

FOR IMMEDIATE RELEASE

Friday 28 February 2025

Development Contribution Fee Overhaul Sparks Cautious Optimism, Says Property Council

Auckland, New Zealand – Property Council New Zealand has welcomed today's announcement regarding the overhaul of development contribution fees, a move it believes will pave the way for more commercial viability and the construction of much-needed homes across the country.

Leonie Freeman, Chief Executive of Property Council New Zealand, expressed support for the changes:

"Today's announcement on the overhaul of development contribution fees is a welcome move, paving the way for greater commercial viability and supporting the construction of more homes. With housing affordability becoming an increasingly pressing issue, this reform could go a long way in ensuring that development is not unnecessarily hindered."

Freeman noted that development contribution fees have a significant impact on growth, both positively and negatively.

"Development contribution fees have the power to either drive or hinder growth. Recently, some councils have raised these fees by an astonishing 289%, pushing the total cost to approximately \$100,000 per home, ultimately adding to the final purchase price for buyers. These increases are unsustainable and limit the ability to address the growing housing shortage."

For years, Property Council has advocated for a more consistent and transparent approach to these fees.

"For too long, development contribution fees have lacked consistency, been used to fund infrastructure unrelated to the development area, and remained entirely at the discretion of councils. This has led to unpredictable and, at times, unjustifiable costs for developers and, ultimately, homebuyers," said Freeman.

Property Council has been a vocal proponent of an independent regulator to oversee development contribution fees and ensure greater consistency.

"Property Council has strongly advocated for an independent regulator to bring much-needed consistency to a system that has long been unpredictable. We hope this step will provide greater long-term certainty for development, benefiting both developers and the communities they serve."

The new system promises to focus on ensuring development contributions are spent directly on infrastructure tied to the specific development areas.

"We're encouraged that the new system aims to ensure development contributions are dedicated to infrastructure spending related to the area being developed. In the past, we've seen fees collected in Drury used to fund projects like the Devonport Library - an approach that simply doesn't add up," Freeman said.

Looking ahead, Freeman expressed cautious optimism about the potential of the new system, should it adhere to core principles.

"If the new system upholds principles of consistent pricing, accountability, and a standardised methodology nationwide under the new regulator, we can look to the future with cautious confidence. This reform is an important step towards creating a more sustainable and transparent approach to development in New Zealand."

"Our members need certainty to develop. They need a system that guarantees consistent pricing and application across the country, where levies collected from a development are reinvested into the same area. A system that is transparent and well-regulated. Today, we believe we are one step closer to realising that goal."

The Property Council will continue to monitor the rollout of the new system, advocating for measures that prioritise long-term benefits for communities and the housing market.

ENDS

For further comment please contact:

Leonie Freeman | Chief Executive | 027 436 6526 | leonie@propertynz.co.nz

NOTES TO THE EDITOR

About Property Council New Zealand

Property Council is the leading advocate for Aotearoa New Zealand's largest industry – property.

Property Council New Zealand is the one organisation that collectively champions property. We bring together members from all corners of the property ecosystem to advocate for reduced red tape that enables development, encourages investment, and supports our communities to thrive.

Property is New Zealand's largest industry, making up 15% of economic activity. As a sector, we employ 10% of New Zealand's workforce and contribute over \$50.2 billion to GDP.

A not-for-profit organisation, the Property Council connects over 10,000 property professionals, championing the interests of over 550 member companies.

Our membership is broad and includes some of the largest commercial and residential property owners and developers in New Zealand. The property industry comes together at our local, national and online events, which offer professional development, exceptional networking and access to industry-leading research.

Our members shape the cities and spaces where New Zealanders live, work, play and shop.

www.propertynz.co.nz

For further information please contact:

Kelly Taylor | Head of Communications | 021 5757 02 | kelly@propertynz.co.nz