

PROPERTY FOCUS

ARE TAURANGA'S NEW HOME BUYERS SUBSIDISING INFRASTRUCTURE THAT BENEFITS EVERYONE? | May 2026

In our last post, we explained what development contributions are: fixed charges set by Council and levied on new development to fund the infrastructure that growth genuinely requires. When used correctly, it's a fair system. But the way Tauranga City Council is currently applying it raises serious questions — and new home buyers are the ones quietly footing the bill.

Here's the core issue: not everything in TCC's DC policy is genuinely linked to new growth.

Development contributions are supposed to meet what's called a "nexus" test — there must be a clear and direct connection between the infrastructure being funded and the demands created by new development. A new subdivision needs upgraded water and wastewater capacity. Fair. A new suburb generates additional stormwater runoff that needs managing. Fair.

But what about an indoor court facility? A community pool upgrade? These are amenities that serve the whole city — existing residents and long-standing ratepayers alike. When these get bundled into citywide development contributions, the cost is quietly shifted onto new housing rather than spread equitably across all ratepayers. That's not growth paying for growth. That's new home buyers subsidising existing community infrastructure that everyone uses and everyone should fund.

And then there's Te Maunga. Council continues to increase DC funding for the Te Maunga Wastewater Treatment Plant each year — a site now formally identified as highly vulnerable to coastal inundation. Not only is the logic of expanding critical infrastructure on a flood-risk site deeply questionable, the cost of doing so is being charged to new development rather than examined as the city-wide strategic risk it actually is. Alternative sites and solutions exist. They need to be seriously explored — not quietly added to the DC schedule year after year.

Developers in Tauranga are operating in one of the most difficult building environments in years. Consent volumes are down. Margins are thin. These Council-set charges are not profit — they are a compulsory cost of building that flows directly and unavoidably into the price of every new home.

When those charges fund things that fall outside their intended purpose, it isn't developers who lose out. It's the buyers on the other end.

In our final article, we'll look at what better funding tools exist and what UTF is asking Council to do differently.

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