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### **NZGBC submission Contributions Policy 2022 variation A**

- 1 Thank you for the opportunity to make a submission on Draft Contributions Policy 2022 Variation A.
- 2 We are the New Zealand Green Building Council (NZGBC) and we represent 700 construction sector organisations and companies who believe in a better built Aotearoa. We advocate for regulatory and industry-wide change, provide independent and trusted certification, in order to support New Zealand on its path to a low carbon future. We also administer the Homestar and Green Star rating systems on behalf of the industry and the NABERSNZ building efficiency standard on behalf of central Government.
- 3 We ask that Council treat this review of development contributions as an opportunity encourage and facilitate green building and low carbon approaches, and in doing so take an approach that will incorporate principles and policy from the Auckland Council Climate Action Plan and related strategic directions.
- 4 Using development contributions in a sophisticated way as proposed will encourage the building of low-emission, energy efficient homes that will help Auckland towards its carbon goals and reduce living costs for families, and will further enable Council to live up to its 2019 declaration of a climate emergency.
- 5 The key focus of our submission is that Council should include strong incentives in its development contributions policy to promote building of homes with high energy efficiency and sustainability standards, including as measured through the Homestar rating system or other similar systems.

### **It is imperative that we reduce emissions from new homes**

- 6 We are in a climate emergency. Flooding and extreme weather are increasingly impacting on property. These impacts are well accepted and only set to grow. Parts of Auckland will be significantly impacted by these events.
- 7 The Intergovernmental Panel on Climate Change state that all sectors should go as fast as possible with every decision in every sector to decarbonise as fast as possible.

- 8 The built environment makes up 20% of New Zealand's emissions. It also has considerable impacts health and well being, on waste to landfill, on water consumption and resilience to climate change.
- 9 New Zealand is committed to carbon neutrality by 2050, and both Parliament and Auckland Council have declared climate emergencies. Obviously the 30 year infrastructure demand assessments conducted by Council as a part of developing this policy sit right alongside this 2050 target (which is also 30 years away). We do not consider it is open to Council to ignore it's climate commitments and policy when putting in place this development contributions policy.
- 10 The Council has set a target 'to reduce our greenhouse gas emissions by 50% by 2030 and achieve net zero emissions by 2050'. With operational energy use in residential and commercial buildings accounting for over 10% of Auckland's total emission, according to the Auckland Climate Plan, more energy efficient/less carbon intensive buildings are a vital part of the solution.
- 11 Auckland Council estimates that 313,000 new homes will be built in the city by 2050 but the Building Code is not currently adequate for housing to meet New Zealand's climate goals. Recent [BRANZ research](#) has found "new-built dwellings exceed their 1.5 °C climate targets by a factor of 6.7, 6.8 and 10.9 for detached, medium-density housing, and apartments respectively." Construction and demolition waste currently account for 50% of Auckland's total waste stream, contributing to emissions.
- 12 Action area B5 of the Auckland Climate Plan is "Accelerate the uptake of sustainable design and construction for new buildings" including tools to encourage sustainable design and construction. There is a real opportunity here for Council to seek to incorporate tools in this development contribution policy to encourage developers to include sustainable design and construction approaches into their plans for all of these new homes.

### **Auckland plan 2050**

- 13 The development contributions policy clearly references the Auckland Plan 2050 as being a touchstone for the approaches being proposed. However NZGBC considers it is not open to Council, when developing this development contributions policy to only take heed of certain parts of the Auckland Plan 2050. The following outcomes, directions and focus areas have not been recognised or provided for in the proposed new development contributions policy - variation A:
  - Homes and places / Ngā kāinga me ngā wāhi haere noa
    - Directions 1-3
    - Focus areas 1, 3, 5
  - Environment and Cultural Heritage / Te taiao me ngā tikanga ā-iwi tuku iho, including:

- Directions 1-4
- Focus areas 1, 3, 4 and 6.

14 Of particular note are the statements in the Auckland Plan 2050 that seek to:

- Ensure that the quality of existing housing is improved significantly. This is fundamental to our health and wellbeing and to our ability to reduce carbon emissions. (Homes and places outcome, focus area 3 Improve the built quality of existing dwellings, particularly rental housing)
- Reduce building emissions, and embed good design in all developments and new housing (Homes and places outcome, direction 1 Develop a quality compact urban form to accommodate Auckland's growth and support a low carbon future)
- Ensure that Auckland's housing is well-designed and constructed with quality and sustainability as foremost considerations. This is stated to be critical for better liveability, health and climate outcomes. (Homes and places outcome, direction 2 Accelerate the construction of quality homes that meet Aucklanders' changing needs and preferences)
- Put the right support mechanisms in place for the development and construction sectors to raise their productivity and make use of new, innovative and sustainable building methods and materials to ensure that quality housing is built and delivered at greater speed. (Homes and places outcome, focus area 1 Accelerate quality development at scale that improves housing choices)
- Encourage all Aucklanders to be good environmental stewards and make sustainable choices, including with specific reference to considering the products we use to construct and maintain our buildings (Environmental and Heritage Outcome, focus area 6).

15 The most appropriate method to recognise and provide for all of these stated outcomes, directions and focus areas in the Auckland Plan 2050, is ensure that tools are included in the development contributions policy which facilitate low impact building approaches and designs of the type that NZGBC advocates for.

16 Given the central reliance on, and numerous references to, the Auckland Plan 2050, the Council must make provision for these outcomes in it's new development contributions policy and subsequent variations.

### **Incentivising sustainable building through Development Contributions**

17 Strong leadership is needed to encourage the increased adoption of sustainable building approaches and designs. Development Contributions are a powerful tool because they are paid by the developers and builders making choices about the design of the housing they build.

- 18 Given the Council's strong commitment to reducing emissions, as laid out in the Auckland Climate Plan, and the Government's similarly strong commitment in the Emissions Reduction Plan, we are surprised that consideration of buildings' energy efficiency and emissions are not included anywhere in the proposed Development Contribution Methodology at present. We ask that Council reconsider this, and incorporate a remission or reduction proposal that can be taken up by developers who are able to provide Council with sufficient certainty that sustainable building approaches and designs will be implemented as part of their developments.
- 19 We suggest for example that the methodology for calculating Development Contributions for Drury should be modified from the proposal to include a reduction in cost when the houses to be built are going to be built to Homestar standards, Living Building Challenge standards (repayable if the homes are not in fact delivered to the pledged standard). This will have the advantage of:
- Delivering on the Auckland Council climate action plan
  - Delivering lower carbon homes
  - Reducing running costs for Auckland families
  - Helping the sector learn how to build in a lower carbon way, meaning they will be more supportive of regulatory change
  - Driving uptake of lower embodied carbon materials
  - Less waste to landfill
  - More resilient communities
  - Taking steps to seek to reduce the impact of climate change on our own Auckland communities.

### **About Homestar**

- 20 Homestar is an evidence based independent rating tool for assessing the health, efficiency, and sustainability of homes across Aotearoa. It is designed by industry experts and regularly updated through consultation with the industry to make sure it is reflective of real-world practice and enabling higher quality housing.
- 21 Homestar is a holistic tool to rate a home's performance and environmental impact. A 10 Homestar rating recognises world leading standards for design, construction and efficiency in operation. A 6 Homestar rating recognises a home that has been built above the current standards set by the New Zealand building code.
- 22 The newly launched Homestar version 5 offers a new operational energy and carbon modelling tool with targets aligned to MBIE's Building for Climate Change framework. Combined with updated requirements to ensure a healthy, comfortable indoor environment and, for the first time also accounting for embodied carbon, achieving a

minimum 6 Homestar rating under version 5 will be a significant statement of industry leadership for those choosing to be ahead of the building code.

- 23 Homestar certification is able to provide Council with real certainty that, if a reduction in development contributions is being granted to a developer, then the sustainable outcomes promised are really being achieved. It is a robust certification that the sector relies on for significant financial transactions.
- ANZ, NZs largest bank, issues lower interest business loans for companies building Homestar certified homes. ANZ also issues lower interest mortgages rates for homes built to Homestar.
  - Kiwibank issues lower interest business loans for companies building Homestar certified homes.
  - Wellington City Council utilises Homestar certification for their subsidy regime.
  - Kainga Ora rely on Homestar certification to authenticate their green bond transactions.
- 24 Over 20,000 homes are registered for Homestar. It is a robust regime that is understood by the market.

### **Examples of reductions offered in reliance on Homestar ratings elsewhere**

- 25 Wellington City Council presently has a fund in place which is able to offer developers a payment to recognise their adoption of sustainable building approaches and design. This includes:
- \$10,000 per unit, up to a maximum of \$750k per project (where dwellings achieve Homestar 6 ratings).
  - \$15,000 per unit, up to a maximum of \$1M per project (achieving Homestar 7).
  - \$20,000 per unit, up to maximum of \$1.5M per project (achieving Homestar 8 or higher or Living Building Challenge).
- 26 We ask Council to consider offering similar amounts of reductions to overall HUE calculations made under the proposed new Development Contributions policy for Drury/Ōpaheke.
- 27 An advantage of doing this via the Development Contribution system, rather than an application process as in Wellington, is that the subsidy would help to offset some of the increases to Development Contributions that developers are becoming increasingly concerned about. It also means a separate process does not need setting up and is therefore more efficient.
- 28 Alternatively an advantage to a subsidy regime is that a limit can be set, capping the total financial contribution.

### **Final comment**

- 29 We are in a climate crisis. This will place a huge burden on our eco system, our cities and towns and our future. The reason we are here is that not enough has been done to systemically change. Auckland Council has a huge lever with which to help the construction sector decarbonise it's impacts and deliver a lower carbon future.
- 30 Representatives from the NZGBC would wish to appear at any hearings on the proposed new development contributions policy, and would be able to further discuss possible implementation approaches if that would assist.

Ngā mihi nui



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