



AGENDA

Council Workshop meeting Thursday, 6 November 2025

I hereby give notice that a Council Workshop meeting will be held on:

Date: Thursday, 6 November 2025

Time: 9:00 AM Development Contributions

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

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: www.tauranga.govt.nz.

**Marty Grenfell
Chief Executive**

Order of Business

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1 BUSINESS

1.1 Development Contributions and DC Policy 2026/27

File Number: A19227735

Author: Ben Corbett, Team Leader: Growth Funding
Andrew Mead, Head of City Planning & Growth

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

Presenter(s): Andy Mead – Head of City Planning & Growth
Ben Corbett – Team Lead: Growth Funding

Workshop information

Purpose of works

1. The purpose of this workshop is to discuss the preparation of the 2026/27 Development Contributions Policy (**DCP**), key updates proposed to be consulted on in early 2026 and to discuss a number of questions put to staff by Council. Staff intend to report the matters discussed in the workshop to Council for decision making in November or December 2025.
2. More specifically, staff intend to:
 - (a) Review the process for preparation of the 2026/27 DCP;
 - (b) Discuss ongoing Government reforms of growth funding and water services and the impact for TCC's DCP;
 - (c) Review proposed updates for the 2026/27 DCP; and
 - (d) Answer questions put to staff by Council, namely:
 - Approaches to growth funding for stormwater projects;
 - TCC's current DCP treatment of residential intensification; and
 - TCC and other Council's approach to incentivising city centre development.

Attachments

1. DCs & 2026/27 DC Policy - Council Workshop (6 November 2025) - A19227741 [↓](#)





DCs & DC Policy 26/27

Council workshop, 6 November 2025



Agenda

- DC Policy 2026/27 timeline
- Central Government reforms
- DC Policy 2026/27 – proposed changes
- DC questions raised by Council
 - o Stormwater projects
 - o Residential intensification
 - o City centre development
 - o How other Councils approach growth funding city centre infrastructure

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DC Policy 2026/27 timeline

- Annual Plan preparation determines DCP preparation
- AP decisions (capex budget, timing of delivery) impact DCs

Timeline

- **Q3 – Q4 2025:** draft amendments to DCP
 - **Q4 2025:** assess key capex changes proposed and DC impact (*first indication of projects driving DC change*)
 - **Q1 2026:** prepare draft DCP 2026/27. Potential for Council decisions on AP to change draft DCs (*second indication of proposed DC increase*)
 - **Q1 – Q2 2026:** public consultation, deliberations impact DCs
 - **Q2 2026:** final DCs and DC Policy adopted
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DCs changing to Development Levies

- Govt has signaled proposed reforms.
 - Replace DCs with development levies
 - Levies over very large catchments (similar to TCC's existing citywide catchment)
 - Mandatory levy calculation method and policy settings
 - Cross-subsidisation within the growth community likely and higher DC charges.
 - Potential to reduce financial impact of growth on ratepayers (uncertain)
 - Staff provided feedback through a number of forums (most recently in May 25).
 - Govt now consulting with development community before re-engaging with councils
 - Draft legislation possibly Dec 25
 - Implementation 1 July 27 or 28
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Water reform impacts

- TCC resolution to establish Water Service Entity (WSE) from 1 July 2027
- In time the WSE will collect its own growth charges. Likely to mirror Development Levy system
- TCC likely to collect for the WSE's initially while WSE gets running
- 2 waters charges make up 86% of TCC's citywide charge (and varied proportions of local DCs)
- Once this change occurs, TCC citywide DCs for a 3-bedroom dwelling will drop from circa \$35k to circa \$5k on today's DCs
- WSE will be responsible for the balance

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Staff position

- Limited value in significant changes to DCP
 - o No longevity to changes
 - o High risk of inconsistency with new system and further rework in new system
 - o WSE may take different funding approach to TCC

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Break for Discussion



14 October 2024, VPG&E Committee

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Proposed DC Policy review for 26/27

- Transport and active reserves activities
- Timing of charging (subdivision v building consent)
- Memorial Park Aquatic Centre and Queen Elizabeth Youth Centre updates
- Other suggested Policy amendments



Community infrastructure

Memorial Park Aquatic Centre (MPAC):

- design, timing and budget being reviewed
- each component will impact DCs
- No changes yet, will flow through once decisions are made

Queen Elizabeth Youth Centre (QEYC):

- 3 indoor courts retained → increased service capacity.
- Updated servicing model supports a larger population.
- As a result, the funding period for BayPark Arena extension has extended from 36 to 49 years. Net neutral impact on DC.



Other required policy changes

- Secondary dwellings update
- “bedroom” definition
- DCs for “granny flats”
- Updates to new growth catchments (land areas, structure plans and projects) Tauriko West, TBE 4, Upper Ohauti
- Population / growth projections update



Break for Discussion



14 October 2024, VPG&E Committee

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Growth funding stormwater infrastructure

Action from City Future Committee (12 August '25) – can we consider DC funding for stormwater upgrade around Cherrywood Shops?

- Very difficult to use DCs to fund small scale stormwater projects
- Local Government Act requires causation and benefit
- Significant benefit accrues to existing residents in catchment in terms of any renewal and improvements to level of service
- Stormwater catchments tend to be very small making growth funding administratively difficult and uneconomic



DCs charging for residential intensification

- Citywide and local DCs payable (see examples)
 - o Citywide DCs same across whole city
 - Based on similar impact / demand for infrastructure
 - Increased significantly in recent years (as infrastructure costs risen)
 - o Local DCs differ by catchment, are typically lower in brownfield areas vs. greenfield
 - Mount = \$0
 - Te Papa Infill = \$5,900, \$8,800 (introduced 2024/25)
 - Tauranga Infill= \$3,997
 - o For comparison: Pyes Pa West= \$40k/lot
- No current exemptions or differences in application for city centre development or intensification

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Example 1: Vantage apartments (4th Ave)

Mixed use development

- 10 x 3-bedroom
- 22 x 2-bedroom
- 1914m² non-residential



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Example 1: Vantage apartments (4th Ave)

- 10 x 3-bedroom • 22 x 2-bedroom • 1914m² non-residential

DC charge 2019/20

Residential charge

Citywide DCs: \$190,000

Local DCs: \$107,000

Total: \$297,000

Non-residential charge

Citywide DCs: \$22,000

Local DCs: \$4,000

Total: \$26,000

Total 2019/20 DC: \$324,000

DC charge if consented today

Residential

Citywide DCs: \$777,000

Local DCs: \$385,000

Total: \$1,162,000

Non residential

Citywide DCs: \$79,000

Local DCs: \$82,000

Total: \$ 161,000

Total DC charge today: \$1,322,000

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Example 2: 2 Devonport

Non-residential. Ground floor retail/hospitality + 6 floors office (8467m² floor area)



DC charge in 2019/20 (approx.)	
Citywide DCs:	\$178,000
<u>Local DCs:</u>	<u>\$ 31,159</u>
Total:	\$209,050

DC charge if consented today	
Citywide DCs:	\$634,000
<u>Local DCs:</u>	<u>\$661,000</u>
Total:	\$1,295,000

City Centre development incentives

- TCC considered offering DC incentives to encourage development in the city centre in 2023. This matter was part of public consultation in the LTP 24-34 and community support was evenly split. No DC incentives were introduced.
- TCC has operated the City Centre Development Incentive Fund since 2021 for the purpose of providing funding to assist with feasibility studies, support development, improve vibrancy and support for local businesses. It does not fund DCs.
- Ongoing workstream with staff to look at strategic outcomes for city centre and how they could be achieved – including funding tools like DCs

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Christchurch's approach



- High density residential rebate scheme
 - o Started August 2025
 - o \$2M funding pot to provide 100% for DCs for residential developments in the central city at least 6 storeys
 - o Can not be for short term guest accommodation
 - o Fund expires 30 June 2027 or when funds spent
 - o No uptake as yet, no known potential applicants



Hamilton's approach



- 50% rebate for city centre developments less than 6 storeys
- 100% rebate for city centre developments over 6 storeys
- Both are also subject to:
 - Engagement with the Urban Design Advisory Panel, and
 - Final Lifemark 4-star certification for the residential components of the development
- 3 grants have been made since 2021/22

Informal feedback from these councils

- Rebates evidence Council's support for development, supported by developers
 - Effectiveness unclear
 - Developers deliver the product that provides them the best balance of risk/return. DC incentives are small in the context of total development costs and so unlikely to influence developers' behaviour.
 - No anticipated pipeline of development applicants but this is a low point in property cycle
 - May assist in shifting planned development to city centre
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Suggest hold decision until broader city centre workstream complete

- Work underway to identify objectives for the city centre.
- Once objectives are understood, strategy can be developed for achieving objectives.
- Incentives can be explored as part of this conversation.
- Work is currently underway
- **Recommend:** staff return to Council with options for city centre development incentives prior to Annual Plan 2026/27.



