

Development Contributions Policy – 2026 review

Development Contributions Policy is being reviewed

The Council is reviewing its Development Contributions Policy. Development Contributions (DCs) are charges that help Wellington City Council (the Council) to pay for upgrades to existing and new community facilities required to support new residential or commercial growth.

Community facilities are reserves, network infrastructure (including for water supply, wastewater, stormwater and transport) and community infrastructure. The charges are allocated to new residential and non-residential developments that enable more people to live and work in Wellington.

The Council has had a Development Contributions Policy since 2005. It describes what the charges are and how they are administered and calculated.

Why are we reviewing now?

Usually, a Development Contributions policy review happens at the same time as a 10-Year Plan or Annual Plan process. However, this review is progressing earlier as we have identified some changes we propose to make which to be made before the new sub-regional water entity, Tiaki Wai, needs to have their own DC policy.

Tiaki Wai has advised that its policy will initially be a “lift and shift” of territorial authority policies as they apply to water services as at 30 June 2026. This means that water related growth projects and fees will be removed from the Council’s Development Contributions Policy at this time. It will be an administrative step undertaken separate from this Council initiated update, as provided for under the Local Water Done Well reforms.

What changes are proposed?

As part of the 2024 10-Year Plan process, the Council undertook a comprehensive review of its Development Contributions Policy.

We are now proposing targeted changes to the existing current policy.

We are suggesting several changes, including:

- Clarifying how a residential unit is determined, specifically in relation to cooking facilities
- For clarity and transparency on charging for ‘granny flats’ following Building Act amendments
- Clarifying how the development contributions ‘credit system’ operates
- Deleting references to Financial Contributions (FCs) as the Council does not apply these

Residential Units and Cooking Facilities

There is a need to reduce confusion when a new building, addition or conversion of an existing building will be treated as a new additional residential unit and will have DC charges applied.

We're proposing to include an additional definition of 'cooking facilities' and clauses (clause 7.7) that clarify that an area with a sink that has the capability to be used as a kitchenette/kitchen is likely to be considered as having 'cooking facilities'.

Charging for 'granny flats' following Building Act amendments

"Granny flats" or minor residential units are now able to be built without a building consent if certain requirements are met.

The Building Act amendments provide for councils to continue to charge DCs where no resource consent or building consent is required.

The policy has been updated to reflect the legislation.

Clarifying how the DC 'credit system' is intended to apply

Under the previous 2022 policy, when calculating household unit equivalent (HUE) credits and new charges, existing HUEs were effectively used to offset new HUEs being created. This occurred even though commercial HUEs were assigned a lower dollar value than residential HUEs. In practice, this meant that the costs of additional demand generated by a change in use could not be fully recovered for the increased demand created.

The 2024 policy implemented an approach for credits that ensure credits applied reflect a truer reflection of the level of demand that matches existing development on a site (why DCs have previously been paid, or pre-2005 when the use of DCs was introduced).

While, the current policy adequately outlines how credits are considered and applied in accordance with the LGA02, additional clarity could reduce confusion and increase the administrative efficiency of the policy.

Removing reference to Financial Contributions

Financial contributions under the Resource Management Act 1991 are payments (money, land, or works) that councils may require as a condition of resource consent, where expressly provided for in a district or regional plan.

FC provisions have since been removed through the 2024 District Plan process, with development contributions relied on instead. Accordingly, the references to financial contributions in the 2024 Development Contributions Policy are inoperative and should be removed.

No changes to fees

The proposed changes as part of this review clarify how the policy is applied but do not result in a change to fees that apply to activities.

Want more information?

More information on the draft 2026 Development Contributions Policy can be found on consultation page: <http://www.letstalk.wellington.govt.nz/development-contributions-policy>