

"Granny Flat" Green Light

The Coalition Government is amending the Building Act 2004 and introducing a new National Environmental Standard (NES) to enable standalone dwellings up to 70 square metres to be constructed without building or resource consent in rural and residential zones. By cutting the red tape, the Government hopes to facilitate more affordable and diverse housing options and to encourage a more efficient construction process.

Background

In New Zealand, new housing is primarily regulated by two statutes:

1. The Building Act 2004 (**Building Act**) - establishes rules for the construction, alteration and demolition of new and existing buildings; and
2. The Resource Management Act 1991 (**RMA**) - sets out rules for managing land use and environmental effects.

"Granny flats" currently require building consent under the Building Act. Depending on the rules in the relevant planning instruments, they often also require resource consent under the RMA. These consenting processes can be time-consuming, expensive and sometimes unsuccessful and have arguably represented a significant barrier to increasing the availability of simple, standalone dwellings.

"Granny Flat" changes

The Coalition Government has announced the following changes to introduce building and resource consent

exemptions for simple, standalone dwellings of up to 70 square metres in size:

- A building consent exemption for the construction of a "granny flat" up to 70 square metres provided that:
 - The "granny flat" meets the Building Code as constructed (or supervised) by suitably competent, regulated professional, such as Licensed Building Practitioners and authorised plumbers;
 - The "granny flat" is new, standalone, detached and single storey (up to 4m high);
 - Homeowners notify their local council before they commence building and once it is completed; and
 - The distance to the boundary or any other building is not closer than the measure of the building's own height.
- A new NES to allow for the construction of a 'minor residential unit' (**MRU**) without the need for resource consent. The NES will set out permitted rules and standards and councils will not be required to undertake plan changes to implement the changes. The MRU will be required to be ancillary to and held in common ownership with the principal residential unit on the same site. It will also be required to meet certain design standards including:
 - 70 square metres of maximum internal floor area, measured to the inside of the enclosing walls or columns.
 - One MRU per principal residential unit on the same site.
 - Maximum building coverage:
 - Residential zones: a range of maximum percentages from 50% – 70% is proposed.
 - Rural zones: no maximum.

"Granny Flat" Green Light (Continued)

- Minimum permeable surface area: either 20% or 30%.
- Minimum boundary setbacks:

The changes seek to deliver on the National and NZ First [coalition agreement](#) policy to make building "granny flats" easier and to respond to consultation undertaken the Ministry of Business, Innovation and Employment (**MBIE**) and the Ministry for the Environment (**MfE**) last year. MBIE's [summary of submissions](#) found:

- Over 50% of submitters agreed with the proposed changes.
- Homeowners generally agreed that existing council processes were too onerous. However, there were also concerns around managing building risks with the removal of council oversight.
- Industry and council submitters were concerned the proposed changes would not increase the availability of affordable housing as consenting costs make up only a fraction of building costs.
- Councils were not supportive of being able to build granny flats without some form of building consent. They pointed to residential inspection failures as evidence of building failure risks and having to manage the impacts of poor-quality building after construction.

Other considerations

MBIE's discussion document proposes that wider matters of national importance including outstanding natural features and landscapes, and historic heritage will not be managed through the new framework. These rules will remain relevant under district plans and the policy proposal will not override such provisions.

In areas like Queenstown where 96% of the district falls under the ONL overlay in which all buildings require resource consent, these changes will have a lesser effect overall than in the non-urban zones. The government has not commented on how they will approach these types of situations and protections.

The requirement to notify local authorities is particularly important, as it will trigger the payment of development contributions to help to fund the cost of increased demand on infrastructure such as transport and water supplies.

It is unclear how the proposed NES will interact with property rights and restrictions such as consent notices and private covenants that prevent further building on a site. If these instruments override the NES permitted provisions, this risks undermining the government's intended purpose of the changes, as amending consent notices will still require resource consent (with a discretionary activity status).

The Coalition Government will need to be careful to ensure a balance between enabling housing growth and managing risks. Innovative solutions will be required in places like the Queenstown Lakes District where many dwellings sit empty for much of the year or are repurposed as short-term visitor accommodation like Airbnb. This policy change raises a crucial question: will permitting "granny flats" actually increase the availability of housing or will it merely inflate property values and prompt a surge in Airbnb listings?

Timing

The Government has indicated the Building Act amendments will be in place by the middle of this year and that the accompanying NES will be effective by the end of 2025. These changes will only apply to new granny flats and will not apply retrospectively. This means that landowners should hold off on commencing construction until the legislation comes into effect.

Want to know more?

If you have any questions about the proposed "granny flat" changes, please contact our specialist [resource management team](#).