



**Registered Master Builders Association
of New Zealand**

Submission

**Taupō District Council
Draft Long-term Plan 2024-34**

July 2024

About RMBA

The RMBA represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Building and construction is the country's third largest contributor to GDP, \$17 billion per annum. The sector is the 3rd largest employer in New Zealand employing 308,500 people representing over 10% of New Zealand's labour force. The sector is a key contributor to the New Zealand economy, with every \$1 million spent on house building supporting \$2.6 million across the wider economy. We are working hard to lead the change our sector needs.

We are proud to be New Zealand's best builders and that the Master Builders brand remains synonymous with quality. The building community is entwined in our social fabric – building the homes, schools, hospital and other facilities where life happens right across New Zealand

At Master Builders we are committed to transforming the sector and lifting economic outcomes. by building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are accessible and affordable to ultimately build a better New Zealand. Indeed, Central Government has singled out "housing affordability" as arguably the single most pressing economic, social and cultural problem it is faced with. As an Association representing the full spectrum of residential and commercial members we certainly want to be part of efforts to make home ownership accessible and affordable for all.

Introduction

The Registered Master Builders Association (RMBA) appreciates the opportunity to provide feedback on the Taupō District Council's (TDC) Draft Long-term Plan 2024-34, as invited in a letter from the Environmental Services Team dated 14 June 2024. However, we have concerns regarding the proposed increase in building and resource consent fees, which we believe to be excessive.

Rationale for Proposed Fee Increases

The draft plan proposes a 25% increase in most building and resource consent fees. The letter from the Environmental Services Team refers to "fairness" and cites the need for service users to contribute to the costs of these services and facilities. The rationale outlined to us in the letter is to reduce the financial burden on the wider community, particularly those who do not directly use these services. Additionally, it suggests that those who benefit from building or improvements should bear the cost.

We find it challenging to align this rationale with the significant fee increases. New homes and house improvements do benefit the wider community, including renters, by providing better quality housing and often more space to accommodate people, at a time when there is a housing shortage in New Zealand. Homeowners may benefit from increased equity, but the TDC also benefits from increased rating valuations, which contributes to revenue to fund services, maintenance, facilities, and infrastructure that benefit everyone. Therefore, the argument that the wider community currently bears the entire cost through rates overlooks broader benefits, given that fees are already paid for these services by direct users such as builders and homeowners.

Cost Recovery and Calculation of Increases

While RMBA understands the need to cover service costs, we request a detailed breakdown of these costs. The proposed increases averages 29% for building consent fees and 26-27% for resource consent fees, with some residential inspection fees alarmingly rising by 69%. These services are frequently used by building and construction companies to progress key stages of a build.

Our members question the basis for these proposed increases. Justifying an average increase of nearly 30%, and up to 70% in some cases is difficult given annual inflation rates of 4-7%, and a

3.3% increase in building costs over the past year. An increase aligned with inflation, around 5%, would be more reasonable. The sharp increase raises questions why building consent fees were not periodically adjusted to match service costs increases over time.

We also expect any fee increase to be accompanied by corresponding improvements in service delivery. There are doubts that significant fee increases will lead to better service quality. While TDC Building Consenting Authority data indicates that 85.6% of building consents and 93.5% of Code Compliance Certificates are processed within statutory timeframes, this does not necessarily reflect the experience of RMBA members in the region. Members including those with extensive and proven building experience often receive late requests for additional information during the initial 20 working days, which “stops the clock” and affects the total processing time for consents. Publicly reported data may not accurately reflect these delays.

Housing Affordability

Housing affordability remains a major issue in the region, as noted in the LTP. Despite a modest 0.2% decrease in average house prices over the past quarter, the average house value is still \$839,620, with upper-end prices of around \$1.4 million. Prices are growing annually by 1.5%.

We question how the proposed fee increases for building and resource consents will address housing affordability and the housing crisis mentioned in the LTP. Increased fees for new builds cannot simply be absorbed by home builders; they will invariably be passed on to prospective homeowners and renters, making it harder to offer affordable housing and rental accommodation.

Partnering to Provide Quality First Home Options to Working Families

We support, in-principle, the need to partner with the construction sector but require more information and transparency about how this would work in practice and what the procurement process will be to select the development partner.

Partnering with a single developer to provide quality first home options carries risks that are not adequately explored in the LTP. For instance, what would happen if the Development Partner cannot continue due to reasons, such as receivership or liquidation? The scope to offer affordable housing and accommodation could be undermined by development, sales, and marketing costs ultimately being passed onto the homeowner and tenants.

The lack of competition from taking this approach noted in the LTP is a concern, as is the lack of choice for prospective homeowners who may not necessarily want to work with the selected developer.

Accordingly, the selection process for the development partner or partners is crucial. It will be important the RFP or EOI process is open to building companies and developers.

Conclusion

We understand the need for TDC to cover service costs, but we urge reconsideration of the proposed fee increases. A more reasonable increase aligned with inflation, coupled with transparency in cost breakdown and improvements in service delivery, would be more acceptable. Addressing the housing shortage is essential for attracting and retaining talent, which is vital for the region's economic health and sustainability.

The RMBA looks forward to continued collaboration with TDC to ensure the needs of the building sector and the wider community are effectively met.

Branch Executive

Registered Master Builders Association

Taupo