



Date: Wednesday 26 March 2025

Development Contributions Policy review 2025 submissions

Summary of feedback report (February 2025)

Draft Contributions Policy 2025 Analysis of feedback received

Purpose

Present an overview of feedback received from consultation on the draft Contributions Policy 2025

Executive summary

This report summarises feedback received from 147 submissions received on council's draft Contributions Policy 2025.

Development contributions (DCs) are a fee we charge developers. They recover from new developments an appropriate share of the cost of council's plans to investment in infrastructure to support growth.

The current contributions policy was implemented in January 2022 and included the capital expenditure decisions made as part of the Long-term Plan 2021-2031. A variation to that policy was implemented in June 2023 when recovery of costs over a longer time horizon (30 years) in Drury was added to the policy. Up to that point the DC policy had only sought to recover through DCs a share of the cost of investments planned over a ten-year horizon.

In September to November 2024, the council consulted on a proposal to adopt a new policy which updates the current policy with:

- a) new information to reflect:
 - capital expenditure decisions made in the Long-term Plan 2024-2034
 - updated forecasts for growth and interest rates
 - updates to the costs of projects in the existing policy
 - updates to the longer-term investments in Drury
- b) extension of the approach applied to Drury to the other Investment Priority Areas (IPAs) identified in the Long-term Plan 2024-2034. This means including capital expenditure planned over a longer horizon (30 years) for the Inner Northwest (at Red Hills, Westgate and Whenuapai) and the Auckland Housing Programme (AHP) areas at Tāmaki, Māngere and Mt Roskill
- c) a number of more minor changes to ensure the fair allocation of the costs of infrastructure to serve growth between ratepayers and developers and between developers in different locations.

The Long-term Plan 2024-2034 includes \$10.3 billion of capital investment with a growth component. The inclusion of these projects in the DC policy raises the average contributions price from \$21,000 to \$30,000. The adjustments to the cost of the investment proposed in Drury raises the average contributions price in that area from \$70,000 to \$83,000. The table below shows the DC price for the average value property in the IPA areas (showing range for different component funding areas) to recover the growth share of the \$8.9 billion the council will invest in these areas over the next 30 years.

Area	Current DC charge	Total proposed DC
Inner Northwest	\$25,167	\$98k (\$89k to \$101k)
Māngere	\$18,123	\$29k (\$28k to \$30k)
Mt Roskill	\$20,406	\$52k (\$46k to \$80k)
Tāmaki	\$31,157	\$119k

In combination the changes to the IPAs beyond 2034, including the changes to Drury in this period, will raise the average contributions price from \$30,000 to \$50,000.

Public consultation opened on 30 September 2024 for seven weeks, closing on 15 November 2024. Two webinars and two face to face events were held along with an opportunity for interested parties to present directly to councillors on 14 November. One hundred and forty-seven submissions were received, 46 of which were from or on behalf of an organisation. Submitters were asked four questions. The questions and responses are set out below.

Question	Support	Do not support	Other
1. Considering our proposed investments over the next 10 years, and the impacts of those investments, what do you think of our proposed changes to the Contributions Policy 2025?	30	53	17
2. What do you think of our proposal to add projects to the Investment Priority Areas beyond the next 10 years?	30	56	12
3. What do you think of our proposed changes for the Drury area?	35	38	27
4. What do you think of our other proposed changes?	31	31	38

The *Analysis of feedback* section of this report summarises the key points made in submissions. These include:

- Impact of higher development contributions on the house prices and the pace and nature of development
- Uncertainty and fairness of planning over a 30-year time frame and impact of cost escalation
- Scale of stormwater investment in Tamaki
- Delayed timing of investment required to allow development
- Consideration of other sources of funding
- Lack of and transparency of information provided
- Specific issues with funding areas and projects

On 22 November the DC models were finalised in a form appropriate for public release and provided to submitters. Those who wished to adjust their submissions after reviewing the models were advised that they could present an updated submission to the council by 20 December.

Submissions received to 20 December have been incorporated into the feedback summary. Advice and further analysis conducted since the consultation process, including updated growth and economic forecasts, will be incorporated in advice to the Governing Body for decision making, planned for 1 May 2025. Potential changes to the proposed policy will also be presented at that time.

Consultation process

Between 30 September and 15 November 2024, Auckland Council undertook public consultation on the draft Contributions Policy 2025. To support the consultation a number of documents were made available on the council's [Have Your Say page](#). The documents provided are set out in Attachment A.

Around 335 stakeholders, including 48 individuals who submitted to the previous consultation were directly approached to advise them of the consultation and to seek their feedback. Seventeen iwi and eleven mana whenua entities were also contacted to seek their feedback.

An article promoting the consultation was published on 13 September in *Our Auckland* and a media release was sent out to the full media distribution list. The consultation was also promoted through the council's Engagement and People's Panel newsletters.

Two online and two face-to-face Have Your Say (HYS) events were held. There were 70 attendees across all events representing 43 organisations. Staff also provided briefings to a range of government agencies including Waka Kotahi New Zealand Transport Agency and the Ministry of Housing and Urban Development.

An opportunity for developers to present their submissions directly to the Governing Body was provided on 14 November 2024. Developers were given a ten-minute slot with five minutes for their presentation followed by 5 minutes for questions from the decision-makers— 8 organisations made presentations to the Governing Body.

On 22 November the DC models were finalised in a form appropriate for public release and provided to submitters. Those who wished to adjust their submissions after reviewing the models were advised that they could present an updated submission to the council by 20 December. Two amendments to earlier submissions and two late submissions were received.

Overview of feedback received

One hundred and forty-seven submissions were received, 46 of which were from those on behalf of an organisation. Feedback is shown via three categories: individuals, organisations, and Māori. It is important to note that submissions from organisations are counted as a single submission. The submissions received in the consultation are available to elected members on the council's meeting management system, Nexus.

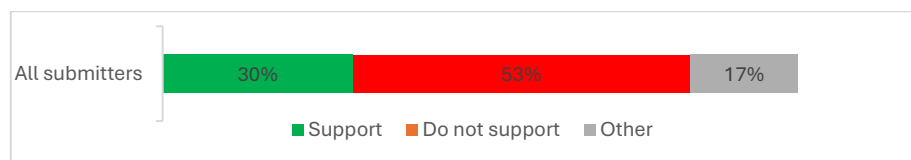
The analysis includes all submissions received and the feedback received at the HYS events. The summary of key points presented below includes quotes from the feedback provided. Not all respondents clearly stated their support or otherwise to the consultation questions. Where it has not been clearly stated, responses have been assigned to the other category.

Respondents gave comments on the consultation question and on a variety of other issues of concern.

Analysis of feedback

Question 1

Considering our proposed investments over the next 10 years, and the impacts of those investments, what do you think of our proposed changes to the Contributions Policy 2025?



The proposal was supported by 30 per cent of submitters with 53 per cent not in support. A further 17 per cent did not clearly state their support or otherwise to the proposal.

Response	Individuals	Organisations
Support	35	9
Do not support	54	24
Other	12	13
TOTAL	101	46

Question 2

What do you think of our proposal to add projects to the Investment Priority Areas beyond the next 10 years?

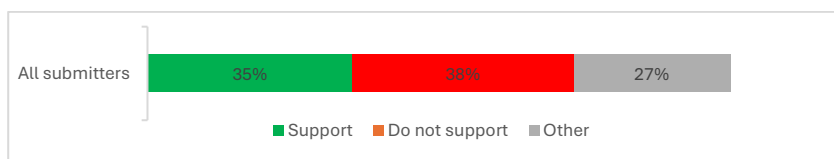


The proposal was supported by 30 per cent of submitters with 56 per cent not in support. A further 14 per cent did not clearly state their support or otherwise to the proposal.

Response	Individuals	Organisations
Support	36	8
Do not support	53	30
Other	12	8
TOTAL	101	46

Question 3

What do you think of our proposed changes for the Drury area?



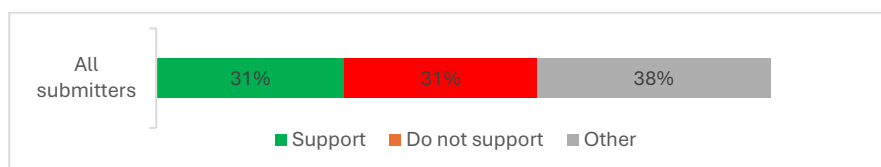
The proposal was supported by 35 per cent of submitters with 38 per cent not in support. A further 27 per cent did not clearly state their support or otherwise to the proposal.

Response	Individuals	Organisations
Support	46	5
Do not support	33	23
Other	22	18
TOTAL	101	46

Question 4

What do you think of our other proposed changes?

- *new sub-regional funding areas at Paerata, Whau and the Northwest*
- *new local funding area at Avondale*
- *changes to neighbouring funding areas have been adjusted to accommodate these new areas.*

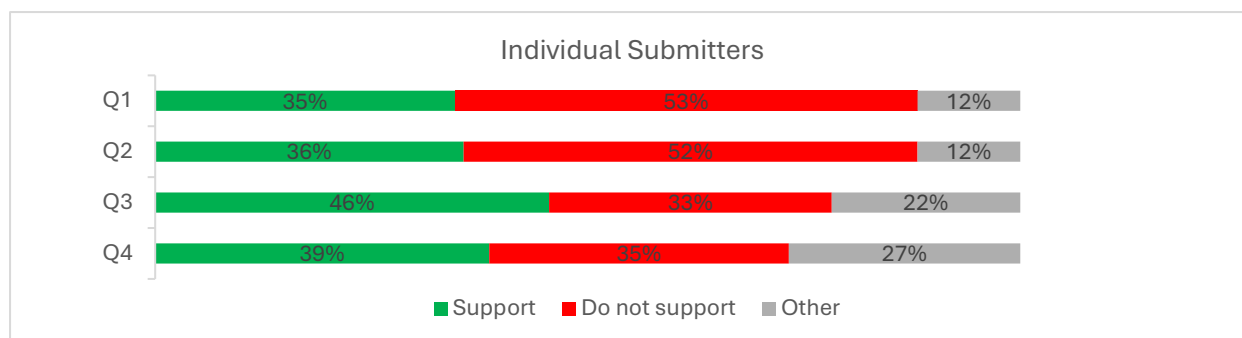


The proposal was supported by 31 per cent of submitters with 31 per cent not in support. A further 38 per cent did not clearly state their support or otherwise to the proposal.

Response	Individuals	Organisations
Support	39	6
Do not support	35	11
Other	27	29
TOTAL	101	46

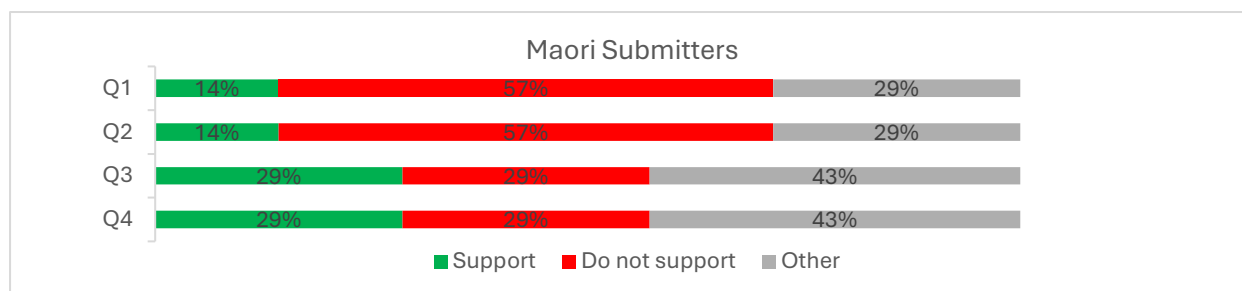
Feedback from individuals

We received feedback from 101 individuals on this proposal. The response of individuals is set out in the table below.



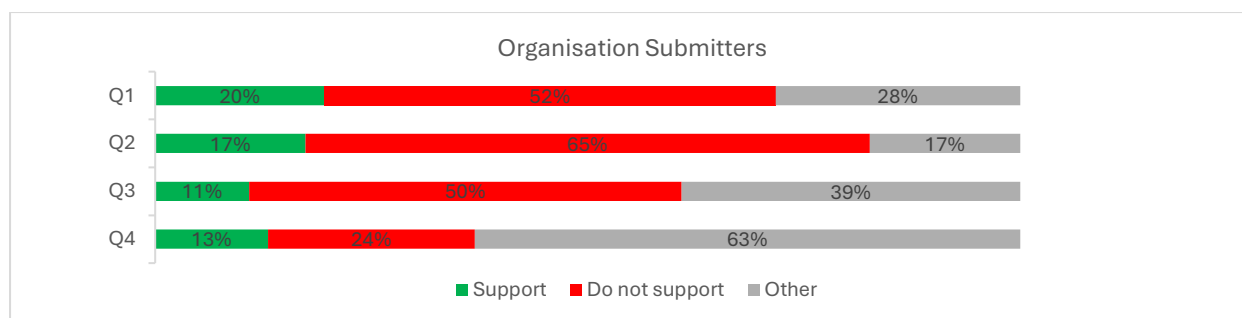
Twenty-six per cent of individuals commented that it was fair that developers should pay their fair share towards infrastructure. Twenty-nine per cent of individuals commented that the proposals will increase house prices and impact housing affordability.

Seven individuals identified as Māori. One supported the proposals and one commented that new development needs to be fully funded by developers. The response of Māori is set out in the table below.



Feedback from organisations

46 responses were from those representing organisations. The response of organisations is set out in the table below.



Thirty-three per cent of organisations commented that they agree with the usage of development contribution to fund growth infrastructure. Forty-three per cent of organisations commented that the proposals will increase house prices. Fifty-seven per cent of organisations commented that proposals would discourage development or make them no longer feasible.

Summary of feedback

Themes from the feedback received are set out below.

- Impact of higher development contributions on the house prices and the pace and nature of development
- Uncertainty and fairness of planning over a 30-year time frame and impact of cost escalation
- Scale of storm water investment in Tamaki
- Delayed timing of investment required to allow development
- Consideration of other sources of funding
- Lack of and transparency of information provided
- Specific issues with funding areas and projects

Impact of higher development contributions on the house prices and the pace and nature of development

Developers' submissions noted concerns on the impact that higher DCs may have including:

- leading to higher house prices as developers seek to recover the increased costs. This argument was supported by some economic studies undertaken for submitters or quoted by them that argued DCs don't flow back to land prices. The impact of higher prices is exacerbated by the current difficult market conditions with higher interest rates and construction costs. Conversely some submitters noted that it would impact the viability of development where land has already been purchased as they couldn't raise sale prices
- insufficient time since the 2021 announcement of charging for 30 years of infrastructure in the IPAs for higher DCs to be reflected in land prices. This is too short a timeframe over which to allow DCs to be reflected in land prices given the time period land is held for development.
- assuming that developers will pay less for land as a method of funding DC's which may only be relevant in greenfield situations where the best economic uplift in the land is through urban development rather than continued rural use. The assumption does not hold for brownfield development where existing use can be equally as economic as opposed to intensification.
- slowing the pace of development across the city and encouraging land banking until prices rise enough to recover higher charges. With less development prices will rise
- diverting development to just outside the boundary of IPA funding areas, to other parts of the city, and/or to other cities
- discouraging the construction of affordable housing as developers seek to recover higher costs with more expensive developments. Higher DCs encourage less affordable typologies of housing to be built and reduce the ability to provide comprehensively designed master planned communities
- are inconsistent with the NPSUD, the government support for more, and more affordable, housing, and the council's similar position
- change to DCs should be subject to transition
- one submitter argued land supply isn't limited and therefore DCs won't flow to land prices. This submission also argued that the economic benefit of continued ratepayer funding benefited new house buyers through increased supply and consequent lower prices relative to the impact of higher DCs
- one submitter argued small developers shouldn't pay the same as large developers whose scale is driving the need for investment
- a couple of submitters suggested that development of granny flats or a house on the back of their property for their family shouldn't be charged.

Uncertainty and fairness of planning over a 30-year time frame and impact of cost escalation

Comments were provided about the uncertainty of planning and costing investment over a 30-year timeframe and seeking to recover those costs from development occurring now. Comments from submitters included:

Fairness

- some submitters agreed that taking a longer view beyond the current LTP ensures that the cost of the new infrastructure is fairly shared between developers and rate payers and that developers should pay a fair share of the infrastructure costs over the entire development period
- other submitters while accepting the need to take a longer-term view of Auckland's infrastructure needs given the likely scale of growth considered that seeking to fund these needs from DCs was unfair
- unfair to burden current development, and current house buyers, with the cost of investments in infrastructure that in many cases they won't be able to use for nearly two decades. The average household owns their home for 8 years and will have bought and sold in these areas before the infrastructure they have paid for is delivered

Planning and uncertainty

- While there was some support for planning 30 years ahead those submitters considered that only ten years of planning investment should be included in DCs with a three yearly updated
- unlike the projects in the 10 years of the Long-term Plan 2024-2034 they haven't been subject to public consultation, feasibility studies, technical assessments, or in-depth planning
- some of the 30-year investment will support growth over the period to 2080. Concern was also expressed that some of the investment was required to address historical under investment
- the exact nature and location of the required infrastructure required over such a long-time frame and its cost is very uncertain. This is evidenced in the changes required for Drury investments identified within 18 months of adoption
- with so much uncertainty there is the possibility that infrastructure will not be needed resulting in over collection of DCs. Questions were raised about the actions the council will take to ensure money collected today will be spent on delivery of the projects over 30-year period. It was also not clear what happens to the initially unspent portions of development contributions paid, but intended to fund works that are 1, 2 or 3 decades in the future. Hard to be able to guarantee that overcharging will be paid back given long time period, 30 years
- it is unclear how or whether developers can expect to be compensated for constructing a project or providing land for a project that is included in the policy
- the need for further work signalled to establish stormwater investment in Mangere and Mt Roskill exacerbates the uncertainty
- Council should work with developers to establish the investments required, their costs, and timing

Costs and cost escalation

- forecasting future costs is very difficult. The base cost estimate of some projects appears to be significantly higher than market rates, resulting in a markedly high starting position even before contingency and escalation is accounted for. The costs of land acquisition are unrealistically high. Costs are then inflated over time resulting in projects increasing in cost in many cases for one, two, or three times their cost in today's dollars
- forecasts of land price inflation are based on historic house price inflation, and these are higher than Treasury's latest house price forecasts. Council should seek legislative change to lock in current land prices (FRL) for future land purchases for infrastructure

- Council's planning and costing work should be subject to external audit
- the manner in which council layers escalations is not appropriate

Single price over time and time value of money

- setting DCs at council's single price over time for investments planned over 30 years is unfair to early developers. DCs from early developers will generate interest for the council and should accordingly be at a lower price than someone paying in 20 years' time after the council has made investments on which it is paying interest

Alternative planning horizon

- more analysis should have been undertaken of alternative options for the timeframe over which investment is planned

investments in the IPAs should be planned over a ten-year period and adjusted forwards every three years. This would provide a much more certain and fairer basis for setting DCs

Stormwater investment in Tamaki

- scale of stormwater investment required was challenged given the potential for developers to undertake on site works reducing the need for council investment and consequent DC that would otherwise make development infeasible
- projects included in the DC policy that overlap with Kainga Ora's planned investments should be removed

Delayed timing of investment to allow development

- many of the projects required to allow development to proceed as scheduled for delivery until well after they are needed
- these timings don't align with the development timing in the Future Development Strategy. Given the council and governments broader growth goals these investments shouldn't be delayed by arbitrary financial constraints
- Drury stormwater investments is needed in 2028 to support development planned in the area but scheduled for 2043
- transport investments in Hingaia are resource consent triggers for development to proceed. The council has changed its commitments timing of these projects several times in the last decade

Consideration of other sources of funding

Several submitters considered the council should have given more consideration to alternative funding mechanisms instead of or alongside DCs. Submitters considered that the council:

- implementation of higher DCs should wait until there is clarity around the government financing and funding reforms
- given the drivers of growth, population growth, and the wider regional economic benefits therefore more funding should come from central government and general rates
- insufficient analysis has been presented of alternatives to DCs such as targeted rates or levies under the Infrastructure funding and Financing Act (IFF). Stormwater investment in brownfield areas is a good candidate for targeted rate funding, or indeed funding with an IFF levy
- greater provision should be made for developers to undertake more of the capital investment as they can do this sooner and at much lower cost. Council needs to make appropriate provision to adjust DCs for these developers to reflect their investment

Consultation and Transparency

Several submitters commented on the information provided and timeframe allowed for consultation. Submitters considered that:

- insufficient information has been provided to establish the basis for higher DCs. This includes a lack of information on:
 - the location, scope, timing, and inflated cost of investments
 - what proportion of each investment will be provided by developers or funded by third parties
 - the basis for how the remaining cost has been shared between ratepayers and developers
 - how the proposed Development Contributions for each funding area are calculated
- there was a lack of transparency or accounting of what infrastructure will be developer led, versus what work Council will undertake
- the DC Models were not made available during the consultation period and/or aren't directly useable

Unit of demand factors

Several submitters commented on the unit of demand factors which the council uses to adjust DC charges for different types, e.g. retail businesses and size of residential houses, relative to the standard residential house of between 100m² and 249m². Submitters considered that the council:

- had promised a review of demand factors several years ago but had not yet completed this work
- we not making available the basis for the current unit of demand factors
- should defer the current proposals until that work was completed
- specific commentary was made that the unit of demand factors should be lower for the following development types as they placed less demand on the need for council infrastructure investment:
 - Auranga town centre development to reflect the density of development planned and the proposed developer investment
 - large format retail
 - hospitals
 - retirement villages.

Funding areas

- Several submitters requested a review of funding areas, for example:
 - that the area south of the Upper Harbour Motorway included in the Whenuapai funding area be removed from the 30-year work
 - it was requested that more local funding areas in the Northwest for transport infrastructure are investigated similar to Drury
 - that the Auranga town centre is different to other developments in the proposed Drury area and should be removed from the Drury IPA area
 - that changes should be made to the Reserves funding area due to development timing and Hingaia should be separated from Paerata

- that investigation into creating neighbourhood funding areas within some of the IPA areas to avoid cross subsidisation should be made

Other comments about funding areas commented on by several submitters including:

- that council ensures the distribution of benefits has been mapped correctly
- the changes to local funding areas to better reflect the distribution of benefits from investments in the Investment Priority Areas (IPAs) is a positive step. They also supported the new funding areas which better reflects targeted cost recovery for community infrastructure
- whilst others noted that it appears to include cross subsidies not only between existing and future ratepayers but also across funding areas
- that the formation of the proposed funding areas will lead to inequitable consequences for landowners and developers across Auckland, such as the people directly outside the new local funding areas who will benefit from the new infrastructure will not pay for it
- wanting council to ensure that review received in a previous funding area has been correctly allocated through the changes.

Other feedback

- DCs should be lower to support social housing. Social housing developers are not profit driven and less able to accommodate increases in DC prices.
- Sustainable developments should be supported by lower DCs, in part as it reduces demand on investment in infrastructure.
- Additional open spaces were required to support the Unitec/Carrington development and that more funding should be provided for the Karaka sports park.
- The Disabled Persons Assembly submitted in favour of planning for new infrastructure as this can be designed with access in mind. However, they also argued strongly for infrastructure design and development planning to give more consideration to access issues.
- There doesn't seem to be a needs assessment done in the north west to support the extremely high level of park investment proposed

Modelling

- Some submitters made comments on the accuracy of the models and suggestions for improvement
- Concern over project growth assumptions were raised in Whenuapai where unrealistic spikes of growth occur over 2 years
- DCs could be recalculated across time with inflation adjustments done in structured stages where early developers pay less and later developers pay more

Governing Body decision making – 1 May 2025

Staff plan to report to the Governing Body seeking a decision on the updated Contributions Policy in May 2025.

The report will provide analysis of the issues raised by developers, updates to the projects and forecasts, updates to the methodology, and an assessment of alternatives.

Further analysis of the feedback raised by developers in that report will, in particular, address the:

- Impact of higher development contributions on the house prices and the pace and nature of development
- Uncertainty and fairness of planning over a 30-year time frame and impact of cost escalation
- Scale of stormwater investment in Tamaki
- Delayed timing of investment required to allow development
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- Lack of and transparency of information provided
- Specific issues with funding areas and projects

The updates to projects and forecasts will include:

- refining the projects and project costings in the proposal including:
 - estimates of developer mitigation - roading investments that developers will be required to provide as a condition of consent
 - property costing
 - investment decisions by the government
 - community facilities funding areas
 - transport funding areas.
- updating the forecasts of the following factors to reflect the latest economic conditions and predictions:
 - growth forecasts reflecting government decisions, updated investment, and development capacity information from Watercare, latest market information
 - interest rates
 - construction cost inflation
 - land price inflation.

The assessment of alternatives will include:

- options for the scale and timing of investments proposed for stormwater in Tamaki and transport across the IPA areas

Staff note that a formal review was undertaken of the methodology the council uses to set DC charges following the consultation undertaken in 2021. To do this, three external advisors were contracted to review our methods for growth forecasting, cost estimation, and how we assess the beneficiaries that underpin the DC charge calculations.

The feedback from our consultation in 2021, and in 2022 on Drury, the recommendations of the external reviews, and our updated data models have allowed the DC calculation methodology to be refined. The financial models were updated following a review conducted in November 2021. No errors in logic or in the functionality were identified in a review conducted in November 2022. Internal review of our methodology and models is ongoing. The lessons from this work will be reflected in our final advice.

Attachment A: Documents provided to support consultation

Title
1 - Consultation Document
2 - Draft Contributions Policy 2025
3 - Updated Drury Investment programme
4 - Project list for other IPAs
5 - Methodology for Calculating DCs for Drury
6 - Funding Area Maps
7 - Schedule 8 Assets for which DCs will be used
AHP Transport Capex Redacted Model Consultation
Drury Transport Capex Redacted Model Consultation
RWW Transport Capex Redacted Model Consultation
Summary Community Investment 30y 10Oct 2024
01_Redhills, Westgate, and Whenuapai DC Policy – Transport Assessment
02_Inner Northwest Transport Developer Mitigation Assessment
03_NWIFF Cost Allowances 2022 - Transport
04_NWIFF Transport Assessment 2022 – Transport
05_Greenfield Generic Cost Allowances and Rates - Transport
06_Auckland Housing Programme Dc Policy – Transport Assessment
07_Brownfield Generic Cost Allowances and Rates
07A Appendix A Cost Schedules Brownfield
07B Appendix B Brownfield Renewals
08 Brownfield Stormwater Management
09 Drury Stormwater Methodology
10 Drury DIFF Cost Allowance Report Addendum
11 Drury DIFF Addendum Covering Memo
12 Drury Developer Contributions Policy Transport Assessment
13 Drury DC Policy Document Register Memo 2024
14 Growth Northwest for publication