

# Questions and Answers

## Pūroro Tahua | Finance and Performance Committee

### 21 October 2021

#### 2.2 Development contributions policy review

The paper says that there's little evidence that DC payments stifle development - what is this based on? Interested to hear a bit more about any research to support this.

This comes from conversations and interaction with developers since the policy was first agreed in 2005. The scale of the charges is also a consideration. For a residential building, development contribution charges are between \$3,261 and \$10,944 at present. The new proposed fees take the range to \$4,467 to \$17,451.

The highest fees are in map zones J Grenada-Lincolnshire (\$17,451) and I Churton-Stebbing (\$13,058) where there are Greenfield developments in progress. The next highest are in T Pipitea Precinct (\$12,283) and Q Inner City Residential (\$10,270) then R Johnsonville Town Centre (\$9,165) and S Adelaide Road (\$9,623). The remainder are from \$5,000 to \$8,000, and the lowest is in O Tawa \$4,467.

As a proportion of sale prices, development contribution charges are likely to be less than 1-2 percent of most new developments, and at this margin, are considered unlikely to have a measurable impact on new development building decisions.

Development contributions may apply to smaller home conversions, for example, creating a unit within an existing building that could be rented out. As a proportion of these home conversion costs the development contribution could be a relatively greater proportion of a project cost.