Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Te Tari Taiwhenua
Internal Affairs

Factsheet 1: Going for Housing Growth - Improvements to infrastructure funding and financing tools

The Going for Housing Growth (GfHG) programme will enable more homes to be built.

The programme is structured around 3 pillars that are designed to improve affordability and address the underlying causes of the housing supply shortage. The pillars are:

1. Freeing up land for urban development, including removing unnecessary planning barriers	**2. Improving infrastructure funding and financing to support growth**	3. Providing incentives for communities and councils to support growth

In June, the Government announced decisions relating to pillar 1, which will help free up land for urban development, including removing unnecessary planning barriers. The Government has now made decisions on pillar 2, which will help to support urban growth with improved infrastructure funding and financing tools to help get more housing built.

These changes will provide councils, developers and other infrastructure providers with a flexible funding and financing toolkit to respond to growth pressures and deliver infrastructure to land zoned for development. This is expected to reduce the current cross-subsidisation by ratepayers.

The legislation to implement these changes is expected to be introduced in September 2025 and enacted in mid-2026.

Here is a snapshot of upcoming changes:

Replacing development contributions with a development levy system	• The purpose of development levies is to ensure councils charge developers a proportionate amount of the total cost of capital expenditure necessary to service growth over the long term. • Levies will be calculated based on expected levels of growth and aggregate growth costs for each urban centre. • Separate levies will be maintained for each service such as, drinking water, wastewater, stormwater, transport, reserves and community infrastructure. • Councils providing a service to part of a levy zone with particularly high growth costs, will have discretion to charge an additional high-cost asset levy on top of the base levy for that service. • Development levies will be subject to regulatory oversight and councils will be required to ensure they're setting appropriate charges. • Councils will have discretion to phase in any transition to higher charges under the levy system to manage impacts on local development.

Improvements to the IFF Act

- Broadening the scope of the IFF Act so levies can be used in a wider range of circumstances.
- A streamlined levy development and approvals process, particularly for proposals supported by landowners that would be subject to the levy.
- Other changes to improve the flexibility of the IFF Act and support its use for a range of infrastructure projects.

Changes to targeted rates

- Councils will now be able to set targeted rates that apply only to new developments, for example, at the subdivision stage.
- Councils will also be able to use targeted rates and development levies together where projects benefit existing residents and provide for housing growth.

Development agreements will continue to be available to councils and developers as an infrastructure funding option.