



Registered Master Builders Association of New Zealand Incorporated

Submission on Tauranga City Council Draft
Development Contributions Policy 2026/27

May 2026

The Registered Master Builders Association submission on Tauranga City Council Draft Development Contributions Policy 2026/27.

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Tauranga City Council (the Council) on *Draft Development Contributions Policy 2026/27 (the draft policy)*.

About Master Builders

Master Builders represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our members have been building the places where New Zealanders live, work, and play, since 1982.

Our sector is a key contributor to the New Zealand economy. For the year ended March 2024, the construction sector contributed 7.8 per cent of the country's real Gross Domestic Product (GDP) accounting to over \$17.2 billion¹. It also employed 295,100 people (or 10.2% of the country's total workforce) in the December 2025 quarter².

We are working hard to lead the change our sector needs by ensuring we have the regulatory systems and processes in place to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand's best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are well built, accessible, affordable, and appropriate to the needs of our ever changing society. We are building a better New Zealand.

Our members are supported on the ground by 23 branches across 6 regional hubs:

Branch hub	Serving
Auckland	Auckland, Northland, Coromandel
Midlands	Waikato, Tauranga, Whakatāne, Rotorua, Taupō
Central North Island	Taranaki, Whanganui, Hawke's Bay, Manawatū, Gisborne
Cook Strait	Wellington, Wairarapa, Nelson, Marlborough, West Coast
Canterbury	Canterbury, Ashburton, South Canterbury
Southern	Otago, Central Otago, Gore, Southland

¹ Statistics New Zealand – Infoshare: Gross domestic product – March 2024

² <https://www.stats.govt.nz/news/building-new-zealand-focus-on-the-construction-industry/>

1. Introduction

- 1.1 Master Builders welcomes the opportunity to submit on Tauranga City Council's Draft Development Contributions Policy 2026/27.
- 1.2 The draft policy proposes a 7.3 percent³ increase in citywide residential development contributions (DCs). The Council's Statement of Proposal attributes the increase to higher capital costs and increased investment in community infrastructure and wastewater.
- 1.3 The draft policy also updates key definitions and rules. This includes broadening what counts as a bedroom, confirming that minor dwellings can incur both local and citywide DCs and clarifying how site areas are assessed in certain growth areas.
- 1.4 This review is also occurring during a period of national reform, with development contributions expected to be replaced by a new development levies system.

2. Recommendations

- 2.1 Master Builders recommends that the Council should:
 - 2.1.1 Improve transparency in how both citywide and local contributions are calculated and applied.
 - 2.1.2 Provide greater certainty on local development contribution settings and future changes.
 - 2.1.3 Avoid definition changes that may unintentionally discourage intensification or efficient housing design.
 - 2.1.4 Publish worked examples across common development types (e.g. apartments, townhouses, infill, greenfield).
 - 2.1.5 Adopt a more measured approach to increases, recognising the upcoming transition to development levies.

3. Development Contributions – Scale and Affordability

- 3.1 While the percentage increase in citywide residential DCs is modest, the overall level of charges is now substantial. Under the draft policy, the citywide totals (excluding GST) are \$18,675 for a one bedroom dwelling, \$24,277 for a two bedroom dwelling, \$37,349 for a three bedroom dwelling, and \$48,554 for a large dwelling with more than three bedrooms.
- 3.2 These costs are typically front-loaded and payable before a building consent is issued. This creates pressure at a point where financing is already constrained and can directly impact project feasibility.
- 3.3 In practice, higher upfront charges can:
 - 3.3.1 Delay projects.
 - 3.3.2 Reduce development activity.
 - 3.3.3 Push marginal projects out of viability.

³ Tauranga City Council Development Contributions Policy 2026/27

4. Uncertainty and Lack of Transparency

- 4.1 A key concern is not just the level of DCs, but the difficulty in predicting them. Feedback from members indicates that charges can vary significantly across similar projects, making it challenging to price risk at the feasibility stage.
- 4.2 Master Builders has received recent examples from members operating in Tauranga that show the scale and apparent inconsistency of DCs in practice.
- 4.3 A Master Builders member recently presented us with an example illustrating this issue. For a proposed three-dwelling residential development in Tauranga, Council estimated total development contributions of approximately \$212,640 including GST. This included approximately \$120,136 in citywide contributions and \$92,504 in local contributions. The member advised that the development did not proceed because the development contribution cost made the project unaffordable.
- 4.4 The case also raised an example of the difficulty our members can face in understanding and predicting local development contribution settings. The developer queried whether the site should be treated as falling within one growth area rather than another, noting that the relevant mapping information was difficult to interpret with the boundary appearing to run close to, or across, the site. Based on Master Builders' preliminary calculation, the difference between the two possible local development contribution areas may have been approximately \$76,000 including GST⁴. Council subsequently confirmed the site was within the higher local contribution area.
- 4.5 Master Builders does not take a view on the correctness of that individual assessment; however, the example highlights the impact that local boundary classifications can have on project feasibility well into the project planning phase after the developer has already invested significant time and cost in assessing, designing, and progressing the project.
- 4.6 In one case, approximately \$250,000 in DCs was charged for three adjoining apartments (around \$83,000 per unit), while another member reported approximately \$120,000 (excluding GST) for five townhouses (around \$24,000 per unit). These examples are not directly comparable and do not, on their own, demonstrate incorrect charging. However, they highlight that actual charging outcomes can vary materially depending on project characteristics and that these differences are difficult to anticipate early in the development process.
- 4.7 The policy allows adjustments for citywide charges but not for local DCs, making transparency around local charges especially important.
- 4.8 We recommend that the Council publish clear guidance showing how the same policy operates across apartments, townhouses, minor dwellings, infill and site area based greenfield development.

5. Definition Changes and Intensification

⁴Based on Table 3 of Tauranga City Council's *Draft Development Contributions Policy 2026/27*. The draft policy lists the local development contribution for Pyes Pā as \$8,370 including GST per lot and Pyes Pā West as \$46,421 including GST per lot. Across two lots, the difference is approximately \$76,102 including GST.

- 5.1 The draft policy refines the definition of bedroom so that only one principal living area is exempt and an additional separate or closable living area can be counted as a bedroom for DC purposes. The Council's public explanation expressly says that second living areas such as media rooms or rumpus rooms will be treated as bedrooms for assessing the citywide charge.
- 5.2 Master Builders understands the case for clearer definitions. The concern is not with clarity itself but with the use of bedroom proxies in ways that may overstate actual infrastructure demand, particularly for flexible layouts and modern attached housing.
- 5.3 These changes risk penalising flexible housing layouts and discouraging smaller and more efficient housing forms.

6. Impact on Growth

- 6.1 There is a clear interaction between development contributions and housing delivery. Council has identified higher costs of capital linked to slower development. Increasing upfront charges in this environment risks reinforcing that trend. In practice, uncertainty and cost pressures lead developers to:
 - 6.1.1 Price in additional risk
 - 6.1.2 Delay projects
 - 6.1.3 Stage development more cautiously
 - 6.1.4 Or not proceed at all
- 6.2 A more measured charging path would better support housing delivery, improve the likelihood that infrastructure costs are recovered from actual growth over time and reduce the risk that Tauranga loses activity to jurisdictions perceived as more predictable.

7. Alternative Funding and Financing Options

- 7.1 The upcoming national reforms will introduce new tools, including development levies and growth targeted rates. These tools are designed to:
 - 7.1.1 Spread costs over time, for example by including the development contribution in homeowners' rates and spreading it over a defined period.
 - 7.1.2 Better align costs with those who benefit.
 - 7.1.3 Reduce upfront barriers to development.
- 7.2 Councils should be transitioning towards a broader funding mix rather than relying primarily on increasing upfront development contributions.

8. Alignment with National Reform

- 8.1 The national policy direction is moving away from the current DC framework towards a more standardised and transparent growth funding system, with stronger emphasis on:
 - 8.1.1 Proportionality.
 - 8.1.2 Service-specific charging.
 - 8.1.3 Improved disclosure.
 - 8.1.4 Phased implementation of increases.
- 8.2 Given this direction, the 2026/27 policy should be treated as transitional. This means:

- 8.2.1 Avoiding significant structural changes.
- 8.2.2 Limiting large increases.
- 8.2.3 Improving alignment with emerging national principles.
- 8.3 Master Builders understands that development levy legislation is likely to be introduced before the election, with implementation now expected around mid-2028.
- 8.4 During this transition, councils should avoid significant or assumption-driven changes that may affect feasibility and need to be revisited under the new regime.

9. Conclusion

- 9.1 While the draft policy makes incremental changes, it continues to rely heavily on upfront charges and does not sufficiently address uncertainty, particularly in relation to local DCs.
- 9.2 Master Builders recommends that the Council adopt a more balanced approach by:
 - 9.2.1 Improving transparency.
 - 9.2.2 Providing greater certainty.
 - 9.2.3 Moderating increases.
 - 9.2.4 Aligning with the transition to development levies.
- 9.3 Taking these steps would improve predictability, support development feasibility and better align Tauranga's approach with emerging national direction.
- 9.4 We would like to thank the Tauranga City Council for giving us the opportunity to make this submission.

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