



Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development



Internal Affairs
Te Tari Taiwhenua

Going for Housing Growth

Supporting Growth Through a Development Levies System:

Summary of Submissions – Key Points

20 May 2026

Disclaimer

The opinions and options contained in this document do not reflect final Government policy and must not be construed as legal advice.

Please seek specific legal advice from a qualified professional person before undertaking any action based on the contents of this document.

The Government does not accept any responsibility or liability whatsoever for an action taken after reading, or for reliance placed because of having read, all or any part of the information contained in this document or for any error, inadequacy, deficiency, or flaw in, or omission from, this document.

Any questions should be directed to development.levies@dia.govt.nz.

© Crown copyright 2025

The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged.

The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

Overview and key feedback from submitters

Consultation on proposals to introduce development levies

Background

In December 2024, Cabinet agreed to replace the current system of development contributions with a development levies system. Under the proposed system, councils would charge levies across wider levy areas that cover whole communities or service networks, rather than tying charges to specific locations.

Between November 2025 and February 2026, the Department of Internal Affairs and the Ministry of Housing and Urban Development consulted on proposals to introduce development levies under the Local Government Act 2002 (LGA02). We sought submissions on a consultation document and a partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill.

This consultation sits within the Government's *Going for Housing Growth* programme, which aims to improve housing affordability by increasing the supply of land for development and ensuring infrastructure can support growth. The proposals focus on Pillar Two of the programme: improving infrastructure funding and financing to support urban growth.

Part one of this document provides a high-level overview of the submissions. Part two summarises the responses to each question in the consultation document, and several additional topics discussed by submitters.

What did we ask?

The consultation sought feedback on the detailed design of the proposed development levies system, focussing on the questions set out in **Appendix 1**. It asked about:

- how councils should identify and allocate growth-related infrastructure costs
- how councils should define levy areas and high-cost overlays
- how levies should be calculated and adjusted
- the roles and operation of development agreements and bespoke assessments
- the rules for how levy revenue can be used
- the regulation-making powers needed to standardize key elements of the system,
- the transitional arrangements for shifting from development contributions to development levies.

What did we get back?

We received 56 submissions from local authorities, local government organisations and expert groups, developers, developer organisations and individuals, as shown in **Figure 1: Breakdown of development levies submissions by organisation type**. A list of submitters is attached as **Appendix 2**. Most local government submitters were in favour of the proposals, whereas the reaction of the development sector was mixed.

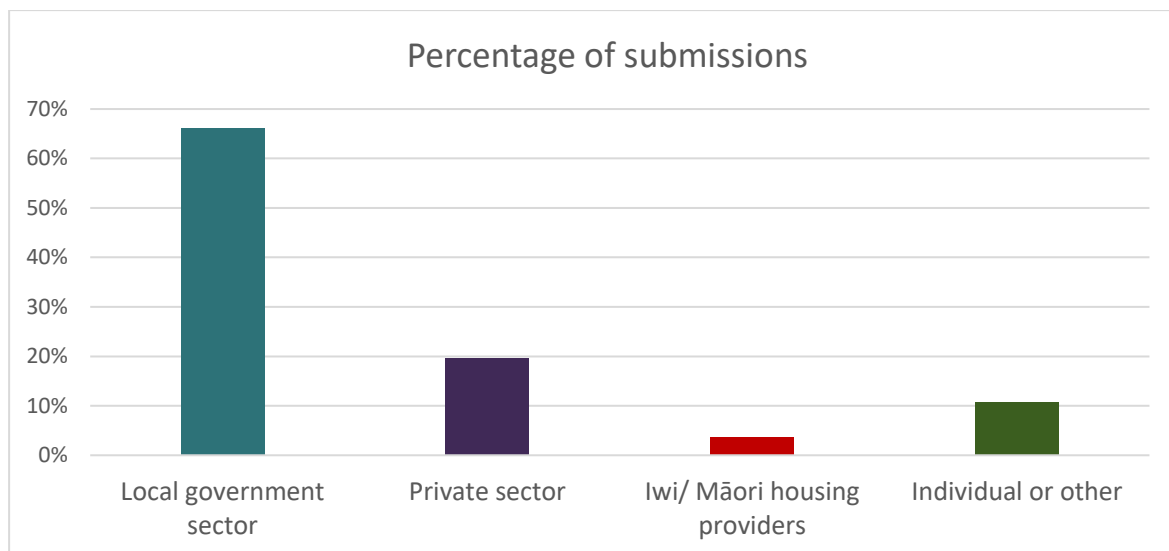


Figure 1: Breakdown of development levies submissions by organisation type

In this summary of submissions, the term ‘council’ or ‘local government’ includes council-controlled organisations and local government organisations or expert groups. The term ‘developer’ includes developer and other private sector organisations.

The most important issues raised by councils, developers and other submitters were:

- the planning horizon and including projected future growth in the levy calculation
- trade-offs between national consistency and flexibility to take account of local conditions, particularly in assessing units of demand
- criteria for using development levies, including possible use of mechanisms such as multiple levy areas to maintain the causal nexus versus flexibility to use levies to respond to demand
- bespoke levies, first mover provisions and development agreements
- implementation, timing, transitional arrangements and phase-out of development contributions.

Other important issues raised by councils were:

- calculating units of demand for residential and non-residential developments
- links with policy initiatives such as the Planning Bill proposals, rates capping and Infrastructure Funding and Financing legislative changes
- opposition to Crown exemptions to the levy.

Other important issues raised by developers were:

- transparency and reporting on levy calculations and use
- retirement villages as a special case,
- the role of the proposed independent regulator.

Important issues raised by other submitters included:

- the inclusion of infrastructure-related intangible assets,
- the treatment of Māori land and funding for Māori housing.

A summary of issues raised is presented thematically in **Table 1**.

Table 1: Key submission points by submitter type and theme

Theme	Council and local government organisation views	Developer and developer organisation views
Support for development levies	Support for the overall approach with suggested improvements. Councils viewed the proposed system as more flexible, transparent, and able to support long term infrastructure funding. Some stated that the current system under-recovers the cost of growth, shifting the burden to ratepayers.	Mixed views: some indicated support, one some qualified support (with significant changes requested), and the remainder opposed. Comments ranged from minor improvements to fundamental changes. Concerns centred on risks of overcharging, unfair allocation of costs, and lack of transparency.
Planning horizon: including future growth	Opposition to a short to medium timeframe because many infrastructure projects are planned over a 30+ year horizon. Sometimes high-cost overlays arise from infrastructure requirements decades in the future. Concerns about the 'sufficient commitment' to future projects requirement being unclear.	Support for a short to medium term planning horizon because it improves predictability of infrastructure costs and prevents developers from being charged for projects that may never proceed. Some support for limiting eligibility to projects listed in councils' long-term plans.
Units of demand¹ residential and non-residential	Strong support for national consistency for units of demand but allowing flexibility for the value of units to be set individually to account for local conditions. Broad agreement on the categories for residential development, with minor tweaks. Most supported number of bedrooms as an indicator of occupancy for residential. There were a range of suggestions for improving the non-residential categories.	Support for national consistency on units of demand, especially for retirement villages. Support for indicators of demand that are simple and easy to define and understand.
Criteria for use of development levies, including causal nexus and levy areas	Strong support for flexibility in how development levies are spent to enable councils to respond to emerging growth patterns. Accept that levy revenue should be ringfenced by service but not required to be spent on specific projects as community needs change. Some concerns about large levy areas leading to cross-subsidisation and weakening incentives to build where existing infrastructure capacity exists, and some concerns about the criteria for reserves levies.	Oppose cost-sharing across levy areas and flexibility in using levy revenue on the grounds it negates 'growth pays for growth'. Some argued that if the infrastructure project that levies have been collected for does not proceed, then councils should issue refunds as the development has not benefited from the infrastructure.
Crown exemptions	Strong opposition to the Crown being exempt from development levies on the basis that the Crown's development also puts pressure on infrastructure.	Concern that Crown exemptions weaken alignment of benefits from infrastructure and infrastructure funding responsibilities, and place additional pressure on local authorities' finances.

¹ Quantified estimates of service level demand as a result of growth. Eg: a three bedroom house is one unit of demand for wastewater, and a one bedroom unit is 0.33 units of demand.

Theme	Council and local government organisation views	Developer and developer organisation views
Bespoke levy assessment², first-mover provisions³ and development agreements⁴	Support for bespoke levies. However, councils don't want to be forced to consider every request for a bespoke assessment to prevent them from becoming the norm. They noted how resource intensive assessments are to complete. Support for first-mover provisions but with clear criteria that reimbursement only applies to genuine extra capacity. Some support for linking development agreements to the land so obligations remain on change of ownership. Some support for a national template for development agreements.	Support but have concerns about the triggers for council requiring a bespoke assessment being too broad and would prefer these be more defined. Some support for a standardised methodology. Support for first-mover provisions with clear criteria and repayment timeframes. Support strengthening development agreements. Suggest the Bill should require councils to have clear assessment criteria and timeframes and avoid double charging.
Implementation, timing, phase out of DCs, and links with Planning Bill proposals, rates capping and IFF changes	Support for aligning implementation of development levies with long-term plan (LTP) cycles. Some support for an extended transition period so councils can navigate concurrent reforms and resourcing constraints. Concern two years is not enough time, five or six years preferred by some councils. Concern about losing financial contributions as a cost recovery tool before levies can be charged.	Split support between extended transition over up to six years, and quicker change. Support for phased transition to higher charges, preferred a longer phase in period. Support for transition provisions that capture first-mover arrangements and recognition of prior development contributions and existing development agreements.
Administrative charges, timing of invoicing, interest on levies and effective date of revised policies	Supported administrative charges, with a variety of views including a hybrid model of a fixed base charge for simple assessment and variable fees for complex proposal. Want early invoicing of development levies and interest on unpaid levies, support revised policies taking effect on notification. Split support for compulsory phasing in of higher charges over three years to avoid a period of reduced revenue. Support for amended levies policies taking effect on notification	Mostly support with some opposed, with a preference for fixed administrative fees for standard assessments and formula-based fees only for complex bespoke work. Some support for setting charges in regulations. Want late invoicing of development levies, e.g. when houses are occupied. Some opposition to interest on unpaid levies and for amended policies taking effect on notification, with preference for a lead-in period.

² Bespoke levy assessments are used where development does not meet standard levy conditions because it is outside a levy area, relying on infrastructure-dependent plan rules, involving restricted or discretionary activities, enabled by private plan changes, or proceeding through fast-track consenting. Developers may request bespoke levy assessments.

³ First-mover developers that build infrastructure that creates capacity for future development elsewhere may be reimbursed by councils for the costs of doing so.

⁴ Voluntary contractual agreements between developers and councils about the provision or supply of infrastructure