



Going for Housing Growth

FAQs to support public consultation on Supporting Growth Through a Development Levies System

December 2025

1. Why do we need development levies?

Development contributions (designed in 2002) are the main tool that councils currently use to fund growth-related infrastructure costs. Changes to the planning system mean that councils now need flexibility to adjust the provision of infrastructure to respond to development. The inflexibility of development contributions has led to councils not being able to adequately recover the growth-related costs of infrastructure. The proposed development levies system is designed so councils can forecast the growth-related infrastructure costs for a community, deliver infrastructure, and set appropriate levies to effectively recover costs from development.

2. What are the key features of the development levies system?

- Separate levies that are ring-fenced for each specific infrastructure service such as water supply, wastewater, and transport;
- Specific 'levy areas', which are expected to cover pre-defined areas that are larger than most current development contributions catchments;
- Discretion for councils to impose additional charges on top of base levies in specific locations that are particularly high-cost to service;
- Developing a prescribed methodology that councils and infrastructure providers must follow to determine aggregate growth costs and standardised growth units; and
- Consideration of different models of infrastructure delivery including support for first-mover developers and recovering council costs for infrastructure owned by another entity.

3. What are the main differences from the existing development contributions system?

- Development levies will be charged across levy areas that cover an entire community or service network (where this serves more than one community).
- Charges will be set based on the aggregate cost of providing infrastructure capacity for growth across those levy areas, rather than cost to provide capacity for development in a specific location. However, if the cost to service part of a levy area is significantly higher, councils can set a high-cost overlay to reflect higher costs.
- Councils will have increased flexibility to adjust the provision of infrastructure to respond to demand.

4. What does the development levies system mean for councils?

Councils will be able to better recover the growth costs of infrastructure. This will put less pressure on the need for rates to cover any shortfall.

5. What does the development levies system mean for developers?

Development levies will support freeing up land for development, which will make it easier for developers to acquire developable land. Development levies are also intended to provide developers with greater certainty and stability about how much councils will charge for the growth-related costs of infrastructure. This will support developers to factor in infrastructure charges when acquiring land for development and reduce financial risks from unexpected infrastructure charges.

Where developers have pre-purchased land, there is a risk that the shift to development levies leads to increased charges and has a negative financial impact on those developers. The scale of this risk will vary between different council areas and development opportunities.

6. Will development levies increase costs for developers and push up house prices?

The overall approach of 'growth pays for growth' will support councils to free up land for urban development, reducing the costs of new housing supply. Over time, we also expect developers to factor in development levy charges into the price of land purchases.

The consultation document proposes a phased transition to any increase in charges to manage risks for developers who have pre-purchased land but have not yet progressed to building houses. We encourage people to provide feedback on how best to manage impacts on developers through the transition to development levies.

7. How does the development levies system fit with RM reform?

While resource management reforms aim to free up land for development, it is critical these reforms are accompanied by improvements to infrastructure funding and financing.

8. When and how will councils transition to the development levies system?

The timeframe for establishing development levies aims to align with the implementation of the new resource management system.

Councils will be able to start transitioning to development levies after they have adopted their 2027 Long Term Plans. It is expected that councils can begin to charge development levies (after having adopted Development Levies policies) from July 2028.

9. Will small councils be forced to implement development levies?

No. There is no requirement for any council to collect development levies. However, it is a funding and financing tool available that will enable councils to better fund infrastructure needed to support growth.

10. Can councils use development levies for ongoing operational funding?

No. Councils will not be able to charge development levies for operational costs.

11. What happens if a levy is collected but the development doesn't go ahead?

The legislation ensures that a territorial authority must refund to the consent holder a development levy paid if a consent lapses or the development does not proceed.

12. Will there be regulations for development levies?

Yes. The development contributions system was entirely in primary legislation and gave councils broad scope to develop their own processes and practices. Development levies will be subject to standardisation of key elements through regulations.

We currently propose that regulations may include:

- **defining and allocating units of demand** – to ensure consistent methods for estimating the impact of new developments
- **allocating project costs between growth and other purposes** – to clarify what portion of infrastructure costs can be recovered through levies
- **setting administration charges** – to standardise fees for processing levy assessments
- **information disclosure requirements** – to improve public visibility of how levies are calculated and spent
- **treatment of intangible assets** – to provide clear rules for assets that don't have a physical form but still support growth
- **record-keeping obligations** – to ensure councils maintain consistent and accessible records.

13. How do the proposals for development levies relate to the IFF amendment?

The Infrastructure Funding and Financing Amendment Bill to improve the effectiveness of the Infrastructure Funding and Financing Act has been introduced at the same time as the consultation on development levies.

The improvements to infrastructure funding and financing reflect the Government's overarching approach of 'growth pays for growth' to enable more flexible provision of infrastructure that responds to development.

As a package, these changes will provide councils and developers with a flexible funding and financing toolkit to respond to growth pressures and deliver infrastructure to land zoned for housing development.

14. How will rates capping affect councils' ability to provide infrastructure to support urban growth?

The development levies system aligns with the overall approach of 'growth pays for growth'. Through these changes, councils will be better placed to recover growth-related costs from new development rather than growth placing pressure to increase rates.

There is also further work to go on proposals for rates capping and we will consider how this interacts with council investment in infrastructure to support urban growth.

15. Is this the only opportunity for feedback on the development levies system and associated Bill?

No. There will be an opportunity to submit on the completed Bill as part of the Select Committee process once the Bill has been introduced to Parliament in 2026.

We are also engaging with subject matter experts to help finalise the details.