SUPPLEMENTARY AGENDA

Council Workshop

Thursday, 19 November 2026

Date: Thursday, 19 November 2026

Time: 10:00 am - LTP

Location: Tauranga City Council Chambers
L1, 90 Devonport Road
Tauranga

Gareth Green

Interim Chief Executive

Order of Business

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1 BUSINESS

1.4 Capital Programme for Closed Landfills

File Number: **A21397132**

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Authoriser: **Reneke van Soest, General Manager: Operations & Infrastructure**

Presenter(s):
Alison Law, Hope Lawsen

External presenter(s):

Workshop information

Purpose of workshop

1. To build Council's understanding of the closed landfill capital programme, including what Council is responsible for and why we are investing. This builds on the capital prioritization discussion.

Executive summary

2. Council is responsible for two closed landfills, Te Maunga and Cambridge Park. Both need capital investment to control leachate and stormwater, renew ageing assets and meet discharge consent requirements under the Resource Management Act 1991.

3. Te Maunga has a replacement consent application lodged and an abatement notice in force. Immediate works (a project to solve the abatement notice) and long-term Best Practicable Option (BPO – what we need to do for long term consent and compliance) process are running in parallel.

4. Cambridge Park had leachate and stormwater works completed earlier this year. The next phases is a long-term leachate treatment and reconsenting pathway.

5. The programme has been assessed via the Long Term Plan capital prioritisation process, therefore this workshop is intended to provide more information on the projects involved.

6. Our key actions are: Incorporate Council's guidance into the capital programme, confirm the Regional Council's response on extending the abatement notice timeframe, continue the BPO process with Ngā Pōtiki and begin planning the Cambridge Road reconsenting programme.

Background information

7. Both programmes have been included for provision in the draft LTP as a result of the capital prioritisation process with elected members.

8. Council's closed landfill responsibilities include:

(a) Follow a clear long-term plan and respond quickly to emerging issues

(b) Keep people and the environment safe, healthy and compliant

(c) Hold the discharge consents each site needs

(d) Maintain cover, leachate and stormwater infrastructure and plan renewals

(e) Manage public access where the site is also a public reserve

9. Te Maunga – disposal ran from the 1960's to 1995, and discharge consents were issued in 1995 for 30 years. A replacement consent was lodged in October 2024, and the existing consents continue while it is processed. In August 2025, the Regional Council issued an abatement notice requiring the leachate collection system to be functional. Ngā Pōtiki's advisor peer reviewed the application and prepared a Cultural Impact Assessment. This led to a collaborative BPO process.

10. Cambridge Park – is a legacy, non-engineered closed landfill within a public reserve that includes the BMX track. Disposal ceased in 1998. Consents were issued in 1995 and expire on 31 May 2030. Works earlier this year (a leachate line extension and stormwater diversion) responded to an abatement notice for unauthorized leachate discharge into the stream. Further work is required to completely address the issue which is planned for this year.

Issues

11. At both sites, rainwater and groundwater flowing through the buried waste produce contaminated water called leachate. If leachate isn't reliably captured, treated and kept apart from clean stormwater, it can harm nearby streams, wetlands and the wider environment.

12. The cover, leachate and stormwater systems at each site are ageing and need renewal. Both sites also need discharge consents under the Resource Management Act 1991 to keep operating lawfully.

13. At Te Maunga, the original consents date from 1995, and a replacement application has been lodged. The Regional Council has also issued an abatement notice requiring the leachate collection system to work properly. Immediate works are therefore under way while Council and Ngā Pōtiki agree the best long-term approach, including the type of cap.

14. At Cambridge Park, works this year dealt with an abatement notice for leachate discharging into the stream. The current consents expire on 31 May 2030, so Council must choose a long-term leachate solution and lodge a replacement application before then. This site is also a public reserve with an active BMX track

15. Delaying the investment risks further enforcement action, environmental harm and higher costs later. Planning it well now means Council meet its obligations once and protect community use of these sites

Outcomes sought

16. Elected members have a shared understanding of both sites and the programme being put forward in the LTP.

Options

17. The capping options at Te Maunga are an intermediate cap, an engineered clay cap or a geosynthetic clay cap (to be explained on the day). They are being reassessed because revised cost estimates are lower than the 2024 assumption of $15–30M. The highest-cost concept is now estimated at $7.80M (early estimate or "rough order of magnitude"). A

northern groundwater diversion is a possible addition, depending on how the BPO process, capping and operating evidence turns out.

18. At Cambridge Park, the long-term leachate treatment solution has not yet been selected. Investigations and modelling will first show how water moves through the site, and the pond and wetland assessment will inform the choice. The target is to select a preferred pathway by June 2029 and lodge a replacement consent application by December 2029. The current consents expire on 31 May 2030. Any staging must protect that timeline, the early investigations and the priority safety work. The draft capital estimate is $12.63M over FY28–FY32, and it still needs confirming.

Option	Description	Pros	Cons
Te Maunga Closure and reconsenting programme	$13.5M to install engineered cap, upgrade pump station, possible northern groundwater diversion and other options as determined by BPO process.	Better leachate reduction, reduces long term risk.	Higher cost. The cap choice is linked to consenting and sequencing.
Cambridge Park staged programme	$12.63M for modelling and monitoring, drainage and reprofiling, and pond and wetland assessment, leading to a preferred leachate treatment pathway.	Evidence-led. Supports the reconsenting application.	Scope, profile and timing are still to be confirmed.

Next steps

19. Programme is set for inclusion in the draft LTP which goes to Council on 15 December 2026.

Attachments

Nil

1.5 City Centre Incentives - Development Contributions

File Number: **A21191474**

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Authoriser: **Christine Jones, General Manager: Strategy, Partnerships & Growth**

Presenter(s):
Andrew Mead, Head of City Planning & Growth

External presenter(s):

Workshop information

Purpose of this briefing paper

1. To consider the current 2026/27 DCP in the context of the LTP 2027-37 priority of enabling housing development, particularly within the city centre, including the use of incentives to support this.
2. Specifically, this briefing paper:
    - **Part 1:** Evaluates the extent to which current **development contribution settings** incentivize or disincentivize residential, commercial and mixed-use development in the city centre and considers potential changes that could support Council's housing, intensification and city centre revitalization objectives.
    - **Part 2:** Provides an overview of **other incentives and mechanisms** that Council may consider exploring moving forward.
3. This paper and workshop seek feedback from Elected Members on whether any of the identified options should be investigated further.

Part 1: Development Contributions

Executive summary

4. Tauranga City Council has identified enabling housing development, intensification and city centre living as key outcomes for the 2027-37 Long Term Plan. Development contributions (DCs) are a component of the cost of delivering new residential, commercial and mixed-use development. Recent discussion has focused on whether current DC settings within the Development Contributions Policy (DCP), particularly within Te Papa North and the city centre, may act as a barrier to development and whether changes or incentives could be provided through the DCP framework (or beyond) to support housing delivery and city centre revitalisation.
5. Council has previously implemented a range of initiatives to support housing delivery, affordability and intensification, including planning reforms, rates-funded initiatives, third-party funding programmes and development partnerships.

6. Staff have reviewed the current DCP framework and considered a range of potential options that could reduce, offset or reallocate DC costs for city centre development.

7. While some options could reduce costs for city centre developments, most would do so by transferring costs to ratepayers, other growth areas, or non-residential development rather than reducing the overall cost of growth infrastructure.

8. The review also occurs in the context of proposed Government reforms to replace DCs with development levies. Current indications are that legislation may be enacted in 2027, with councils potentially transitioning to a levy system from approximately 2029-30. This reduces the value of undertaking significant structural changes to the existing DCP.

9. Direction is sought on whether any of the identified options should be investigated further.

Background information

10. Over its last term, the Government has progressed development levy reforms to replace the current DC system. It is likely growth funding reform will continue in some way under the next government. Current indications are that legislation will be introduced in 2027 and councils may begin transitioning to development levies from around 2029, with DCs expected to be phased out thereafter. The development levy system is proposed to be more standardized across the country with less ability for bespoke local approaches or methodologies to be applied.

11. Both the current DC legislation and the proposed development levy framework are underpinned by the principle that growth pays for growth. Currently, Council must ensure that developments which cause or benefit from investment in infrastructure pay their fair share of costs associated with delivering that infrastructure. This means Council must have a strong rationale for how it chooses to allocate costs between growth and other funding sources like general rates funded debt. The proposed development levy framework is expected to aggregate and average infrastructure costs across larger catchments. As a result, there is likely to be greater cross-subsidization of growth costs between developers in the city but also less ability to differentiate charges between areas making it more difficult to use infrastructure funding settings to influence development outcomes.

12. This paper builds on the broader discussion regarding housing affordability, intensification and housing delivery considered at the September 2026 LTP Housing Workshop and should be read alongside other workshop papers relating to city centre development.

13. Key themes, conclusions and actions arising from the September Housing Workshop included:

    - While Tauranga has development capacity enabled through the City Plan and Plan Change 33, current market conditions do not consistently support higher-density development, particularly apartment developments;
    - Development feasibility remains a key determinant of housing delivery, with developer margins, financing constraints, construction costs, market demand and purchaser affordability all influencing development outcomes;
    - Current market demand is generally favouring lower-rise medium-density housing forms, including terraces, duplexes and townhouses, while apartment developments face additional feasibility challenges;
    - Housing intensification outcomes are influenced by a range of factors beyond planning provision, including amenity, transport networks, parking settings,

infrastructure provision, market preferences and the attractiveness of alternative residential locations;

- Potential opportunities identified included continuing enabling planning provisions, improving amenity and service levels, coordinating public and private investment, exploring targeted financial incentives, supporting community housing providers, investigating student accommodation opportunities, and encouraging city centre living;
- Council has previously implemented a range of initiatives to support housing affordability, intensification and housing delivery, including:
    - Plan Change 33;
    - Rates-funded initiatives such as the Papakāinga Fund, Community Housing Provider (CHP) Fund and City Centre Development Incentive Fund;
    - Third-party funded initiatives, including the Infrastructure Acceleration Fund (IAF), the Elder Housing Initiative, development partnerships and grant funding programmes; and
    - The Housing Equity Fund (HEF) and other investment-based approaches which seek to recycle capital and support ongoing housing delivery outcomes.
- Members requested further work on housing investment mechanisms, including consideration of opportunities to grow the HEF model, utilize remaining elder housing proceeds, and investigate other partnership and co-investment models capable of supporting future housing outcomes.

14. For context, **Attachment 3** includes information from the recently completed Development Trends report which has become available since the Council workshop in September 2026. This data evidences a trend towards higher density development, in particular attached dwellings, as a proportion of total dwellings consented (see Figure 31). It also shows the relatively high level of development in the Te Papa Infill catchment as compared to other catchments (see Figure 32). Table 18 shows this trend over the last 3 years. Figure 33 shows how development has occurred within TCC's existing zoned areas with relatively high consent numbers for high and medium density dwellings in infill areas including Te Papa. Development trends within Te Papa at a more micro level (eg for the City Centre) are not prepared separately as a matter of course but can be produced and circulated separately if useful.

15. The Bloomberg Harvard City Leadership Initiative (BHCLI) commenced in July 2026 to undertake work focused on increasing quality, affordable housing and city centre living in Tauranga. Council has recently confirmed a cross-departmental project team to participate in the programme. Given the alignment between the BHCLI and the matters considered in this briefing paper, emerging findings may prove useful to inform the future consideration of DC incentives and other mechanisms aimed at improving city centre development. Insights and recommendations from the programme are expected to become available over the course of 2027.

16. The current Government has recently announced a $400 million Incentives for Growth Fund as part of its broader Going for Housing Growth programme. The fund is intended to provide councils with a direct financial incentive to enable housing growth. Payments will be linked to the number of new dwellings consented above a rolling long-term average, with councils achieving higher rates of housing growth receiving proportionately higher funding. The fund cannot, however, be used for water infrastructure or costs recoverable through DCs or development levies. It provides an alternative financial incentive to support growth. Payments

are expected to commence from 1 April 2027. The implementation of the fund may be subject to the final results of the 2026 general election.

17. As an example, based on the last LTP growth projections, occupied dwellings are forecast to increase by approximately 9,346 dwellings between 2023 and 2033. Applying the current Incentives for Growth Fund settings, and assuming an average payment of approximately $1,700 per additional dwelling based on the Government's published funding formula, would equate to funding of approximately $15.9 million over the 10-year period, or around $1.6 million per annum on average. Higher or lower growth would change the actual payment.

Discussion

18. For the purposes of this discussion, the city centre refers to the northern portion of the Te Papa North local DC catchment with a particular focus on the area between the early avenues and Mission Street, essentially the City Centre and immediately surrounding residential streets. Incentives are considered in the context of both residential and non-residential development.

19. **Attachment 1** sets out a summary of how citywide and local DCs are calculated for both residential and non-residential development in Te Papa.

Te Papa Infill Local DC

20. The city centre is located in the Te Papa Infill local DC catchment. This catchment is made up of two sub-catchments: north and south. The city centre is located in the northern sub-catchment. The Te Papa Infill catchment funds a portion of the costs of CRS1 and CRS2 and the Southern Pipeline. The Te Papa Infill south sub-catchment covers the same projects as well as funding a portion of the costs associated with reserves upgrades south of 15th Ave. The Te Papa Infill North DC is set out in the table below.

Fig 2. Te Papa North Local DC Charge

Te Papa Infill - north	**$ per lot (excl GST)**
Wastewater	3,997
Transport	5,348
Total	**9,345**

21. Both CRS1 and CRS2 are funded through a combination of Crown funding, IFF levies, development contributions and general rates funded debt. DCs fund a relatively small portion of each project: approximately 10% of CRS1 and 20% of CRS2. CRS1 (unlike CRS2) had the benefit of NZTA funding. Both projects have 20% of costs allocated to growth funding. However, this amount is calculated after NZTA FAR subsidy is applied. As CRS1 is half funded by NZTA this reduces the total DC funding from 20% to 10% of total capex.

22. The residential local DC payable within Te Papa North remains among the lowest of Tauranga's residential growth catchments (see **Attachment 2** for a summary of all residential local DCs). The total DC charge (including citywide DCs) typically represents around 3% to 5% of total development costs. However, given the scale of many city centre developments, the total DC liability can be a substantial dollar amount. Council staff have encountered instances where developers have not factored these charges into project feasibility assessments from the outset, or have not sought confirmation from Council of the likely DCs payable, resulting in the charges becoming problematic when they are subsequently assessed.

23. The DCP contains mechanisms that enable Council to waive, defer or apply special assessments to DCs in certain circumstances. These provisions provide some flexibility to address exceptional situations or achieve specific policy outcomes without requiring changes to the underlying DCP methodology. The ability for staff to approve a waiver is relatively constrained within TCC's Staff Delegations and when a developer wishes to pursue a waiver outside staff delegations the matter is brought to Council for decision making.

24. While the DC reforms are unlikely to assist in the near term with incentivizing city centre development, they reduce the value of undertaking major changes to the existing DCP framework. Minor, targeted changes may therefore be more appropriate where considered sufficiently beneficial or alternatively Council could consider incentives that sit outside the DC Policy.

Options for Reducing DCs in the City Centre that staff view as challenging

Reducing the Cost of Capital Component

25. The cost of capital (CoC) forms 41% of the Te Papa North local DC charge. This reflects the interest on debt arising from the time TCC delivered each project and the time it takes to recover DCs to repay debt. While significant, this is not unique to Te Papa North and applies consistently across the DCP. The application of CoC has been reviewed and determined to be appropriate. Any reduction in CoC would increase the gap between DC revenue and growth infrastructure costs, with the shortfall ultimately falling on rates.

26. An alternative view, however, could be that the CoC could be proportionally loaded more onto future development through higher DC charges, allowing current DC charges to be lower and still enabling full cost recovery through growth. This 'indexing' process is relatively complex. TCC has applied this method in the past and decided not to pursue it further because it became increasingly difficult to operate over time. It is not commonly used by other councils. It would also result in Council having more debt for longer as DC collection is lower in earlier years. This approach could be considered but is not recommended by staff due to the broader adverse effects it would have on Councils overall financial position.

Increasing the Basis of Non-Residential Citywide DC Charging

27. TCC currently allocates growth funding between residential and non-residential development (e.g. commercial and industrial building). Residential and non-residential developments generally place a different amount of demand on TCC's infrastructure networks. In order to share costs fairly between the two, TCC has developed a method of measuring non-residential demand relative to residential. For example, we assume 100 sqm of non-residential floor space will place about 1.25 times the demand of one household unit on TCC's transport network. We refer to these as 'scaling factors'.

28. Each scaling factor has been set on advice from planning and engineering specialists and has been independently reviewed and publicly consulted on.

29. This option would involve increasing the non-residential demand factors used to calculate Citywide DCs, resulting in non-residential development paying a greater share of citywide infrastructure costs and reducing the proportion recovered from residential development.

30. This option is not recommended because:

    - The change would apply city wide and could not be targeted specifically to the city centre.
    - The approach would redistribute growth related costs between residential and non-residential sectors rather than reduce the overall amount required to be recovered, where non-residential development in the city is also being prioritised.

- The existing demand factors have been independently reviewed and are intended to reflect the relative demand each land use places on infrastructure. Increasing these factors without a corresponding change in infrastructure demand would be inconsistent with the growth pays for growth principle underpinning the DCP.

Increasing the Basis of Non-Residential Local DC Charging

31. This is similar to the option above but applies only to the local DC charge within Te Papa.

32. We have considered increasing the non-residential scaling factors used within the Te Papa North catchment to calculate local DC charges. The effect would be to allocate a larger share of the local DC-funded costs of projects such as CRS1 and CRS2 to non-residential development, reducing the amount recovered from residential development.

33. As the local DC non-residential scaling factors are anchored in robust infrastructure specific modelling, which currently meets the growth pays for growth principles. No changes are recommended.

Options for Reducing DCs in the City Centre that could be considered

Residential Charging Basis for Citywide DCs

34. The current household unit equivalent methodology in determining citywide residential charges is based on number of bedrooms. An alternative approach could be to change to a floor area (m²) basis, reflecting that many city centre dwellings, including terraces, duplexes and apartments have smaller floor areas and may generate lower demand on infrastructure compared with their standalone bedroom equivalents. Specifically, it is expected these housing types may reflect reduced outdoor water usage, and differing travel patterns associated with urban living. Any change to the Citywide HUE methodology would affect the Citywide DC charge across Tauranga and would redistribute growth costs between development types (i.e. development in other areas of the city would likely become incrementally more expensive as a result of this change). A change from bedrooms to floor area would be a major change to the DC Policy and would require significant investigation and assessment to implement.

35. If this option was pursued investigation of infrastructure demand from city centre living (vs suburban living) would be required to determine whether it could be supported empirically.

36. This approach could be considered but is not recommended by staff given the impending development levy reform which will set nationwide methodologies for these types of matters. At this stage, it seems likely levies will be charged by number of bedrooms rather than floor area.

Student Accommodation Dwelling Equivalent

37. Student accommodation attracts a demand factor in TCC's DCP of 0.4 household unit equivalents per room, while Auckland Council applies a factor of 0.22. As part of work, undertaken in late 2025, TCC staff reviewed alternative approaches and discussed the Auckland methodology with both the Auckland Council and Watercare. Auckland advised that more recent analysis suggested that the actual student demand on transport and community infrastructure may be materially higher than originally assumed when the 0.22 factor was adopted. Watercare also advised it was considering increasing its water and wastewater demand factor.

38. Recent analysis undertaken for a special assessment for student accommodation in the city centre, using actual data from a comparable large-scale student accommodation development, demonstrated that student accommodation generated only 65% of the water

demand of a standard household. As a result, a 35% discount was applied to the development contributions.

39. Staff are currently reviewing likely transport demand which may prove lower than assumed.

40. Given this recent decision, staff recommend further investigation into whether the demand factors applied to student accommodation could be refined to more closely align with actual infrastructure demand.

Cameron Road Stages 1 and 2

41. Historically, when the project cost of CRS2 was materially higher than CRS1, there was discussion that development within Te Papa North was disproportionately contributing towards transport infrastructure that primarily serviced growth in Te Papa South. Following recent scope changes to CRS2, the costs of the two projects are now broadly comparable. However, given the larger proportion of CRS2 funded through DCs, there remains some basis for this view.

42. If the costs of the Cameron Road upgrades were allocated solely to the catchments they primarily located in, rather than being shared across Te Papa, Te Papa North local transport DCs would reduce by approximately $2,300 per residential unit, with a corresponding increase in Te Papa South.

43. While this approach may at first glance have some value, it is difficult to argue that the northern and southern sections of Cameron Road operate independently. Both projects contribute to the overall performance of the corridor and support growth throughout the wider Te Papa area.

44. While CRS2 is located outside the city centre area it directly supports future development of the city centre. Car parking in the city centre is limited, and new supply is expensive and not aligned with general parking and transport strategies. Moving people to and from the city centre by other modes will become increasingly important over time, especially public transport. The Cameron Road corridor is the most prominent public transport corridor in the City and plays a key role in supporting commuters to and from the city centre.

45. On this basis, the current sharing of costs across the catchments is in staff's view consistent with the Local Government Act's requirement that DCs reflect both causation and benefit, and therefore any changes not preferred.

46. Increasing the proportion of the CRS2 project funded through IFF has also previously been discussed as a potential means of reducing DCs. However, available IFF funding is understood to be fully allocated to other projects and any increase in IFF funding for CRS2 would effectively transfer costs mainly to the wider rating base rather than reduce the overall cost of growth infrastructure. No change is preferred.

Conclusions

47. While DCs form part of overall development feasibility, they are only one of a number of factors influencing housing delivery and broader development outcomes in and around the city centre. Development feasibility is also influenced by market demand, construction costs, financing availability, developer risk, purchaser affordability, amenity and location.

48. Te Papa already benefits from significant growth funding assistance through mechanisms including the IAF, and IFF funding. These mechanisms have reduced the proportion of cost recovered via DCs and/or allowed infrastructure projects to be brought forward and delivered.

49. Significant further reductions in DCs for residential development within the city centre cannot be achieved without either:

    (1) Major revision to key methodologies and cost allocation approaches under-pinning the entire DC Policy

    And then either;

    (2) Additional third-party or alternative funding sources;

    or

    (3) Transparently transferring costs to ratepayers.

50. Any such changes would need to be balanced against impacts on other development sectors, catchments, ratepayers and broader funding priorities.

51. Opportunities exist to further investigate a range of options, noting that most would require amendments to the current DCP framework and that DCs are expected to be replaced by a development levy framework in the near future. Staff have identified the review of student accommodation demand factors as a recommended option for further investigation.

52. DC matters will also be tested through the Bloomberg initiative and outcomes can be further considered through that process as appropriate.

53. Targeted funding mechanisms, partnership arrangements, or a dedicated city centre housing incentive fund are likely to provide a more direct and effective means of supporting development feasibility than amendments to the DCP methodology.

Outcomes sought

54. Feedback from Elected Members is sought on whether any of the above options should be investigated further.

Next steps

55. Staff will prepare specific council reporting for decisions as required based on feedback from elected members at this workshop. This will be done through late 2026 and early 2027 to enable a draft DC Policy to be adopted alongside the draft LTP for public consultation.

Part 2: Potential incentives and mechanisms to support intensificaiton

Introduction

56. This part of the briefing paper provides an overview of the wider range of tools and mechanisms Council could consider to support greater residential intensification, particularly within the city centre.

57. Council has a broad range of tools available to support residential intensification, which can be grouped into categories:

    (i) **Incentives:** Improving development feasibility through financial assistance.

    (ii) **Planning/development mechanisms:** Enabling and shaping development through planning provisions.

    (iii) **Public investment:** Investing in infrastructure, amenity and public spaces.

    (iv) **Development investment:** Using Council land or capital to support development and generate returns.

    (v) **Partnership/delivery mechanisms:** Working with landowners and developers to facilitate delivery.

    (vi) **Information/process tools:** Reducing development uncertainty, costs and delays.

    (vii) **Disincentives:** Discouraging land banking and underutilisation of land.

58. An overview of these tools is provided below. Engagement on these tools has also occurred with the SmartGrowth Housing Systems Working Group, with a summary of feedback also outlined below.

Incentives

59. Financial incentives can help improve development feasibility by reducing costs and risks for developers, particularly where projects may otherwise be marginal or commercially unviable. Potential mechanisms include through development contributions, rates relief through postponements or multi-year remissions, reduced consenting fees, targeted grants and financial assistance, and feasibility or pre-development funding.

60. These approaches would generally require Council funding, alongside engagement with developers to ensure incentives are appropriately targeted and deliver meaningful housing outcomes.

61. An example approach could be to consider a dedicated city centre housing incentives fund to offset development contributions for eligible developments through grants or reimbursements, without changing the underlying Development Contributions Policy.

62. Potential changes to government policy, including proposals for a visitor or accommodation levy, could provide an additional funding source for Council-led development incentives in the future.

Planning / Development Mechanisms

63. Planning and development mechanisms can help enable intensification by changing the regulatory conditions under which projects are delivered. Potential approaches include zoning provisions that enable greater development capacity, such as increased building heights, density or development bonuses in exchange for desired outcomes, fast-track approvals and mechanisms to capture a share of the value created through public investment.

64. These approaches would largely be delivered through planning policy and regulatory processes, with the scope and availability of mechanisms influenced by ongoing resource management reforms.

65. It is important to note that the current Tauranga City Plan provides an ‘enabling framework’ for development in the city centre, with heights, bulk and location generally very permissive. Future rules will be subject to national direction and standardized zone provisions established through the resource management reform and new Land Use Plan for the city.

Public Investment

66. Public investment can help unlock and support residential intensification by improving infrastructure, amenity and the overall attractiveness of the city centre as a place to live, work and visit. Potential approaches include investment in infrastructure and enabling works, public realm and streetscape upgrades, walking, cycling and public transport improvements, parks and waterfront connections, and community and recreation facilities. Investment in retail and hospitality activation, events, arts and cultural activities can also contribute to a more vibrant and attractive urban environment.

67. These approaches generally require Council funding and policy support, alongside engagement with residents, businesses and other stakeholders to identify where investment could deliver the greatest benefits and support development outcomes.

68. Within the city centre, substantial investment in amenities has occurred and is ongoing to support revitalization of the city centre; however, there are areas, such as the early Avenues, where increased amenity outcomes may be desirable to encourage development over time. Infrastructure capacity is not an issue in the city centre.

Development Investment

69. Development investment involves Council using capital, land or equity to support residential development, with the aim of achieving defined housing and urban development outcomes alongside a potential financial return. Approaches could include land assembly, contributing Council-owned land to development projects, joint ventures or co-investment with private partners, housing equity funds, development loans and patient capital. This could include consideration of a development authority.

70. These approaches may be able to leverage existing Council assets or capital but could also require additional ratepayer investment, with associated capital investment, resourcing, financial risks and governance considerations.

Partnership / Delivery Mechanisms

71. Partnership and delivery mechanisms can enable Council to work collaboratively with landowners, developers and other partners to facilitate residential intensification and achieve shared development outcomes. Potential approaches include joint ventures or co-investment arrangements, land swaps, long-term leases of Council-owned land at below-market rates, development agreements and coordinated infrastructure delivery. These mechanisms can help overcome site and infrastructure constraints, share costs and risks, and improve coordination across multiple development sites.

72. Such approaches may leverage existing Council assets and resources but could also require additional ratepayer investment, depending on the nature and scale of the arrangements.

Information / Process Tools

73. Information and process tools can help facilitate residential intensification by reducing uncertainty, transaction costs and delays for developers. Potential approaches include

providing a single point of contact or dedicated development manager, early development advice, project facilitation, coordinated pre-application engagement and streamlined Council processes. These mechanisms can improve communication, provide greater certainty around development requirements and support more efficient decision-making.

74. Such approaches would primarily require operational resources and staff time, alongside ongoing engagement with developers to identify opportunities for process improvements.

75. Council currently has key stakeholder managers and provides for pre-application engagement. Resource management reform will likely assist to 'streamline' some resource consenting through more permissive planning provisions. There is potential for Council to submit on consenting matters through the resource management reform.

Disincentives

76. Disincentives can help encourage more efficient use of land by discouraging vacant or underutilised sites, long-term land banking and development that does not make effective use of available capacity. Potential approaches include differential rates for vacant land, charges on empty homes or vacant commercial premises, time-limited development conditions and higher infrastructure cost-sharing requirements for lower-priority development.

77. These mechanisms would generally require policy or regulatory changes and may be most effective when combined with incentives that support development feasibility.

78. Careful consideration would be needed of the potential financial impacts on landowners, unintended consequences and the legislative powers available to Council.

SmartGrowth Housing Working Group engagement on incentives and mechanisms to support intensification

79. The SmartGrowth Housing Working Group brings together key stakeholders involved in housing planning and delivery across the Western Bay of Plenty sub-region, providing a forum to identify challenges, share insights and explore opportunities to improve housing outcomes.

80. A workshop held on 3 November 2026 focused on identifying the key barriers to residential intensification and exploring practical incentives and mechanisms to support greater delivery. Discussions highlighted that, while the existing planning framework generally provides sufficient capacity for intensification in many locations, challenges remain in translating this capacity into feasible development. Key areas of feedback included:

    (i) **Development feasibility and market conditions:** Weak market demand, high construction costs and challenging development economics remain significant barriers to intensification, notwithstanding the planning capacity available.

    (ii) **Strategic planning and coordinated delivery:** A long-term approach to intensification is needed, supported by practical short-term initiatives. Greater coordination with developers, community housing providers and other partners could help improve development sequencing and delivery.

    (iii) **Regulatory and consenting barriers:** Building requirements, compliance costs, development timeframes and site constraints can impact feasibility. There was support for more enabling, streamlined and outcomes-focused regulatory approaches, including through submissions on resource management reform.

    (iv) **Development incentives:** Opportunities identified included density bonuses, reduced development contributions, parking flexibility and targeted incentives for medium-

density housing and social housing. It was noted that the planning framework provides an enabling environment.

(v) **Funding:** Limited access to central government funding continues to affect development opportunities. Alternative infrastructure funding and financing models, including IFF, warrant further consideration.

(vi) **Urban design, amenity and community outcomes remain important:** Intensification should be guided by a clear design vision, supported by an understanding of housing demand and demographic needs. Investment in public spaces, recreation and community amenities will be important to maintaining liveability, with opportunities to consider locations beyond the city centre, such as Gate Pa and Greerton.

Feedback sought and next steps

81. Feedback from Elected Members is sought on specific initiatives of interest and / or other direction. This includes identifying any key topics for further research and consideration through the Bloomberg Initiative and/or future Council papers.

82. Feedback is sought as to whether 'holding opex or capex budgets' should be provided in the draft 2027 Long Term Plan, with use of funding subject to outcomes of further work. Further consideration of this matter could be brought back if directed noting broader financial constraints facing TCC.

83. Ongoing engagement with key stakeholders will continue to occur as part of any direction provided and further investigations. For the city centre this includes Priority One, University of Waikato, city centre developers (including urban task force), Housing Systems Working Group (SmartGrowth), Downtown Tauranga.

Attachments

1. **TCC's development Contribution Policy Framework - A21456365**
2. **Residential Local DCs - A21456367**
3. **Figures from Development Trends Report - A21456369**

Attachment 1: TCC's Development Contributions Policy Framework

1. TCC often uses citywide and local DCs to fund the growth share of growth-related capital expenditure.

   (1) Residential Citywide DCs

   (ii) Residential citywide DCs fund growth-related capex projects that individually, or as a network, service the entire city including Te Papa and the City Centre, such as the Waiāri Water Supply System and the Te Maunga Wastewater Treatment Plant. They are calculated by aggregating the growth related costs of all eligible citywide projects, applying inflation and the cost of capital, and dividing these costs across forecast citywide growth, expressed in HUEs. The resulting charge reflects both the level of forecast growth and the capacity of the infrastructure being funded.

   (ii) The citywide charge is apportioned across different demand units to reflect their relative demand on infrastructure. A standard three-bedroom dwelling is the base unit (1 housing unit equivalent or HUE), with larger and smaller dwellings, student accommodation, and non-residential activities assigned a proportionate share of the charge based on their expected demand on citywide infrastructure. Retirement villages are charged similarly to a one-bedroom dwelling, while other residential uses, such as student accommodation and residential care facilities, are charged based on the number of people the buildings are licensed to accommodate.

Fig. 1 Table of Residential Citywide DCs – 3 bedroom dwelling

Citywide DC	**$ (excl GST)**
Water supply *e.g. Waiari Water Treatment Plant*	20,242
Wastewater *e.g. Te Maunga Treatment Plant*	12,373
Stormwater	0
Transport	0
Community Infrastructure *e.g. MPAC*	4,350
Reserves *e.g. active reserves*	438
Total	**37,404**

(2). Non-Residential Citywide DCs

Non-residential Citywide DCs are calculated by applying activity-specific demand factors that convert non-residential development into residential HUE equivalents. These demand factors are determined by comparing the average water, wastewater and transport demand generated by 100m² of non-residential floor area with the demand generated by a standard residential dwelling. Activities are grouped into Business, Low Demand and Community Organization categories.

Table of Non-Residential Citywide DCs

Table 2. Citywide development contributions		Total GST Incl
Community Organisation	$ per 100m2 Gross Floor Area	9,510
Business Activities	$ per 100m2 Gross Floor Area	9,389
Low Demand Business	$ per 100m2 Gross Floor Area	2,247

(3). Residential Local DCs

Local DCs fund capex projects that benefit specific catchments and are calculated by taking the growth-related share of the cost of a project and dividing it by the forecast number of HUEs expected within that catchment. The cost of capital and inflation are then applied. Local DCs are generally paid at the time of lot creation and are typically associated with the land. However, for large multi-unit developments, particularly in the CBD, both local and citywide DCs are commonly charged together at building consent stage.

(4). Non-Residential Local DCs

Non-residential local DCs are calculated by using non-residential scaling factors to determine the HUE equivalent demand, then multiplied by the applicable residential local DC charge to a give a $ per 100m2 basis. Scaling factors are determined through infrastructure specific modelling that compares the expected water, wastewater, stormwater and transport demand generated by commercial and industrial development against what a standard HUE would demand. For example the Te Papa transport charge is 1.25x the residential DC charge.

Attachment 2: Local DCs for residential development

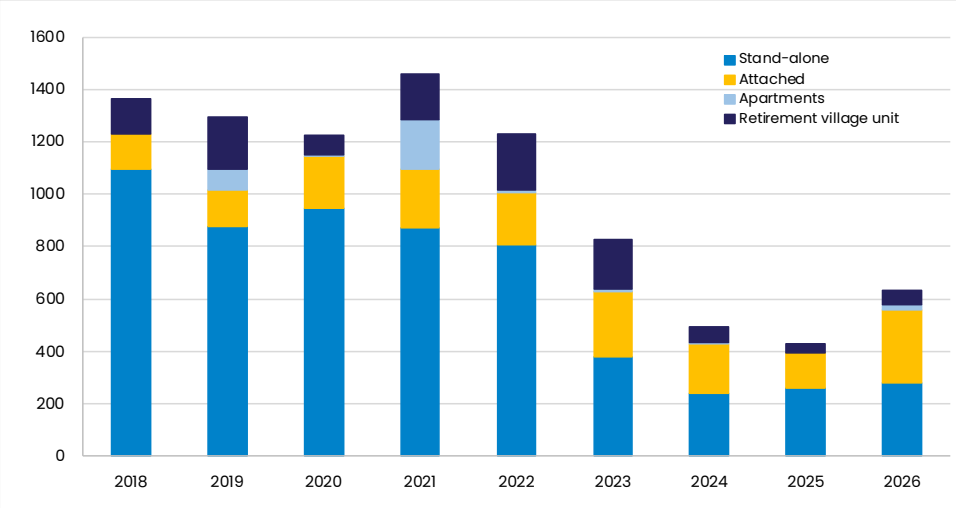
Table of Local DC Charges

Table 3 Local development contributions		Total GST Inclusive
Tauranga Infill	Per lot	4,596
Papamoa	Per lot	9,011
Welcome Bay	Per lot	10,439
Tauriko West	Per lot	10,670
Te Papa Infill (North)	Per lot	10,746
Ohauiti	Per lot	13,300
Upper Ohauiti	Per lot	13,418
Te Papa Infill (South)	Per lot	14,258
Bethlehem	Per lot	14,502
Tauriko	Per lot	20,680
Tauriko - Pond C	Per lot	23,443
Wairakei B	Per lot	23,735
Tauriko - Pond B	Per lot	24,904
West Bethlehem	Per lot	26,341
Tauriko (Stage 4A)	Per lot	26,475
Wairakei A	Per lot	33,350
West Bethlehem	Per lot	39,024
Wairakei C	Per lot	41,533
Pyes Pa West	Per lot	46,397
Tauriko (Stage 4B)	Per lot	51,843

Note that some of these are charged on a per ha basis, and for the purposed of comparison have been converted to a per lot basis using a yield of 20/ha.

Attachment 3: figures from Development Trends report

Figure 1 Main type of dwellings consented, Tauranga City, 2018 to 2026



Tauranga City classifies dwellings into the following types: stand-alone dwellings, duplex, attached dwellings, apartments (residential and mixed use), retirement village units and secondary/minor dwellings.
Tauranga City further classifies retirement village units into stand-alone, duplex, and attached dwellings.
Apartments are 3 or more dwelling units joined horizontally, whether purely residential or mixed residential and commercial use.
Attached dwellings are 3 or more dwelling units attached vertically.

Figure 2 Type of dwellings consented by growth area, Tauranga City, 2026

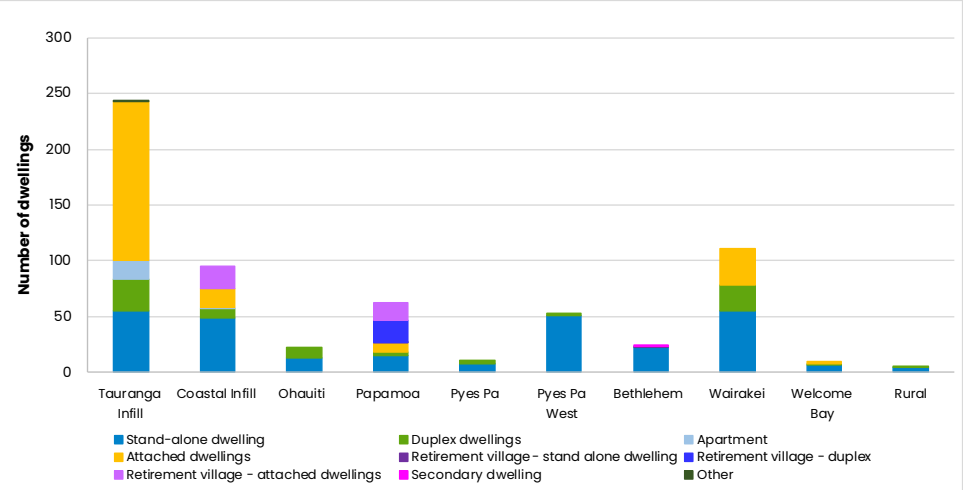


Table 1 Type of dwellings consented, Tauranga City, 2024 to 2026

Dwelling Typology	2024		2025		2026	
	Number	Percent	Number	Percent	Number	Percent
Stand-alone dwelling	240	48	258	59	277	43
Duplex	48	10	45	10	79	12
Attached dwellings	142	28	93	21	204	32
Secondary/minor/other dwelling	8	2	6	1	2	<1
Apartments – residential	0	0	0	0	17	3
Apartments – mixed use	4	1	0	0	1	<1
Subtotal	442	88	402	92	580	91
Retirement village unit – stand-alone dwelling	1	<1	1	<1	2	<1
Retirement village unit – duplex			4	1	20	3
Retirement village unit – attached dwellings	4	1	0	0	35	6
Retirement village unit – apartment	53	11	30	7	0	0
Subtotal	58	12	35	8	57	9
Total	**500**	**100**	**437**	**100**	**637**	**100**

Figure 3 Type of dwellings consented by City Plan zone and growth area, Tauranga City, 2026

