



Sharing the cost of growth

Contributions Policy 2025 Consultation document

September 2024

About this document

This document has been prepared for consultation on our Contributions Policy 2025. It:

- provides an overview of our long-term plans to invest in parks, community facilities, and transport infrastructure to support growth
- recognises the importance of recovering a fair share of the costs of infrastructure from all developers in growth areas to ensure we can deliver the investments.
- describes our long-term plans to deliver infrastructure to investment priority areas (IPAs) over a longer time horizon (30 years) and the contribution to costs we propose to recover from developers
- shows how we have estimated the cost of investments, the share attributable to growth, and the consequent development contributions charges that will apply in each area
- should be read in conjunction with the Draft Contributions Policy 2025
- sets out how you can have your say on this proposal

Within this document:

- all prices are stated excluding GST unless otherwise noted
- all expenditure includes the forecast impact of inflation

Supporting Document Pack:

- to assist your consideration of this proposal we have made the following supporting documents available: These documents can be found online at atakhaveyoursay.aucklandcouncil.govt.nz/development-contributions-review-2024, or you can request copies through the contact details at the end of this document.
- Draft Contributions Policy 2025 (Proposed changes have been highlighted in yellow)
- Methodology for Calculating DCs – an overview of our approach to calculating contribution charges
- Funding Area Maps
- Development Contributions Model
- additional supporting information setting out the detailed basis for the planning and costing of the proposed investments in transport, parks and community facilities, and stormwater prepared by internal and external experts.

Having your say

Public consultation runs from **30 September to 12.00 noon 15 November 2024.**

For more information on how you can provide feedback, please see the last page of this document.

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**AK
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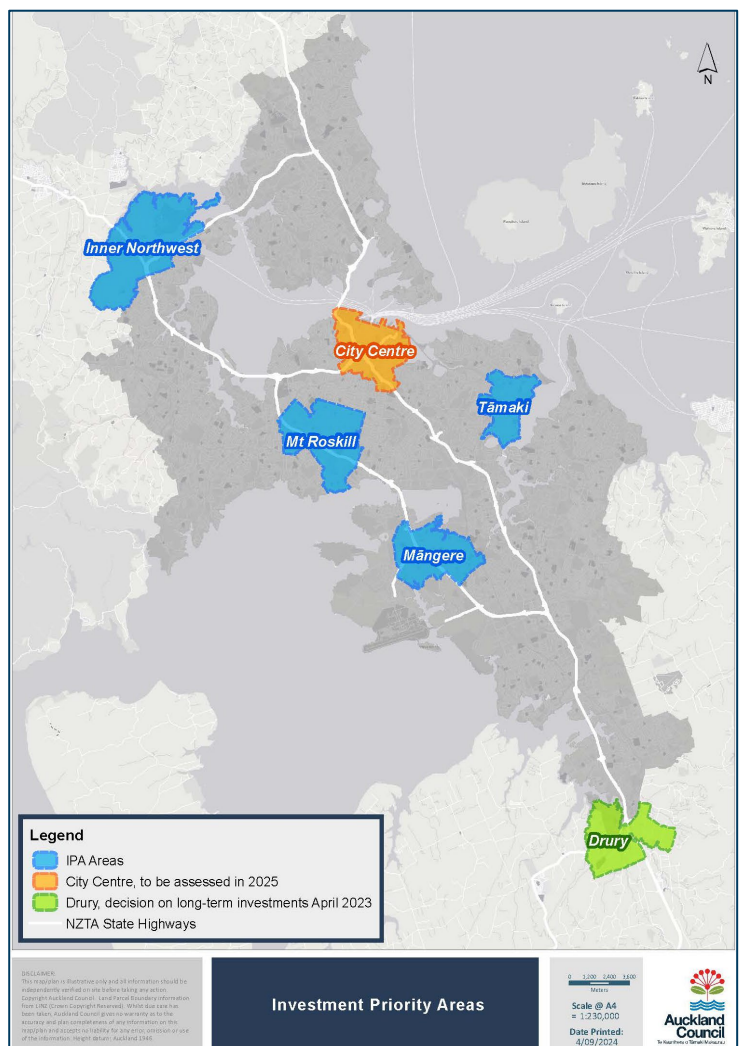
Executive summary

Growth

1. Auckland's population is forecast to continue to grow, with a further net 200,000 Aucklanders expected by 2034 and a further 409,000 by 2054. Providing infrastructure such as parks, community facilities, stormwater systems, and transport networks, to support this growth is a key council function.
2. Rapid growth is creating substantial demand for infrastructure investment in both brownfield (previously built on) and greenfield (never built on) areas. This includes private plan changes outside the scope of the council's Future Development Strategy and infrastructure planning focus. Significant investment in infrastructure is required to cope with the cumulative impacts of growth expected over the next 30 years.
3. The infrastructure we provide not only enables development to occur (through the provision of services such as transport and stormwater) but also ensures communities have access to the activities and services at parks, libraries, and other community facilities that Aucklanders expect.

Infrastructure investment

4. Over the 10-year period 2024-2034 we will be investing around \$39.3 billion in our capital investment programme which includes \$10.3 billion of growth-related investment.
5. The council's financing and funding capacity to support growth with infrastructure is limited and we need to prioritise our investment.
6. Through our Future Development Strategy, Long-term Plan 2024-2034 (LTP), and 30-year Infrastructure Strategy, we identified a few key locations to focus our limited resources. These are all joint priority areas with government and include the Auckland Housing Programme (Mt Roskill, Māngere, and Tāmaki), the Inner Northwest (including Red Hills, Westgate and Whenuapai), Drury, and the City centre (CRL stations at Maungawhau and Karanga-a-Hape). We refer to these areas as Investment Priority Areas (IPAs).
7. Development in the IPAs will continue for a lot longer than ten years. Our plans include \$11.7 billion of investment in Drury, Inner Northwest, and the AHP areas over a thirty-year period. Analysis of the investment required in the City centre IPA is planned for 2025. Development occurring now in these areas will benefit from and cause the need for investments we will make over the next three decades.



Funding growth infrastructure

8. We fund this infrastructure investment through a mix of rates, central government grants and development contributions paid by developers.
9. Development contributions (DCs) are charges that recover from new developments an appropriate share of the cost of this investment in infrastructure. The amount to be paid by new development is determined by our Contributions Policy. This policy ensures the cost of new infrastructure is fairly shared between developers and ratepayers based on who causes the need for and who benefits from the investments.
10. Traditionally the Contributions Policy has only looked at future investment for the next ten years. The long timeline for some development areas and cumulative nature of infrastructure requirements, however, meant that early developers were not helping fund all of the investments that they have caused the need for and benefited from. To ensure the costs of investment are fairly shared between all developing landowners and ratepayers the council is working through a process of extending the time horizon for infrastructure in the priority growth areas. Including all the planned investment, and all the expected growth will mean a fairer approach.

Proposed Contributions Policy 2025

11. The current contributions policy was implemented in January 2022 and included the decisions made as part of the Long-term Plan 2021-2031.
12. A variation to that policy was implemented in June 2023 when recovery of costs over a longer time horizon in Drury was added to the policy.
13. We are now proposing 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 IPAs. 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
14. We have assessed requirements for stormwater infrastructure in Drury and this has now been included in the draft policy. We have also reviewed the projects and assumptions we made for investments required in Drury over a 30-year horizon. As a consequence, we have revised the projected cost of infrastructure investment in Drury. This means that the average contributions price in Drury will rise from \$70,000 to \$83,000.
15. The proposed changes included under a) above, will bring the average contributions price in the draft Contributions Policy 2025, including capital expenditure reflecting LTP decisions, to \$30,000 per household equivalent unit (HUE).
16. Apart from the changes and updating discussed in this document, the Draft 2025 Contributions Policy (which can be found on our Have your Say page) generally continues council's approach to contributions in the current policy.

Longer-term investment in the IPAs

17. Growth at Red Hills, Westgate and Whenuapai in the Inner Northwest could grow to around 38,000 households and 38,000 employees over the next 30 plus years. While the AHP, at Tāmaki, Mt Roskill, and Māngere could provide up to 40,000 additional dwellings by 2060¹. Drury is expected to grow by around 22,000 houses over the next 40 years.
18. Auckland Council is planning to deliver \$8.9 billion (\$652 million in the Long-term plan period) of the costs of the infrastructure needed to support this growth in the Inner Northwest and AHP areas and is proposing to fund \$4.1 billion from developers through development contributions.
19. The investments planned for these investment priority areas beyond 2034 are:
 - \$6.5 billion in transport including arterial roads and key elements of the collector network to provide an integrated public and private transport network and active transport investment connecting IPAs to the wider city (in addition to the \$330 million council has already planned to invest before 2034)
 - \$1.2 billion for 39 new parks and parks development in addition to the \$208 million council has already planned to invest before 2034
 - \$806 million of stormwater investment in Tamaki. This delivers the same level of stormwater drainage capacity to Tamaki as is planned in the greenfield areas of the Inner Northwest and Drury which is higher than the service level in the brownfield areas that aren't expected to develop to the same scale
 - \$272m in community facilities including \$160m for the Northwest aquatic-recreation centre, and \$30m for additional library spaces in Tamaki.
20. Of the \$8.2 billion of projects that we plan to deliver beyond 2034 in these areas, \$3.8 billion is proposed to be funded by developers through our contributions policy. This additional revenue requirement will raise the regional average contributions price by an additional \$20,000 per household equivalent unit (HUE) to a total of on average \$50,000 per HUE. Different charges will apply to different geographical areas based on the investments planned in each area.
21. The table below shows the proposed average DC pricing in these investment priority areas.

Changes to contributions pricing				
Area	Current DC charge	Proposed DC: Investment within LTP period incl. regional and sub-regional DCs	Proposed DC price for investments beyond LTP	Total proposed DC All investments and DC charges
Inner Northwest	\$25,167	\$27k (\$27k to \$34k)	\$71k (\$61k to \$75k)	\$98k (\$89k to \$101k)
Māngere	\$18,123	\$22k (\$21k to \$23k)	\$7k	\$29k (\$28k to \$30k)
Mt Roskill	\$20,406	\$32k (\$25k to \$59k)	\$20k	\$52k (\$46k to \$80k)
Tāmaki	\$31,157	\$40k	\$79k	\$119k
Auckland wide* average	\$21,000	\$30k	\$20k	\$50k

¹ These forecasts, and the others in this report, are based on the Auckland Growth Scenario, AGS23v1, which forecasts growth at a local level across Auckland to 2052.

Impact of proposed policy

22. The proposed updates to our contributions policy will result in major DC price increases for some areas. However, DC funding is intended to ensure all developers, over the entire development period, pay a fair share towards the cost of the infrastructure required to support growth in their areas. The revenue raised will ensure ratepayers are only asked to meet their fair share of the costs and provide greater certainty that key infrastructure is delivered. Without this funding the burden of providing such infrastructure and risk of undesirable outcomes will fall on the remainder of the city's ratepayers and the future residents.
23. We have described the way in which we calculate development contributions in the document Methodology for Calculating DCs which can be found on our Have your Say page. It includes our analysis of the distribution of the benefits of the proposed projects.
24. As identified above, a substantial increase in contributions charges is required if developers are to meet a fair share of the cost of the total investments required to support new developments.
25. While the physical infrastructure won't be delivered until later, current landowners still benefit through higher land values due to the increased certainty of delivery. Furthermore, development occurring during the early years of this policy still contributes to the need for planned capital expenditure that will be incurred beyond 10 years' time.
26. Developers have raised concerns that higher contributions prices might raise house prices. While the impact on house prices is not a key consideration in the development of our contribution charges, we have nonetheless sought independent economic advice on the validity of this concern as discussed later in this document. The research found that dwelling prices are determined by larger housing market impacts and therefore higher DCs will not be passed forward to rents or prices but passed back to land in the form of lower pre-development land values.
27. The option of consulting on a proposal for a price transition was also considered but wasn't adopted. While this would phase in the impact on developers it would increase the burden on general ratepayers across the city without them receiving a commensurate share of the benefits. A transition was also considered but not adopted when longer term investments were added to Drury in 2023.

Introduction

28. Development contributions are charges that recover an appropriate share of the cost of the investment in infrastructure from new developments. The amount to be paid by new development is determined by our Contributions Policy. This policy ensures the cost of new infrastructure is fairly shared between developers and ratepayers, based on who causes the need for and who benefits from the investments.
29. Our contributions policy sets out the costs to be recovered and how these are translated into contribution charges in different parts of the region. This is regularly updated to reflect new information, such as updated projections about growth, planned investment, or policy decisions.
30. The current contributions policy was consulted on in late 2021 and became effective from 1 January 2022. In April 2023, investments to recover costs over a longer time horizon in Drury was included in the policy, and the Contributions Policy 2022, Variations A became effective from June 2023. We are now proposing a new contributions policy and we are interested in your feedback

Key issues for proposed Contributions Policy 2025

31. We are proposing to update the policy in these areas:
- a. capital expenditure decisions and updates since 2021, capital expenditure planned in the Long-term Plan 2024-2034, updates to 30-year investments in Drury. Our proposal:
 - includes capital expenditure projects that have been added to the policy, or where costs have been updated, since 2021 and the investment planned from 2024 to 2034 in the Long-term Plan 2024-2034 (LTP)
 - reflects the latest forecasts for growth based on the Future Development Strategy
 - removes from the policy projects planned for delivery in Drury which will now be funded by the government, as well as deferring the timing of some parks acquisitions, and adding a stormwater project
 - updates the assumptions made for investments in Drury over the longer horizon (30 years) using the latest available information. This includes updated land cost assumptions, the latest Auckland Transport Cost Estimation Guide, and the latest forecasts of capital expenditure to support growth in Drury to reflect the latest information
 - b. capital expenditure planned over a longer horizon (30 years) for the additional IPAs. These are
 - transport, reserves and community facilities requirements in the inner Northwest (Red Hills, Westgate, and Whenuapai)
 - transport, stormwater, reserves and community facilities requirements in Tāmaki.
 - transport for Māngere and Mt Roskill
 - This is an extension of the approach currently taken in Drury to make sure that the cost of new infrastructure to be delivered in these additional IPAs over the next 30 years is fairly shared between developers and ratepayers, based on who creates the need for, and benefits from the investments.
 - These investments will recover \$524 million of development contributions over the next 10-years.
32. The council has completed an assessment of the majority of the infrastructure investment required over the next 30 years to support long-term growth in the IPAs. The assessment of stormwater investments required for Mt Roskill and Mangere will be completed in 2025. These investments are proposed to be added to the Contributions Policy once this work is complete.

	Transport	Stormwater	Parks and Community infrastructure
Drury	Added to 2022 policy in 2023 Minor updates proposed in 2025 Policy	Proposed to be added to 2025 Policy	Added to 2022 policy in 2023. Continued in proposed 2025 Policy
Inner Northwest	Proposed to be added to 2025 Policy	Expected to be largely covered by developer mitigation	Proposed to be added to 2025 Policy
Mt Roskill	Proposed to be added to 2025 Policy	Work ongoing and full assessment planned for 2025	Proposed to be added to 2025 Policy
Mangere	Proposed to be added to 2025 Policy	Work ongoing and full assessment planned for 2025	Proposed to be added to 2025 Policy
Tamaki	Proposed to be added to 2025 Policy	Proposed to be added to 2025 Policy	Proposed to be added to 2025 Policy

The remaining Investment Priority Area not listed above (City Centre (CRL Stations)) will be added in 2025.

A focused approach to growth infrastructure

33. Auckland's population has grown substantially over the 10 years to the end of 2022, from 1.4 million to over 1.7 million at an average of 1.4 per cent annually. It is forecast to continue to grow, with a further net 200,000 Aucklanders expected by 2034 and a further 409,000 by 2054.
34. This rapid growth is creating substantial demand for infrastructure investment in both brownfield and greenfield areas. Significant investment in infrastructure such as parks, community facilities, and transport and stormwater networks is required to cope with the cumulative impacts of growth expected over the next 30 years. Providing this infrastructure to support growth is a key council function.
35. The Future Development Strategy is our plan for how, where and when Auckland will grow. The strategy sets out that most growth is anticipated through intensification in the existing urban areas with some growth in future urban areas. The timing of when future urban areas will be ready for development is based on when all the required bulk infrastructure can be provided.
36. The infrastructure the council provides not only enables development to occur (through the provision of services such as transport and stormwater) but also ensures communities have access to the parks, libraries, and other community facilities that Aucklanders expect. We fund this infrastructure through a mix of rates, central government grants and development contributions paid by developers.
37. As part of the Long-term Plan 2024-2034, Auckland Council prepared a 30-year Infrastructure Strategy. This strategy identifies the big infrastructure issues over the next three decades and sets out how we plan to respond to them. The Future Development Strategy and the Infrastructure Strategy are available on our website.
38. The Future Development Strategy identified Spatial Priority Areas as the key locations to focus our limited resources. These areas were identified as Investment Priority Areas (IPAs) in the Long-term Plan 2024 to 2034 and include joint priority areas with government and include:
 - the Auckland Housing Programme (Mt Roskill, Māngere, and Tāmaki)
 - the Inner Northwest (including Red Hills, Westgate and Whenuapai),
 - The City Centre (CRL stations at Maungawhau and Karanga-a-Hape)
 - Drury.

39. The council and developers also prepare detailed structure plans to guide future urbanisation, and development within a defined area. The purpose of a structure plan is to establish land use and infrastructure networks and identify the potential effects of urbanisation, and other community aspirations.
40. The Whenuapai Structure Plan 2016 sets out the framework for transforming Whenuapai from a semi-rural environment to an urbanised community over the next 10 to 20 years. This plan was adopted by the council in 2016 and a draft update is being prepared for with the intention of having community engagement in early 2025 to reflect the changes since 2016.
41. The draft structure plan will incorporate infrastructure investments identified for inclusion in the contributions policy to support the anticipated growth in Whenuapai. Other projects may also be included following community engagement on the draft Whenuapai Structure Plan and updated technical reports from specialists. Additional infrastructure identified for the Whenuapai area will be included for consultation in subsequent reviews of the contribution policy. Further details will become available later in 2025.

Sharing the cost of infrastructure

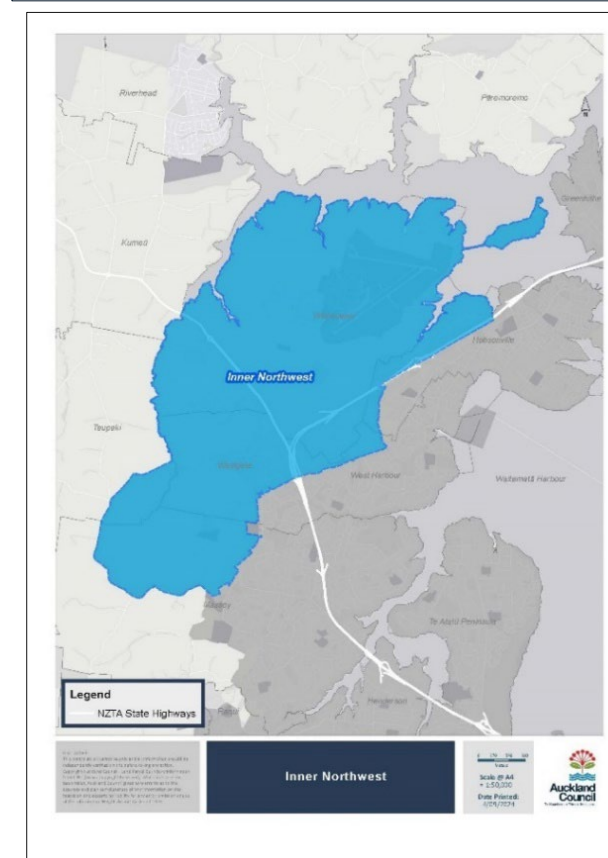
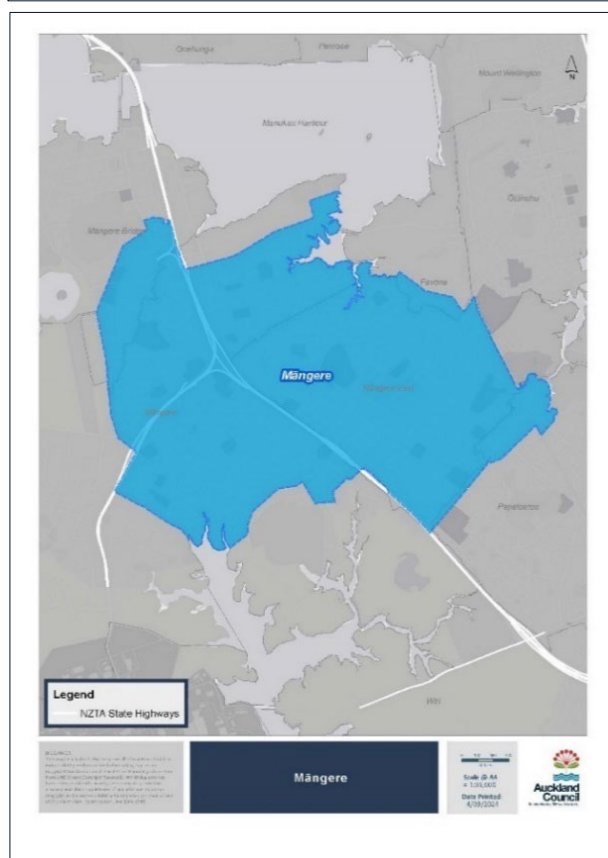
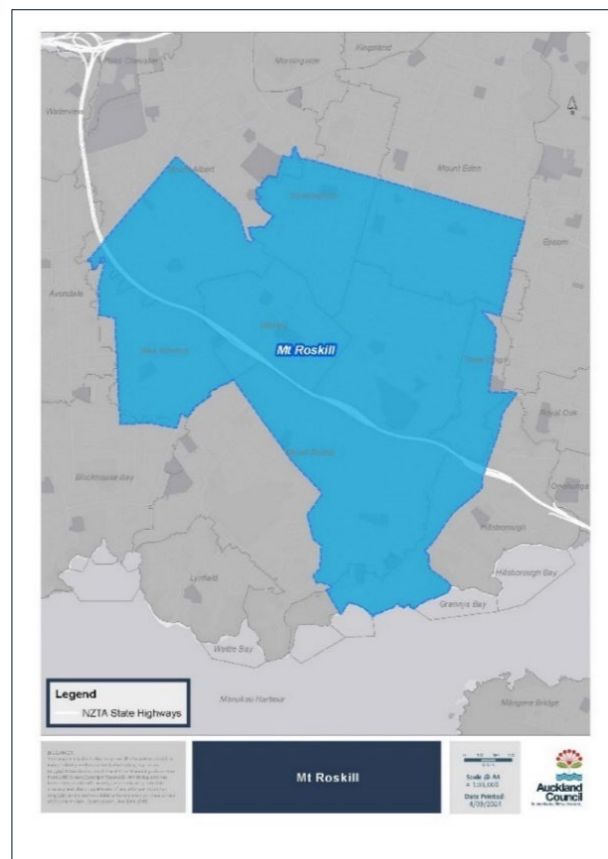
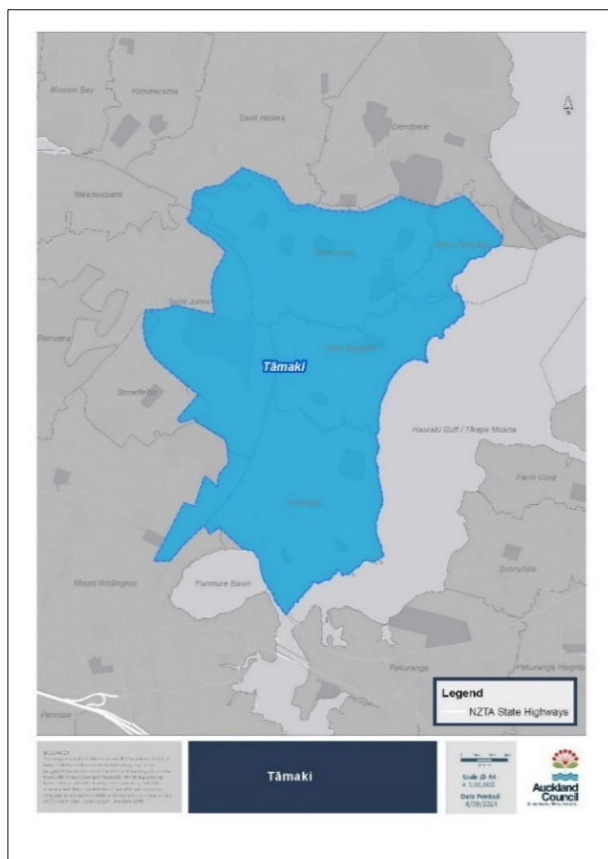
42. A significant proportion of the funding for infrastructure comes from the government to deliver investment in the rail network, state highway connections, and some strategic transport connections. The government will also provide funding from the national land transport fund (NLTF) for around half of our investment in arterial roads.
43. Developers are usually required (through conditions of resource consent, or infrastructure funding agreements) to deliver some transport infrastructure to mitigate the effects of their developments. We forecast the level of mitigation likely to be delivered by developers in this way, so we can assess the level of remaining investment the council will deliver and fund. You can read more about our approach to developer mitigation in the Methodology for Calculating DCs document in the supporting document pack provided as part of this consultation on our Have Your Say page.
44. Our Revenue and Financing Policy provides for the use of DCs and targeted rates to fund the growth share of the cost of infrastructure investment. We are continuing to explore the use of targeted rates for this purpose and the use of the financing and funding tools in the Infrastructure Funding and Financing Act. However, we propose to continue to use DCs at this time pending the completion of further investigation of the use of other tools alongside DCs. The Contributions Policy also contains an explanation of why the council has agreed to treat DCs as the primary source of funding for the growth share of growth-related capital expenditure. See Schedule 5 – Considerations of activity funding of our draft Contributions Policy on our Have your say page.
45. A proposed work programme on new infrastructure funding financing tools has been released by the Minister of Infrastructure. The programme has the aim of broadening and the funding and financing tools available to the Crown and councils. The minister expects to report back on the work programme in late 2024. Any changes will be incorporated into future reviews of our development contributions.
46. Current planning law is allowing growth to proceed without plans for financing and funding of the necessary infrastructure in place though private plan changes. The cumulative effects of this out of sequence development present the council with strong expectations in the future to, at a minimum, invest to address level of service issues such as safety and congestion issues that arise from this ‘underserviced’ growth. The council’s work on the potential use of its current funding tools and with government on possible new funding tools will seek to address this challenge.

Update of long-term plan capital projects

47. On 27 June 2024, the council adopted its Long-term Plan 2024-2034 (LTP). The LTP aims to sustainably manage regional growth and provide benefit to Auckland's many communities where it is needed most. Fixing infrastructure is a focus over the coming decade. The cost of the council's investments over the 10 years of the LTP to build, or buy, assets such as roads, pipes and buildings is planned to be more than \$39 billion.
48. Planning for investment in transport, water, wastewater, stormwater, parks and community facility infrastructure prior to an area developing ensures the cumulative impacts of growth are accounted for and growth is serviced and occurs in a well-planned and coordinated manner. This planning includes the works that developers will fund and deliver in the immediate area of their development and the public works undertaken by the council to connect and serve the wider area. We work closely with the development community to ensure that our investment plans achieve an appropriate balance between the demands we place on developers and the needs of the communities who will live and work in the area.
49. We propose updating our existing Contributions Policy to reflect the recently adopted Long-term Plan 2024/2034, in a new Contributions Policy 2025. This includes updates to reflect our latest projections of population and development, both by area and over time.
50. The draft policy includes some projects where the availability of third-party funding is presently unclear, namely projects:
- Auckland Transport have included in the Regional Land Transport Plan which requires approval from the NZ Transport Agency before National Land Transport Fund (NLTF) funding is made available
 - Auckland Transport, the NZ Transport Agency, and KiwiRail propose to be funded or part-funded from the NLTF
 - Kainga Ora, and the Ministry of Housing and Urban Development propose to be funded from the Housing Acceleration Fund.
51. Due to the timing of the decision making for the above processes, final decisions on these projects were not available for consideration in the proposed contributions policy. For now, the projects are included in the proposed contributions policy. Any changes made through government decision making will be incorporated into the draft contributions policy before adoption, planned for February 2025.
52. A detailed description of how we have determined the infrastructure investment required to support growth, our approach to forecasting the costs of this investment, and how we determined the share of the costs to be recovered from growth are set out in the Methodology for Calculating DCs document which you can find on our Have Your Say page.

Growth in the Investment Priority Areas

53. Development in Red Hills, Westgate and Whenuapai is already underway. A significant portion of the available area of around 2,500ha is already live zoned. We anticipate that the population in this area could exceed 95,000. Households could increase to 38,000 and employees to 38,000 over the next 30 plus years. Westgate has been live zoned and considered a key commercial centre with business development already underway. Drury is expected to grow by around 22,000 houses over the next 40 years.
54. The Auckland Housing Programme (AHP) is a joint council and central government priority focus. Growth across these areas, at Tāmaki, Mt Roskill, and Māngere, could provide up to 40,000 additional dwellings by 2060.
55. Development in the IPAs will take a lot longer than 10 years. Our capacity to invest is limited over the next 10 years. As these are our priority growth areas, we are planning to deliver the additional investments from 2034 onwards. Our ability to deliver this additional investment is dependent on funding from developers in the form of development contributions.
56. To ensure the costs of this investment are fairly shared between all developing landowners and ratepayers we are proposing to extend the time horizon of our contributions policy as it applies to the specified IPAs beyond the next ten years. This means early developers will pay a fair share of the cost of the investments required to meet the cumulative impacts of growth they benefit from and cause the need for.
57. This longer time horizon already applies in Drury, following an amendment to the current policy in 2023 (Contributions Policy 2022 Variation A). This was a first step in taking a longer-term view of the infrastructure needed for growth.
58. The proposed Contributions Policy 2025 extends this approach into other IPAs. in the Inner Northwest (at Red Hills, Westgate and Whenuapai) and the Auckland Housing Programme (AHP) areas at Māngere, Mt Roskill and Tāmaki.
59. The infrastructure required to support growth in the additional IPAs for inclusion in our proposal is:
- transport, reserves and community facilities requirements in the inner Northwest (Red Hills, Westgate, and Whenuapai)
 - transport, stormwater, reserves and community facilities requirements in Tāmaki.
 - transport for Māngere and Mt Roskill
- (While stormwater investment will be required in the Northwest it has been determined that this is of a nature that doesn't require council investment and will be delivered by developers as a condition of resource consent).
60. Further updates are planned as more information becomes available. This includes adding the last IPA, the City Centre (CRL stations at Maungawhau and Karanga-a-hape), additional transport requirements for Drury, and stormwater in Mt Roskill and Māngere. This is planned for 2025.



Planning for the investment required to support growth

61. The planned transport investment is designed to provide a road network accommodating private vehicles and active transport, walking, and cycling, connected to public transport corridors. This investment is planned around key central government investments in rail and state highways, the councils structure planning, and the private plan changes sought by developers.
62. Developers are usually required (as conditions of resource consent, or infrastructure funding agreements) to deliver some transport infrastructure to mitigate the effects of their developments. We need to forecast the level of mitigation likely to be delivered by developers in this way, so we can assess the level of remaining investment the council will deliver and fund with grants from the National Land Transport Fund provided by Waka Kotahi, development contributions, and rates. The level of developer mitigation we have assumed, and hence what is the level of residual investment needing to be funded through development contributions, is explained in our Methodology for Calculating DCs document which is available on our Have your Say page.
63. Stormwater infrastructure needs have been assessed for the Inner North-West, Drury and Tāmaki IPA areas. For the greenfield areas of Drury and inner North-West existing stormwater infrastructure that will be impacted by growth was identified and assessed. The assessment considered the pre- and post-development flows, the impact this would have on the capacity of the structures to convey flow and if this would increase flooding of habitable floors or increase flood hazard.
64. Catchment scale projects like wetlands and widening streams are identified through analysis in catchment management plans and typically provide benefits related to water quality and flood protection.
65. For the piped network, the analysis was based on increasing capacity where building footprints intersected a 10-year floodplain and providing new pipes for areas previously reliant on soakage to dispose of stormwater. The service level planned for Tamaki has been set to deliver the same outcomes in terms of drainage capacity as set for both the greenfields areas of the Inner Northwest and Drury. This will deliver a higher service level in Tamaki than in other brownfield areas of the city that aren't expected to develop to the scale forecast in Tamaki.
66. Our plans for parks provisions are based on the area serviced and anticipated residential zone density. In the North-West, we propose to provide new community facilities, including additional library and community centre space in Whenuapai to supplement Te Manawa (Westgate Library-Community Centre, opened in 2019), and the Northwest aquatic-recreation development. While there is sufficient capacity in community spaces in Mangere and Mt Roskill, a small addition to library spaces is required around 2050 for Tamaki.



Catchment scale projects like Freeland Reserve are designed to reduce flood risk in extreme 1 in 100yr storms.



Pipe upgrades increase drainage capacity that improve safety on roads and around buildings in medium sized 1 in 10yr storms.

67. Based on the above assessments we propose \$8.2 billion of investment in infrastructure to support our additional investment priority areas, the Inner Northwest and the AHP areas, beyond 2034.

Infrastructure Category \$ million	North-west	Māngere	Mt Roskill	Tāmaki	Total
Transport	3,066	912	1,615	546	6,140
Parks	1,021	0	0	0	1,021
Community Facilities	215	0	0	60	275
Stormwater	0	0	0	806	806
Total	4,302	912	1,615	1,412	8,241

68. Of this proposed investment, \$2,218 million will be funded by rates, and we expect that \$2,210 million of our transport investment will be funded from the NTLF. The remaining \$3,813 million is proposed to be funded from development contributions.

CAPEX investment <i>Beyond LTP</i> \$ million	Transport	Reserves	Community spaces	Stormwater	Total
Total Waka Kotahi (NTLF)	2,210	0	0	0	2,210
Total rates	1,960	118	123	18	2,218
Total development contributions	1,970	903	152	788	3,813
Total CAPEX	6,140	1,021	275	806	8,241

69. The inclusion in the contributions policy of proposed infrastructure investment beyond the 10-year horizon of the Long-term Plan will not change funding available over that 10-year period, nor will it provide any additional infrastructure investment over that period beyond what is currently planned. Rather, it will look at investment requirements over a 30-year horizon and make sure that early developers in these IPAs pay a fair share towards the cost of long-term infrastructure that their development will create the need for and benefit from.

70. We acknowledge that capital expenditure over a 30-year horizon inevitably involves a higher degree of uncertainty than over the 10-year horizon of the Long-term Plan 2024-2034. However, the Local Government Act 2002 allows for development contributions to be recovered to fund capital expenditure to be incurred beyond the LTP period (10 years).

71. Our contributions policy is typically reviewed every three years to ensure that our planned infrastructure investment continues to meet the need of the developing community and is appropriately costed using the latest available information. This enables us to respond to changing circumstances, while ensuring that our charges remain fair for developers.

72. If we do not update our contributions policy to include funding for infrastructure we are planning to deliver over the next thirty years, the infrastructure investment may not occur resulting in poor development outcomes and/or greater demands on future ratepayers across the region. As a result, costs and/or service level problems will be passed on to future generations of residents and ratepayers.

Contributions Policy 2025 – proposed changes

73. We are proposing a number of changes to our existing contributions policy. These are outlined in the sections that follow. The combined impact of all the changes is set out in the table below, which shows the capital expenditure for all investments in this proposal, broken down into funding source. We have assumed that National Land Transport Fund from Waka Kotahi will fund 51 per cent funding of qualifying projects.

Funding source \$ millions	Proposed funding within LTP plus investment in Drury beyond 2034	Proposed funding beyond LTP - additional IPAs	Total
Waka Kotahi	4,270	2,210	6,480
Rates funded	4,763	2,218	6,981
Development contributions	3,874	3,813	7,687
Total CAPEX funding	12,907	8,241	21,148

74. The table below shows the total capital expenditure included in the draft Contributions Policy 2025 for consultation, including investments that reflect planned investment over the 10-year timeframe of the LTP and investments over a longer time horizon.

Total CAPEX investment \$ million	Proposed investment within LTP plus investment in Drury beyond 2034	Proposed investment beyond LTP - additional IPAs	Total
Transport	9,178	6,140	15,318
Reserves	2,292	1,020	3,312
Community spaces	629	275	904
Stormwater	808	806	1,614
Total CAPEX	12,907	8,241	21,148

75. The changes we are proposing in the draft Contributions Policy 2025 raise the regional average DC price by an average of an additional \$29,000, per household equivalent unit (HUE) from \$21,000 to \$50,000. Different charges apply to different geographical areas based on the relevant activity funding areas in the proposal.

Changes to contributions pricing -all investments				
Area	Current DC charge	Proposed DC price: Within LTP	Proposed DC price beyond LTP - additional IPAs	Total proposed price All investments
Inner Northwest	\$25,167	\$27k (\$27k to \$34k)	\$71k (\$61k to \$75k)	\$98k (\$89k to \$101k)
Māngere	\$18,123	\$22k (\$21k to \$23k)	\$7k	\$29k (\$28k to \$30k)
Mt Roskill	\$20,406	\$32k (\$25k to \$59k)	\$20k	\$52k (\$46k to \$80k)
Tāmaki	\$31,157	\$40k	\$79k	\$119k
Auckland overall average	\$21,000	\$30k	\$20k	\$50k

76. Our research indicates that raising the price of development contributions will:

- better align charges with the actual cost of infrastructure
- increase certainty that infrastructure will be delivered
- encourage more accurate pricing of land purchases for development to reflect future development contribution prices
- impact developers who have paid for land based on current development contribution prices.

77. Although this consultation document focuses on the proposed changes from the current policy, feedback is sought on any aspect of the new policy.

Five key topics for feedback

One: Update of long-term plan capital expenditure

Reason for change

78. Contribution charges are calculated by dividing growth-related capital expenditure by the estimated number of new residential and non-residential units it supports. The level of expenditure in the draft Contributions Policy 2025 has been updated to reflect the investment in the recently adopted Long-term Plan 2024-2034.
79. Our growth forecasts have also been updated as Auckland’s population is predicted to grow by a further 200,000 Aucklanders by 2034. The draft Contribution Policy 2025 includes an update of our forecasts of population growth and dwelling construction.

Detail of change

80. The draft policy provides for the recovery of \$2.3 billion of growth costs via development contributions from \$10.3 billion of projects with a growth component planned within the 10-year timeframe of the LTP. Some of the key investments updated in the policy are:
- Addressing level crossings in Takanini (\$550m)
 - Development of new town square in Henderson (\$12.5m)
 - Waterview catchment separation (\$59m) – updated costs.
81. The table below shows the total investments and funding sources over the 10-year timeframe of the LTP for transport, parks and community facilities across all local funding areas under this proposal.

Funding source	CAPEX investment type \$ million				
	Transport	Reserves	Community spaces	Stormwater	Total funding
Total Waka Kotahi	3,569	0	0	0	3,569
Total rates	3,072	557	301	463	4,393
Total development contributions	893	1,005	127	309	2,334
Total CAPEX	7,534	1,562	428	772	10,296

82. The table below shows the total change in contributions price across all areas under this element of the proposal. There will be both increases and decreases in different locations across the region.

Changes to contributions pricing within the 10 years of the LTP		
Auckland	Current DC	Proposed average DC
Average DC	\$21k	\$30k

Question one

What do you think of our proposed changes to the Contributions Policy 2025 for investments we are making in the next ten years and their overall impact?

Two: Investments over a longer horizon

Reason for change

83. The council's Future Development Strategy has identified the IPAs as the areas of focus for investment to support growth. This was then reflected in the Long-term Plan 2024-2034 (including the Infrastructure Strategy contained within the long-term plan). Inclusion of council delivered infrastructure projects beyond the ten-year horizon of our long-term plan cycle in our contributions policy seeks to achieve a clear pathway to fund and deliver the infrastructure necessary to support well-planned growth and enable thriving communities. Development contributions are a key funding element ensuring we will be able to deliver these investments.
84. Some longer-term infrastructure required in the Drury area was added to the Contributions Policy in April 2023. This was the first step in a broader programme intended to provide for DC funding of growth-related infrastructure across Auckland IPAs.
85. As the next step, we are now proposing to add capital expenditure planned over a longer horizon in other IPAs, to include
- transport, reserves and community facilities requirements in the inner Northwest (Red Hills, Westgate, and Whenuapai)
 - transport, stormwater, reserves and community facilities requirements in Tāmaki.
 - transport for Māngere and Mt Roskill.
86. This is intended to ensure that the cost of new infrastructure over the next 30 years in these IPAs is fairly shared between developers and ratepayers, based on who creates the need for, and benefits from the investments.
87. Further updates to the Contributions Policy are planned as more information becomes available. This includes adding the last IPA, the City Centre (CRL stations at Maungawhau and Karanga-a-hape), additional transport requirements for Drury, and stormwater in Mt Roskill and Māngere. This is planned for 2025.

Detail of change

88. Extensive work has been undertaken on the infrastructure requirements to support growth in the IPAs. This work sets out the transport and parks and community facilities investment required in the Inner Northwest and the AHP areas and for stormwater in the Inner Northwest, and Tāmaki over the next 30 years. While stormwater investment will be required in the Inner Northwest it has been determined that this is of a nature that doesn't require council investment and will be delivered by developers as a condition of resource consent. These projects cannot be financed in the timeframe of the 10-year budget because of the council's financial constraints.
89. You can find the full list of investments and additional information on how we have assessed investments requirements on our Have your say page.
90. The table below shows the total change in contributions price for across each of the IPA areas under this proposal (note changes to contributions for Drury are discussed separately below). Different charges may apply in each IPA depending on the combination of activity funding areas a development falls within.

Changes to average contributions pricing				
Area	Current DC	Proposed DC: Investment within LTP period incl. regional and sub-regional DCs	Proposed DC: Investment beyond LTP period 2034	Total proposed DC
Northwest	\$25,167	\$27k (\$27k to \$34k)	\$71k (\$61k to \$75k)	\$98k (\$89k to \$101k)
Whenuapai	\$25,230	\$27k	\$75k	\$102k
Redhills	\$25,230	\$27k	\$62k	\$89k
Westgate	\$22,645	\$34k	\$61k	\$95k
Māngere	\$18,123	\$22k (\$21k to \$23k)	\$7k	\$29k (\$28k to \$30k)
Mt Roskill	\$20,406	\$32k (\$25k to \$59k)	\$20k	\$52k (\$46k to \$80k)
Tāmaki	\$31,157	\$40k	\$79k	\$119k

The primary driver of the higher DCs in the range for Mt Roskill in the table above is the recovery of historic stormwater investments in the Inner West Triangle and the Waitemata Central funding areas.

91. While the proposed pricing represents a major increase council considers it ensures developers are paying a fair share towards the cost of the infrastructure required to support growth in the IPAs over the entire development period. We have assessed the development period for each of the IPAs at 2060 for Drury, Westgate, Māngere, Mount Roskill and Tāmaki; 2065 in Red Hills and 2080 in Whenuapai
92. The revenue raised will ensure ratepayers are only asked to meet their fair share of the costs and provide greater certainty that key infrastructure is delivered. Without this funding the burden of providing infrastructure and risk of undesirable outcomes will fall on the remainder of the city's ratepayers and the future residents of these IPAs. Maps outlining these funding areas are available on our Have your Say page.
93. The tables below show the total change in contributions price for transport, parks and community facilities across each of local funding areas within the IPAs under this proposal (note changes into contributions for Drury are discussed separately below).

Changes to Inner Northwest contributions pricing				
Infrastructure type	Current DC	Proposed DC: Investment within LTP period incl. regional and sub-regional DCs	Proposed DC: Investment beyond LTP period 2034 incl. regional and sub-regional DCs	Total proposed DC
Transport	\$10k	\$15k	\$38k	\$53k
Reserves	\$12k	\$11k	\$27k (\$19k to \$32k)	\$38k (\$30k to \$43k)
Community spaces	\$3k	\$1k	\$5k	\$6k
Stormwater	\$0k	\$0k to \$6k	\$0k	\$0k to \$6k
Total price per HUE	\$25k	\$27k (\$27k to \$34k)	\$71k (\$61k to \$75k)	\$98k (\$89k to \$102k)

Changes to Tamaki contributions pricing				
Infrastructure type	Current DC	Proposed DC: Investment within LTP period incl. regional and sub-regional DCs	Proposed DC: Investment beyond LTP period 2034 incl. regional and sub-regional DCs	Total proposed DC
Transport	\$10k	\$18k	\$12k	\$30k
Reserves	\$8k	\$8k	\$0k	\$8k
Community spaces	\$5k	\$1k	\$1k	\$2k
Stormwater	\$8k	\$13k	\$86k	\$79k
Total price per HUE	\$31k	\$40k	\$79k	\$119k

Changes to Mangere contributions pricing				
Infrastructure type	Current DC	Proposed DC: Investment within LTP period incl. regional and sub-regional DCs	Proposed DC: Investment beyond LTP period 2034 incl. regional and sub-regional DCs	Total proposed DC
Transport	\$7k	\$13k	\$7k	\$20k
Reserves	\$7k	\$4k (\$2k to \$5k)	\$0k	\$4k (\$2k to \$5k)
Community spaces	\$3k	\$4k	\$0k	\$4k
Stormwater	\$1k	\$1k	\$0k	\$1k
Total price per HUE	\$18	\$22k (\$21k to \$23k)	\$7k	\$29k (\$28k to \$30k)

Changes to Mt Roskill contributions pricing				
Infrastructure type	Current DC	Proposed DC: Investment within LTP period incl. regional and sub-regional DCs	Proposed DC: Investment beyond LTP period 2034 incl. regional and sub-regional DCs	Total proposed DC
Transport	\$6k	\$18k	\$20k	\$38k
Reserves	\$7k	\$4k	\$0k	\$4k
Community spaces	\$2k	\$4k	\$0k	\$4k
Stormwater	\$5k	\$7k (\$1k to \$35k)	\$0k	\$7k (\$1k to \$35k)
Total price per HUE	\$20k	\$32k (\$25k to \$59k)	\$20k	\$52k (\$46k to \$80k)

Impact of higher contributions prices

94. Independent advice previously² found that dwelling prices are determined by the larger housing market. As a result, higher DCs will not be passed forward to rents or house prices but will be passed back to land in the form of lower pre-development land values (on the basis that they will have to carry the DC costs). The researchers noted that this conclusion was supported by the theory and empirical evidence on the impact of land taxes.
95. While the DC price will lower the price developers are willing to pay for land this reduction is much lower than the increase in land value arising from the planning changes that enable housing development. There may be an indirect effect on the sequence of sites getting taken up for new housing across the city in the short term as development adjusts around a new equilibrium. However, this will be small relative to other market factors. Higher DCs may be an additional cost to development and could be argued to increase the return to holding land undeveloped however, increased certainty of delivery of infrastructure funded by DCs is likely to accelerate development.

Alternatives to this proposal

96. The council has considered alternatives to the proposal put forward in this consultation document.

Shorter investment timeframe (less than 30 years)

97. The council could continue to only plan to fund infrastructure to support growth over a 10-year timeframe. This would allow more time to get certainty around the scale and pace of growth and the nature and cost of the required infrastructure. It would also substantially reduce the DCs payable by early developers in the IPAs.
98. Taking a short-term approach to planning would reduce the ability of the Government, council, and developers to align land use and development phasing and to integrate infrastructure planning. The foregone revenue from not setting DCs for early development that benefits from and creates the demand for the cumulative infrastructure required to serve growth in these IPAs is up to \$470 million over the next ten years. Without this revenue stream there the risk that future residents in the IPAs would face lower service levels without satisfactory infrastructure in place. This would mean placing additional demands on ratepayers across the city to provide the funding for infrastructure they don't benefit from.

Include a transition period

99. The council could gradually increase DCs over time to reduce the impact of an increase on early developers. Phasing in new DC prices would give the land markets time to adjust to the new pricing. However, if for example higher DCs were phased in over three years it would lead to around a \$70 million reduction in revenue being collected over this period. In order to provide for the delivery of the required infrastructure the foregone revenue would need to be recovered from general ratepayers across the city. The approach of recovering 30 years costs in the IPAs via DCs was signalled as far back as December 2021 (through an in-principle decision), so developers have had several years' notice of this proposed change. A transition was considered when the longer-term investments in Drury were added to the policy In April 2023. This option was not adopted for the reasons set out above.

² Cameron, M. K., Dr, & Helm, T., Dr (2022, June 22). *Economic incidence of developer contributions*. Sharing the Cost of Drury Infrastructure. Retrieved August 12, 2024, from <https://akhaveyoursay.aucklandcouncil.govt.nz/79617/widgets/381181/documents/242643>

Lower stormwater service level

100. A key driver of the higher DC price in Tamaki is the cost of providing a stormwater system that will deliver the same drainage capacity as in the developing greenfield areas. The system will overflow less often, and frequency of overland flows impacting roads, parks and private land will be reduced. However, this requires a substantial level of investment in a larger piped stormwater network. A significant proportion of the catchment discharges stormwater to soakage and does not have piped stormwater drainage. Soakage will not be able to absorb the additional runoff from intensified development so a new piped network will be necessary to drain these areas. Extending pipes into the soakage areas and upgrading the rest of the network will require a lot of costly work in the road reserve.
101. The alternative is to invest only to the level required to maintain the existing drainage capacity. This is not recommended as the network will overflow more frequently as rainfall intensity increases with climate change. Given the scale of development it is appropriate to provide a similar level of service to these properties as is planned to be provided in greenfields areas.

Different funding mechanisms

102. The council is continuing to explore the use of targeted rates and the financing and funding tools in the Infrastructure Funding and Financing Act alongside DCs as mechanisms to fund growth infrastructure. Until this work is completed, we propose to continue to use DCs as our primary funding tool. The council will continue to work with the Government on its programme of work to review the financing and funding of growth infrastructure.

Question two

What do you think of our proposal to add projects beyond the LTP 2024-2034 period to the Investment Priority Areas above?

Three: Investments required in Drury

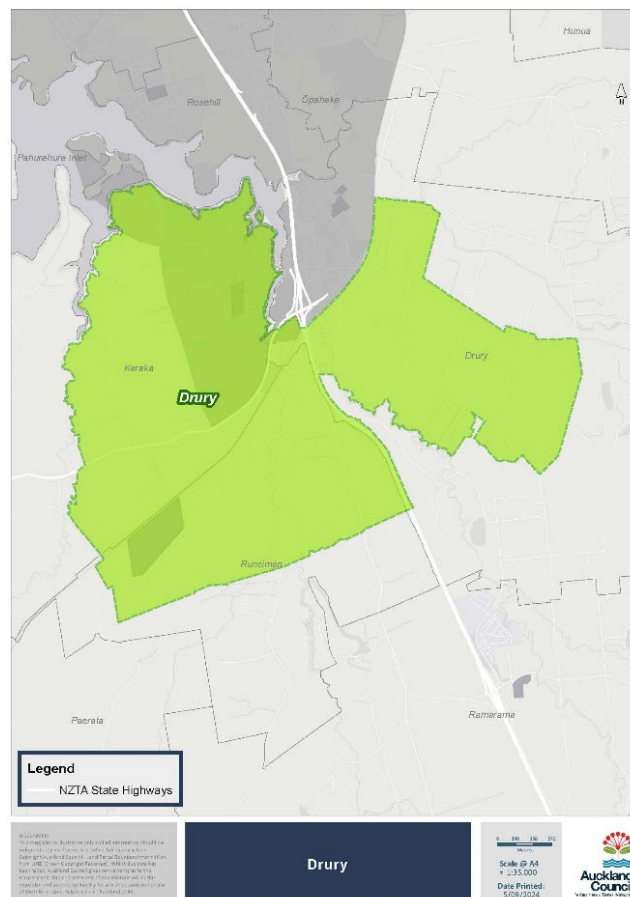
Reason for change

103. We are making adjustments to the development contributions set for Drury to ensure they are set fairly reflecting the latest information on the investments and cost analysis.

Detail of change

104. The changes are:

- removing projects which are now to be funded by the government's New Zealand Upgrade Programme³.
- shifting some park acquisitions beyond the 10-year LTP period through a lower level of capital investment possible over the next 10 years, commencing the community spaces developments (library, aquatic, etc) three years later in 2035
- applying the latest land cost assumptions
- aligning cost analysis with the Auckland Transport [Cost Estimation Guide](#), and the latest growth forecasts
- adding a stormwater project following work to determine the infrastructure investment the council will need to provide in addition to the investments developers will deliver.



³ This change reflects that under the LGA the Council cannot use development contributions to fund projects that are fully funded by a third party such as the Government.

105. The table below shows the total change in contributions price for transport, parks, community facilities and stormwater across each of the Drury local funding areas under this proposal.

Changes to contributions pricing		
Area	Current DC	Total proposed DC
Drury East	\$90.7k	\$113.2k
Drury West 1	\$69.9k	\$77.9k
Drury West 2	\$58.8k	\$73.8k
Ōpaheke	\$66.3k	\$77.4k
Southern Growth Area 1	\$17.2k to \$45.0k	\$22.5k to \$88.6k
Southern Growth Area 2	\$17.7k	\$28.8k
Southern Growth Area 3	\$33.1k	\$58.6k

Question three

What do you think of our proposed changes to the Contributions Policy 2025 for the Drury area?

Four: Other changes

Reason for change

106. A number of more minor changes are also proposed to the policy to ensure the fair allocation of the costs of infrastructure to serve growth between ratepayers and developers and between developers in different locations.

Detail of change

Funding areas

107. Changes are proposed to funding areas to provide a more refined allocation of costs to development areas to better reflect beneficiaries of the planned infrastructure:

- Four new funding areas have been included. These are:
 - new sub-regional funding areas at Paerata, Whau, North-west
 - new local funding area at Avondale
 - changes to neighbouring funding areas have been adjusted to accommodate these new areas
- A number of changes have been made to local funding areas including to reflect the distribution of benefits of investments proposed in the IPAs.

108. Details of these changes can be found on the maps on our Have your Say page.

Other changes

109. Some technical changes have been made to the policy to clarify its intent. You can find our draft policy document found on our Have your Say page. Changes we've made to the draft policy have been highlighted.

Question four

What do you think of our other changes for the Contributions Policy 2025?

Five: Future work

110. In future reviews of the contribution policy, we plan to investigate investments required over a longer time horizon in the City Centre IPA and finish the work required to complete the infrastructure assessments for the other IPAs. We plan to undertake this work in 2025. The further infrastructure assessments are for additional transport requirements for Drury, and stormwater in Mt Roskill and Māngere. When this work is completed, further consultation is proposed for the inclusion of these investment in the contributions policy.
111. We reflect the different demands placed on infrastructure types from different development types by using unit of demand factors to fairly share the cost of infrastructure across the different development types. We are reviewing the current demand factors included in our policy, and if that leads to proposed changes we will consult on those changes.

Question five

Are there any further comments you would like to make about the proposed Contributions Policy 2025?

How to have your say

We want to hear your views on the issues facing Auckland's future.

The public consultation runs from 9.00 am 30 September to 12.00 noon 15 November 2024. There are a number of ways you can have your say including:

Feedback can be provided online, and you can find copies of the supporting documents, at akhaveyoursay.aucklandcouncil.govt.nz/development-contributions-review-2024



Alternatively, you can request supporting documents, and complete the feedback form and return it to us using one of these options:

- **Email:** Scan your completed form or submission and email it to contributions.policyteam@aucklandcouncil.govt.nz
- **In person:** Drop your completed form off at your local library or service centre
- **By post:** Place your completed form in an envelope and send it to freepost address: Contributions Policy Team, Auckland Council, Freepost Authority 182382, Private Bag 92 300, Auckland 1142

Feedback must be received by 12.00 noon on 15 November 2024.

Feedback received will be reviewed along with the latest available information. The council will consider the feedback received and any updated analysis before deciding whether to amend the Contributions Policy.

