity and resilience of networks. The policy proposal is unclear what checks or compliance (if any) would be required for ensuring safe and sanitary connections to three waters infrastructure.
 - g. Future implications of subdivision around granny flats – particularly retrospectively subdividing a dwelling that might not be compliant with access and servicing requirements.
6. At present, the Council considers that the proposal needs to be amended to address these risks in order to realise more affordable small homes over the long-term. These are summarised below.

OPTIONS TO IMPROVE THE PROPOSAL

7. The Council prefers that the term defined by Government in the National Planning Standards, “minor residential unit” (MRU) is used instead of “granny flat”. This would also clarify, as per the Ministers’ Foreword, that the proposals are not limited to only live-in grandmothers.
8. As an alternative to the proposed MRU National Environmental Standard (NES), Council suggests that there may be benefit in adding a maximum floor area (60 m²) to the National Planning Standards definition of MRU. This would provide standardisation and consistency across New Zealand while allowing district plans to continue to manage constraints unique to each locality such as natural hazards, character and amenity, access and service connections, among other matters.
9. Tier 1 local authorities (as listed in the National Policy Statement on Urban Development (NPS-UD) like Wellington City already permit up to 3 dwelling units per site – including any granny flat(s) – under the NPS-UD and Medium Density Residential Standards (MDRS). This is already more enabling than the policy proposal. To recognise this, the proposal could:
 - a. Only apply the proposed NES to Tier 2 and Tier 3 urban environments: or
 - b. Replace the proposed RMA direction with a requirement to permit MRUs in locations where residential zones currently only allow for one house per lot.
10. Council seeks that consideration is given to distinction between different urban environments and the hierarchy of residential zones set out in the National Planning Standards. For Tier 1 local authorities, Council considers there are better realisable

outcomes under the existing regulatory environment in terms of enabling housing and housing choice compared to the policy proposal.

11. MRU in rural areas are better enabled through basic enabling resource consents under the district plan, not permitted under a NES, so that conditions can manage matters such as rural amenity, servicing requirements, transport constraints and subdivision rights.
12. Under the Building Act, Council suggests an adaptation of s401A *Regulations: building consents and consent completion certificates* could be an option for the MRU exception, with simple residential construction options or a reintroduction of the Simple House Acceptable Solution.
13. Council also suggests consideration be given to compulsory milestones or steps during the engagement of expertise and contractors, through monitoring and completion of construction in the MRU exemption process. These key milestones could include compulsory Project Information Memorandum (PIM), compulsory contract for Licensed Building Practitioners (LBP) design, contract for LBP, contract for Plumbing, contract for water proofing wet areas, contract for insulation etc with compliance statement for design, and compliance statements at the end from all contractors.
14. Councils seeks assurance that notification to Councils of MRU construction and their certifications will be required as part of them being legally established. This will allow the relevant information to be on Council LIMs for future purchasers. This notification process could also enable triggers for development contributions or other growth-related charges to pay for neighbourhood infrastructure. This would also give government implementation pathways for forthcoming the policy direction of “growth paying for growth” under the “Going for Growth” reform package.
15. Council strongly recommends that there is an ability and authority for water management entities to check compliance with water, wastewater and stormwater connections to ensure safe and sanitary connections and protect neighbouring residents and the natural environment. This would address the risk of cross connection between sewerage and stormwater networks and other defects.

PROBLEM DEFINITION AND SAFEGUARDS

Question 1: Have we correctly defined the problem?

Question 2: Do you agree with the proposed outcome and principles?

16. The consultation seeks feedback on options to make it easier to build small, self-contained and detached houses (“granny flats”) on property with an existing home on it. The Council agrees that increasing the supply and variety of affordable homes is important.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

17. The Council prefers that all formal policy options and regulations from this point use the term “minor residential unit” (MRU) instead of “granny flat”. MRU is already the official term defined in the National Planning Standards. This would also clarify, as per the Ministers’ Foreword, that the proposals are not limited to only live-in grandmothers.
18. The Council supports the intended outcome of the proposals to increase the supply of small houses for all New Zealanders, creating more affordable housing options and choice. The Council supports multi-generational living options for papakāinga and kaumātua housing, and for all other cultures and communities.
19. Council does not however agree that the problem has been correctly defined. Regulatory compliance costs for consenting and building are not a definitive barrier to the construction of small houses or housing supply in Wellington.
20. The consultation document says that building consent fees around \$2,000-5,000 and resource consent fees around \$1,500 are part of what drives housing costs. This only represents a roughly 2% share of the overall cost of a \$250,000 MRU build based on a conservative \$3,500 per m². These fees are even lower in Wellington City as its District Plan generally permits up to three houses on residential land. The Council’s submission sets out the more significant problems caused when removing these comparatively minor fees and the potential for costs to be instead added to rates burdens.
21. Given that regulatory costs are a key part of the ‘Problem definition’ identified in the consultation document, the proposals to replace existing processes with a Permitted Activity Notice (PAN) or tool similar to a Project Information Memorandum (PIM) with near equivalent associated administrative fees is almost redundant. Establishing a new regulatory tool and process will also incur additional costs to Council during its initial development and implementation.
22. The policy problem and proposal are undermined by the building industry not being in a position to complete this kind of work without oversight from Building Consent Authority on-site checks. At present, Council oversees numerous requests for information within building consent applications and high rates of failed inspections. This suggests that removing these safeguards would place this burden on the future owners of these Minor Residential Units.

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

23. Council agrees with the high-level risks identified in the consultation document. There is however an expansive set of risks associated with the proposal which the consultation document does not consider in sufficient detail.
24. The Council has concerns with exempting the plumbing and drainage work associated with the construction of a granny flat from requiring a building consent. At present, plumbers

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

and drainlayers are not self-certifying, so if works are done without a Building Consent Authority overview, things can go wrong without an established pathway to put things right.

25. The Council has significant concerns about the lack of checks and compliance for ensuring safe and sanitary connections to three waters. Without sufficient guidance or oversight there will be more cross contamination of sewerage into stormwater drains, and stormwater flow changes on downstream ponding areas. These issues are already happening even with Council checks; without on-site checks the issues become worse. There will be detrimental effects on the safety and health of people, the community, and the environment. There is also potential for unmanaged cumulative adverse effects on the capacity, performance and resiliency of the three waters networks, with associated remedial costs.
26. A risk underplayed by the proposals is that all building work, even work without a building consent, must comply with the Building Code. Homeowners with little to no experience with the building code and its implications having to manage and take responsibility for building a self-contained home with all its requirements is likely to incur greater overall costs associated with remedial building work.
27. More broadly, there are issues relating to contracting, liability, finance, insurance, and site availability that will not be addressed by the policy proposal.
28. Overall, Council is not satisfied that the proposals have sufficiently considered risks and their extent. The proposals are inadequate to mitigate the identified risks.

BUILDING SYSTEM PROPOSAL

Question 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?

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

Question 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?

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

29. Successive governments have used the Building Act as a tool for consumer protection. The Building Act provides a suite of provisions to this effect – such as compulsory contracts for work over a certain value and the introduction of Licensed Building Practitioners. This is

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

driven by consumers, societal expectations and the lack of skill and the behaviors of those in the industry.

30. Introducing an exception in the Building Act for MRUs is a significant regulatory step-change with greater pitfalls and non-compliance risks for future owners, renters, Councils, Regional Council, Utility Network Operators and other relevant parties.
31. Council has several concerns with Option 2 of the proposal. The consultation document's risks for Option 2 appear to outweigh the time and costs benefits. Council agrees that:
 - a. *Without the oversight of BCAs, there is an increased risk of non-compliant buildings. The notification requirement, and other criteria, are proposed to help mitigate this risk. But it is unclear whether these mitigations will be enough to resolve potential difficulties with finance, insurance and re-sale.*
 - b. *This option makes owners responsible for ensuring qualified professionals complete the work. However, as no entity would be actively monitoring this requirement, there is a risk of noncompliance.*
 - c. *Creating a new schedule to the Building Act also adds complexity to the building regulatory system.*
32. The Council questions whether the typical inspection regime for a new build has sufficiently been considered. For example, there are water pressure tests, air tests of pipe work, timber framing moisture content tests, all of which help safeguard the homeowner from moisture and associated mould issues. The Council has concerns if and how these tests would be carried out if there is no oversight. Some homeowners and builders will be unwilling to pay certified contractors to run these tests for them at cost levels that likely reach or exceed a building consent cost. Then they may not correctly run the tests with calibrated accurate equipment.
33. A relaxation in consenting requirements needs to be coupled with additional complementary and compulsory safeguards. This can be achieved by having compulsory milestones or steps during the engagement of expertise and contractors, through monitoring and completion of construction in the minor residential unit process. Key milestones such as:
 - a. Compulsory project information memorandums;
 - b. Compulsory contract for licensed building practitioners for design, building, plumbing, waterproofing wet areas, and insulation;
 - c. Compliance statements for design and at the end of all contracts;
 - d. Requiring works to be done by licensed building practitioners or individuals to ensure there is accountability in the cases where a company folds and disappears upon completion of works.
34. An adaptation of s401A *Regulations: building consents and consent completion certificates* could be an option for the MRU exception, with simple residential construction options or a reintroduction of the Simple House Acceptable Solution.

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

Question 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?

35. Removing the requirement for a building consent does not streamline the process; it shifts the responsibility usually assumed by building consent authorities to either the homeowner, or licensed building practitioners on behalf of the homeowners who should not have to hold this responsibility. The proposal should focus on making it easier to build MRU, not shifting around the responsibility.
36. Occupational licensing regimes are not sufficient for work to be done at a level where building consent officer oversight is not required. The Council has high rates of requests for information and high rates of inspection failure; in May 2024, Wellington City had a 34% inspection failure rate. The skill gap is particularly apparent with licensed building practitioner's low level of understanding of building science and the effects of getting insulation, ventilation, and moisture management wrong. Builders and designers often rely on the expertise of building consent officers, and plumbers and drainlayers often do not have a scheme to certify their works without building consent officer oversight.
37. Homeowners are not experts in the Building Code and its implications, so they are not well suited to oversee building to the standard required by the Code, such as adequately conducting testing of works. Without building consent officer oversight and Building Code requirements, homeowners do not have protection from poor workmanship and there will likely be poor outcomes and costs for homeowners and tenants alike. This liability being assumed by homeowners, with little mitigation for the risk of defects risks compromising the outcome of the reform through the loss of confidence in the construction market (as was seen during the weather tight homes era) with resulting impacts on investment decisions.

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

Question 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?

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

38. The costs and time associated with building consents are not the limiting factor in the number of minor residential units being built. As noted earlier, building consent fees are approximately 2% of the overall cost of buildings around 60m², without accounting for the value a building consent brings to a property and the costs that lacking one brings about.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

Building consents have a statutory timeframe of 20 working days. Consents for simple constructions like MRU will be granted well within that timeframe.

39. The biggest drivers of MRU building costs (excluding land prices) are slow uptake of prefabrication, high designer and builder fees, and excessive cost of building materials. Licensed building practitioners will also seek higher fees under these proposals, as they will be assuming more responsibility over risk in the absence of a building consent officer's oversight.
40. Building consents provide significant value for owners, both in terms of insurance and the assurances they provide. Without the assurances proven by a building consent certificate, insurers may refuse to insure the buildings or significantly increase premiums. This will likely price homeowners out of insurance and create significant barriers to receive financial assistance from banks. A code compliance certificate also provides assurance that the build is compliant with the Building Code. In its absence, homeowners take on costs for surveyors and engineers required to prove the safety and reliability of the building. If the building has any issues during the construction, homeowners often assume this cost as builders and designers can deny liability and sometimes dissolve their companies to absolve themselves of liability.
41. Removing the requirement for a building consent for minor residential units will remove assurances provided through building consent officer oversight. This will increase costs, add unnecessary responsibility for homeowners, and put liability in the hands of the building industry who are not positioned to hold it. This erodes the consumer protections put in place by successive governments since the enactment of the Building Act in 2004, and any proposal needs to include sufficient safeguards. This also risks issues of housing quality becoming an overall impediment to housing supply, as was seen with the loss of market confidence and issues stemming from weathertight homes.

RESOURCE MANAGEMENT SYSTEM PROPOSAL

Question 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?

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

42. Council has a number of concerns about the establishment, ownership, and subdivision of MRU built under this policy proposal.
43. MRUs are, by definition, ancillary to the principal unit and held in common ownership, and are managed under that assumption. The Council is concerned these proposals will change this. There is a high likelihood that once MRUs are built, they will eventually over time be subdivided and sold. This can cause problems, including complications with retrospectively

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

consenting around an established dwelling, such as infrastructure and service connections, intrusion into each others' outdoor spaces, legal access and emergency services access.

44. These problems are exacerbated by a cycle of an MRU being built, subdivided off to be a principal dwelling unit, with the potential for another MRU to then be built.
45. The Council considers that any future national direction and communications on MRUs needs to be clear that MRUs will need to comply with the requirements of the District Plan should they wish to subdivide in the future. It is important that this information is provided upfront so that homeowners are aware of the requirements and can avoid retrospective costs and remedial works to achieve compliance.
46. The Council seeks clarification on whether there is any check that the principal residential unit has been lawfully established. The onus of this requirement should be borne by the landowner commissioning the works.
47. The Council supports in principle that the proposals only apply to MRU and not accessory buildings, extensions or alterations to MRU, or attached self-contained dwellings.

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

Residential zones

48. In Tier 1 local authorities like Wellington City, the NPS-UD and MDRS already permits up to 3 dwelling units per site – including any granny flat(s). The District Plan already enables granny flats and small houses to be built without resource consent, subject to some bulk and location standards. Council considers that the District Plan more effectively enables granny flats and other housing choice options with better outcomes than the policy proposal.
49. The NPS-UD includes development criteria tailored for Tier 1, 2, and 3 local authorities, which aim to mitigate the unintended consequences of underdevelopment. The introduction of an MRU NES would conflate the outcomes sought to be enabled through the NPS-UD. It would be a perverse scenario to introduce regulation that encourages a single MRU when existing regulation under the MDRS permits up to 3 dwelling units per site. This scenario may inadvertently reduce housing density in certain areas.
50. Council considers that an MRU NES would add complexity and bureaucracy to a planning environment where infill development is already being encouraged and supported through provisions in District Plans. Many newer District Plans already enable MRUs including through the MDRS and application of the NPS-UD. For Tier 1 local authorities, Council considers there are better realisable outcomes under the existing regulatory environment in terms of enabling housing and housing choice compared to the policy proposal.
51. The Council has concerns that this policy is proposed to apply across New Zealand without distinction between different urban environments.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

52. The National Planning Standards established a hierarchy of residential zones – ranging from large lot residential through to low, medium and high density residential zones, as well as the general residential zone. The distinction between these zones is apparent through their naming convention and description. For example, the High Density Residential Zone is defined as *‘areas used predominantly for residential activities with high concentration and bulk of buildings, such as apartments, and other compatible activities.’* High Density Residential Zones enable more efficient intensive housing provision through appropriate objectives, policies, rules and standards.

53. The Wellington City 2024 District Plan aligns with the NPS-UD and the National Planning Standards. Its provisions enable compact urban form and efficient use of residential land. By way of example is Objective 2 of the High Density Residential Zone:

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

HRZ-O2 Efficient use of land

Land within the High Density Residential Zone is used efficiently for residential development that:

- a. Increases housing supply and choice;*
 - b. May be of a greater density and scale than the Medium Density Residential Zone;*
and
 - c. Contributes to a more intensive high-density urban living environment.*
54. While MRUs may be already allowed in Wellington City's residential zones, they are enabled in different ways based on the density of the urban environment. In medium and high density residential zones, additional residential units are best managed through permitted MDRS and resource consents for multi-unit housing. Tier 1 cities have provisions to enable the efficient use of land for residential and mixed uses – particularly those areas located along key transport routes.
55. However, the Council acknowledges that for Tier 2 and Tier 3 local authorities there may be benefit to the policy proposal. Separate MRU rules in an NES may be appropriate in a general residential zone within a provincial town.
56. Council therefore seeks that consideration is given to distinguishing between the hierarchy of residential zones set out in the National Planning Standards.
57. If an MRU NES were to apply to residential zones, the Council considers that:
- a. For residential zones, the restrictions should mirror that of the underlying zoning. For instance, if the site is located in MDRS, site coverage and setback standards for a certain zone should be the same as that zone.
 - b. There needs to be consideration of other activity standards. For instance, if there is a residential activity standard pertaining to access, and the site contains a defective/non-compliant access, then there should be an avenue for such a consent to be triggered.

Rural zones

58. The Council anticipates challenges with granny flats on rural properties concerning land use, rural amenity, and reverse sensitivity issues. The proposed permitted framework for MRUs does not align with rural lifestyles, and it is likely that some councils will face significant pressure to accommodate housing on rural lots, potentially undermining district plan zoning.
59. Council considers that MRU in rural environments are better managed through resource consent conditions consistent with Rural Zone objectives and policies rather than a permitted pathway.
60. Council is not supportive of the policy proposal applying to rural zones for the following reasons:

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

- a. The rural environment is often not anticipated to be an area of growth, and many District Plans discourage further residential development and fragmentation in such areas where infrastructure is not available to support it. The proposed permitted MRU standards will not only provide for additional development potential, but will also generate an expectation that is used to justify additional development or subdivision through a permitted baseline type argument.
 - b. Lack of consistency with other planning documents, including NPS for Highly Productive Land. Depending on what is proposed (and where), the construction of an MRU in rural areas could be used to justify an outcome that is at odds with the NPS-HPL.
 - c. Rural zones often have constraints when it comes to transport networks, servicing, and natural hazards. In particular, the resource consent process is generally where these matters are assessed (septic tank, rural firefighting water storage, slip-prone land, etc). If this avenue is removed, these issues and risks may not be managed.
 - d. Rural zones are often subject to other controls (e.g. outstanding landscapes, significant natural areas, riparian setbacks, limited access roads) in District Plans, further reinforcing the planning complexities that apply to such zones. Some rural zones use a resource consent process to manage visual/rural character impacts through controls on building colours, setback, planting.
61. If the government decides to permit MRUs in the rural environment, the Council recommends that there be a maximum separation distance from the principal household unit. This may support MRUs to remain ancillary to the principal household unit, and could limit sporadic urban spread and fragmentation of the rural environment.

Question 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?

62. Council is strongly of the view that the policy should not apply to any zones where development is restricted. The purpose of zones is to separate incompatible activities and land uses. It would not be appropriate to permit MRUs in zones where residential activities are discouraged or avoided, for example within industrial zones.
63. The proposal does not address the potential 'reverse sensitivity' effects of new MRUs establishing next to regionally significant infrastructure (such as airports, highways, and rail corridors) or more intensive land uses (such as quarries). District Plans generally manage reverse sensitivity through setbacks from infrastructure corridors or noise contours. It is unclear how the policy proposal would address zone interface and reverse sensitivity effects without relevant resource consent triggers applying.
64. Council also does not support the policy applying to commercial or centres zones where there is generally an intent for a higher density of development including for mixed use activities. By way of example, it would be inappropriate to permit granny flats in the Wellington City Centre Zone given that such a low density would undermine and be contrary to the purpose of the zone and its standards (e.g. minimum six stories) with the potential for outcomes contrary to the zone's objectives.

Question 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?

65. The Council strongly supports that the policy proposal does not override district plan provisions relating to section 6 matters and use of MRU. It is crucial that district plans continue to manage these important risks and values through overlay provisions.
66. Councils underlying issue is that the presence of an MRU NES will likely make the regulatory process for MRU more complicated, confusing, and risks enforcement where landowners unwittingly miss regulatory assessments. The proposed benefits of an MRU NES will likely be diminished because it will still be necessary to check district plan (and in some cases regional plan) restrictions. Meeting the requirements of the NES will not be a guarantee that a “granny flat” can proceed without a resource consent.
67. If an MRU NES were to proceed, it is important that homeowners are aware of regional and district plan requirements. Councils concern is that homeowners who construct an MRU and later seek to subdivide will be unaware of subdivision requirements resulting in inflated remedial costs associated with retrospectively complying with legal access and servicing requirements. In some scenarios it may be impossible to achieve compliance with subdivision standards where for example sufficient firefighting access and water pressure is not available.
68. While the proposal makes it clear that subdivision will still require a consent, and require assessment under the relevant rules and standards, the presence of a building substantially changes the existing environment, and what could reasonably be built/subdivided.
69. The policy proposal ultimately creates a false impression that granny flats are permitted everywhere and anywhere. Whereas many district and regional plan rules will continue to be relevant and require resource consent: natural hazards, heritage, outstanding natural landscapes, transport, noise, among other matters. It is therefore the Council’s preference that the regulation of MRU be retained as a District Plan function.

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

70. Council is of the view that the very matters which the MRU NES proposal would seek to circumvent, are those matters which should be out of scope i.e. the district plan should prevail.
71. The Councils key concern with the proposal is that it undermines the district plan’s controls and processes without enabling more housing supply in practice. It would result in conflicting provisions where a 60m² secondary dwelling would not need to comply with the district plan, but other buildings of the same or similar size (including a primary dwelling) would have to comply.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

72. Exempting MRUs from certain district plan rules negates the purpose of urban and environmental planning. Without equitable rules, there is a risk of diminished compliance over time, compromising the regulatory authority of councils.
73. Many district plans already enable MRUs as a permitted activity, including through the MDRS and application of the NPS-UD. In locations they are not permitted, there are usually good reasons why with constraints and risks to be assessed.
74. By way of example - district plans manage proximity to gas transmission pipelines and the national grid. MRUs should not be permitted in such a location and circumvent restrictions near this type of infrastructure when controls are in place for other buildings to protect inappropriate development. The trigger for this assessment is via the district plan. The presence of an NES MRU may inadvertently lead homeowners to bypass or unwittingly miss regulatory assessments.
75. Council is strongly of the view that district plan rules about connections to three waters infrastructure be out of scope of any NES MRU.
76. Council considers that there would be a fundamental issue with permitting MRUs without any requirements or checks for three water connections. The issue falls into two categories:
 - a. Safety, sanitary, and hygiene concerns
 - b. Capacity and costs for infrastructure
77. The first issue is categorised by the potential for detrimental effects on the health of people, the community, and the environment. Without sufficient checks and balances there is real concern for contamination.
78. An NES MRU could require three water connections, but without inspections and sign offs there is high risk that wastewater is being discharged into stormwater or into the environment either by mistake, by low competence, or deliberately for cost-saving. Without the need for building consent there is no requirement or check that infrastructure is properly installed, connected or operational.
79. The second issue is capacity. Building consent is generally the trigger for a record of connections. It is also a process through which network planning, monitoring, and modelling of capacity requirements can be undertaken. This is crucial for infrastructure planning. Without this important aspect there is potential for detrimental implications on the network – insufficient water supply, lack of resilience, pipes overcapacity, and flooding.
80. Both of these concerns are issues not just for the current and future occupants of the MRU, but have the potential to cause issues for direct neighbours and impact entire networks.
81. The solution to these potential problems is the very thing that the policy proposal seeks to remove – the need for building consent and/or resource consent.

82. It is important that the public understand what level of services are required – or be prepared to retrospectively make any fixes later if subdivision is undertaken. For example, if a homeowner were to build a MRU which relies on/is connected to the principal dwelling, but in the future the MRU were to be subdivided off or no longer held in common ownership, it would be imperative to have separate service connections to each dwelling.
83. Council strongly recommends that district plan chapters which manage three water connections remain out of scope of the policy proposal. Given that different localities have different water entities and network constraints it is not possible to successfully address three water requirements through permitted activity standards.

Question 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?

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

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

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

Question 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?

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

84. For Wellington City, Council considers that Option 1 – status quo is the best option.
85. For Tier 1 local authorities like Wellington City, the NPS-UD and MDRS already permit up to 3 dwelling units per site – including any MRUs. The Wellington City 2024 District Plan already more effectively enables “granny flats” and other housing choice options with better outcomes than the policy proposal. In this sense, district plan provisions are already more enabling than the proposed MRU NES.
86. As the consultation document sets out, many district plans manage MRU through permitted activity standards. This is the case under the Wellington City 2024 District Plan. Its Medium Density Residential Zone has similar permitted activity standards to what is being proposed, including 50% building coverage, 30% permeable surface, 1.5m front boundary, 1m side and rear boundaries (Option A of the proposal for setbacks). Where standards are not met, development could still occur via a resource consent process to manage any risks or effects.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

87. Wellington's Medium Density Residential Zone also has permitted activity standards for minimum outdoor living space and outlook space. Council considers that without these permitted activity standards there is potential for poor quality housing outcomes. It is important that reasonable privacy is provided between dwellings and that there is some provision for private outdoor space to accommodate the reasonable servicing and practical needs of a household unit including waste storage/disposal.
88. The proposal's preference for an NES with rules and standards that permit MRUs would likely create additional complexity and confusion over time where district plans contain rules and consent thresholds for all dwellings, yet the NES has a different set of provisions for one type of dwelling.
89. It is not clear how the NES MRU standards would sit alongside other rules and standards in district plans (beyond section 6 RMA matters which have been identified as out of scope). In particular:
 - a. Earthworks and vegetation clearance rules
 - b. Noise sensitive zones/standards (i.e. airport, noise or transport corridor overlays)
 - c. Transport and access standards.
90. As a better alternative to the proposed MRU NES, Council suggests that there may be benefit in adding a maximum floor area (60 m²) to the National Planning Standards definition of MRU. This would provide standardisation and consistency across New Zealand while allowing district plans to continue to manage constraints unique to each locality such as natural hazards, character and amenity, access and service connections, among other matters.
91. The National Planning Standards could also require all district plans to enable MRU in residential zones if these zone rules only allow one house per lot as permitted. Most councils would already meet such a requirement. This would set a minimum requirement across the country to enable MRUs, but would allow the councils to meet and exceed the minimum requirement in a way that integrates with their district plan content and the different densities of residential zones.

LOCAL GOVERNMENT INFRASTRUCTURE FUNDING

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

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

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

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

92. A key part of the problem definition in the consultation document is the cost of building consent fees and resource consent fees. The Council is therefore somewhat perplexed by the proposal to introduce a Permitted Activity Notice (PAN) or tool similar to a Project Information Memorandum (PIM) with likely near-equivalent associated administrative charges. In fact, establishing a new regulatory tool and process is likely to incur additional costs for the Council, especially during initial development and implementation.
93. Under either of the proposed notification and funding options, there will be an administrative cost associated in applying for either a PAN or PIM. It is therefore almost inconsequential in addressing the problem definition sought to be addressed by the policy proposal.
94. As evident in Appendix 3 of the consultation document – the risks/costs of the PAN tool significantly outweigh the benefits.
95. Council also has concerns with the PIM tool given that it would appear to solely be a notification tool to create a record of the building with limited oversight or checks that building work has been done to a suitable standard. This has implications for liability and enforcement particularly if there is an exception that councils retain functions under the Building Act including managing dangerous or insanitary buildings.
96. Under both options, while the onus is on the landowner to advise the Council, there is a very real likelihood that this will not occur, for the following reasons:
- a. The risk of non-compliant building works occurring
 - b. The impact on Council rates (based on the increased household-equivalent units on-site)
 - c. The development contributions/financial contributions to be levied
97. Both the PAN and PIM tools have been proposed as a means to create a council record of a new MRU. However, building consents and resource consent processes already provide for this.
98. More importantly, these existing processes also trigger the ability for councils to charge development contributions to help pay for the increased demand the new MRU has on the infrastructure that it provides.
99. Infrastructure is poorly funded throughout New Zealand. It is important that sufficient infrastructure capacity is available to provide for the growth sought by this proposal. This issue will be compounded if new small, detached dwellings do not financially contribute to the services they connect to. Like other land uses, MRU should contribute to the funding of infrastructure they use.
100. Relevant network utility operators should be notified and retain the ability to approve connections to services. If the proposal is seeking to provide assurances to future homeowners, banks and insurers then this oversight is necessary. In the absence of the oversight of the works through an approval, network utility operators will not be able to provide those assurances. Requiring notification will also ensure that network utility

operators know when and where connections are being made, so that they can appropriately manage those assets.

101. Without oversight, poor works such as cross connections lead to overstretched capacity and contaminated overflow into streams during rain events. Many of the infringements here in Wellington City fall on the Council and Wellington Water, and ultimately increase costs for ratepayers who are already experiencing significant rates increases.
102. Council considers whether other existing tools or mechanisms could be used or modified. Perhaps most pertinent - a certificate of compliance (CoC) which shows that a project is a permitted activity in a particular area and does not need a resource consent. A certificate of compliance can be useful for insurance purposes, or to provide certainty to prospective buyers. If there was uncertainty about whether or not a resource consent was needed, it may also ensure that building consents or other permissions are not held up later.
103. Overall, Council has significant concerns as to how councils would collect development contributions arising from permitted development under the policy proposal, and requirements around notification and record keeping of MRU.
104. Council is therefore of the view that for local government infrastructure funding for MRUs, the best option is to keep the status quo mechanisms – along with any new funding sources the government may propose in its Going for Housing Growth policy stable. Council strongly believes that new MRUs should contribute to the cost of Council infrastructure.
105. Council acknowledges and supports broader work on infrastructure funding and financing (including on development contributions) being considered as part of the Government's Going for Housing Growth work programme.

MĀORI LAND, PAKĀINGA AND KAUMĀTUA HOUSING

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

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

106. Council acknowledges the potential benefits of the granny flats proposal for papakāinga and kaumātua housing.
107. The broader challenges to building and development on Māori land lay beyond the building and resource management systems. Barriers include a requirement to obtain a Māori Land Court order to use or occupy Māori freehold land, access to finance and the lack of infrastructure, which are not in scope of these proposals but need to be addressed.
108. The Council are supportive of a wider response to address regulatory and consenting barriers to Māori housing outcomes. This policy proposal, and more targeted national

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

direction under the RMA to enable papakāinga (expected later in 2024), will be valuable to support Māori housing outcomes.

109. The Council is in the process of a developing a Te Ao Māori Plan Change which will also consider papakāinga and kaumātua housing.

Further information and opportunity to present this submission

110. The Council would like to present these points in person.
111. For information and scheduling, please contact Michael Duindam, Manager District Planning (michael.duindam@wcc.govt.nz) in the first instance.
112. The Council acknowledges its mana whenua partners Taranaki Whānui ki te Upoko o te Ika, Te Rūnanga o Toa Rangatira and Te Rūnanganui o Te Āti Awa ki te Upoko o Te Ika a Māui, and commends any submission these authorities make on this proposal.

Wellington City Council

PO Box 2199
Wellington 6140
New Zealand

Phone +64 4 499 4444
Fax +64 4 801 3138
Wellington.govt.nz

DECISION REGISTER UPDATES AND UPCOMING REPORTS

Kōrero taunaki | Summary of considerations

Purpose

1. This report provides an update on which previous decisions have been implemented and which are still outstanding. It also provides a list of items scheduled to be considered at the next two meetings (hui).

Why this report is being considered

2. This report is considered at every ordinary meeting and assists in monitoring progress on previous decisions and planning for future meetings.

Taunakitanga | Officers' Recommendations

Officers recommend the following motion:

That the Kōrau Tūāpapa | Environment and Infrastructure Committee:

1. Receive the information.

Author	Tian Daniels, Democracy Advisor
Authoriser	Jennifer Parker, Manager of Governance and Democracy Services Liam Hodgetts, Chief Planning Officer

Whakarāpopoto | Executive Summary

Decision register updates

3. A full list of decisions, with a status and staff comments, is available at all times on the Council website. Decisions where work is still in progress, or was completed since the last version of this report can be viewed at this link: [Council meetings decision register \(wellington.govt.nz\)](https://www.wellington.govt.nz/council-meetings/decision-register).
4. If members have questions about specific resolutions, the best place to ask is through the written Q&A process.
5. This body passed 14 resolutions at the last meeting:
 - 11 are complete and 3 are still in progress.
6. 204 in progress resolutions were carried forward from previous reports:
 - 128 are now complete and 76 are still in progress.

Upcoming reports

7. The following items are scheduled to go to the next two hui:
8. Rāpare, 12 Mahuru 2024 (Thursday, 12 September 2024)
 - Half Cost Path Policy Review 2024.
 - District Plan Report Back and Work Programming.
 - Parklet Programme.Rāpare, 17 Whiringa-ā-nuku 2024 (Thursday, 17 October 2024)
 - No items currently scheduled.

Takenga mai | Background

9. The purpose of the decisions register is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. A resolution could be made to receive a full update report on an item, if desired.
10. Resolutions from relevant decision-making bodies in previous trienniums are also included.
11. Elected members are able to view public excluded clauses on the Council website: <https://meetings.wellington.govt.nz/your-council/decision-register?CalendarYear=last12Months>.
12. The upcoming reports list is subject to change on a regular basis.

Attachments

Nil